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Rural Ireland

CORI JUSTICE

Policy Briefing

Rural Ireland continues to change dramatically. The shape of its future, however, is hotly contested. Traditional agriculture and its related industries are in decline. Ireland's air and water have become more polluted and agriculture is the single largest contributor to the overall emissions. More people are at risk of poverty in rural areas compared to urban areas. The risk of poverty is higher in the Border Midland and West region compared to the South and East region. The challenges facing rural Ireland are substantial. Radical policy change is required.

The 1996 census recorded that 46 per cent of Ireland's population lived in small villages and in the open countryside. This figure declined to 40.4 per cent (1,582,921 people) according to census 2002. A factor in that reduction was the sustained decline in farm numbers. This trend is likely to be maintained when the results of the recent census become available.

According to the CSO's Quarterly National Household Survey, agriculture, forestry and fishing now account for only 5.8 per cent (115,300 people) of the overall labour force. Those in farming comprise one-quarter of the rural labour force, and are a minority of the rural population. Fewer farm children seek a future in farming.

This Policy Briefing addresses a variety of issues relevant to rural Ireland and its long-term development. A central and persistent theme is that rural Ireland is currently in transition from an agricultural to a rural development agenda.

In practice this means that action should be focused on issues such as implementing the National Spatial Strategy to secure a more balanced distribution of population and economic activity throughout the country. It would require development of rapid communications and supporting infrastructure in all parts of the country. Land being taken out of traditional agriculture as well as forestry and the ocean economy could make a

major contribution to the energy sector. These and a range of other actions have been identified in the *Rural Ireland 2025* report (cf. p5).

Future development needs to build on the strengths of rural Ireland while developing the enterprises and infrastructure required to ensure a viable future for people living in rural Ireland. These developments need to be appropriate, both in terms of their scale and location.

Likewise, services need to be made available on a nationwide basis. Providing these services places additional costs on the service providers. However 'public service obligations' as they are known need to be secured by Government so that permanent residents of rural areas are not disadvantaged through their removal.

The national agreement *Towards 2016* goes some way towards addressing these issues. But much remains to be done. Rural Ireland can have a viable and desirable future but action needs to be taken now.

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Policy Briefing is a regular publication issued by CORI Justice. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. Comments, observations and suggestions on this briefing are welcome.

Farm Incomes: more money less buying power

Among its many characteristics rural Ireland has high dependency levels, increasing out-migration and many small farmers living on very low incomes. Only a minority of farmers are at present generating an adequate income from farming and, even on these farms, incomes lag considerably behind the national average. An important annual insight into the income of Irish farmers is provided by Teagasc in their National Farm Survey.

The latest survey, reporting income for 2004 and published in 2005, collected

data from a representative sample of 1,194 farm households nationwide. Its results indicate that the average family farm income (FFI) (excluding off-farm income) was €15,557 in 2004, an increase of 5.4 per cent from the figure of €14,765 recorded in 2003. Amongst full-time farmers the average income was €30,650 while among part-time farmers FFI equalled an average of €6,407.

The survey also noted great variations in income depending on the size of the farm and the type of farming pur-

sued. Farmers involved in cattle rearing had an average income of €7,286 while those in dairying had an average from farm income of €34,421. Farmers in tillage and sheep farming had average incomes of €24,012 and €10,966 respectively. An examination of the distribution of farm income reveals that 10 per cent of farmers had an income exceeding €40,000 while 40 per cent of farmers had a 'from farm' income of less than €6,500. Teagasc found that 86 per cent of

employment, pension or social assistance. The results of the Household Budget Survey (CSO, 2002) further indicate that only 43.8 per cent of farm-household income came from farming. This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available if rural poverty and social exclusion are to be addressed.

Table 1 presents an interesting analysis from the National Farm Survey which assesses the real value of FFI over the period 1995-2004. It reveals a marked decline in farm income in real terms. Measuring in real terms removes the effect of inflation (price increases) and essentially represents the buying power of agricultural earnings. The same method is used to assess national income figures such as GDP/GNP whose growth rates are also recorded in real terms. Therefore the table shows that the buying power of family farm incomes in 2004 is equivalent to €1,822 in 1995 terms. More simply, FFI is 17 per cent lower in real terms in 2004 than it was in 1995.

The real value (buying power) of farm incomes fell by 17% between 1995 and 2004

average family farm incomes in 2004 were comprised of direct payments or subsidies (2005:2).

