



Irish Rural Link
Nasc Tuatthe na hÉireann

A VOICE FOR RURAL IRELAND

Pre-Budget Submission 2011

Irish Rural Link

October 2010

Summary of Key Recommendations

Issue	Recommendations
Rural Income Protection	<p>Maintain current levels of social welfare payments to poor in society.</p> <p>Expand Rural Social Scheme and Community Services Scheme. Incorporate training for participants of RSS and CSS</p> <p>Maintain current levels of Farm Assist</p>
Rural Energy Poverty	<p>Develop an Energy Poverty Strategy & adopt proposals of Energy Poverty Coalition</p> <p>Ring-fence revenue from carbon tax to off-set fuel poverty and provide support for alternative fuels and heating systems</p> <p>Address commuting patterns through regional and sub-regional employment stimuli and promote eco-driving</p>
Rural Enterprise & Employment	<p>Continue investment in broadband infrastructure</p> <p>Develop microfinance for small or rural enterprises</p> <p>Support entrepreneurialism and diversify employment in rural areas</p>
Regional Development	<p>Issue new white paper on rural development and undertake to prioritise investment in rural community development</p> <p>Activate and continue Gateway Innovation Fund</p> <p>Engage with communities to tackle ghost estates</p> <p>Implement recommendations to ensure public sector efficiency</p>
Rural Transport & Isolation	<p>Maintain and extend current supports to Rural Transport Programme</p>

Overview

Irish Rural Link (IRL) is the national network of rural community groups, representing over 300 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities. IRL fully accept the gravity of the crisis facing the Government but believe rural communities have borne a disproportionate weight of recent budgetary decisions including carbon taxes, community sector cutbacks and reduced regional investment.

Essentially, people in rural areas are subsidising urban dwellers by paying for public services such as buses that they cannot access. They cannot access a widespread rural transport service or take advantage of free travel entitlements. Much the same can be said about amenities such as libraries, public swimming pools etc. The potential for school amalgamations with no consideration of the community impacts or the cost of transport and the possibility for garda station closures in the absence of proper community policing are other worrying possibilities for rural communities.

Rural Poverty

A recent study carried out by the Vincentian Partnership for Social Justice in association with Irish Rural Link has published a detailed study on the minimum essential budgets for six house types in rural areas.¹ The key findings illustrate the stark reality that the cost of a minimum essential standard of living for those household types in rural areas is higher than that for their urban counterparts. Table 1² illustrates the weekly budgets for six rural household types required to attain a minimum essential standard of living.

The high cost of living across rural regions means that a minimum essential standard of living is not possible for the following three of the six household types:

- Female Pensioner living alone (Age 70+)
- Two Parents and Two Children (Age 10 & 15), based on one adult working full time
- Single Male, Living Alone (Age 40 – 55)

The shortfall in income is attributable to the inadequacy of social welfare rates and the national minimum wage vis-à-vis the cost of living of a rural household. In circumstances where a person has been self-employed and is not now entitled to any social welfare payments, the shortfall would be considerably greater. In addition, these figures do not take account of recent increases in fuel costs due to carbon levies or cuts in the 2010 budget.

¹ “Minimum Essential Budgets for Six Household Types in Rural Areas” Vincentian Partnership for Social Justice (2010) available from www.budgeting.ie

² See Annex

Rural/Urban Budget Shortfall

Table 2³ outlines the difference in a minimum essential budget between rural and urban households. Rural households essentially require €3,635.32 - €5,647.72 per annum more than their urban counterparts each week in order to maintain a basic standard of living.

Rural Income Protection

These study findings clearly show that rural households are far more vulnerable to cuts in social welfare payments or other similar broad brush measures. Essentially, rural households will be the first to be pushed below the poverty line, or further below the poverty line as the case may be.

Consequently, the protection of marginalised and disadvantaged rural citizens and communities should be a key priority in the upcoming budget. Table 3⁴ shows that in rural areas, even before measures introduced in the 2010 budget and rent or mortgage costs are taken into account, pensioners, persons in receipt of social welfare allowances and even persons in full time employment are often already below the poverty line.

