

Summary

REINFORCE THE FUNCTIONALITY OF RURAL AREAS

1. Assignment

A dense network of so-called basic services forms an important foundation, frequently perceived as a matter of course, for the functioning of our everyday lives: These services include local food stores, kindergartens, schools, doctors and hospitals, home-delivered meals and homecare assistance for the elderly, postal services and Internet connections, public transport, cultural offerings as well as the village pubs as places of communication.

However, not only households need basic services such as post offices, phone services, Internet, energy, sewer and waste disposal systems – these services are also essential for businesses to conduct their core activities. Basic services are distributed divergently across space, and the availability, accessibility and reachability of these services are the key criteria for how a region can be qualified as functional or “suitable for everyday life”.

Thus, we are referring to services that serve the common good and for which there is a public interest in making them available, without necessarily having to be provided by the public sector. The European Union also attaches special attention to basic services. Basic services are the foundation for the development of the economy and society, and make a major contribution to social cohesion in the European Union. Therefore, these services are not subject exclusively to market economy competition rules, but to special provisions.

Supply and demand for these services have been subject to a dynamic change process in the past few years: Liberalization and heightened competition, a new view of government responsibilities and the privatization of public services, technical progress, changes in consumer behaviour and the need for new types of services created by societal change raise the issue of what this transformation will mean for the functionality of regions. The decline in services provided by the public sector and the retreat of privately supplied services – especially from rural areas – raises the following questions:

→ Is the functionality of rural areas at risk as a whole or in certain areas?

→ Which policies and measures can be taken to counteract a risk or to reinforce the functionality of rural areas?

The provision of services in the public interest is related to the use of public funds in a number of different ways. Some services are provided directly by the public sector or are commissioned to third parties, or the public sector defines the regulatory policy framework for the provision of such services. This entails the following questions:

→ Who takes decisions at which level and in which form; who provides which services to whom?

→ How can services be supplied as effectively and cost-efficiently as possible?

These questions are related to the concept of governance. Governance refers to the inclusion of the parties concerned into the decision-making process, the support of private actors in providing services, but also to the customer-oriented quality of the services provided by public bodies (administration, authorities, public monopolies). As demand for basic services concentrates at the local and regional level where it is provided, regional governance is an integral constituent of the provision of basic services.

Maintaining well-functioning rural areas is a key objective of the Austrian Spatial Planning Concept 2001 (Österreichisches Raumentwicklungskonzept, ÖREK 2001). Therefore, the Austrian Spatial Planning Conference (Österreichische Raumordnungskonferenz) commissioned a study to investigate the contribution of basic services and regional governance to the functionality of rural areas. This study comprised the following work programme:

(1) Clarification of the concepts and reflection on the status of the theoretical discussion of basic services and regional governance.

(2) Clarification of the social mandate to provide basic services and institute regional governance in Austria: objectives, instruments and actors.

(3) Analysis of the development of supply and demand for basic services in rural areas, identification

of the problems, risk factors and spatial risk profiles.

- (4) Analysis of the consequences for the concerned groups of the population.
- (5) Development of regional scenarios of future trends.
- (6) Collection and preparation of best/good practices.
- (7) Identification of the need to take action, steering possibilities and limitations, preparation of proposals for policy measures.

2. Definition of Concepts

(1) Rural Area

The demarcation of rural areas is difficult in this context because many basic services for rural areas are provided in cities serving as central places that act as the supply centres for the rural surroundings. Therefore, basic services were documented irrespective of where they were provided, but the territorial coverage was limited to the areas outside the boundaries of statutory cities.

(2) Functionality of Rural Areas

The functionality of rural areas is understood to be a dynamic concept that can only be defined in the context of the respective technological, economic and social development standard of a society and in relation to the general average standard as well as in comparison to different types of areas. Two central tasks can be derived from the statements on the functionality of spaces in the Austrian Spatial Planning Concept 2001:

- 1) The creation and improvement of society's development potentials.
- 2) The creation and improvement of a fair distribution of goods and services.

Concrete societal goals are required to operationalize the tasks from which criteria can be derived to evaluate the starting situation and to define the tasks more precisely. It is clear that basic services alone do not determine the functionality of an area, but rather form part of the systemic interrelated effects. Functionality is given only if there is interaction among many factors of which basic services is only one element.