Off-farm income is extremely impor-

This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available

tant among farm families, especially in the western region. The National Farm Survey indicates that on 52 per cent of farms the farmer and/or spouse had an off-farm job and that overall on over 78 per cent of farms the farmer and/or spouse had some source of off farm income be it from

Table 1: Family Farm Income in cash and buying power terms, 1995-2004

	Cash value	Buying power (1995 terms)	% change in buying power since 1995
1995	€4,236	€4,236	0.0
1996	€3,866	€3,634	-4.2
1997	€4,042	€3,607	-4.4
1998	€3,442	€2,717	-10.7
1999	€1,088	€0,324	-27.5
2000	€3,499	€1,903	-16.4
2001	€5,840	€3,322	-6.4
2002	€4,917	€1,991	-15.8
2003	€4,765	€1,467	-19.5
2004	€5,557	€1,822	-17.0

Source: Teagasc National Farm Income Survey Results, 2004 (2005:5).

Agriculture: outlook to 2015 and 2025

A key element in the evolution of any developed world society/economy has been a noticeable shift away from dependence on agriculture. That natural phase of economic development has been slowly occurring in Ireland over the past few decades. As Ireland develops, the size of its agricultural sector and the numbers employed in that sector continue to decline. The focus of that sector has also shifted from being producer driven to being consumer driven.

Two insights into the future shape of Irish agriculture have been provided over recent years. The first published in November 2004 is that of the Government appointed Agri-vision 2015 committee. In their report the committee concluded that:

“The number of Irish farms is expected to decline by 23%, from 136,000 in 2002 to 105,000 in 2015. By 2015, one third of the farm population will be classed as economically viable, another third of farms will be economically unviable with the operators working primarily off the farm and the remaining third will be transitional farms characterised by adverse demographic features, such as having an elderly farm operator and/or lacking an identified heir.

Of the third of farms that will remain economically viable by 2015, 75% will be farmed on a part-time basis, with the on-farm enterprise providing a return sufficient to remunerate the labour and capital used. Of those farms that are operated on a full time basis, and which are economically viable, the vast majority are expected to be dairy enterprises” (p37).

During the last year a second major report set out the expected future direction of rural Ireland up to 2025. Funded by the Department of Agriculture and Food and a number of other Government bodies it was compiled by some of the leading experts on rural

Ireland at Teagasc, NUI Maynooth and University College Dublin. The report is entitled *Rural Ireland 2025: Foresight Perspectives* and it indicates a further sizeable change in the shape of rural Ireland over the next two decades.

Looking to the future of agriculture the expert group concluded that “it is unlikely that by 2025 that Ireland will

conclusion was reached on the basis of there being no unexpected major policy changes (nationally and at EU level) between now and 2025. The report also projected that the remainder of farmers (a further 30,000 full time equivalent jobs implying approximately 60,000 part-time workers) will be working part-time.

Overall the report projected that many of these part-time farmers as well as a number of the projected 10,000 full-time commercial farmers, will be involved in producing green energy fuels, such as wood biomass, as an important component of their farming enterprises.

“it is unlikely that by 2025 that Ireland will have appreciably more than 10,000 full-time commercial farmers”

have appreciably more than 10,000 full-time commercial farmers, comprising predominantly dairy farmers, a thousand or so commercial dry stock farmers, with roughly a similar number of sheep producers and a few hundred pig enterprises” (2005:10). This

Agriculture and Kyoto Emissions

Over time, Ireland’s air has become more and more polluted. Between 1990 and 2004 the Environment Protection Agency (EPA) reported that Ireland’s greenhouse gas emissions grew by 23.1 per cent. In their most recent report, issued in early 2006, the EPA reported that total combined Irish emissions of the three main greenhouse gases regarded as having global warming potential amounted to 68.46m tonnes of CO₂ equivalent in 2004, up from 55.6m tonnes in 1990. Despite two successive years of reductions – 2002 and 2003 – the 2004 figures marked a marginal increase of 0.15 per cent.

A breakdown of the 2004 pollution figures show that agriculture is the single largest contributor to the overall emissions, at 29 per cent of the total. The other main sources were energy (generation and oil refining) at just over 23 per cent and transport at 18.4 per cent.

The most recent figures also indicate that the current levels of emissions now exceed the limits agreed under the Kyoto protocol. The Irish government and the European Commission agreed a target of an 8 per cent reduction in European CO₂ emissions on their 1990 level by 2012. Within this agreement, Ireland agreed to limit its increase of CO₂ emissions to 13 per cent between 1990 and 2012.

CORI Justice welcomes Ireland’s ongoing commitment to this protocol, despite the refusal of some countries, including the USA, to ratify its implementation. However, these emissions are a major cause of climate change, and it is in all our interests to ensure that the limits agreed in the Kyoto protocol are met.

