



Irish Rural Link
Nasc Tuaithe na hÉireann

Irish Rural Link Submission to Action Plan for Jobs 2018

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Irish Rural Link Submission to Action Plan on Jobs 2018

Summary

Issue	Recommendations
Regional Disparity of Job Creation	A more regional balanced approach to job creation is needed in Action Plan for Jobs 2018. While unemployment is decreasing in all regions, it still remains higher than the state average in many regions of the country. The DBEI must work with other Government Departments, agencies and Local Authorities to ensure the necessary infrastructure and services are in place to attract jobs to these regions.
Quality of Jobs	The quality of jobs in rural areas tends to be lower than in urban areas, with a higher number of people employed in lower paid sectors. Ensuring quality jobs are created in rural areas is essential and work closely with Department of Employment Affairs and Social Protection to ensure people have an adequate income which affords them a socially acceptable standard of living.
Supports for SME's, Micro Enterprise and Start up's	SME's and Micro enterprises are the backbone of rural economies and are a valuable employer. Making people more aware of the services agencies like Enterprise Ireland and LEO's is essential and they must be made accessible for all, especially those in receipt of a social welfare payment where the only option for employment is self-employment.
Access to Finance	Access to finance remains a barrier to many SME's in rural areas. Irish Rural Link has been working with the Sparkassen Foundation for the last two years to introduce the idea of a regional public banking model in Ireland. This model of banking offers a suitable product mix and efficient lending for rural business. Money remains in the region allowing for reinvestment in that region.
Partnerships and Collaborations with 3 rd Level Institutes	There is at least one Institute of Technology in every region of the country with thousands of students graduating each year. We have a highly skilled workforce and companies should be encouraged to tap into this workforce and collaborate with colleges to identify skills needs.
Up skilling and Training	With almost 50% of those unemployed long term unemployed, it is often more difficult for this cohort to get back into the workforce. Action Plan for Jobs 2018 must now ensure that those who are long-term unemployed begin to benefit from job creation and their needs met.
Progress Reports	IRL welcome the publication of progress reports from previous Action Plan on Jobs. We recommend that regional progress reports and quality of the jobs created in each region be included in future progress reports.

Overview

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 community groups and over 25,000 individuals committed to socially, environmentally and economically sustainable rural communities. The impact of the recession is still being felt in many rural areas and have not seen the same level of economic growth or employment as more urban areas have over the past couple of years.

Irish Rural Link welcomes the decrease in unemployment across the state with the national average now at 6.4% and the commitment by the Government to reduce unemployment in all regions to 1% of the national average. However, there is still a disparity in the unemployment rates in different parts of the country. The most recent figures from Quarterly National Household Survey, shows that there was an increase in the rate of unemployment from the previous quarter in the Midlands region to 8.3%, while in South East, although a decrease from previous quarter remains above state average at 8.1%¹. Long-term unemployment still accounts for almost 50% of those unemployed, with the western region having the highest rate of long-term unemployed, especially among under-25's².

While job creation is happening across the country, it is happening at a slower pace outside the major urban centres. There is a regional imbalance in terms of job growth at present and this must be addressed in the Action Plan for Jobs 2018.

A total of 362,044 jobs were created in 2016 by agencies; Enterprise Ireland, IDA and Uduas na Gaeltachta. Of these jobs, 41% was created in South and East, while 22% of these were in the Border, Midlands and Western Region, with 37% in Dublin alone. The majority of jobs created by IDA Multinationals tend to be higher skilled and higher paid jobs. However, in 2016, nearly half of the almost 200,000 jobs created by IDA were located in the Mid-East, while just over 4,000 were created in the Midlands and 10,000 in the Border region of the country³.

The quality of jobs available in rural areas tends to be lower than in urban area, with a higher number of people employed in lower paid sectors. Many jobs in retail/wholesale, hotel and catering, tourism can be precarious working hours or casual and seasonal work. In rural

¹ CSO 2017 Quarterly National Household Survey Q2 2017

<http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter22017/>

² Western Development Commission (2017) WDC Insights into Western Region <http://www.wdc.ie/how-is-the-western-region-doing/>

³ IDA (2017) IDA Annual Report 2016 http://www.idaireland.com/IDAireland/media/docs/About-IDA/IDA_Annual_Report_2016.pdf

areas, these are the jobs many people work in as there is very little alternative unless they commute long distances to work, which is not always an option for people.

