

Presentation to Joint Oireachtas Committee on
Arts, Heritage, Regional, Rural and Gaeltacht Affairs

by Paddy McGuinness

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Commission.

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1. Introduction

The invitation from the Cathaoirleach of your committee asked me to address you on the topic *'The work of the Western Development Commission in sustaining viable rural communities'*.

As you are aware, I asked Minister Michael Ring T.D. not to consider me for re-appointment to the position of Chairperson of the Western Development Commission (WDC) and I believe that my decision may have prompted this invitation.

In order to give a balanced view on the work of the WDC and my time as its Chairperson, I feel it is necessary to provide some background information on the organisation. Because of the volume of reports and correspondence which you have to deal with, it may be helpful if I attempt to present the information in bulleted format.

2. Background

- The WDC is a statutory body formed in 1998 under the Western Development Commission (WDC) Act 1998, promoting economic and social development in counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.
- Its establishment came in the wake of a high profile campaign [known as the *'Bishops Crusade for Survival'*] led by bishops in the West of Ireland who were concerned about weak infrastructure and loss of population in the region.
- Its remit is *'to promote, foster and encourage economic and social development in the Western Region'*.
- The commission operates (currently) under the aegis of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs.
- Based at Dillon House, Ballaghaderreen, Co. Roscommon.

3. Modus Operandi

The WDC has adopted the following strategic goals to deliver on its remit: -

- To encourage the development of the region's rural economy based on the sustainable development of the Western Region's strengths and resources.
- To provide risk capital to SMEs and social enterprises in start-up and expansion phases through the WDC Investment Fund (WIF).
- To inform policy-making on economic and social development in the Western Region through high quality analysis.
- To promote the benefits of living, working and doing business in the Western Region.

4. Achievements

Since 2010, despite the economic downturn and associated cuts, the WDC managed to deliver jobs and investment to the western region. Over €10m in investment and funding support have contributed to the creation or retention of 2,700 jobs.

- **Western Investment Fund (WIF)**
 - €48m invested since start-up in 134 enterprises [Initial Fund €32m]
 - €3m now revolving annually

- Enterprises that received loans/investments from WIF currently employ 2,200. Multiplier effect suggests a total of at least 5,000 jobs supported.
 - In 2014 the wage roll in WIF assisted companies totalled €60m.
 - PAYE collected from employees in WIF assisted companies was €17m in 2014. This equates in just one year to 50% of the total exchequer funding the WDC received for the WIF.
 - €208m has been leveraged for enterprises in the region bringing a total investment in the region as a result of the WIF to over a quarter of a billion euro.
 - WDC has received no new Exchequer funding since 2010 and has been able to sustain the fund through prudent investment and financial management. This self-sufficiency model is unique in the public sector.
- **Policy**
 - a) **Publications**
 - Substantial reports on: -
 - Natural Gas
 - Renewable Energy
 - Broadband
 - Rail
 - International Air Access
 - Creative Economy

A list of some WDC reports is listed on attached Appendix (i)
 - b) **Submissions**
 - Provided a Western Region perspective to consultations on national and regional policy making, e.g. responsible for drafting two sections of CEDRA Report
 - c) **Representation**
 - Hosts and contributes to conferences, seminars and briefings on issues relevant to both regional and national development.
 - Established and maintains the WDC Insights Blog on key policy issues for the Western Region.
 - **Regional Development**

Developed and implemented programmes/initiatives, e.g.

 - **Creative Economy**
 - Supporting almost 400 businesses
 - Providing dedicated creative sector micro loan pilot (€330K loaned)
 - **Renewable Energy**
 - Engaged with regional businesses and Local Authorities, e.g.
 - €200K funding sourced for Roscommon County Council for a district heating scheme
 - Currently liaising with other County Councils on a similar proposal
 - **Regional Tourism**
 - Developed tourism trails, ECO tourism Green box capability

- Co-developed marketing programme with Fáilte Ireland, Ireland West Knock Airport and County Councils
- **Engaging Diaspora**
 - Reconnect programme pilot - led to inward investment opportunities for the region e.g. Lafferty group in Mayo
 - Designed, developed and maintains www.lookwest.ie - a promotional platform which has given the region a brand with real reach (over 1m visits since launch and almost 20,000 social media 'friends'). It also facilitates local authorities, organisations, individuals, and businesses engage with one another in all things of the West.
- **EU Programmes**
 - Has sourced over €10m in EU project funds since 2009
 - Currently engaged in €6m EU projects providing support in Energy, SME and Creative Industries sectors. See Appendix (ii)

5. Current Situation

All of the foregoing might lead one to believe that '*all is fine*' in the West Region and wonder why I should express disappointment with my time with the WDC.

The reality, of course, is that all is not fine in the West Region. In spite of the good work done by the WDC, the region is actually falling further behind under key headings, e.g.

- GDP for the region is roughly 85% of the EU28 average while the national average is 130%¹
- Preliminary statistics for 2014 show that Regional GDP per person in the West region was 76% of that in the state overall.
- Slower jobs recovery - growth in employment in the Western Region between 2012 and 2015 was just 2.8% - less than half that in the rest of the state at 6.3%.
- Higher youth unemployment - the youth (15-24 years) unemployment rate in the Western Region is 30.8%, substantially higher than the 20% in the rest of state (Q1 2015).
- The Border, Midlands and Western Region has a higher consistent poverty rate (10.8%) compared to 7.0% for the Southern & Eastern Region (2014)².

