

# Opening Statement to the Oireachtas Committee on Rural and Community Development

*“Sustaining Small Rural and Community Businesses”*

Wednesday 14<sup>th</sup> November 2018

IRL Speaker: Mr. Seamus Boland, CEO

## Introduction

On behalf of Irish Rural Link, I would like to thank the Chair and all members of the Oireachtas Committee for the invitation to present to you this morning on *‘Sustaining Small Rural and Community Businesses’*

## About Irish Rural Link (IRL)

Irish Rural Link represents the interests of locally based rural groups in disadvantaged and marginalised rural areas by highlighting problems, advocating appropriate policies, sharing experiences and examples of good practice. It has a membership of nearly 600 rural community groups dedicated to sustainable rural development and represents rural communities at a national and international level.

## Micro and SME’s in Rural Areas

IRL believe that Micro, Small & Medium Enterprises are the backbone to rural economies and are key to creating jobs in rural areas. While there continues to be a push for foreign multinationals to locate to Ireland, the reality is that they are attracted to the cities and larger towns. In 2017, almost half of the IDA jobs created were located in the Dublin and Eastern region, with just over 4,000 jobs created in the Midlands region<sup>1</sup>. Micro enterprises accounted for 92.2% of all enterprises in 2015 (CSO, 2017) and this figure is reflected across the 28 EU countries. IRL with Research for MICRO project found that under 23 million SME’s generated €3.9 trillion in value added and employed 90 million people across the EU in 2015. This accounted for 67% of EU28 employment<sup>2</sup>.

Micro Enterprises and SME’s are always vulnerable to external shocks and continue to face many challenges in growing their businesses including some of the items we wish to outline today;

- Access to credit
- High speed broadband

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<sup>1</sup> IDA (2018) Annual Report 2017 [https://www.idaireland.com/IDAireland/media/docs/About-IDA/IDA\\_Annual\\_Report\\_2017.pdf](https://www.idaireland.com/IDAireland/media/docs/About-IDA/IDA_Annual_Report_2017.pdf)

<sup>2</sup> MICRO (2017) “*Rural Micro and Craft Entrepreneurs: Sustaining Rural Europe A MICRO Project Composite Report*” <http://www.microsmetraining.eu/index.php>

- Retention of Staff and skilled workers
- Transport
- Role of Social Enterprises

I would like to begin however, by giving a brief overview of a recent EU project IRL were involved in - MICRO

### **MICRO Project**

Over the past two years, IRL was the lead partner in an EU Erasmus + funded project with six other partners, including Maynooth University, across five EU countries; Belgium, Spain, Italy, Greece and Macedonia. The idea behind Micro was to sustain the growth and competitiveness of rural micro enterprises by developing practical training resources and a dedicated open educational resource (OER platform). After a structured need analysis, the consortium developed tailored training modules on the needs of micro enterprises in rural areas, to help them build capacity and new skills. This training is freely available in multilingual versions on the dedicated open educational resource platform on the MICRO website [www.microsmetraining.eu](http://www.microsmetraining.eu). Each module takes between 45 minutes to one hour to complete, making it ideal for time-poor entrepreneurs. Although the project is now finished the website will stay live for two more years.

As part of the project a test and validation report has also been published, a copy which was sent to the Committee prior to today and is also available on the Micro website. The purpose of the test and validation phase of MICRO was to test the training courses developed and validate that they address the specific training needs and capacity gaps identified during the assessment phase. Feedback and comments were collected from over **350** participants involved in the pilot deployment of the Micro training. This was vital to fine-tune the Micro OER platform and the training content. The feedback was very positive and confirmed that the training courses developed successfully address the needs of the target group, who were rural micro enterprises.

### **Carbon Tax**

As an organisation, dedicated to the sustainability of rural communities, Irish Rural Link is acutely aware of the need to ameliorate the negative climate change. Equally we are clear that carbon taxation on its own will discriminate against small businesses in rural areas, while at the same time do little to reduce emissions, mainly because there is little or no choice in terms of using alternative energy. We are calling for the organisation of a summit like process, which will have as its objective the decarbonisation of activities in a fair, timely and manageable way.

## **Local Public Banking**

A major barrier to achieving sustainable rural development is the lack of adequate banking services, including access to finance is still a major problem for our SMEs, particularly in rural areas. IRL identified the German Sparkassen model of local public banks that serve the vast majority of SMEs in Germany as one that could serve as a template to begin to address this issue. We have formed a close working relationship with the Sparkassen foundation (SBFIC) that work internationally on behalf of the Sparkassen group to provide proactive support to financial institutions that sustainably foster economic and social development at the local, regional or national level through needs-orientated banking services.

