

3.11 Rural Development

CORE POLICY OBJECTIVE: RURAL DEVELOPMENT

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

Rural Ireland continues to change dramatically. 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 according to the results of census 2002 and to 39.3 per cent (1,665,535 people) in Census 2006 (CSO, 2003:53; 2007:19). A factor in that reduction is the sustained decline in farm numbers. Agriculture, forestry and fishing now account for only 4.54 per cent (101,600 people) of the overall labour force (CSO, 2008b: 28–29). At present those in farming comprise one-quarter of the rural labour force, and are a minority of the rural population. Furthermore fewer farm children seek a future in farming

This section addresses a variety of issues relevant to rural Ireland and to 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.

Farm incomes

We have already reviewed rural income data from the SILC reports (see section 3.1). Those data reflect the fact that 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, income lags considerably behind the national average. An important insight into the income of Irish farmers is provided by Teagasc in their National Farm Survey (2009a).

The latest survey, reporting income for 2008 and published in 2009, collected data from a representative sample of 1,102 farm households nationwide. Its results indicate that the average family farm income (FFI) (excluding off-farm income) was €16,993 in 2008, a decrease of 13.7 per cent from the figure of €19,687 recorded in 2007. Amongst more commercial full-time farmers the average income

was €37,590 while among part-time farmers FFI equalled an average of €7,580 (Teagasc, 2009a: 2). The decline in incomes results from increases in direct and overhead costs of 16.4 and 11.3 per cent, respectively, outweighing an increase in gross output of 3.2 per cent.

The survey also noted great variations in income depending on the size of the farm and the type of farming pursued. Income per hectare is found to increase with farm size, particularly amongst intermediate-sized farms. Farmers involved in cattle rearing had an average income of €7,700 while those in dairying had an average from farm income of €45,700. Farmers mainly in tillage and sheep farming had average incomes of €19,400 and €9,600 respectively. An examination of the distribution of farm income reveals that 13 per cent of farmers had an income exceeding €40,000 while 41 per cent of farmers had a 'from farm' income of less than €6,500. Teagasc found that 103 per cent of average family farm incomes in 2008 were comprised of direct payments or subsidies (2009:16), explaining that these payments represent greater than 100 per cent of average income where market-based output is insufficient to cover total costs of production (i.e. the farm is making a loss).

Off-farm income is extremely important among farm families, especially in the western region. The National Farm Survey indicates that on 56 per cent of farms the farmer and/or spouse had an off-farm job and that overall on over 79 per cent of farms the farmer and/or spouse had some source of off farm income be it from employment, pension or social assistance. The results of the Household Budget Survey (CSO, 2007:15) further indicate that under 47 per cent of farm-household income came from farming in 2004–2005. This situation is likely to continue, if not 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 3.11.1 presents an interesting analysis from the National Farm Survey which assesses the real value of FFI over the period 1995–2008. 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 2008 is equivalent to €11,093 in 1995 terms. More simply, FFI is 22.1 per cent lower in real terms in 2008 than it was in 1995.

Table 3.11.1: Family Farm Income in cash and buying power terms, 1995-2008

	Cash value	Buying power (1995 terms)	% change in buying power since 1995
1995	€14,236	€14,236	0.0
1996	€13,866	€13,634	-4.2
1997	€14,042	€13,607	-4.4
1998	€13,442	€12,717	-10.7
1999	€11,088	€10,324	-27.5
2000	€13,499	€11,903	-16.4
2001	€15,840	€13,322	-6.4
2002	€14,917	€11,991	-15.8
2003	€14,765	€11,467	-19.5
2004	€15,557	€11,822	-17.0
2005	€22,459	€16,651	+17.0
2006	€16,680	€11,789	-17.2
2007	€19,687	€13,379	-6.0
2008	€16,993	€11,093	-22.1

Source: Calculated from Teagasc (2009a:5)

The decline of agriculture

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 (2004:37).

During 2005 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* (2005) 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 Ireland will 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 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 (2005: 10–11). 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.

A more recent Teagasc (2008b) report describes the medium-term outlook for beef, tillage and dairy farms. Cattle farms are very reliant on subsidies – only 32 per cent of beef sector output is generated at a market profit, but this figure increases to 81 per cent when the new Suckler Cow Welfare Payment and costs of compliance with the Single Farm Payment Scheme are taken into consideration. The proportion of economically viable tillage farms is estimated at just over three quarters, expected to decline to two thirds by 2018. Finally, the proportion of dairy farms considered economically viable declined from 68 to 53 per cent in 2008. It is projected that dairy farm numbers will decline from 20,000 in 2008 to approximately 12,000 in 2014, with two thirds of these being economically viable.

Rural development

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. *Social Justice Ireland* also welcomes the identification by the White Paper of much that was 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 and measurable resources to attain the objectives set out.

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 been losing ground to the rest of the country in recent years.

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 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 countryside’ within the context of balanced regional development across the Union” (2005: *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 (2005:*v-vi*). These include taking action on:

- 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.

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” (Department of Finance Budget 2004:A16). In 2006 it was estimated that there would be 2,500 places on this scheme receiving government funding of €36.32m for the year. This scheme is run by the Department of Community, Rural and Gaeltacht Affairs. The decision to further increase funding to this scheme in all recent Budgets is welcome. 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.

Other rural development issues

As the rural development agenda moves to the fore, there are a series of other issues that deserve consideration. To complete this section of our review, we highlight a number of these issues.

