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End of Project Report

Future Perspectives on Rural Areas

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SUMMARY

- The future economic viability of Irish rural areas will be influenced by (i) macroeconomic forces transcending the farm and non-farm economy; (ii) location and travel to work trends in non-farm employment; and (iii) changes in policies.
- The driving forces of the market economy will induce continued rationalisation in production agriculture, restructuring in the agri-food industry; more rural employment generated by multinational enterprise, liberalisation of markets and trade, and continued advances in information and communications technologies.
- Market forces will be modified to some extent by policies dealing with environmental concerns, and by measures based on principles of equity and on new concepts of what constitute 'public goods'.
- Against this background, a possible scenario of future change in the Irish rural economy was developed under four headings:
 - the number of farms and the size of the farm labour force
 - agricultural structures
 - employment and enterprise
 - population and settlement
- Assuming that the 1991-1998 average annual percentage changes for each of the main farm size categories will hold until 2010, the number of farms by then would be 118,300 – compared to 146,300 in 1998. On the assumption that a number of influences (e.g., pressures for greater competitiveness, attractions of non-farm employment) will accelerate the decline, the total number of farms could fall to 100,000 by 2010.
- Assuming a continuation of the trends of the 1990s the numbers working in agriculture would fall to 103,000 in 2010 – compared to 130,000 in 1999.
- In regard to the subsidisation of farm incomes, the likely evolution of EU policy will be towards attaching progressively more restrictive conditions to any payments provided. There may be a permanent system of area payments based on rigorously defined agri-environmental quality standards.
- Area-based subsidies will militate against land sales and thus hinder the expeditious scaling-up of farm size essential for viability in a commercial farming context. On the other hand, the amounts of land being rented and leased are likely to increase.
- Increasingly, labour input on farms is provided by the farm operator, with declining contributions from other family members. This trend towards the 'one-person-farm' will increase.

- As commercial farming becomes confined to smaller numbers of farms, dairying and tillage will be more concentrated in core areas of the south and east. Trends towards regional specialisation will be reinforced by the expansion in forestry and environmentally-oriented farming in other regions of the State.
- Although employment on farms will continue to fall there are optimistic prospects for the expansion of non-farm employment in rural areas. A critical assumption is that the Irish economy in general will continue to grow, even if at lower rates than prevailed in 1994-1998.
- However, the geographical spread of new employment growth is likely to favour the larger centres of population (upwards of 5,000 persons). This view is based on the established trends in the location of the grant-aided enterprise, the changing composition of investment which leads to definite preferences for particular topics of location, and the expansion of services employment.
- In the 1990s the growth in overseas tourism revenue was dominated by a limited number of areas, especially Dublin. Rural development promoters, therefore, need to reassess the type of rural tourism products Ireland has to offer, identify how such products can be better positioned in the marketplace, and adopt a strategic approach to marketing.
- As the economy continues to develop rural areas will have increases in population. Rural population growth will be most evident in areas with access to a network of urban centres or larger towns which, among them, provide a comprehensive set of activities and services (e.g., employment, housing, recreation).
- A major challenge for the national policy of achieving balanced rural and urban development will be the selection of primary centres at regional level, and the identification of strategies to link-up those centres and their 'zones of influence' – rural towns, villages and hinterlands – in coherent, mutually sustainable networks.
- A selection of regional urban centres is proposed such that about 80 per cent of the country's rural population would live within an hour's driving time of a primary centre.
- In the interests of future *rural* development, however, the promotion of primary regional centres needs to be complemented by definite measures to build up other parts of the regional economy. Some options in this regard are suggested.

1. INTRODUCTION

The future economic viability of rural areas will be influenced considerably by (i) a range of macroeconomic forces which transcend both the farm and non-farm economy; (ii) the location trends and travel to work patterns in enterprise and service employment; and (iii) new directions in agricultural and rural development policies.

The aim of this project was to project the potential impact of post-2000 economic and policy changes on Irish rural areas. It was intended originally to use a model-building approach in collaboration with the University of Missouri but this did not prove feasible. Instead, a possible scenario of future change for the rural economy was developed under four headings:

- number of farms and the size of the farm labour force
- agricultural structures
- employment and enterprise
- population and settlement.

The scenario is based on assessment of current trends, on key assumptions about the future, and on the likely directions of relevant policies.

Firstly, it is necessary to place expected changes in Irish rural areas in the context of the main forces which drive the market economy, and the influences which moderate market forces.

2. RURAL CHANGE: DRIVING FORCES AND MODERATING INFLUENCES

Driving Forces in the Market Economy

In the agricultural sector there are longer-term structural trends which seem set to continue for the foreseeable future. These include:

- constant downward pressure on farmgate prices and farm incomes
- concentration of production on fewer farms
- growing divergence in farm incomes among different categories of producer
- increasing reliance on non-market income supports
- growing incidence of part-time farming together with an outflow of labour on a full-time basis from the farm sector.