Irish Rural Link made an extensive submission to the recent consultation process investigating a local public banking model for Ireland. The Joint Report on Local Public Banking, published last July has taken this submission into consideration at great length. Irish Rural Link are delighted that the report recognises the merits of a public banking model and that they have listened to our arguments as to how this will add to the financial stability of our regional economies.

We are very much looking forward to participating in the stakeholder forum to be set up as part of the independent external evaluation referred to in the Government's report. We understand that this forum should be up and running in January 2019. We hope that it will provide the opportunity for IRL and other stakeholders such as the Credit Union movement and the Post Offices to explore the options and opportunities that can be created by establishing an Irish public banking model.

## **High Speed Broadband and Rollout of National Broadband Plan**

The lack of high speed broadband continues to impact on businesses in rural areas and is preventing job creation and expansion and growth of existing businesses. It is the key element to rural development allowing areas and regions to compete for jobs that might otherwise be located in urban areas. It would also allow for people, especially women, to work from home or start up their own business.

The SME Digital Health Index 2018 found poor or non-existent access to high-speed internet remains a problem in many parts of Ireland, with some of the most rural SME's unable to operate a business online or in some cases even connect to the internet. In Connacht-Ulster only 39% percent of SMEs rate their internet connection as excellent or very good this increases to 50% in Munster

and is 70% in Dublin. Nearly 1 in 10 SME's say their internet connection has worsened over the past year<sup>3</sup>.

## **Retention of staff and skilled workers**

Making rural areas attractive to people again, to remain, return or move to is an important element in sustaining rural and community businesses.

The Western Development Commission carried out a Market Needs Analysis for the development of a Skills/Talent Register for the Western region to address the information gap in data on skills availability. Findings from the Needs Analysis found talent availability is the number one priority for indigenous/FDI companies in site location/expansion. It also found employers are struggling to fill higher level management roles and more skilled technical positions.

Ongoing collaboration and strengthening collaboration between Institutes of Technologies and Universities with indigenous businesses and even start-ups and with Enterprise Ireland, Local Enterprise Offices and indeed Local Development Companies is needed to ensure the skills needs for a region is met, while also giving young people the opportunity to continue to live in the area they grew up.

Starting up own business can be a solution to employment for a lot of people, especially women in rural areas. Raising awareness of programmes and supports available for start-ups is essential.

## **Transport**

A complete reform of Rural Transport is needed so that a comprehensive service can be delivered. While we strongly support the Local Link programme based in almost every county, we believe that there is still a significant deficit in terms of having a robust transport system in rural areas. In particular, we believe that this deficit excludes many people from taking up employment, education and training but also reduces the potential talent pool for micro and SME's.

## **Social Enterprises**

Many community groups have begun to generate their own income, especially groups in receipt of Community Services Programme (CSP). While many of these organisations will require funding from Government, many do produce an income classifying them as a social enterprise with the income placed into reserves to further develop their services. Social enterprise present huge opportunities to offer sustainable local economic development as well as deliver

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<sup>3</sup> IE Domain Registry (2018) 'SME Digital Health Index 2018' <https://www.iedr.ie/uploads/IE-Domain-Registry-SME-Digital-Health-Index-2018.pdf>

a community need. Research carried out for IRL on Social and Community Enterprise found

*“These enterprises have developed from the leadership of highly entrepreneurial social activists who refuse to be restrained by regular constraints such as funding and have the vision to see the possibility of a non-traditional model. These leaders move on the margins because our society does not adequately directly fund, educate or promote the notion that social enterprise could facilitate unmet needs as a mainstream response.”<sup>4</sup>*

### **Community Services Programme**

The CSP programme, funded by the Department of Social Protection and managed by Pobal, provides funding to not-for-profit, social enterprises and community business that deliver services to communities where private and/or public services are lacking, due to geographical location or low demand for service. This programme is vital to the existence of organisations such as Meals on Wheels to deliver services that would not otherwise exist and to the provision of school lunches, especially in disadvantaged rural areas. This programme must be retained to ensure such services and businesses can continue to exist.

I would like to thank you again for giving IRL the opportunity to present to you today.

Irish Rural Link  
Unit 2a, Moate Business Park,  
Old Clara Rd,  
Moate,  
Co. Westmeath.  
N37 W9RO

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<sup>4</sup> <http://www.irishrurallink.ie/component/k2/item/6-social-community-enterprise-untapped-potential-or-dead-end-dream>