6. Personal Experience

Having been involved all of my adult life in community development, I was pleased when I was invited to chair the WDC board. Being aware of the quality of the staff in the organisation, I approached the job with enthusiasm and was excited about what we might achieve during my term. Sadly, I soon learned that my sense of ambition was not matched at either political or administrative level.

At political level, I failed to win acceptance of the fact of increasing disparity between the economy in the Western Region and that in the East. I certainly failed to convince any member of the Government of the urgent need to tackle the trend. Yes, we had the much heralded *CEDRA Report* and later the *Plan for Rural Development*. However, in my view, both documents were long on analysis but short on specific actions or financial supports. An evaluation of outcomes from either plan would seem to vindicate my assessment.

¹ BMW Regional data for 2013 estimated by Eurostat GDP per capita PPS, EU28=100

² CSO Income & Living Conditions, 2015

But, it was at administrative level that I really felt frustrated. Perhaps my expectations were too high and maybe I was naive but I could not understand the lack of engagement from the parent department(s). For the entire period of my four years as chairperson, the only interest shown in the work of the board was on matters relating to governance. Given the importance of the work of the commission, I think it would be reasonable to expect that I should have had to report at Assistant Secretary level at least quarterly.

The current Programme for Government contains states *'that the Western Development Commission will be given an enhanced role'*. I made extensive enquires with over twenty Oireachtas members and several department officials as to what the commitment would involve. No one was able to enlighten me as to what the *'enhanced role'* meant. One Minister of State asked me was I embarking on a *'turf war'* when I enquired from him what additional responsibilities would arise from the *'enhanced role'*

Some examples that support my claim that balanced regional development and rural decline are not being taken seriously at either political or administrative level include: -

- No board in place from February 2014 to May 2014 - (three months)
- No board in place from February 2017 to present - (a minimum of four months)
- Non pay allocation reduced from €1.5m in 2008 to €0.5m in 2015 - decrease of 66%
- Staff numbers fell from 17 in 2008 to 11 in 2015 - a 35% decrease
- CEO position vacant for a total of five years during the period 2011 to present - i.e. vacant from 2011 to 2012 and from May 2014 to present.

The final straw for me was the handling of an allocation of €2m in 2015 to develop a pilot Strategic Regional Development Office.³ The monies were appropriated as capital expenditure. The proposal did not need nor could not use capital expenditure. Yet over 18 months of representations failed to have the funds transferred to current expenditure. As a result, no progress has been made on an exciting initiative and to date not a penny of the €2m has been spent.

7. Conclusion

In many respects I enjoyed my time with the WDC. I had good personal and working relationships with executive staff and board members. I admired the professionalism and commitment of everyone in the organisation. Politically, I was well placed and access to influential people was not a problem. I was excited about what, together, we might achieve for our region. But, in spite of our successes, I became increasingly exasperated and frustrated with the inertia and indifference that I was experiencing from *'headquarters'*. Rightly or wrongly, I became convinced that increasing regional disparities rated very low in the priorities of politicians and civil service.

I sincerely and honestly believe that the situation that I describe in this presentation is entirely accurate. I don't think there is a single inaccurate statement in the document.

So, why should the situation that I describe exist?

In my opinion, it is due to a number of factors including: -

- a. The twin issues of balanced regional development commission and rural decline are not regarded seriously and there does not seem to be any real appetite to address either.

³ Appendix iii

- b. There is an obsession at administrative level to retain absolute control over agencies such as the WDC. As a result, the '*bottom-up*' approach, which has been heralded for decades as the way forward, has never been fairly tested.
- c. The setting up of the WDC came about as a result of public pressure rather than as an establishment initiative. Because of this, it has been tolerated rather than encouraged.
- d. The capacity of the WDC to deliver is not recognised or appreciated. Hence, it is treated almost as '*any other business*' as evidenced by it being allocated to a different Department at almost every change of Government.
- e. The commission was identified by An Bórd Snip for abolition. This damaged public perception of the organisation and had a serious negative effect on staff morale. Much of my efforts for the first two years on the board were directed towards trying to undo this damage.

The WDC is a small but efficient agency with a proven record of achievement. It has shown that it has a **capacity** to identify, design and implement economic development and growth. It has evolved and developed a way of working that delivers effective responses to the development challenges of a predominantly rural region. It is poised to bring real and positive change to the region. It has the plans, the experience and the people to deliver what it was set up to do.

I respectfully ask that your committee consider recommending to Government: -

- That the capability of the Western Development Commission to deliver jobs and investment to the Western Region be acknowledged.
- That the Western Development Commission be properly empowered and resourced to fulfil its remit '*to promote, foster and encourage economic and social development in the Western Region*'
- That the '*enhanced role*' for the Western Development Commission listed in the Programme for Government include an ESRI type function specifically for the West of Ireland.

Finally, Cathaoirleach, I am grateful to you and your committee colleagues for affording me the opportunity of drawing attention to my view that balanced regional development and tackling rural decline are being treated with little more than lip service. I want to emphasise that the sole motivation in publicising my decision not to seek re-appointment was to initiate an examination of existing commitments and policies.

It would be encouraging to think that the outcome could be positive.