Rationalisation in production agriculture is mirrored in the restructuring and globalisation of the agri-food industry, especially in the concentration of processing and retailing. Agri-business expands its overseas trading while retailers and consumer food processors source raw materials and products from many countries.

The globalisation of the rural economy is accentuated as more rural jobs are generated by multinational capital and enterprise.

These macroeconomic trends are reinforced by policies promoting the liberalisation of markets and trade, and the stimulation of competition.

Globalisation is facilitated further by technology, in particular by information and communications technologies. Knowledge is the new form of capital driving economic growth. In former times economic development was based on natural resources but nowadays the capability of a country to produce wealth can depend on its ability to create new resources or assets such as information and expertise. In this context crude transportation costs and the traditional constraints of peripherality do not matter as much as they did a generation ago.

Related to the intensification of communications in a globalising environment are a set of social changes. There is a wide diffusion of universal patterns of consumerism, values and lifestyles, with associated mass media images and messages. There are constantly rising expectations about what represents an adequate income, an acceptable level of living, or a desirable lifestyle. Changing attitudes about the role of women, for example, lead to their increased participation in the 'out of home' labour force, and the expansion of service employment makes this participation increasingly possible.

Moderating Influences on Market Forces

Market-driven forces are modified by environmental and related concerns. The requirements for technically and economically efficient farming must be balanced by environmental safeguards, measures to ensure food safety and minimum standards for animal welfare. Currently, there are incentives for promoting voluntary codes of practice (e.g., the Rural Environmental Protection Scheme), as well as regulations to ensure conformity with declared standards and to achieve cross compliance (e.g., requiring specific environmental practices for granting EU CAP payments). In future, there is likely to be a greater use of environmental taxes as Ireland has international commitments to reduce the growth of greenhouse gases by 2012.

Market forces will also be moderated by political and social concerns. In agriculture the dominant model of change (based on high usage of technology, intensification, scale-enlargement of farms, regional concentration of production) will be modified by measures promoting multifunctional agriculture. This will involve the production of conventional products, but also non-commodity public goods such as biodiversity, a cleaner environment, or the maintenance of farm employment as a basis for rural viability.

It is accepted in national policy that the economic and social development of rural areas should not be passively dictated by market forces; such forces favour urban at the expense of rural development (DAF 1999: 20).

3. FARMS AND THE FARM LABOUR FORCE

In 1998 there were 146,300 farms in the State, although 12,800 of these were very limited in economic size.

Assuming that the 1991-1998 average annual percentage changes for each farm size category holds for the first decade of the new millennium, the number of farms would fall to 118,000 by 2010 (Table 1). (see Figure 1).

Table 1. Projected farm numbers to 2010, by size							
Farm size (ha)							
	<10	10-20	20-30	30-50	50-100	100+	Total
1998	29.0	39.5	28.8	28.2	16.7	4.1	146.3
2010	14.5	27.9	24.9	27.9	18.6	4.5	118.3

Only those farms over 50 ha are projected to increase their numbers, with holdings under 10 ha declining by half.

The size of a farm in hectares is not a reliable indicator of its 'viability status'; this is defined with reference to the scale and source of income, the age of the farm operator and the demographic composition of the farm household.

Table 2 shows the classification of farms by viability status in 1998, together with estimates for 2010.

Figure 1 : Projections of Farm Numbers by size of Farm (ha)