There has been an increase in the growth of self employment in Western counties; again, this tends to be in the sectors of agriculture, construction, accommodation and food services.

The '*Regional Action Plans for jobs*' intends to create 135,000 jobs outside of Dublin by 2020, this is reiterated in the Actions in '*Realising our Rural Potential*' *Action Plan for Rural Development*'. The new Action Plan for Jobs 2018 must reflect the actions outlined in *Action Plan for Rural Development* and also be a big part of the new National Planning Framework due to be published at the end of 2017. Proper investment in infrastructure, services and skills needs to happen to ensure all regions can compete for jobs.

Recommendations

The following are recommendations Irish Rural Link suggest for Action Plan for Jobs 2018

Regional Job Strategy

To ensure that the targets of each Regional Job Strategy are achieved and that decent and sustainable jobs can be created and businesses want to locate to regions outside Dublin, the necessary infrastructure, services and skills must be available. The Department of Business, Enterprise and Innovation (DBEI) must work closely with the Department of Housing and Planning on the new National Planning Framework and indeed with other Government Department, agencies and Local Authorities to ensure barriers to business and the location of jobs such as; rates, planning permission, cost of electricity, transport, lack of broadband, etc. are tackled.

There must also be more regionally balanced targets for job creation. Enterprise Ireland and IDA must have better regionally balanced job creation targets.

Quality of Jobs

As mentioned in the overview, the quality of jobs available in rural areas tends to be lower than in urban area, with a higher number of people employed in lower paid sectors. Many jobs in retail/wholesale, hotel and catering, tourism are precarious and seasonal contracts.

The Minimum Essential Standard of Living⁴ for 2017, continues to show that households living in rural areas where there are two people earning minimum wage have a higher income inadequacy than their urban counterparts⁵. In work poverty continues to be an issue facing many families across the country.

The DBEI must work closely with the Department of Employment Affairs and Social Protection to examine minimum wage rates and how they can work towards a living wage for people so as to give people an adequate standard of living without hurting micro-enterprise and small and medium businesses. Examining where tax breaks could be made for employees and employers of micro enterprises and SME's should be carried out. Income limits for Family Income Supplement should be reviewed on an annual basis to ensure they are in line with the MESL model. Family Income Supplement must have a roll in the Action Plan for Jobs 2018.

⁴Minimum Essential Standard of Living comprises a basket of goods and services from Consumer Price Index that define the minimum needs for households to live at a socially acceptable level.

⁵ Vincentian Partnership for Social Justice (2017) Minimum Essential Standard of Living Report 2017
https://www.budgeting.ie/download/pdf/mesl_2017_update_report.pdf

Supports for SME's, Micro-Enterprises and Start Ups

SME's and Micro Enterprises are the back bone of rural economies and are a valuable employer. Agencies like Enterprise Ireland, Uduras na Gaeltachta and Local Enterprises Offices (LEO's) are necessary supports for new businesses. Making people aware of the services that these agencies provide is necessary. The services they provide must be accessible to all people, especially those in receipt of social welfare payments, who wish to maybe start up their own business or if there is no other choice but to set up their own business.

Collaboration between DBEI, Dept of Employment Affairs and Social Protection, LEO's and Enterprise Ireland is essential in this instance. Staff must be fully aware of the services LEO's and Enterprise Ireland provide so inform social welfare customers of what is available to them.

Access to Finance

“The problem of accessing competitively priced finance among SME's \ indigenous firms was identified as a key barrier to firm-level development and productivity growth among these firms. This constraint hampers investments in R&D, product and process development, technological adoption, workforce development and market expansion. **The group felt that greater competition was needed including a regionally based SME banking model, such as the German Sparkassen model. The group urged that an appropriate banking should be implemented as soon as possible in order to address this market failure⁶.**”

Regional Public Banks

Irish Rural Link has been working with the Sparkassen Foundation for the last two years to introduce the idea of a regional public banking model in Ireland. We are proposing a solution to the continuing problem of accessing finance as experienced by SMEs by establishing a network of 8 to 10 regional public banks across Ireland. Each regional public bank will be an independent, fully licensed, professionally managed financial institution with its own balance sheet and responsible risk management. There will be a centralised service provider offering centralised administrative services, controlling and auditing functions to all the member banks of the network.