- **European Year for Combating Poverty and Social Exclusion 2010**
- Rural Poverty is a specific theme of the European Year for Combating Poverty and Social Exclusion 2010 and IRL held a series of regional seminars on the topic. Over 300,000 rural people are at risk of poverty. In 2008 the risk of poverty in rural Ireland was much higher than that in urban Ireland with at risk rates of 18.2 per cent and 11.3 per cent respectively. Trutz Hasse data shows remote rural areas are consistently amongst the most disadvantaged in the state. The difference between the 'poorest' and 'richest' counties increased over the Celtic tiger period and disposable incomes in rural areas are below those of urban areas. In rural areas poverty and disadvantage is experienced at individual level, yet it is dispersed over large geographical areas. Rural poverty can exist side by side with considerable wealth and affluence but is frequently hidden and unnoticed.
- **Europe 2020 Strategy**
At the European Council held on 17 June 2010, the Member states' Heads of State and Government endorsed the new EU strategy for jobs and smart, sustainable and inclusive growth, known as Europe 2020 strategy. The Council agreed five headline targets for *Europe 2020: A strategy for smart, sustainable and inclusive growth* which constitutes shared objectives of the Member States and EU as regards employment, R&D, climate change, education and social inclusion. The target in relation to social inclusion is to lift at least 20 million people

³ See Annex

⁴ See Annex

out of the risk of poverty and exclusion. The population at risk of poverty and exclusion is defined on the basis of three combined indicators: at-risk-of poverty and/or material deprivation and/or low-work intensity. Cuts to social welfare payments will frustrate implementation of these objectives, particularly in rural areas, driving greater numbers of people below the poverty line. Adequate incomes for rural communities are necessary for sustainable rural communities both economically and sociologically. Employment initiatives, and not social welfare cuts are required in order to curb current trends in declining incomes and increasing unemployment.

- **Rural Social Scheme & Community Services Programme**
Irish Rural Link welcomes Minister Ó Cuív's commitment to further expand and develop the Rural Social Scheme and Community Services Scheme. In addition to spin-offs for local economies, these programmes deliver key services for vulnerable people which would either not be provided otherwise, or fall to the State to provide at much greater cost. In future, social employment schemes should also include training for participants. We urge the Minister to actively engage with rural community and voluntary groups to ensure the effective restructuring of these schemes so that participants can make a real difference and ensure the best use is made of their skills, time and effort.
- **Farm Assist**
Increasing numbers of farmers have up to recent times relied on non-farm income were typically employed in the sectors most severely affected by the economic downturn such as construction and traditional manufacturing sectors.⁵ Accordingly, it is essential that the Farm Assist scheme remains intact.
- **Universal Social Charge**
Amalgamation of employee PRSI, health contributions and income levies in to a universal social charge of 7.5% will benefit high-income earners and fall most heavily on those on the lowest incomes. If such a charge is introduced, the means to compensate lower income groups would need to be introduced in tandem with such a charge.

Rural Energy Poverty

Rural households are at greater risk of fuel poverty due to the nature of the rural housing stock, the types of fuels available, limited opportunities to switch to cheaper fuels such as gas.

⁵ Teagasc (2008) "An examination of the contribution of off-farm income to the viability and sustainability of farm households and the productivity of farm businesses"
<http://www.agresearch.teagasc.ie/lerc/downloads/Final%20Report.pdf>

Government must honour its promise to compensate poorer people suffering the increase in fuel costs as a result of the carbon tax, and take action on the rising level of fuel poverty in the State. A detailed breakdown of how all revenue raised through Carbon Tax is being used to tackle energy poverty as part of an Energy Poverty Strategy is required to ensure feasible alternatives to fossil fuel consumption are available for all households subjected to a carbon tax.

- **Energy Poverty Strategy**

An increase in fuel allowance or carbon tax exemption is essential for those on low incomes, and households where home heating costs have risen. Irish Rural Link is a member of the NGO Energy Poverty Coalition and supports its proposals, including the urgent redesign of payments and the ring fencing of carbon tax revenue.

- **Turf Cutting**

In its work with the Departments of Environment; Community, Equality and Gaeltacht Affairs; and Finance, IRL has highlighted the effects of the cessation of turf cutting. The Government need to prioritise arrangements for people affected by the cessation of turf cutting, including finalising the level of supports for alternative fuels and heating systems. These need to be integrated with mainstream measures to address energy poverty.