Rural transport

The availability of transport as a means of access to both public and private services is a major issue for people living in rural areas and one that we have addressed earlier (see section 3.4). Progress towards this goal is not helped by the continued centralisation of public services. When rural schools closed there was no account taken of the transport costs of bringing children to the larger schools. Despite the recent transport initiatives, many communities in rural areas are not well served. Some of the difficulties faced by these initiatives have stemmed from the lack of regulation and the constant debate on who should have the profitable routes. There are also considerable problems associated with providing a service in areas where the population is scattered over a large area. *Social Justice Ireland* believes that we are now reaching a crucial juncture that requires key decisions in ensuring that rural communities receive the public transport infrastructure and services to which they are entitled. It is also worth mentioning that it is vital that a quality public transport infrastructure is put in place if the government is to meet its commitment to sustainable balanced regional development. In that regard we support the call from Irish Rural Link to establish a National Rural Transport Office (NTRIO), perhaps within the Department of Transport, which links and supports the development of rural transport within the overall auspices of developing public transport in general.

Accessibility of transport for older people is vital in terms of accessing health and other services, social networks and remaining active. *Towards 2016* supports the

further development of the Rural Transport Initiative (RTI) which is making a very important contribution to supporting community-based living. The agreement states that in developing proposals for the roll-out of the RTI from 2007, particular attention was to be paid to the transport needs of rural communities that do not currently have access to public transport, having particular regard to the special transport needs of older people and people with disabilities. Funding for the RTI was doubled by 2007 (based on the 2005 allocation of €4.5m). Thereafter, funding for rural transport services is to be steadily increased; ultimately to a total of €17m due to be achieved by 2016. In 2010 the Budget reached €11m. We welcome these commitments and we also believe that there are a number of additional transport issues which apply to women and children which need to be addressed within this process.

Rural public services

Section 3.4 of this review has already addressed issues associated with current and future regulation of public services. One key element of policy in this area which is relevant to rural Ireland is the current and sustained existence of so-called 'public service obligations'. These require services to be made available on a nationwide basis and as a policy they play an important role in ensuring the possibility and sustainability of rural communities. For service providers, be they public or private, there are additional costs associated with adhering to these obligations and therefore there is a clear incentive for them to seek their removal. Government policy should ensure that these obligations remain and that permanent residents of rural areas are not disadvantaged through their removal.

Sustaining rural communities

As a contribution to the process of sustaining rural communities the National Economic and Social Council (NESC) has proposed the establishment of service centres where public or essential local facilities could be located together in a single complex (New Approaches to Rural Development, NESC 1995). NESC suggested that the practicality of such an approach could be explored on a pilot basis. It emphasised that, given the vertical organisation of public administration, integration at local level can only happen if there is commitment to such an approach at the highest level. *Social Justice Ireland* believes that pilot funding should be provided to develop and assess such an initiative.

Social Exclusion

Many rural areas continue to lose population as highlighted in the Audit of Innovation report (2005) prepared by the BMW regional assembly. Such a loss

means that there is an increasing dependant population, including a higher cohort of older people and others requiring care. Because of such dependency social exclusion, including the incidence and risk of poverty, becomes more associated with remoteness and rurality. Indeed the CLAR initiative based on areas with most population decline demonstrates this danger. This pattern will worsen unless population growth is significantly distributed throughout the regions.

Settlement Patterns

Housing has become a controversial topic because of the once off house debate. However this masks many issues in terms of settlement that need attention. Many rural villages are victims of poor planning and design in terms of long life tenure. Social housing provision according to the Local Authority Assessment of Social Housing Needs is particularly low in towns and villages around the country (Department of Environment, Heritage and Local Government, 2005). While many experts continue to argue against the practice of one off housing in terms of the social and economic benefits to the community, the lack of any serious alternative is detrimental to the needs of many people who cannot afford basic housing within their own community.

There is a huge need to ensure that local authorities, organisations involved in housing provision, and local communities are resourced to ensure that rural villages can be the focus of long life housing design.

Retrieving energy from agricultural sources

Two issues raised over this and the last section of this review are worth reflecting on. The decline in the number of people employed in farming (outlined above) and the increasing challenges posed by environmental targets that Ireland must meet (as considered in section 3.10b). *Social Justice Ireland* believes that both of these issues could be simultaneously addressed by the development of energy focused on bio-fuels, biomass and bio-gas.

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. EU policy has set an objective that consumption of energy from renewable sources will be over 20 per cent by 2020 - in 2007 Ireland consumed only 2.9 per cent (CSO, 2009b: 329). The intention of the EU is to add one million jobs in the Union by adopting a range of renewable energy targets.

Social Justice Ireland believes that Ireland has the advantage of an agriculture sector

undergoing radical transition, and therefore it is a sector that is extremely receptive to new ideas that build on existing skills. Within a short period of time this potential might well have disappeared. Through the development of these energy sources Ireland can align itself with EU policy while simultaneously establishing social and economic stability in rural areas.

Policy Proposals on Rural Development

- **Recognise that rural Ireland is currently in transition from an agricultural to a rural development agenda and adopt policies to further support this transition. In doing so, recognise and support the multi-dimensional nature of rural development.**
 - **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.**
 - **Ensure that policy protects the sustained existence of public service obligations.**
 - **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.**
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- **Meet the commitment to steadily increase the budget for the Rural Transport Initiative (RTI) so that it reaches a total of €17m per annum by 2016.**
- **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 through the promotion of quality (including organic) food production and processing.**
- **Continue to review the training and education available to those willing to remain in rural areas. This would examine the role played by Teagasc agricultural colleges, the Institutes of Technology and FAS.**
- **Support additional special outreach education programmes in rural areas, particularly those where no major third-level colleges are located.**
- **Promote research on initiatives that will develop information systems and technologies in a manner that will enhance, rather than detract from, the viability of rural communities.**
- **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.**