Major changes are required if we are to reduce our emissions towards this target. Central to this is the need for full implementation of the National Climate Change Strategy. As the largest polluting sector there are also obvious implications for agriculture and rural Ireland.

Poverty in Rural Ireland

The most up-to-date data available on poverty in Ireland comes from the 2004 EU-SILC survey, conducted by the Central Statistics Office (CSO). Using the EU poverty line set at 60 per cent of median income, their findings reveal that in 2004 almost one in every five of those living in Ireland were living in poverty.

The survey also indicated that there has been an overall growth in the proportion of the population living below these lines over the last decade. Data for 1994, 1998, 2001, 2003 and 2004 show that the proportion of the population in poverty has risen from 15.6 per cent in 1994 to 19.4 per cent in 2004.

A more comprehensive assessment of the nature and experience of poverty in Ireland will be provided in section 3.1 of our forthcoming socio-economic review entitled *Developing a Fairer Ireland* (see www.cori.ie/justice).

When the breakdown of the poverty figures is examined the 2004 EU-SILC results show that poverty is more likely to occur in rural areas than in urban areas. As table 2 shows the risk of poverty in rural Ireland (measured as the numbers living below the poverty line) was 7.5 per cent higher than in urban Ireland with at risk rates of 24.1 per cent and 16.6 per cent respectively. Poverty levels were also greater

Table 2: Poverty by area in Ireland

Urban/rural location	
Urban areas	16.6%
Rural areas	24.1%
Region	
BMW region	26.0%
S&E region	17.2%

the 2004 EU-SILC results show that poverty is more likely to occur in rural areas than in urban areas.

in the BMW (Border, Midland and Western) region than in the Southern and Eastern region with at risk rates of 26.0 per cent and 17.2 per cent respectively (p11).

Another recent study into the distribution of poverty across Ireland has been published by the Combat Poverty Agency and ESRI during 2005. Entitled *Mapping Poverty* the study used data from the year 2000 to assess what differences there were between coun-

ties.

Overall the study suggested that the structural issues driving poverty were unemployment, non-participation in the labour market due to illness/disability or old age, lone parenthood, low levels of education and social class background. However, while the differences were small the study did point out that the highest levels of poverty are found in Donegal, Leitrim, Longford and Mayo with the lowest in counties around Dublin.

Rural Ireland, Basic Income and Decoupling

The Irish Government's decision to accept the European Commission's proposals to 'decouple' agriculture payments means that all Irish farmers now receive a payment unconnected to what they produce. In effect this sees the introduction of a Basic Income payment for all Irish farmers.

Over most of the past two decades CORI Justice, has advocated the introduction of such an approach as the only sensible way of ensuring a viable future for people living in rural Ireland.

Most recently, we urged Government to decouple these payments in our response to a request from the Minister for Agriculture and Food to submit

our views on 'decoupling'.

In discussing this issue with the Irish Farmers Association (IFA), with Irish Rural Link (IRL) and with the Irish Creamery Milk Suppliers Association

direct payments to farmers - in effect this sees the introduction of a Basic Income payment for all Irish farmers.

(ICMSA) CORI Justice emphasised our willingness to work with these and other organisations with an interest in this area to ensure that this basic income approach will be maintained into the future. As each of these three organisations are social partners in their own right we hope to be able to work

with them in securing the future of this very positive development.

This decision by Government also means that the sectors in receipt of a 'basic income type' payment in Ireland now includes all farmers, children and older people (entitled to some form of old age pension). While we have always advocated the introduction of a basic income system through provision of payments to all, we are happy with its development by sector.

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 □ **For more information on** □
 □ **basic income see our web-** □
 □ **site: www.cori.ie/justice** □
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Growing need for Rural Development Strategies

As agriculture declines there is need for a more comprehensive set of rural development policies. Long-term strategies to address the failures of current policies on critical issues such as infrastructure development, the national spatial imbalance, local access to public services, public transport and local involvement in core decision-making are urgently required. Recognition that current development policies are largely city-led is also necessary and this approach needs to be re-balanced.

The 1999 White Paper on rural development was welcome in that it provided an outline of a vision to guide rural development policy as we have advocated for over a decade. In so doing, it accepted that the statement of a vision is a necessary first step in moving forward. CORI Justice also welcomed the identification by the White Paper of much that is already being done under a variety of headings in all areas of rural development. However, there was little in terms of new and imaginative policies proposed for the implementation of the vision, and no commitment of new resources to attain the objectives.

The context of current rural development policy, however, is one where

- EU policies in particular ensure that production is concentrated among larger producers, and where regulations, policies and financing all militate against small local producers,
- direct payments favour large volume, higher income farmers,
- there is a dominance of the agri-model of rural development,
- there is very limited progress in achieving balanced regional development..

