

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 4.8 per cent (89,500 people) of all those classified as employed in Ireland (CSO, 2011:9). 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 (2010).

The latest survey, reporting income for 2009 and published in 2010, collected data from a representative sample of 1,029 farm households nationwide. Its results indicate that the average family farm income (FFI) (excluding off-farm income) was €11,968 in 2009, a decrease of 30 per cent from the figure of €16,993

recorded in 2008 and the lowest figure since 1999. The report notes that this income decrease was derived from a reduction in agricultural prices rather than from any reductions in EU and Government transfer payments. Overall, average FFI has fallen by 40 per cent since 2007. Amongst more commercial full-time farmers the average income was €24,214 in 2009, down from €37,590 in 2008 (-36 per cent), while among part-time farmers FFI equalled an average of €6,611 a decline of 13 per cent since 2008 (Teagasc, 2010).

The survey also noted great variations in income depending on the size of the farm and the type of farming pursued. Farmers involved in cattle rearing had an average income of €6,563 while those in dairying had an average from-farm income of €23,684. Farmers mainly in tillage and sheep farming had average incomes of €15,547 and €9,688 respectively. An examination of the distribution of farm income reveals that 6.3 per cent of farmers had an income exceeding €40,000 while 48 per cent of farmers had a 'from-farm' income of less than €6,500. Teagasc found that 143 per cent of average family farm incomes in 2009 were comprised of direct payments or subsidies; the figure in excess of 100 per cent is explained by costs incurred in farming which reduce the amount of the payment available to be used as family income (2010:16). This also suggests that the income derived from 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 52.6 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 less than 47 per cent of farm-household income came from farming in 2004-2005. While the current recession is having a considerable impact on the availability of off-farm jobs, in the long-run the dependence on off-farm incomes is likely to continue 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 1995-2009. 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 2009 is equivalent to €8,181 in 1995 terms. More simply, FFI is 42.5 per cent lower in real terms in 2009 than it was in 1995.

	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
2009	€11,968	€8,181	-42.5

Source: Calculated from Teagasc (2011:5)

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 had advocated for over a decade previously. In so doing, it accepted that the statement of a vision is a necessary first step in moving forward. *Social Justice Ireland* also welcomed 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 more than a decade later, 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 suggested 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.

Other rural development issues

As the rural development agenda moves forward, 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 adequate public transport infrastructure services. 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 (NRTO), perhaps within the Department of Transport, Tourism and Sport, 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. The Rural Transport Initiative (RTI) is making a very important contribution to supporting community-based living.

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.

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 had demonstrated this danger – the programme received a 94 per cent cut in Budget 2011. This pattern will worsen unless population growth is significantly redistributed 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, bio-gas and wind energy.

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.

Key Priorities 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.**
 - **Ensure the provision of basic infrastructure and services, (and their attendant public service obligations), 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 (e.g. the Rural Transport Initiative).**
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- **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.**
- **Reappraise programmes to create employment for part-time farmers with a view o targeting effectively the needs of smaller farmers.**
- **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.**