Starting out from the basic functions to be met by space: housing, work, recreation, education, utilities and waste disposal, social, cultural and institutional services as well as communication and transport, a comprehensive catalogue of basic services was prepared. A selection had to be made for the in-depth

analysis. The following services were investigated in greater depth:

- Services whose use has undergone major transformations due to changes in social structures in the past decades or which are set to undergo such changes in the coming years,
- Services whose provision has changed enormously due to economic, political, legal and technical developments,
- Services for which there are no comprehensive materials or up-to-date studies.

The following basic services were selected for the in-depth analysis:

- (1) Those relating to the local supply of goods and services needed periodically.
- (2) Social services: childcare and care for the elderly.
- (3) Communication infrastructure: telecommunications, postal services.
- (4) Education: schools and further education.
- (5) Healthcare services.
- (6) Cultural services.
- (7) Public transport and accessibility.
- (8) Roads and networks of routes as well as accessibility.

3. Status of the Theoretical Discussion

The debate regarding which goods and services are a public good is almost one hundred years old in economic theory. The still valid tenet was formulated by Paul A. Samuelson in 1954 when he published "The Pure Theory of Public Expenditure". The idea behind the theory was to classify goods into public or private goods by assigning characteristics to goods and services and deriving a distribution of tasks between the market and the state from this classification. The following principal characteristics were defined:

- (1) Rivalry/nonrivalry
- (2) Exclusiveness/non-exclusiveness

The validity of assigning characteristics oriented on economic theory and their derived allocation to the state or the market as provider of such services has proven limited in practice. This is because the characteristics of goods and services can be changed by technical progress (e.g. separation of television waves and exclusiveness of certain pay-TV programmes), economic developments, but, above all, by policy definitions. Therefore, in the current debate over public goods, the proposal has been made to enlarge the economic theory concept of public good by a new dimension and to focus on the social construction of the key characteristics of goods and services. Rivalry/nonrivalry, exclusiveness/non-exclusiveness can be defined to a considerable degree by society. Thus, goods and services can switch between the private and the public domain.

This raises the question of governance, i.e., of how and by whom decisions are taken; which goods and services are assigned to the public domain; whether services can be provided by the market, by the state or by a mixed form, and how the funds to cover the costs can be raised.

4. Social Mandate and Goals

In both the EU and Austria there is a broad social mandate to maintain and improve the functionality of rural areas that can be derived from legislative and policy documents. However, only seldom are binding quality standards prescribed with quantitative, verifiable characteristics. Moreover, there is no cross-sectoral data available for micro regions as a basis for monitoring and evaluating political strategies. This situation is also related to the fact that instruments and actors are organized within the sectors at different territorial levels (EU, federal government, Länder, municipalities) and that there is no single actor responsible for the entire rural area. Before this backdrop, what is missing is a harmonized strategy for coping with the apparent conflicting goals of:

- Liberalization and competition with a socially and spatially fairly distributed basic income,
- Privatization of services with quality control and evaluation,
- Cost efficiency with a decentralized supply at the smallest microregional level possible,
- Differentiated and specialized supply of services with the best possible accessibility.

The definition and identification of problems depends, on the one hand, on the goals, and on the other hand, on the current expectations. The existing system of goals (the social mandate) leaves a relatively lot of room for interpreting the evaluation of the current situation and the development tendencies. Moreover, it should also be taken into account that in the past ten years the scope and quality of services has been enlarged and improved considerably: technical infrastructure (electricity, telephone), transport infrastructure (roadway network, public transport), educational offerings (upper secondary schools and occupational secondary schools), childcare and elderly care (kindergartens, care services) and medical services to name just a few examples. The services offered also determine expectations and the related problem awareness.

For the assessment of the current situation and development tendencies, the following measures were defined as supplementary to the social mandate:

- (1) Creating, securing and improving social development opportunities through
 - Sustainable economic functionality: potential for economic development,

- Social functionality: potential for shaping the environment by individuals and society,
- Ecological functionality: reproduction of people, fauna and flora.

