



Opening statement from the Western Development Commission to the Joint committee on Arts, Heritage, Regional, Rural and Gaeltacht Affairs, 26th October 2016

'What it takes to sustain a viable rural community'

The Western Development Commission (WDC) is grateful for the invitation to address the committee on this urgent issue 'What it takes to sustain a viable rural community'. Almost two thirds of the population living in the seven county Western region, live in very rural areas, that is, outside towns of 1,500, this increases to almost 80% when including the smaller towns across the region. We are therefore centrally concerned with rural issues and with what can sustain viable and vital rural areas and we have developed a way of working that delivers a unique and effective response to the development challenges of a predominantly rural region.

The Western Development Commission has a remit to promote, foster and encourage economic and social development in the Western Region (covering the counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare). Focussing on the regions competitive strengths, since 2010 the WDC has sourced and directed over €13m in total funding towards regional enterprise and employment development resulting in approximately 5,000 jobs being supported by the WDC in the region.

Uniquely in the Irish context, The WDC has the regional capacity to develop and deliver significant growth initiatives across a range of critical regional growth sectors such as renewable energy, the creative economy, cultural tourism and the business sector. We have developed LookWest.ie a successful online guide to living, working and doing business in the region promoting niche activities and opportunities to explore and attract people to invest and visit the West. Additionally we maintain a robust information base on regional and rural issues which provides an acknowledged valuable input to national policy making. This has included significant involvement in and membership of the Commission for Economic Development of Rural Areas (CEDRA). The Irish government established within the WDC the Western Investment Fund (WIF). The WIF is an innovative, unique source of risk funding to businesses and communities in the Western region. This increased regional access to venture capital from 3% of the state average to over 7% in the last 10 years. It has supported 135 projects and invested €48m leveraging €210m and supported the creation of more than 2,500 jobs. It has also developed a targeted microloan programme to kick-start Western creative firms.

In essence the WDC has provided regional development expertise, finance and capacity to work with partners, both private and public, to collectively enable hundreds of regional businesses and thousands of regional jobs.

In considering the challenges facing rural communities it is essential to recognise that all rural areas and rural communities are not the same. There are important differences among communities in terms of remoteness and accessibility, in the influence of neighbouring urban centres and connections to them, and in natural assets and access to infrastructures. Rural communities face challenges associated with the demographic composition of their communities, the structure of their economies and their access to and ability to adopt new technologies. It is also important to

understand communities in the context of their relationships to their nearest town and to other centres of economic activity.

Changes in population and demographics are influenced by a large number of factors, including the local economy. This is particularly the case for migration into and out of an area. The preliminary census results released in July 2016 provide some basic population data. The population of the Western region grew by less than 1% between 2011 and 2016, while the rest of the state grew by 4.3%. There are more than a thousand EDs in the Western Region, but 561 EDs experienced population decline. Of these 266 EDs had a population decline of more than 5% and in 22 population fell by more than 15%. Many of the EDs with the strongest population growth are on the edges or within easy commuting distance of the larger urban centres in the region while the places with the largest population decreases are among the most rural in the Western Region.

There were significant difference in the patterns of change in male and female populations, reflecting both economic difficulties faced by rural areas and the sectors affected. In the Western Region there was a 1.5% increase in the female population and 0.2% in the male population. For the rest of the State the difference was not so pronounced. Five counties, all in the Western Region, had declines in the male population. These population declines are largely associated with migration and the national pattern of migration was that of positive migration to the East and South West, while the North West and Mid-West were most hit by losses through migration.

Population migration is usually of people of a working age. It removes potential and available workers from the rural region and in turn reduces their earning and spending effects in the local economy. The dependency ratio of the area is increased, with more older and younger people dependent on fewer of working age. This has significant impacts on both the economy and on the service needs of the area as well as on the viability of rural communities.