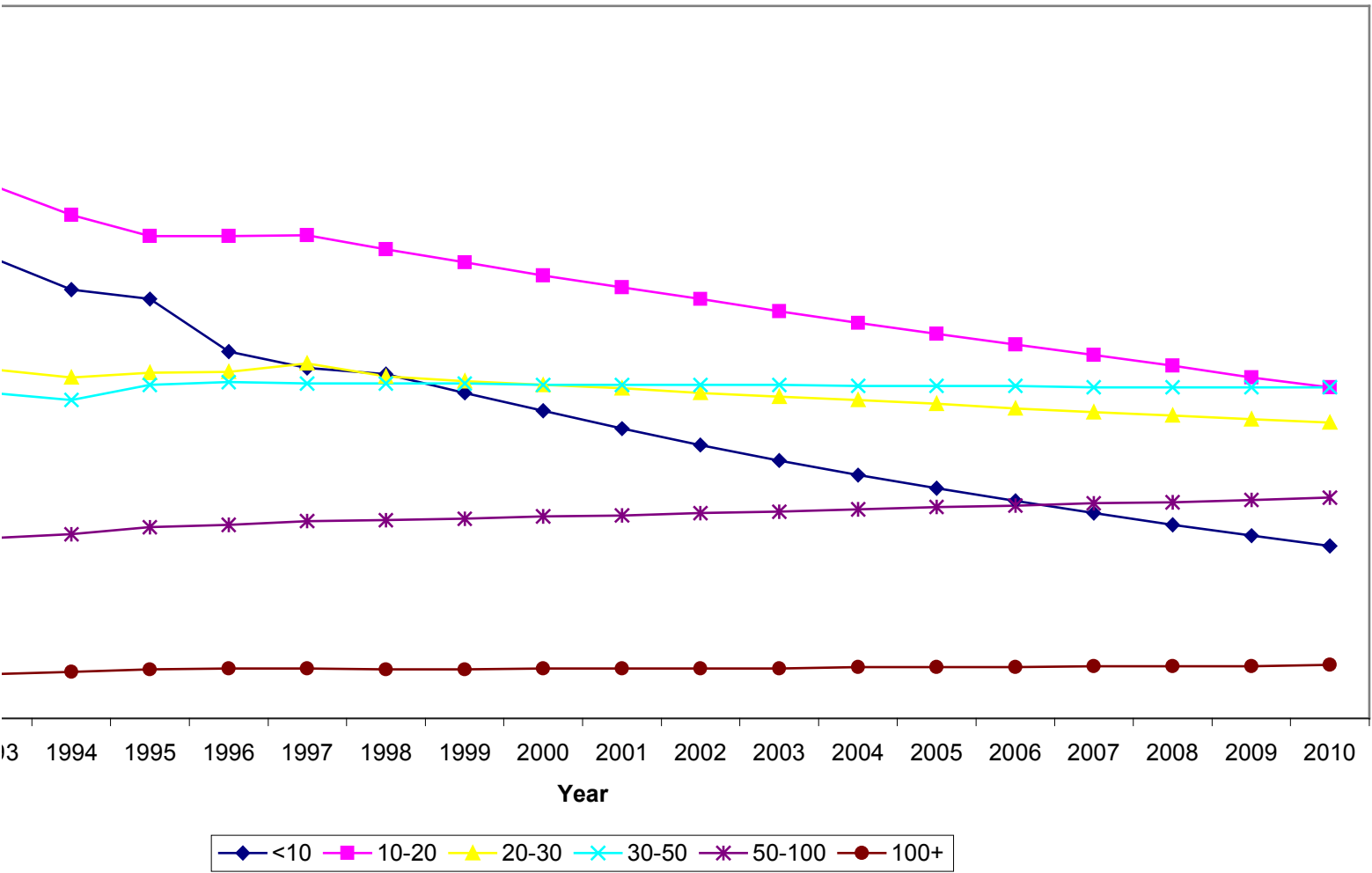


Table 2. Viability status of farms, 1998 and 2010						
Category	Nos (000s) 1998	Characteristics 1998	Main Farm System	Mean Family Farm Income (FFI) 1998	Size (ha) 1998	Estimated Nos (000s) 2010
Large Viable	33.4	Family farm income sufficient to remunerate family labour, plus 5% return on non-fixed assets, and with more than 0.75 labour units	Dairying (66%)	£26,000	57	30.0
Small viable	10.9	As above, but with labour inputs less than 0.75 units	Cattle (61%)	£11,500	26	5.0
Part-time farmers	38.5	Not viable in terms of family farm income but farm operator and/or spouse has off-farm job	Cattle (70%)	£ 4,300	23	50.0
Non-viable 'young'	29.4	Non-viable in family farm income terms, but operator is <55 years, or there is another person <45 in the household	Dairy (39%) Cattle (43%)	£ 6,500	27	9.0
Non-viable 'old'	21.3	Non-viable family farm income, operator >55 years no other person <45 years in household	Cattle	£ 3,000	19	19.0
Very small	12.8	Very low output	-	-	8	5.0

The 2010 projections are simple extensions of the 1990s trends and do not take account of a number of factors which are likely to impact on the farming sector post-2000. The more significant influences will be: increased pressures for greater competitiveness in production arising from WTO negotiations and EU enlargement,

expanded opportunities for jobs in the non-farm sector, the growing attractions of part-time farming, the role of farmer retirement incentives, and increasing expectations for more leisure time. On the assumption that these influences will act to accelerate the decline in farm numbers, it is possible that the total number of farms will fall to some 105,000-100,000 by 2010. The accelerated decline will be greatest among the viable categories reducing the trend projection of 35,000 to a possible 25,000, but the projected 33,000 in the non-viable categories could also drop to 25,000, with the part-time category possibly increasing to 55,000.

Employment in agriculture declined between 1992 and 1999 at an average of 2.1 per cent annually, while total employment in the economy increased at more than double this rate. Assuming a continuation of these trends until 2010 the numbers in agriculture would fall to 103,000. However, given the changing economic and policy context, as noted above, it is more than likely that the numbers will fall below this figure.