(2) Creating, securing and improving the fair distribution of goods and services through

- Social accessibility based on affordable prices,
- Spatial accessibility based on reachability within an appropriate time.

The following times are viewed as appropriate for accessibility:

- Services needed every day: 15 minutes
- Services needed regularly: 30 minutes
- Services needed irregularly: 60 minutes

When identifying and evaluating problems, the two aspects below are given special attention:

- Changes in the supply of spatial units with stationary services,
- Changes in accessibility by different transport means, with accessibility by foot being used as criterion for the services needed on a daily basis.

5. Analysis of the Problem

The selected basic services are organized by sector. Cross-sectoral data are not available and neither do processed sectoral data on micro - regions exist. Therefore, sectoral and cross-sectoral analyses were conducted. The primary data from Statistik Austria were used and evaluations of current studies and investigations were conducted.

Currently, no general risk to the functionality of rural areas can be derived from the analysis of basic services. Daily and periodic basic services are largely accessible by individual motor vehicles within a reasonable time. The services in the areas of childcare and elderly care and the development of telecommunications infrastructure have advanced considerably over the past few years. However, an erosion of the range of services has been observed at the same time, especially in smaller villages in thinly populated regions. This leads to the structural necessity of motorized mobility and weakens the vitality and functionality of the concerned public domain due to higher commuting rates and out-migration. The non-motorized groups of the population, i.e., families with children and elderly people in need of care and their relatives are confronted with the fact that organizing everyday life is more difficult.

Until 1970, there were some 20,000 food stores that covered practically all villages with local supplies. In 2003, this figure dropped to around 6,000 and some 26 % of the population in rural areas does not have

any food store reachable by foot. Some 300,000 non-motorized persons (including children and youths) will be affected by this trend in the towns in the future.

In areas where the population is expected to decrease, with low population densities, with little or lackin tourism, and in villages with fewer than 1,000 inhabitants, this development may be expected to worsen dramatically. Almost 50 % (2.6mn) of the rural population lives in areas in which the provision of services will be endangered in the future. However, the goal of ensuring the provision of basic services as decentralized as possible is not only desirable for reasons of achieving the best possible and fair provision of services. The following aspects are also of relevance:

- Preservation of jobs in rural areas: Basic services have become an important source of employment in rural communities. In one-third of rural areas, almost more than 20 % of jobs are in basic services.
- Preservation of lively public spaces and of the identity of communities to create attractive living spaces and stabilize the resident population.

In addition to the reduction of existing basic services, further new supply problems are expected to arise in rural areas in the future:

- Aging population. Private care services are decreasing due to the structural transformation of family structures. Ensuring the care of the elderly in rural areas will become one of the central tasks of the future.
- The provision of high-capacity telecommunication infrastructure for thinly populated areas is not financially feasible based on market forces alone. Those areas without such infrastructure have no chance of competing against other locations for the establishment of businesses and economic development.

This could mean that the stationary supply of basic services might decrease even further in such areas than up to now. Even though it may be assumed that the services will be reachable by the major part of the population by individual motorized transport within a reasonable travel time, the situation of the non-motorized part of the population will continue to deteriorate and jobs will shift mainly from the smaller villages and central places offering fewer services to the principal villages of larger municipalities and the central places offering more services. This could create a vicious circle that could threaten functionality in some parts of rural areas.

Over the long term, the following areas could be highly affected by this potential development:

- Foothills of the Alps, Niedere Tauern, Styrian hilly country, Eastern Tyrol, regions in Carinthia outside

of the central space, central and southern Burgenland,

- Mostviertel, northern Waldviertel and Mühlviertel, Weinviertel, Innviertel, Marchfeld, Seewinkel,
- Außerfern and small communities in western Austria.

6. The Perspective of the Population Affected and the Consequences for the Organization of Everyday Life

An attempt was made to gain a view from the perspective of the affected population groups and the consequences for the organization of everyday life in moderated focus groups in a region where most basic services were no longer available (Frein/Lahnsattel at the border between Lower Austria and Styria). The findings were supplemented by two new studies that investigate the Styrian communities of Radmer and Weißenbach in Ennstal (MACHOLD, TAMME, 2005), and the effects of liberalization on the competitiveness of companies in the Swiss mountain area (THIERSTEIN et al, 2004). The findings paint the following picture:

(1) The population groups the most affected by the disappearance of basic services were women, children, handicapped persons, seniors and elderly persons and persons who did not have a motor vehicle. For these groups of persons, the organization of everyday life had become much more difficult: The time needed to access services and the costs of services went up, because the supply of public transport is not sufficient in many areas.