- **Retrofitting**

Irish Rural Link supports the proposals contained in the Energy Poverty Coalition submission.⁶

- **Carbon Tax**

A lack of a public transport option in rural areas necessitates car ownership in order to access employment, basic services and amenities. Carbon tax could cost rural households ten times more than some urban households. Analysis in 2010 from the Economic and Social Research Institute (ESRI) and the Environmental Protection Agency (EPA) shows that the annual carbon tax likely to be paid by someone living in inner-city Dublin will be €25 but people living in the countryside could face bills of up to €275.⁷

- **Fuel Costs**

Increased fuel costs will increase the cost of living in rural areas, compounding the effects of a carbon tax with relatively little return to the exchequer and should not be introduced.

⁶ Energy Poverty Coalition Pre-budget submission 2011 available from <http://www.svp.ie/Social-Justice/Submissions/Energy-Poverty-Coalition-Pre-Budget-Submission-201.aspx>

⁷ “STRIVE- Science and Sustainability- Research based knowledge for Environmental Protection” EPA and ESRI 2010

- **Tolls**
Road tolls on national routes would penalise residents and commercial outfits in rural communities represent an attack on rural Ireland. People who live in rural areas already face extremely high motoring costs and no alternative transport options. Furthermore, tolls often bear no relationship to distances travelled and are an inefficient measure to combat carbon emissions.
- **Eco-driving**
In the short term, until there are alternatives, car transport will continue to dominate. Irish Rural Link believes that eco-driving training should be included as part of driver training and testing. Upon completing training, drivers tend to reduce their fuel consumption by 25%⁸. Advancements in alternatives to fossil fuels for transport will also require commitment.
- **Commuting Patterns**
Regional and Sub-regional employment stimuli represent one of the key ways in which commuting patterns, fuel consumption and carbon emissions can be addressed in a manner that supports local communities.

Rural Enterprise & Employment

Urbanised areas such as Dublin, and commuter belts of the Mid East have not suffered the same drop in employment as rural regions such as the Border, Midlands and West Regions,⁹

The rise in unemployment occurring across all sectors will be most difficult to resolve in rural areas which are over-reliant on primary industries such as agriculture, construction and low-level manufacturing. According to the 2006 Census, one in five of the working population of rural areas is working in agriculture, a decline from one in three in 2002. At present there are high levels of unemployment among a highly skilled and young workforce and an increasing trend towards emigration.

The following supports are required to foster entrepreneurship and create sustainable employment opportunities among those living in rural areas.

- **Credit Availability**
Cash flow and credit availability for viable businesses must be addressed. In order for rural communities to become economically sustainable, the lack of available credit at reasonable rates is currently a barrier to new and existing enterprises in all sectors. An alternative credit/banking system based on the principles of microfinance

⁸ Prof. Frank Convery, Chairperson Comhar Sustainable Research Council, 2008

⁹ “Recent Labour Market Trends in Ireland” RERC Working Paper Series 09-WP-RE-14, Teagasc, The Rural Economy and Research Centre & FAS, 2009

incorporating microcredit, is required for business start-ups and community based enterprises in particular. A rural loan guarantee scheme for rural start-ups and businesses with less than ten employees should also be implemented.

- **Broadband**

Investment in high-quality fibre broadband must continue. A deadline should be created for completion of the broadband scheme for unserved rural premises.

- **Diversified Employment**

A job stimulus package targeted towards diversifying rural employment, and also to maximise the potential of the increasingly high level of education of the rural population. Clearly opportunities for jobs beyond farming and for the families of farmers must be created. A graduate workplace initiative which allows graduates to access opportunities in their local area outside of hubs and gateways should be put in place.

- **Entrepreneurship**

County Enterprise Boards must receive an increased allocation if they are to successfully foster enterprise locally. Any new enterprise support structure must have sub-regional job creation targets.

- **Small to Medium Enterprises**

A strategy to support small retailers and businesses must be urgently developed to address infrastructure and commercial rates. SME's are vital to our economy and their needs are often overlooked.

- **Inclusive Entrepreneurship**

Enterprise support in the budget must be built on the principles of Inclusive Entrepreneurship. Mainstream business support fails to reach many types of entrepreneurs, including women, rural entrepreneurs, the disabled and those from ethnic minorities.