Areas such as the western region have lost ground to the rest of the country.

It is clear that the scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. In recent years there have been major spatial changes and there are major spatial disparities as well. The failure of current policies in so many crucial areas

BOX 1: The Rural Ireland 2025 report suggests taking action on the following:

- ◆ The National Spatial Strategy, implemented in conjunction with successive regionally focused national plans, would result in a more balanced distribution of population and economic activity throughout the country.
- ◆ Rapid communications and supporting infrastructure would provide greater accessibility throughout all parts of the country.
- ◆ The rural economy could sustain more competitive enterprises through the development of additional entrepreneurial and management skills, as well as further innovation in products, business organisation and marketing.
- ◆ The agri-food industry could have more developed business, technological and innovative capacities, with a widely differentiated product portfolio selling in international markets.
- ◆ Forestry and the ocean economy could be sizeable suppliers to the energy sector and provide valued public goods.
- ◆ Maintenance of an attractive rural environment could be secured by compliance with EU Directives and payment for public goods, as well as better management systems nationally.
- ◆ A knowledge-based bio-economy could emerge built on the comparative advantage of Ireland's natural resources.
- ◆ 'Old economy' enterprises could be upgraded, and manufacturing small and medium sized enterprises (SMEs) could increase their contribution to the rural economy.
- ◆ Tourism could be a vibrant sector of the rural economy, providing knowledge-based environmental goods and services, focused on Ireland's unique landscapes and culture.
- ◆ Clusters of internationally oriented companies could exploit the full potential of natural resources in food, the marine, forestry and tourism.

requires that long-term strategies be developed to address these failures.

The *Rural Ireland 2025* report succinctly summarises the objectives for rural development contained within government policies. It states that

“government policy for rural areas aims to build a rural economy where enterprises will be commercially competitive without damaging the environment. It seeks to have vibrant sustainable communities, with a quality of life that will make them attractive places in which to work and live. It aspires for equity of opportunity between rural and urban areas, and for balanced development between the regions. These initiatives are underpinned by EU policy for rural areas, which subscribes to the attainment of ‘living countrysides’ within the context of balanced regional development across the Union” (page v).

To successfully move rural Ireland closer to these policy goals the *Rural Ireland 2025* report suggests a series of rural development strategies which should be immediately pursued. These are listed in Box 1.

Over recent years there have been many welcome initiatives aimed at rural development. For example, Budget 2004 made provision for a new Rural Social Scheme (RSS) “to help improve rural services in a more efficient way and at the same time to provide an income for small farmers with a working week compatible with farming”. In 2006 it is estimated that there would be 2,500 places on this scheme which is receiving government funding of €36.32m for the year and which is run by the Department of Community, Rural and Gael-tacht Affairs. The decision to further increase funding to this scheme in all recent Budgets is to be welcomed. Similarly, the CLAR programme is going a little way towards addressing these problems.

However, far more is required if rural Ireland is to be viable in the twenty-first century. As of now, Ireland has a long way to go before it could be said that it is meeting the requirement of balanced sustainable regional development. The forthcoming government Rural Development Strategy needs to establish a clear path towards that goal.

Main Policy Recommendations on Rural Ireland

CORE POLICY OBJECTIVE

To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have meaningful work, adequate income and access to social services, and where infrastructures needed for sustainable development would be in place

- Transform the decoupled direct payment into a basic income for each person.
- Reappraise the concept of work. In doing this, the potential of the social economy should be incorporated, the range of activities of the Farm Relief Service broadened, and the facilitation of family-farm inheritance should be ensured.
- Ensure the provision of basic infrastructure and services, based more on principles of equity and social justice, than on cost effectiveness, and take particular account of rural disadvantage.
- Ensure the provision of a reliable and appropriate transport system, by providing resources for the development of local-transport strategies and initiatives tailored to meet the needs of the local community.
- Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.
- Structure housing lists to reflect rural needs. In particular, in rural areas, develop a framework to guide planning policy, which is focused on supporting and sustaining viable rural communities and protecting and enhancing the rural environment.
- Ensure that public-service bodies take steps to inaugurate an effective and ongoing consultative process with all rural people.
- Overhaul the model for development in agriculture to take effective account of the difficulties of smaller farmers.
- Reappraise programmes to create employment for part-time farmers with a view to targeting effectively the needs of smaller farmers.
- Develop policies, which encourage alternative farm enterprises.
- Support additional relevant outreach education programmes in rural areas that encourage sustainable rural living.
- Adopt the suggestions of the Rural Ireland 2025 report.
- Refocus government funding to rural areas in a way that is consistent with the approach outlined in table 3.
- Ensure that policy protects the sustained existence of public service obligations.
- Finance a pilot project to establish service centres (one-stop shops) in rural areas.
- Begin to rural-proof all policies to ensure that their adoption does not further isolate rural communities or undermine rural development.
- Investigate the use of farm land as a means of meeting Ireland's renewable energy requirements by maximising the retrieval of energy from agricultural sources.