4. AGRICULTURAL STRUCTURES

It is generally accepted that beyond the 2000-2006 period (the years governed by the EU's Agenda 2000) the EU policy environment will change significantly. Existing quantitative supply limits on farm production may be phased out, although it is possible that some new limitations will be introduced arising from Ireland's international commitments in regard to the protection of the environment. In addition, farm commodity prices will move downwards towards world price levels.

Subsidising Incomes on Farms

Commitments towards a common WTO strategy for agricultural policy reform will bring a new phase to the subsidisation of farm incomes. The likely evolution of EU policy will be towards attaching progressively more restrictive conditions to any income or compensatory payments. Possibly, there may be a permanent system of area payments based on rigorously defined agri-environmental quality standards – for soil and water quality, habitat protection and landscape maintenance under a reformed European Rural Policy (Potter 1998: 160-161).

Increasing Land Mobility

Area-based subsidies will militate against land sales and thus hinder the expeditious scaling up of farm business size essential for viability in a commercial farming context. During the 1990s the annual volume of agricultural land coming on the market fell sharply – from 33,000 ha in 1990 to 8,650 ha in 1998. The low level of land transfer through the market is likely to remain as a persistent problem in Irish farming.

There are indications, however, that the incidence and amounts of land being rented are on the increase. The proportion of farms renting-in land increased from 29 per cent to 39 per cent between 1993 and 1998, with the estimated area involved rising from 518,000 to 675,000 ha. This trend is likely to strengthen as fewer young people enter full-time farming, incentives to early retirement remain in place, and attitudes to holding land for one's own use become less conservative. Furthermore, the Government has indicated that it will examine the proposals of the Agri-Food 2010 Committee which recommended: (i) retirement incentives as alternatives to compensatory payments in the case of farmholders over 65 years; and (ii) tax incentives for family leasing by landholders over 55 years where the lessor is a participant in the Farmer Retirement Scheme.

Improving the Quality of Labour and Management

While the farm labour force will continue to decline, its composition and quality will change for the better.

In the core commercial sector farmers will be better trained than is the case currently. Human resource capability is being enhanced by the integration of agricultural education into mainstream provision, and through the further development of specialised courses (e.g., in information technology). Taxation concessions favouring those with stated levels of training will also help to enhance the quality of the farm labour force.

Increasingly, the labour input on farms is provided by the farm operator, with declining contributions by other family members (Table 3).

Table 3. Changes in Annual Work Units (AWUs) on farms, 1992-1998					
	1992	1998	1992-98	1992	1998
Category	Nos (000s)		% change	% contribution	
Farmholder	135.6	120.4	-11.2	54.3	62.9
Spouse	51.2	31.1	-39.2	20.5	15.5
Other family	41.9	31.6	-24.6	16.8	12.7
Non-family	21.0	17.1	-18.6	8.4	8.9
Total	249.7	200.2	-19.9	100.0	100.0

Source: CSO Agricultural Labour Input, various years

With the continued attraction of off-farm employment – including employment for farmholder spouses – there will be a growing incidence of ‘one-person farms’. There will thus be a need to examine all options for new structures for supporting farming operations (e.g., expanded farm relief services, labour sharing, partnerships).

Managing Changes in Land Use

The longer-term trend in land use is for the more intensive lines of production to withdraw from the less-favoured and marginal land areas. In particular, declines in the numbers of dairy cows and replacements are most pronounced in areas where the smallest herds were more concentrated. As commercial farming contracts to a smaller number of farms, it may be expected that dairying and tillage will retreat further to core areas of the south and east.

The trend towards regional specialisation will be reinforced by the spatial patterns of afforestation and environmentally oriented farming. In recent years forestry has accounted for one of the major shifts in land use, with tree planting moving towards the western counties, but also towards Offaly, Laois, Tipperary, Waterford and Wicklow. It is expected that by 2015, forest cover will have increased substantially from the present 9 per cent of land area. Non-timber forest products such as forest tourism and recreation will also increase in significance.

The geographical divide between the north/west and the south/east, represented roughly by a line from Limerick to Dundalk, will be accentuated as afforestation and farming under environmental contracts characterise the counties north of the line, while commercial dairying and tillage farming become concentrated southwards.

Land use—or, more precisely, the management of rural space—may become the subject of more formal systems of zoning and control, given the need to restrict certain farm practices, protect wildlife habitats and amenities, manage wastes, and provide for afforestation and other non-agricultural uses. This would extend the type of procedures already specified for designated target areas such as the National Heritage Areas and the Special Areas of Conservation.

5. EMPLOYMENT AND ENTERPRISE

Given the expected decline in agricultural employment, what are the prospects for jobs in other sectors of the rural economy?