(2) The liberalization of services benefits the larger enterprises in the regional centres, while the competitive situation of smaller and medium-sized companies at the periphery worsens. Basic service companies are the most important “employers” in many rural municipalities. The loss of these jobs results in higher commuting rates over the short term and to out-migration over the long term.

(3) Basic services also satisfy important social functions. They create places of communication and live up public space.

(4) The erosion of basic services fosters a pessimistic and negative underlying sentiment among persons in the affected communities in rural areas.

(5) Cultural life and self-organized community work are especially important for residents to be able to create bonds with their towns.

The affected population in areas with decreasing basic services feels abandoned by politicians and has

little expectations of a change for the better. The closure of services such as post offices and food stores is often of enormous symbolic importance. It shows that the vicious circle already started will continue to accelerate.

7. Future Development Scenarios

A laissez-faire scenario was developed for a fictitious rural area located within the future “risk zones” and outside of urban central spaces, and far from the centres of tourism as an exemplary model for the future organization of basic services, the measures and the steering instruments required. In this laissez-faire scenario, a development is consciously projected that does not contain any strong political interventions to steer developments in rural areas. From the perspective of spatial policy, this scenario is one without strong regulatory policy or developmental policy instruments for steering developments. This scenario is characterized by the following macro-regional structures:

- Together with the central spaces, the centres of tourism are the growth regions.
- In rural areas, the polarization between the higher-capacity centres and peripheral rural regions is more marked.
- Agriculture and forestry determine the use of the land, but are losing their socio-cultural significance in rural communities.

Within the region of the scenario, the supply of stationary basic services has mostly disappeared from villages with fewer than 1,000 inhabitants. These are the bedroom communities and weekend homes of workers and students who commute to the central places or have moved there. The deterioration of the local supply of services in the peripheral communities of the district has resulted in in-migration to the centres of the districts. The small, peripheral villages are characterized by the high share of an aging population, high number of weekend homes and a growing percentage of unused and decaying buildings. The complete dependence on private motorized vehicles creates enormous problems for the non-motorized minority of the population, because the supply of public transport has largely disappeared from these areas. By contrast, the principal town of a political district has developed into a job centre and service centre with an urban/rural lifestyle.

The expected spatial structure of the laissez faire scenario was compared to three different target scenarios. The target scenario is understood to be a future spatial structure that can be achieved by defining concrete policies and taking measures:

(1) Target scenario “Laissez Faire Plus”

This scenario assumes that the supraregional market

mechanisms will prevail. At the regional level, the aim is to survive by bundling forces and means in the regional centres in the competition of the regions. The supply of basic services in rural areas is achieved by motorized vehicles and mobile services for the non-motorized population. In this scenario, the developments of the laissez faire scenario become even more accentuated.

(2) Target scenario “Balanced Spatial Structure - Ideal”

In this scenario, priority is given to a balanced spatial structure. Further suburbanization is checked by regulatory policy measures. Assistance is targeted specifically at central places offering fewer services. Multi-functional centres in micro-regional areas provide stationary basic services also to villages with fewer than 1,000 inhabitants.

(3) Target scenario “Balanced Spatial Structure - Real”

In this scenario, the assumption is that a balanced spatial structure cannot be achieved with the available means. It will not be possible to stop further suburbanization with shopping centres and specialized market centres, but the tendency can be checked. The basic services will be offered in the central places (towns with fewer than 1,000 inh.) offering only a lower or lowest level of services. In combination with local initiatives, it will be possible to develop a few microregional multi-functional centres in smaller villages (fewer than 1,000 inh.).

Against the backdrop of the social mandate, it was assumed that consequently the target scenarios with the most balanced spatial structures would prevail for the selection of best practices and the development of strategies for action. The target scenario (3) “Balanced Spatial Structure - Real” was viewed as the most realistic target scenario.