Adopting Rural Policies that Prioritise People

CORI Justice believes that it is clear that the future development of rural Ireland now depends on moving to adopt policies that prioritise people. In that regard a recent proposal from Irish Rural Link deserves consideration.

The proposal, made as part of its submission to the Department of Community, Rural & Gaeltacht Affairs and the Department of Agriculture & Food on preparation for Ireland's Rural Development Strategy Plan 2007-2013, suggested a template for the percentage division of future funds towards rural Ireland over that period.

Table 3 presents Irish Rural Link's proposed

distribution of future government funding divided across four 'axis' or areas of policy focus.

The thrust of Irish Rural Link's proposal is that greater focus now be given to axis 3 which addresses "the quality of life in rural areas and the diversification of the rural economy" and axis 4 involving Leader programmes.

grammes.

As the analysis elsewhere in this briefing has shown, there are major changes occurring and about to occur in the nature of life in rural Ireland. Therefore, CORI Justice strongly welcomes this proposal and encourages government to adopt it.

Table 3: Irish Rural Link proposed % distribution of future Government rural funding

Axis	Policy Area	% allocation
Axis 1	Improving competitiveness of the agricultural and forestry sector	20%
Axis 2	Improving the environment and the countryside	30%
Axis 3	The quality of life in rural areas and the diversification of the rural economy	40%
Axis 4	Leader programmes	10%

Retrieving energy from agricultural sources

Two issues raised during this briefing are worth reflecting on. On page three we considered the decline in the number of people employed in farming and the increasing challenges posed by environmental targets that Ireland must meet. CORI Justice believes that both of these issues could be simultaneously addressed by focusing on the development of energy focused on bio-fuels, biomass and bio-gas. Earlier this year we outlined these views in a joint government submission with Irish Rural Link.

The EU recently published a Green Paper which clearly set out a European determination that renewable energy must be central to policy for the foreseeable future. The section on EU financial support for biomass energy states:

“Many regions assisted by structural and cohesion funds have high poten-

tial to pursue economic growth and employment creation through biomass. Supporting the development of RE and other alternative energy sources such as the production of biomass, is therefore an important objective of these funds. The funds can be used to support re-training farmers, the provision of equipment for biomass producers, investment in facilities to produce bio fuels and other materials, fuel switching to biomass by electricity and district heating providers. The Commission calls on member states when preparing national strategic reference frameworks and operational programmes to ensure potential benefits of biomass are thoroughly taken into account”.

To date, Ireland is far from fully utilising its ability to take advantage of the direction that EU policy is taking on the production of renewable energy. The EU policy has set an objective that

consumption of energy from renewable sources will be over 20% by 2020 - at present Ireland consumes only 1.9%. The intention of the EU is to add a million jobs in the Union by adopting a range of renewable energy targets.

Our joint proposal envisaged the establishment of a forum to address these issues and to identify the measures required to ensure a smooth and swift development of alternative energy from agricultural sources.

The outcome of that body's work would simultaneously halt the decline of farming in Ireland and significantly increase the supply of renewable energy available.

Overall, CORI Justice believes that the establishment of this body would be very timely. By establishing such a forum Ireland can align itself with EU policy while simultaneously establishing social and economic stability in rural areas.

Other CORI Justice Publications

The following documents are/will be available for purchase from the CORI Justice Office:

- **Annual Socio-Economic Review - Developing A Fairer Ireland - September 2006**
- **CONTACT—June 2006—special edition of our newsletter focusing on the new national agreement *Towards 2016*.**
- **Securing Fairness and Well-Being in a Land of Plenty (edited by Brigid Reynolds and Seán Healy)**
- **Human Dignity and Spirituality in a Globalised World (edited by Seán Healy, Brigid Reynolds and Tom Jordan).**

You may also download the first three of these documents, and many more, for free on our website.

We're on the web
www.cori.ie/justice

Social Policy in Ireland—Principles, Practice and Problems

CORI Justice will celebrate its 25th anniversary with a conference on the topic of 'Social Policy in Ireland - Principles, Practice and Problems'.

Date: October 17, 2006

Flyers will be circulated in September and will be available on our website.

To coincide with this conference Liffey Press will publish the second edition of CORI Justice's social policy textbook.