⁶ National Economic Dialogue 2017 Chair's report

<http://www.budget.gov.ie/Budgets/2018/Documents/NED/NED-2017-Chairs-Report.pdf>

Each Regional Public Bank will exclusively serve clientele from its defined region i.e. local private households, rural SMEs and self-employed people. Its corporate business model will focus on retail finance, finance for working capital and investment activities of SMEs and agricultural clients.

A full detailed submission has been made to the Departments of Finance and Rural and Community Development as part of the Consultation on Community Banking which and can be obtained on request.

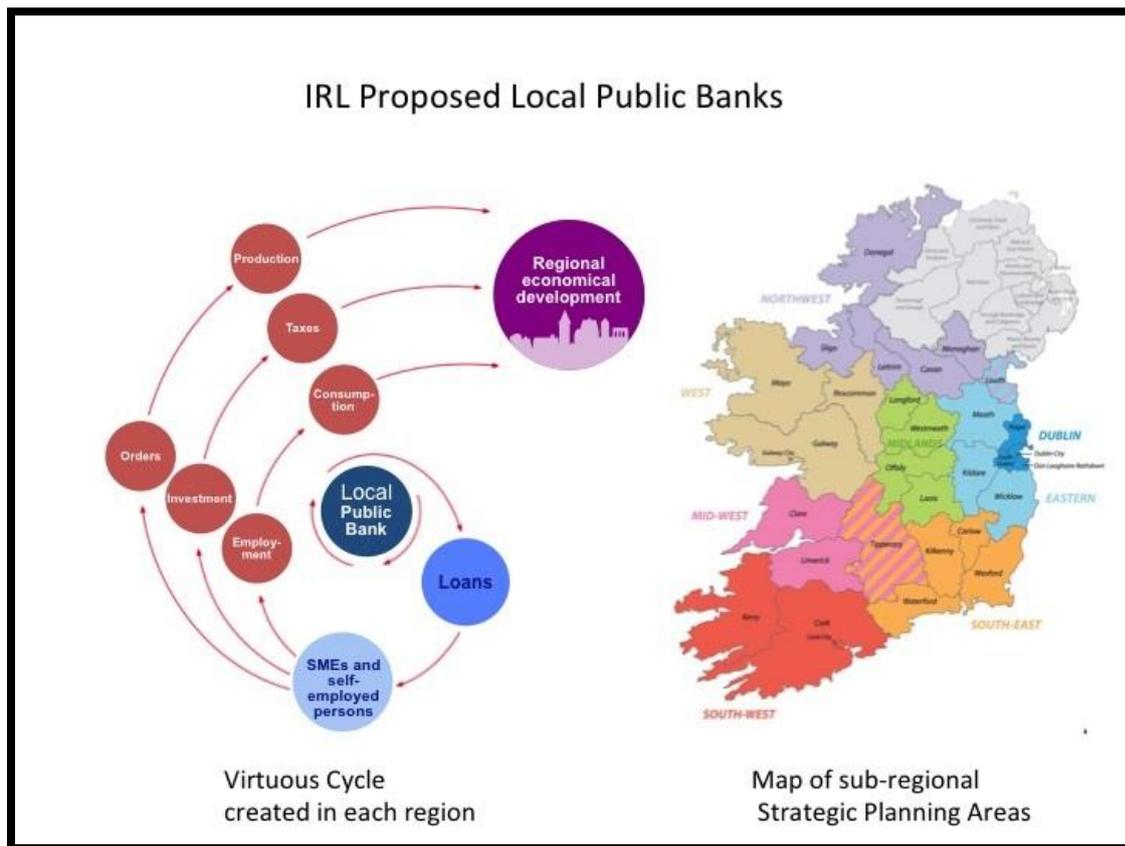
The Benefits: An Engine for Regional Development

Like in most European countries the SME sector is the backbone of the Irish economy, hence the engine for regional and local development. Focusing on SME lending will have a direct positive influence on the level of regional employment. Finance for working capital and investment will allow indigenous SMEs to grow and attract outside investors to the region.