The assumptions here are that:

- the Irish economy will continue to grow at a rate of 4 to 5 per cent per annum (compared to 8 per cent per annum during 1994-1998)
- the number 'at work' will continue to expand. CSO projections for 2011 show a national labour force of 1.902 to 1.984 thousand (compared to 1.507 thousand in 1998)
- there will be no major economic depression although, as Ireland becomes increasingly integrated into the global economy, some types of short-term shocks cannot be ruled out
- most employment growth will be in the non-government services sector, and will tend to be concentrated in the larger urban centres.

These assumptions, taken together with the 1991-1996 trends – before the current economic boom took full effect – suggest optimistic prospects for future employment in rural areas. Between 1991 and 1996 all but six of the country's 155 Rural Districts (RDs) increased their total numbers at work, mainly because of the rate of growth in female employment. Significantly, however, all but 24 RDs had sufficient growth in male employment outside agriculture to offset losses from farming. Furthermore, all regions shared in this growth of numbers at work and in all regions the expansion was more than sufficient to compensate for losses in the agricultural workforce (Table 4).

The 24 RDs failing to increase male employment were mostly in the west and north-west, and in the upland areas in other parts of the country.

Table 4. Changes in numbers at work in Rural Districts, aggregated to regional level, 1991-1996						
Region¹	Males			Total (Males and Females)		
	Agriculture	Other Sectors	Replacement rate²	Agriculture	Other Sectors	Replacement rate²
Border	-3,127	+ 6,942	222	-3,324	+13,897	418
Mid-East	-1,702	+10,660	626	-1,660	+20,972	126
Midlands	-1,592	+ 4,059	255	-1,815	+ 8,321	458
Mid-West	-2,224	+ 5,766	259	-2,721	+12,184	448
South-East	-2,766	+ 6,470	234	-3,054	+13,283	435
South-West	-3,198	+ 8,911	279	-4,154	+18,707	450
West	-4,982	+ 6,214	125	-5,712	+12,865	225
All	-19,591	+49,022	250	-22,440	+100,229	447

¹Regional Authority Regions

²Gains in 'other sectors' (non-agricultural) per 100 persons decline in 'agriculture'

Source: Census of Population 1991, and 1996

It is also interesting that of the increase of 49,000 in male non-farm employment (Table 4) during 1991-1996, 28 per cent occurred in self-employment.

The above figures are census statistics relating to place of residence and not necessarily to place of employment. However, the trends indicate that continued growth in the economy generally – even at lower rates than in the late 1990s – will have beneficial impacts on job numbers in rural areas, although increased levels of commuting to work will be necessary.

Location of Non-Farm Employment

The geographical spread of new employment growth within regions will depend very much on the location of new and expanding enterprises. A number of factors must be borne in mind in assessing prospects for the future.

Firstly, over the decade 1989-1998 the growth in employment in foreign-owned manufacturing enterprises was double the rate in Irish-owned enterprises.

Employment in the foreign-owned sector has favoured regions with at least one major urban centre.

Secondly, the changing composition of investment is leading to more definite preferences for particular types of location. Enterprises are now more focused on higher value-added products; they are more 'knowledge intensive' and based on higher skills. There is an increasing proportion of services employment where ready access to customers and to skilled employees is vital. Businesses traditionally classified as manufacturing have an increasing component of service activities. An outcome of these changes is that new employment tends to gravitate towards the larger centres of population (Bourke 2000:3). Thus, longer-term trends in grant-aided enterprises show a clear tendency in most regions in favour of centres of 5,000 population upwards, although this is less the case for jobs in Irish-owned enterprises (McDonagh, Commins and Gillmor 1999; Commins and McDonagh 2000). (See Figures 2a and 2b).