When considering development in any economy GDP and its related GVA are most often used. Examining trends in these statistics can indicate the changing strength of the economy. Unfortunately, they are only available for NUTS 3 regions which make it difficult to relate them specifically to rural areas. In the WDC we monitor those regions most closely aligned to our region the West and the Border. In 2013, GVA per person in the state was €35,464 while in the West Region was €26,839. This is a fall of 6.5% on 2012 (€28,698) and 2011 (€28,840). The preliminary figure for 2014 shows some recovery on 2012 to €28,113 which is still lower than 2011. The Border Region has shown a somewhat steadier pattern of recovery. GVA per person in 2010 was at its lowest (€21,846) in the last decade, a fall from €27,301 in 2007. Preliminary figures for 2014 showed a 4.7% increase to €24,381.

Income levels are central to a community's ability to sustain itself. Disposable income per person in 2013 in the Western Region was only 92.3% of that for the state. More urban counties fared better with Galway, where the influence of the city is strong, more than 98% of the state average, while in more rural counties like Donegal (81.1%) and Roscommon (87.5%) disposable income was much lower than the state average. The CSO Survey on Income and Living Conditions corroborates this showing incomes in rural areas just over 80% of those in urban areas with a difference of almost €7,000 in 2014. Related to the lower incomes is the risk of poverty which is higher for people in rural areas (19.1% vs 14.6% in urban areas). These income and poverty rates are both a cause and effect of the difficulty of sustaining viable rural communities and are related to demographic patterns and patterns of employment and opportunity.

Rural areas also have distinct employment characteristics. In the highly rural counties of Cavan, Roscommon, Longford, Monaghan and Offaly over 35% of enterprises are in the traditional sectors of Industry and Construction, while in Dublin it is only 17.4%. At the same time over 40% of

enterprises in Dublin are in the knowledge services sectors, in contrast these sectors account for only 17% of registered enterprises in Roscommon. The general trend since 2008 has been one of growth in the more urban concentrated knowledge services but decline in construction and local services which are more important to rural economies.

While we don't have specific statistics for rural areas recovery in employment in the Western Region, a very rural region has been slower than elsewhere. Between 2012 and 2016 the total number of people at work in the region grew by 6.4%, compared to 8.7% in the rest of the state. In terms of broad sectors, the largest in the Western Region were Public Services and Locally Traded Services (both 26%). The traditional sectors of Agriculture (10% v 4.7%), Industry (14.2% v 12.3%) and Construction (7.8% v 6.4%) all play a larger role in the region's jobs profile than nationally. Given these figures it is important to focus on skills development in rural regions and the OECD has shown that investing in upskilling lower skilled workers in rural regions has a greater impact on regional economic development than investing in increasing the number of highly skilled workers in the region

Self-employment has been a more important driver of jobs growth in the region than elsewhere and the Western Region's recent jobs growth has relied heavily on rising self-employment. Numbers of self-employed grew more strongly in the Western Region (31.1%) than in the rest of the state (7.2%) between 2012 and 2016. Between 2015 and 2016 self-employment in the Western Region grew by a dramatic 15.4% compared to a drop of 1.3% in the rest of the state. It is far more common in the Western Region, with 22.9% of all working people in the region self-employed compared with just 15.2% in the rest of the state. Relatively limited job options, especially in rural areas, means that more people have to create their own job. This well-developed culture of self-employment should be promoted with self-employed people supported to develop and expand their enterprises.

Similarly, other key sectors, which can take advantage of rural assets, such as renewable energy and other green economy businesses, as well as the creative sector, , should be supported as a means of ensuring opportunities in rural areas. For example, a WDC project has developed a platform allowing the region's creative businesses to showcase their work in an attractive way, providing a global audience and opportunities for export. In renewable energy the WDC has a project to improve business skills in small enterprises and to help them to network with businesses in rural parts of Nordic countries which have more established energy economies.

Rural areas can also face infrastructure and service deficits such as poor public transport and often a low quality road network and difficulties in accessing healthcare and education services beyond the primary and secondary levels.