IRL knows that Farming and SME business is by definition local business. The business model of a Regional Public Bank offers the suitable product mix and efficient lending procedures for the rural business. Its credit risk management takes into account relevant local business information, including “soft” information, which enables prudent and fair risk management and allows the inclusion of start-up finance and finance for innovation in the business proposition of the lender.

The level of client information and business expertise due to the decentralised location of each Regional Public Bank are prerequisites for a successful assignment of public promotion funds to support the rural development.

IRL believe the regional public bank will involve stakeholders such as the LEOs and Enterprise Ireland and positively contribute to their clients.



Partnerships and Collaborations with Third Level Institutes

There is at least one Institute of Technology in every region of the country. Every year thousand of students graduate from these colleges as well as the universities. We have more than ever a highly skilled, young workforce. However, many of these young people migrate to the cities. Partnerships between the IT colleges and both foreign and Irish-owned companies need to happen at a greater extent than is happening at present. The skills that companies require must be identified and linked in to what is being thought at both second and third level education.

Up skilling and Training

As mentioned in the overview, over 50% of those unemployed are long-term unemployed. It is more difficult for this cohort of people to get back into the work-force, due to not having the necessary skills or they are too long out of work.

Action Plan for Jobs 2018 must ensure that those long-term unemployed are acknowledged and training and up skilling is made available to them and easily accessed. Employment

schemes have an important role to play in helping people get back to work but there needs to be quality jobs for people when schemes finish or allow people to continue on a scheme if there is still no work available to them.

Training and up skilling is also necessary for those in work to ensure to help them retain employment and if become unemployed, it is only for the shortest period possible.

ETB's and Skillsnet have an important role to play in the up skilling and training of employees and getting people back to work.

MICRO Project

Irish Rural Link are currently the lead partner an Erasmus plus funded project with 6 other EU partners called MICRO. The aim of the project is to look at the integration of digital solutions and ICT learning, teaching and training for micro-enterprises in rural areas across all partner countries. It will develop and Open Educational Resource (OER) platform available and accessible to all, but especially for micro-enterprises in rural areas so they can grow their enterprise and make better use of the wider EU market.

A survey was completed by 200 micro-enterprises to identify what training they have already undertaken, training that they require for capacity building and for competitiveness and growth and the main reasons for not engaging in training. Respondents had mentioned the limited training offered in their area and both direct and indirect cost of training was too high as some of the reasons for not engaging in training. The full report and more details about the project are available on <http://www.microsmetraining.eu>

Progress Reports

Irish Rural Link welcomes the publication of progress report of previous Action Plan for Jobs and updates of any delays in meeting targets.

We recommend that regional progress reports be carried out as we feel this would be beneficial in identifying where gaps may lie in job creation between regions.

The type and quality of jobs created must be included in the progress reports. Not all jobs created are Enterprise Ireland, IDA or Udaras na Gaeltachta created jobs, so data from the Quarterly Household National Survey could be used to identify this. Although limited to Agency jobs (Enterprise Ireland, IDA, Udaras na Gaeltachta), the payroll cost per employee from the Annual Business and Economic Impact Survey could be used as a guideline for the quality of jobs created.

Conclusion

Action Plan for Jobs 2018 must ensure that sufficient jobs are created so every person has access to a good quality and sustainable jobs. Better regional balance is job growth is now needed and proper investment in infrastructure and services in regions outside Dublin and in rural areas is imperative to ensure that these areas can compete for jobs and investment by both foreign and Irish owned companies can happen and wants to happen. Supports also need to be available for SME's and Micro enterprises in rural areas as well as for new start-up's. While local supports such as LEO's, ETB's and other services are available, more awareness of the services they provide needs is essential.

The nature and model of a practical Regional Public Bank will create a prosperous local economy and provide sustainable credit using "local deposits for local loans" and augmented with relationship banking and local knowledge will create a virtuous economic cycle.

Action Plan for Jobs 2018 needs to be developed in collaboration with new National Planning Framework and Action Plan for Rural Development so as implementation of actions are consistent with other Government policies and strategies.

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities.

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'