Figure 2a. Distribution of grant-aided new jobs in foreign firms by town size

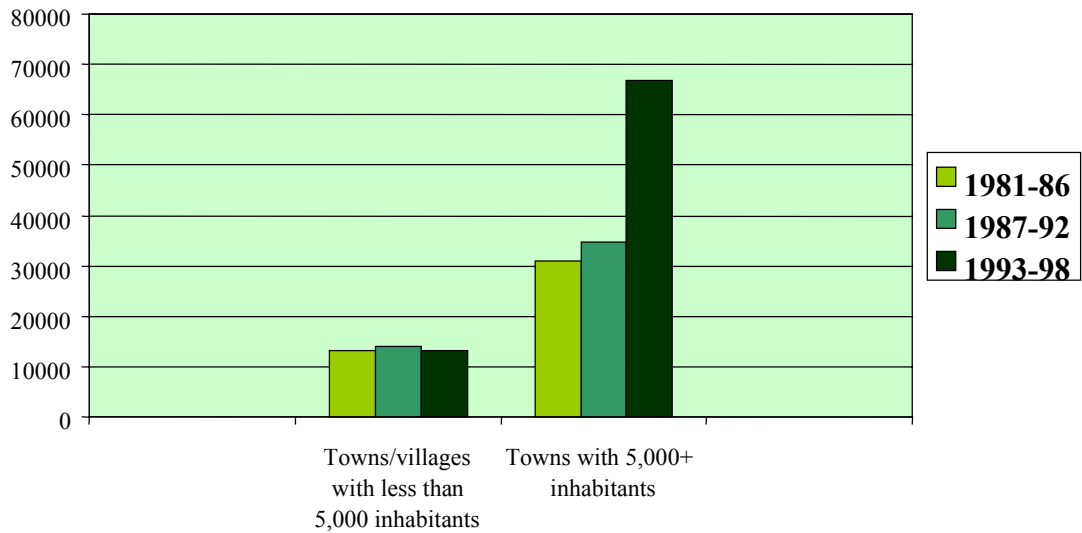
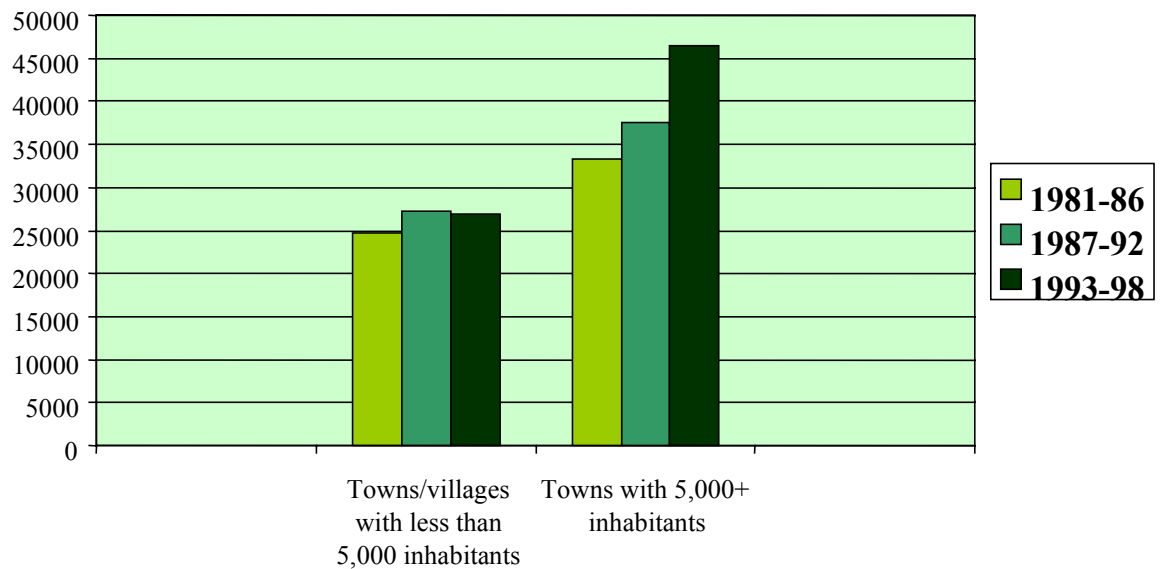


Figure 2b. Distribution of grant-aided new jobs in indigenous firms by town size



Source: Derived from data made available by Forfás

Thirdly, while there is scope for public policy to influence the location of economic activity (see below under 'Population and Settlement') the options are not unlimited. Of the 311,000 net additional jobs created in the economy between 1993 and 1998, only one-quarter came from sectors supported by public agencies (Forfás 2000: 7).

Fourthly, it is recognised that radical rationalisation involving employment loss is required in some sectors of the agri-food processing industry which are rurally based.

Taking these factors into account, the most likely prospect for the geographical dispersal of employment is for services and foreign-owned enterprise to continue to favour the larger centres while indigenous enterprise and small-scale businesses will predominate in the smaller towns.

Rural Tourism

Tourism is one activity which offers potential for the development of rural areas. However, the growth in overseas tourism revenue in the 1990s was dominated by the Dublin area and the south-east because of several factors: the general international trend towards urban tourism; the ability of the capital to attract visitors outside the peak season; the increasing share of business travel not tied to seasonal traffic; the trend towards shorter breaks; and improved air and sea access (NESC 1997: 116).

Rural development promoters, therefore, need to reassess the type of rural tourism products Ireland has to offer, identify how such products can be better positioned in the marketplace, and adopt a strategic approach to marketing. At present the rural tourism sector lacks a cohesive strategy, being composed of many unrelated small-scale initiatives at local level, when a coordinated effort to develop a distinct Irish rural tourism package is required (DAF 1999: 45).

6. POPULATION AND SETTLEMENT

The distribution of economic developments and prospects influence where people live; in turn the larger population settlements tend to attract economic activities.