At the most basic level a good road network is essential to allow rural dwellers to travel to work, to transport goods, for access to services and to make the area accessible to others. Regional and local roads are the backbone of travel in Ireland within rural regions and linking to the national road and rail infrastructure yet the regional and local roads grant allocation for 2016 was less than half that for 2009. Similarly, public transport is also key. Access to the rail and bus network is essential and while recent improvements in rural bus services in the region are welcome, more is needed and new options need to be integrated and accessible. Without a car transport in rural Ireland is often impossible.

Modern ICT infrastructure is essential to economic and social development in rural areas. It improves accessibility and links rural areas with each other and with urban markets, provides educational, healthcare and business opportunities as well as making rural areas more attractive as places to live, work and visit. It also enables e working and non-traditional work forms. The rollout of the national broadband plan is therefore very welcome. Its implementation will allow of innovative ICT solutions for rural areas in all sectors but there needs to be urgency in getting

contracts signed so that actual rollout can begin as soon as possible next year. Alongside that it is important that mobile phone coverage continues to be improved, as this is a key enabler of business and social networks in any place and many rural areas are at a disadvantage because of patchy or non-existent coverage.

A strong local economy is essential to sustain viable rural communities, but the provision of good quality, accessible services tailored to the needs of the local population is also essential. Health services are particularly important, reflecting the demographic of rural areas. As rural areas have higher proportions of older people and children they have greater need for public services.

Although rural communities face significant challenges they also have key assets such as a rich and beautiful natural environment, cultural heritage, peaceful surroundings and high levels of social capital. They often have lower office, housing, childcare and other costs than many urban areas. These all provide opportunities for diversification of the rural economy and for its social network to adapt and embrace future opportunities, whether it is improved tourism product, attracting people to live there or developing knowledge and sectoral clusters such as creative industries. Making the most of underused assets, such as school buildings and community enterprise centres benefits the local communities, the WDC is developing a network of these enterprise centres in the Western Region to allow for knowledge sharing and ways of making greater use of their space.

Throughout this statement we have highlighted areas which provide opportunities for rural areas and issues that need to be addressed to help sustain viable rural communities. We need to be aware that the cost of doing nothing, of not investing to make rural areas more sustainable, are not just the economic costs of higher unemployment and under employment and the associated social welfare, they include the human costs of social exclusion, poverty and isolation.

The recent Rural Charter, the development of an Action Plan for Rural Areas alongside the preparation of the new National Planning Framework and the associated Regional Spatial and Economic strategies provide an important policy opportunity to address issues for rural communities, to take account of their needs and perspectives and to provide a strong policy and strategic basis for regional and rural action. We should recognise that rural issues are not sector specific. In order to maintain viable rural communities it is essential that all policies, in each sector, are designed with an awareness of the policy implications for rural areas and with adaptations to rural needs and situation as appropriate.

In preparing for this submission the WDC has availed of its connections with businesses, academics and community leaders to inform its views and recommendations. In preparing the submission the premise was a simple one: to challenge the orthodoxy and, accepting the potential of the Western region, to fully contribute to national growth, and address how best to achieve this in the context of rural communities. For us the future state is one of a fully functioning, participating rural region competing globally on behalf of the national interest where best it can and should.

This indicates a rethink may now be needed on how we currently address the issue of regional development, as additionally, as well as having innate potential, investing in regional growth avoids regional "lag" and reduces anti-competitiveness price rises in areas in and around the capital or outperforming region.

Furthermore, whilst recognising that our region is primarily rural in nature, it is understood that urban centres (such as Galway) may effectively anchor the regional growth. This is a positive aspect. What would make it an indispensable aspect is designing the support policies to effectively disperse the economic benefits to the wider hinterlands. As such consideration for design and implementation of effective spatial and economic development strategies will need to be considered to support this aim.

The WDC would wish to achieve a significant step-change in the effectiveness of key parts of our regional economy (70% of which is rural in nature). The goal of WDC would be to upgrade the diversity and nature of the regional economy to make the region (and indeed Irish regions), better able to sustain continuous long-term growth and contribute even more to the national success story.

One again Chair, may I extend gratitude, to you and the committee for affording us the opportunity to discuss this matter with you today.