Renewed Commitment to Regional Development

There is an urgent need for a joined up approach to rural planning policy, involving a new white paper on rural development and a commitment to giving effect to the identified objectives National Spatial Strategy for rural areas. Following the perceived assault on rural communities¹⁰ by the Government and in light of the 'refresh' of the National Spatial Strategy and the infrastructure priorities published in October,¹¹ Irish Rural Link believe it is now appropriate for the Government to restate its commitment to regional development in the Budget. This will require a renewed white

¹⁰ See "No Commitment to Rural Jobs in National Spatial Strategy" Irish Rural Link Press Release 13th October 2010 available from www.irishrurallink.ie

¹¹ National Spatial Strategy Update and Outlook, DoEHLG 2010.

paper on rural development together with an undertaking to prioritise investment in rural community development.

- **Gateway Innovation Fund**

This fund should be brought forward to 2011 and activated in order to take advantage of low tender and construction prices and to ensure the Gateways are positioned to take advantage of the global upswing.

- **Community Development**

A policy to address the issue of ghost estates should also be articulated to address uncertainty about their future uses. Communities must have a role in this.

- **Public Service Efficiency**

The OECD has published a considered study of the Irish public sector *Towards an Integrated Public Service* and made detailed recommendations. These include the need for a strategic vision and increased performance review and accountability. These recommendations should be acted on immediately to ensure the public sector's efficiency, effectiveness and relevance. Budget 2011 must take initiatives to support this process.

- **Local Government**

The cost saving recommendations around cross cutting and shared services contained in the Local Government efficiency review must be implemented instead of further cuts to the Local Government Fund. Cuts to the Local Government Fund lead to Local Authorities cutting services and refusing to reduce rates and charges which drastically increase the cost of doing business.

Rural Transport

The many benefits of the Rural Transport Programme include the important role it plays in combating rural isolation, particularly for older people. It also represents value for money, carrying approximately 1.5 million passengers annually, and functioning on less than 1.2% of the total annual investment in public transport. The role of community groups and non profit organisations in delivering this programme has been instrumental in affordability, capacity building and community involvement.

Irish Rural Link makes the following recommendations:

- Maintain and expand current supports to Rural Transport Programme
- Improve integration of rural transport services, including the Rural Transport Programme, Bus Éireann rural stage carriage services, health related and school transport services.

- IRL supports the development of the National Positive Ageing Strategy to deal with issues around incomes, isolation and poor access to services for older rural dwellers.

The Community and Voluntary Sector

By international standards a significant number of services are delivered by the sector in Ireland. The recession and unemployment means many of their services are under severe pressure. Nevertheless, these networks are a valuable resource at local regional and national level and have a vital role to play in protecting marginalised members of society improving the rural citizen's quality of life.

Policy Rural Proofing

Our wealthiest regions receive massive investment, both public and private. Rural areas are not looking for hand outs, just a similar level of investment. Lagging regions need to have a similar quality of infrastructure for their residents and businesses as is available in more successful regions. It is a waste of talent and opportunity not to realise all regions' potential.

As the primary national economic policy tool, the annual budget should contain a commitment to regional equity and the prevention of urban bias, which compromises not just the social and environmental pillars of sustainability, but also the capacity of regional economies to utilise their potential and adapt to current and future challenges.

ANNEX

Table* I: MESL Weekly Budgets† for Six Rural Household Types, Q4 2009 Prices

	Pensioner Couple (Aged 66 – 69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)	Single Adult Male (Aged 40 – 55)
Food [‡]	€ 113.76	€ 82.74	€ 107.09	€ 127.71	€ 157.72	€ 83.82
Clothing	€ 27.58	€ 17.52	€ 22.84	€ 30.04	€ 39.33	€ 14.17
Personal Care	€ 15.01	€ 10.91	€ 13.99	€ 22.58	€ 27.37	€ 10.92
Health Related Costs	€ 15.41	€ 7.69	€ 5.90	€ 7.30	€ 7.63	€ 1.62
Household Goods	€ 26.47	€ 23.80	€ 23.15	€ 26.36	€ 28.27	€ 22.33
Household Services	€ 8.23	€ 7.70	€ 10.62	€ 10.96	€ 10.96	€ 8.27
Communications	€ 13.21	€ 13.32	€ 5.87	€ 11.44	€ 27.82	€ 10.70
Social Inclusion & Participation	€ 55.91	€ 43.76	€ 43.33	€ 66.14	€ 88.49	€ 60.77
Educational Costs	€ -	€ -	€ 7.02	€ 7.02	€ 22.38	€ 2.50
Transport	€ 51.77	€ 51.78	€ 64.48	€ 113.18	€ 113.18	€ 62.81
Household Fuel	€ 43.01	€ 41.57	€ 41.02	€ 41.22	€ 42.34	€ 33.32
Personal Costs	€ 6.49	€ 8.50	€ 6.00	€ 6.00	€ 6.00	€ 9.29
Childcare Costs	€ -	€ -	€ 208.10	€ -	€ -	€ -
Insurance Costs [§]	€ 43.72	€ 27.54	€ 33.86	€ 52.87	€ 52.87	€ 23.71
Savings & Contingency Costs	€ 31.00	€ 10.33	€ 14.03	€ 28.74	€ 28.74	€ 15.50
Total Weekly Costs	€ 451.57	€ 347.16	€ 607.30	€ 551.56	€ 653.10	€ 359.73