In considering the likely trends in the future population of rural areas three assumptions are made:

- the national population will continue to increase; for 2016, the CSO projects a population between 4.0m and 4.4m, depending on migration and fertility trends
- notwithstanding the declining significance of physical distance as a consequence of advanced information and communications technologies, the clustering of economic activities towards urban centres will continue. Certain specialised services such as higher education or specialist medical facilities have limits to their location in dispersed centres
- as the economy continues to develop and as rural employment expands most rural areas will experience population increases; urbanisation and rural repopulation can co-exist in a context of national economic growth.

There is an empirical basis for assuming widespread increases in rural population.

In many developed countries the historical trends in rural-to-urban migration and consequent rural depopulation have been replaced by 'counter urbanisation' and rural repopulation tendencies (Stockdale, Findlay and Short 2000: 243). Rural repopulation occurs for a number of reasons: residential and lifestyle preferences, new sources of rural incomes, regional and rural development policies, deconcentration in some types of employment, growth of self-employment and distance working, commuting and, in the case of particular types of locations, retirement.

In the 1970s and 1980s—before the economic downturn of the late 1980s—the long-term trend in rural depopulation was reversed in all but two counties (Leitrim and Roscommon).

Much of the decline in rural population of the 1991-1996 period was due to declining fertility rates, rather than to outmigration. While outmigration of younger people continued it was offset to some extent by the immigration of middle-aged people.

Many rural towns and villages are growing in size although the growth of those lacking a strategic location tends to be modest. Population increase is observable in the rural environs of cities and major towns, along most of the inter-urban communication routes and even along some secondary routes. Population recovery at the sub-national level is almost always associated with the presence of an *urban system*, that is, a network of urban centres or larger towns which, among them, provide a comprehensive set of functions (e.g., employment, housing, recreation) and are accessible to people in their rural hinterlands. The lack of strong urban systems in Leitrim, Cavan, Roscommon and east Mayo, accounts in great part for this region's difficulty in maintaining rural population.

Achieving Balanced Rural and Urban Development

Therefore, while establishing regional centres as counter-magnets to Dublin is essential to achieving a more geographically balanced national population, it is the development of urban systems on a more comprehensive basis which offers most possibilities of attaining rural population stability.

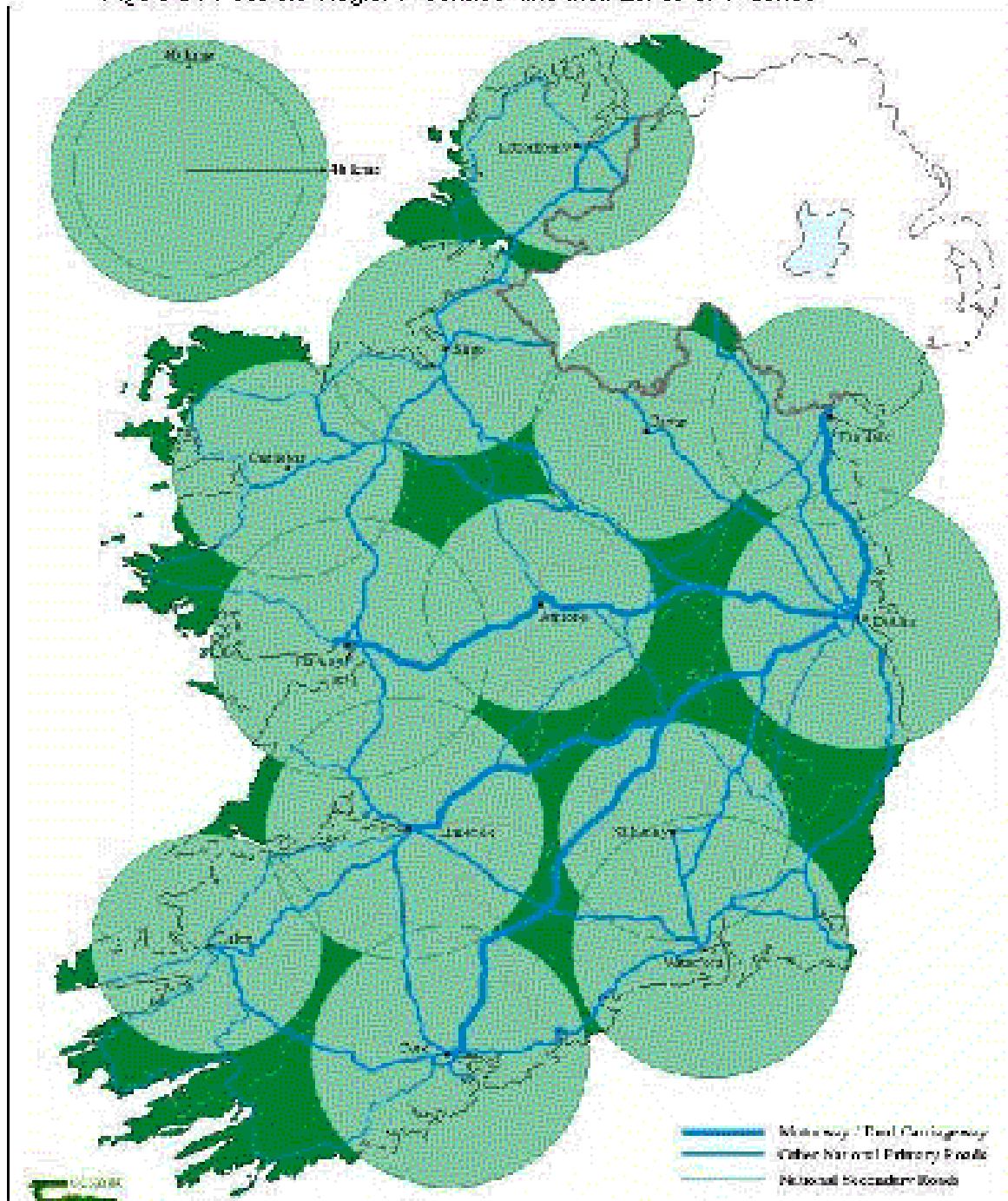
This will be a major challenge for the Government's plan to achieve balanced rural and urban development. The White Paper on Rural Development (DAF 1999: 22) states that one of the main elements of a strategic framework towards this aim will be 'a settlement pattern of a network of urban centres acting as hubs for economic and social development, interacting with, and sustaining dispersed rural communities in towns, villages and the countrysides in their hinterlands'.