8. Good Practices

In the light of this assumption, examples were sought in which the preservation or improvement of services in rural areas had been achieved. Three types of examples were differentiated:

(1) Overall strategies for rural areas that dispose of financial, organizational and personnel resources: e.g. Countryside Agency and Rural Service Standard in Great Britain (www.countryside.gov.uk)

(2) Cross-sectoral projects at the local and regional level: e.g. Joint Provision of Services in Great Britain (www.countryside.gov.uk).

(3) Sectoral projects at the local and regional level: e.g. Dorfmobil Klaus (www.gemeinde-klaus.at/gemeinde/dorfmobil.htm).

The activities within the scope of regional governance may also be viewed as part of good practices such as

- Intermediary organizations for regional development: e.g. Regionalmanagement in Austria,
- Empowerment at the level of towns and villages: e.g. village renewal,
- Support and consulting for local initiatives: e.g. Local Agenda 21,
- Subsidies and support for cooperation among several municipalities: e.g. micro - regional development scheme, Leader +.

The following principle may be derived from the successful projects (successful use + sustainability): Offer customized services as simply as possible – with little maintenance costs. This also means that there is no one-size-fits-all solution that does not need to be adjusted to the respective local and regional framework conditions. Nonetheless, the successful projects as well as those that failed are important sources of experience and learning for the development and implementation of solutions that can be adjusted on site.

9. Strategies for Action

Based on the analysis of the problems and risks, the regional scenarios and the analysis of good practice examples, the authors developed a strategic overall scheme for discussion consisting of two strands of action, accompanying measures and the appropriate tools for implementation. The following strands of action were proposed:

(1) Coordination and cooperation involving more than one municipality and sector

Scarce resources call for the bundling of forces. Especially small municipalities will only be able to provide basic services if coordination and cooperation is shared among several municipalities. It will be necessary to discard a purely sectoral form of organization for the provision of services. All synergies must be exploited in order to ensure the micro-regional and decentralized provision of services. A recent, good example is the Sozialzentrum Mieming in Tyrolean Oberland: Five municipalities joined forces with a residential construction company to plan and erect a new social centre that houses a nursing home with 41 beds, 12 units for assisted living, a kindergarten with nursery, a medical practitioner's office, a café and multi-functional areas as well as the district offices of the regional health and social administration.

(2) Support and assistance for voluntary community work and for non-profit organizations in municipalities and their villages.

Assuming that self-organized community work will gain significance for basic services especially in the smaller units of rural areas, consulting services and

organizational assistance becomes an important instrument for establishing and professionalizing such activities. This means that networks of consultants and the financial means need to be made available.

To support this strand of action, the following accompanying measures are viewed as useful:

- The establishment of a monitoring system, defining target standards for the services, and regular evaluations to develop and improve strategies.
- Setting up knowledge management for rural areas: Collection and presentation of best practices, establishment of points of contact, organization of events and excursions.
- Providing consulting services to municipalities, non-profit organizations and voluntary workers in the field of project planning, organizational development, issues relating to legal questions and financial administration, business administration, quality assurance.

A number of existing instruments and institutions can be employed for implementing the proposed strands of action and the accompanying measures. These include:

- Financial policy instruments: e. g. Allotment of funds required, municipality equalization fund, bilateral agreements on sharing costs and proceeds among several municipalities (e.g. communal tax splitting)
- Assistance instruments: e. g. EU Agricultural and Structural Fund 2007–2013, Assistance for the local supply of goods and services, village and town renewal
- Regulatory policy: e. g. shopping centre regulation, zoning mandatory for supermarkets larger than 300m²
- Developmental policy: e.g. Regionalmanagement, village renewal, Local Agenda 21
- Organizational instruments: e. g. special purpose associations, regional associations.

In addition to these cross-sectoral instruments and institutions, classical sectoral instruments must also be developed to contribute to securing spatially and socially fair accessibility of basic services. In this context, the organization of mobility and the supply of telecommunication services in the future will play a central role.

The coverage with basic services in Austria is high in comparison to some other European regions. However, to preserve this high standard, now is the time to define the course that will shape future developments.