* The figures in these tables represent the average (mean) costs across three geographic areas.

† Weekly budget excluding housing costs, based on one adult working full-time (where household has an adult of working age), and no entitlement to secondary benefits.

‡ Food demonstrated the largest variance across the three areas, e.g. for the Two Parent, Two Children (Aged 10 & 15) household type food costs vary from €146.11 in Area A to €174.37 in Area C, giving a range of €28.26 in this instance.

§ Comprised of health insurance, home contents insurance, and car insurance.

Source: “Minimum Essential Budgets for Six Household Types in Rural Areas” Vincentian Partnership for Social Justice 2010 available from www.budgeting.ie

Table 2: Summary of Rural – Urban Expenditure Difference, Q4 2009 Prices

	Pensioner Couple (Aged 66 – 69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)	Single Adult Male* (Aged 40 – 55)
Weekly Budget[†], Excluding Rent & Childcare						
Rural	€ 451.57	€ 347.16	€ 399.20	€ 551.56	€ 653.10	€ 359.73
Urban	€ 345.58	€ 257.88	€ 329.29	€ 442.95	€ 552.56	-
Difference	€ 105.99	€ 89.28	€ 69.91	€ 108.61	€ 100.54	-
Breakdown of Rural – Urban Difference						
Food	30.30%	18.03%	27.51%	22.15%	24.72%	-
Transport (Car, Fuel, Insurance, etc.)	53.62%	65.08%	62.34%	69.20%	74.76%	-
Remainder	16.09%	16.89%	10.16%	8.65%	0.53%	-

* Rural single male not comparable with urban single male due to different age and housing profiles.

† Based on one adult working full-time (where household has an adult of working age), and no entitlement to secondary benefits.

Source: “Minimum Essential Budgets for Six Household Types in Rural Areas” Vincentian Partnership for Social Justice 2010 available from www.budgeting.ie

Table 3: Comparing MESL Budget Expenditure (including housing) to Weekly Cash Income

Two Parents, Two Children (10 & 15)	Weekly Cash Income*	Weekly Expenditure†	Shortfall	Poverty Line‡
In Receipt of Jobseekers Benefit (1 car)	€ 478.23	€ 612.22	€ 133.99	€ 532.27
One Adult Working Full-time (2 cars)	€ 570.08	€ 658.01	€ 87.93	€ 532.27
One Adult Working Full-time, One Adult Working Part-time (2 cars)	€ 636.69	€ 690.67	€ 53.98	€ 532.27
Female Pensioner, Living Alone (Aged 70+)				
Contributory Pension	€ 269.02	€ 347.78	€ 78.76	€ 229.47
Non Contributory Pension	€ 257.72	€ 347.78	€ 89.56	€ 229.47
Single Male, Living Alone (Aged 40 – 55)				
In Receipt of Jobseekers Benefit	€ 204.30	€ 358.93	€ 154.63	€ 229.47
Working Full-time	€ 324.38	€ 397.02	€ 72.64	€ 229.47

* When calculating the net cash income for each scenario, income from all social welfare entitlements is taken into account where applicable, e.g. Back to School Clothing and Footwear Allowance, Family Income Supplement etc.

† Less healthcare costs where applicable.

‡ Predicted 2009 60% median income poverty line, CORI Poverty Policy Briefing (2009).

Source: "Minimum Essential Budgets for Six Household Types in Rural Areas" Vincentian Partnership for Social Justice 2010 available from www.budgeting.ie