A principal concern, therefore, will be the selection of primary centres at regional level and the identification of strategies needed to link-up these centres and their 'zones of influence' — rural towns, villages and hinterlands — in coherent networks or 'systems of places'. To illustrate, Figure 3 provides a selection of regional, urban centres such that about 80 per cent of the country's rural population live within an hour's driving time (40 to 48 km) of an urban centre. Except for Cavan and Castlebar, centres of

less than 10,000 persons were excluded, although not all of those over 10,000 persons were included.

In the interests of future *rural* development, however, the promotion of primary regional centres would have to be accompanied by definite measures to build up other parts of the regional economy and the small centres. Options in this regard include: (i) small-scale enterprise development (e.g., fabrication, sub-supply industries, locally-based services, speciality foods, distance working); (ii) improving residential opportunities and living conditions in smaller towns and villages (e.g., access to housing, attractive physical environment, quality amenities and services); and (iii) better access (through, e.g., improved transport, upgrading of secondary roads, mobile services, better telecommunications).

Figure 6. Possible Regional Centres and their zones of influence



7. CONCLUSIONS

By 2010 Irish rural areas will have faced a new era of economic and social adjustment marked by considerable reductions in EU financial flows, closer integration into a global and more competitive economy, a revolution in information and communications technologies, and social changes diminishing many of the distinctive features of rural living.

The general perspective presented here is one possible scenario: that of a strongly market-driven pathway of change but in which the driving forces will be moderated somewhat by policies dealing with environmental concerns and by measures based on new conceptions of equity and the public good.

Pressures for the further rationalisation of production agriculture will intensify. The numbers of farms and of those working on the land will continue to decline; the incidence of part-time farming will increase. The productive readjustment of land and labour resources will depend more on the increased renting and leasing of land rather than on outright land sales.

Land use is showing clear geographical differences and these will become more pronounced. Peri-urban areas will face increased pressures to cope with the space needed by non-farming activities. In coastal, upland and more sparsely populated areas the emphasis will be on protecting natural heritage and wildlife habitats. The most extensive forest cover will be in the hill areas. The 'old' or long-recognised disadvantaged areas (mostly north of the Limerick to Dundalk diagonal) will be farmed under environmental contracts based on current agri-environmental programmes but, possibly, with more rigorous conditions governing the payment of financial supports. 'New' disadvantaged areas will emerge where historically strong farming comes under pressure in maintaining commercial viability, but where part-time farming can help households secure a livelihood. Finally, core commercial farming areas, more geographically delimited than currently, must strive to maintain competitiveness in a context of freer trade.

Despite these different problems the perspectives offered here is optimistic. Even with a moderate growth rate in the economy (at half that of recent years), there is a high probability of continued expansion in non-agricultural employment throughout the country but in conjunction with a greater extension of commuting to work. This will have positive impacts on rural population levels. Given the changing nature of non-farm employment, much of it based on overseas investment and on growth in the services sector, there are clear trends favouring its location in the larger centres of population.

However, taking a long-term view and having regard to counter-urbanisation experiences in developed countries generally, there is a strong hope of rural repopulation, and on a geographically widespread basis. Most rural areas are within reasonable driving time of the country's main urban centres. There appear to be firm policy intentions to foster more balanced regional development. From a rural development perspective, a primary concern will be the *intra-regional* balance in economic well-being and ensuring that the positive impacts of development in regional centres are dispersed to their rural hinterlands.

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