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The structural underpinnings impacting rapid growth in resource regions

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ABSTRACT

Decades of economic restructuring have transformed the nature of work and community relationships in resource hinterlands. Towns once built to accommodate large local workforces are now immersed in much more fluid flows of labour and capital. In some resource regions, proposed mining, oil and gas, and hydro projects may provide potential opportunities to diversify and strengthen communities. However, many community and industry stakeholders have concerns about community capacity and readiness for the anticipated “boomtown” circumstance of rapid growth and development. Drawing upon experiences from Canada, the US, Australia, and Scotland, this research examines structural impediments undermining the capacity of local stakeholders to respond to the challenges and opportunities associated with rapid growth and mobile workforces. Our findings suggest that policies and information structures have not been retooled and redesigned to support mobile workforces. Key structural concerns include obsolete policies and regulations to guide the development, tracking, and decommissioning of work camps; limited information and demographic data about mobile workforces; the problem of different methodologies being used to forecast growth and impacts; underdeveloped information management systems to track the cumulative impacts of single and multiple resource projects; and an absence of orientation packages and information portals for industry and mobile workers.

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1. Introduction

More than three decades of economic restructuring has transformed the nature of work and community relationships in resource hinterlands. In some resource regions, proposed mining, oil and gas, and hydro projects may provide potential opportunities to diversify and strengthen communities after years of limited growth. However, community and industry stakeholders have concerns about their capacity and readiness for the anticipated “boomtown” circumstance of rapid growth and development. Rapid industrial activity is expected to increase an influx of mobile

workers to address labour shortages, particularly during construction¹ periods. Rapid growth can pose intense pressures and demands for infrastructure and services in resource regions. The socio-economic impacts and disruptions from economic upswings are well described in the ‘boomtown’ literature (Ennis et al., 2013; Lawrie et al., 2011; Ruddell, 2011; Schafft et al., 2014). Some of the identified issues include inadequate and aging physical infrastructure; increased demand for physical and mental health supports; limited daycare; intense competition for housing; increased demand for community supports; recruitment and retention challenges for a broad range of stakeholders; and increased demand for literacy, basic job skills, and specialized training programs.

Neo-liberal policy shifts, however, are also reshaping the roles of communities, industries, and senior governments in resource

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¹ The **construction phase** is generally characterized by high demand for labour, high numbers of fly-in/fly-out workers, housing shortages/temporary workforce camps, rapid price increases, and heavy demands for public and private services. While the impact is significant, this phase is relatively short, generally lasting three to five years for any specific project.

regions through the withdrawal of critical senior government policy and program supports (Dufty-Jones and Wray, 2013; Heisler and Markey, 2014). Instead, senior governments are calling upon industries to play a larger role in addressing the social impacts through community impact benefit agreements and social impact management plans (Franks, 2012; Storey, 2010). The maneuvering of senior governments to avoid expenses and obligations has produced a “degree of policy inertia despite calls for urgent government action” in rapidly growing communities (Brueckner et al., 2013). This has produced spaces of tension across industries, senior governments, work camps, and communities due to insufficient regulatory and collaborative structures to respond appropriately to the socio-economic pressures in these places (Michell and McManus, 2013). At the same time, valuable information is needed to bring clarity and guide decision-making processes, investments, and long-term working relationships. If communities are going to mitigate challenges and maximize the benefits from large-scale resource development, all stakeholders must exhibit a strong degree of readiness “anchored in a good understanding of the complexity of demographic and workforce patterns” (Rolfe and Kinnear, 2013).

Drawing upon experiences from Australia, Canada, Scotland, and the US, this research examines three important questions shaping the capacity and readiness of rural and small town stakeholders to respond to the challenges and opportunities associated with rapid growth and mobile workforces.

- What are the structural underpinnings impacting appropriate responses to rapid industrial growth and large mobile workforces in resource-based communities?
- What are the organizational or process mechanisms where these structural underpinnings play out?
- How are the deficiencies within these structures impacting how regulation, management, collaboration, and decision-making unfold?

The article begins by describing the restructuring processes that have transformed resource regions and increased the use of mobile workforces. After a brief discussion of the limited community capacity to respond to rapid growth pressures, our research is situated within a framework shaped by policy, collaboration, and information structures that support communities experiencing rapid growth. Our findings suggest that policies and information structures have not been retooled and redesigned to support mobile workforces, with corresponding impacts on the viability and livability of rural and small town communities and regions.

2. Restructuring in resource regions

Restructuring processes have transformed the nature of work and community relationships in resource hinterlands over the past three decades. Resource towns that were once built to accommodate large local workforces are now immersed in much more fluid flows of labour and capital (Haslam McKenzie and Rowley, 2013).

Following the global recession of 1982–1984, government and industrial restructuring focused on shifting away from building new single industry communities, or ‘instant towns’, in rural resource regions (Peetz et al., 2012; Storey, 2010). Rising costs, lengthier approval processes, increasingly strict environmental regulations, and a reduced role for senior levels of government in town development² all supported a shift in preference towards rotational workforce practices, labour mobility, and long distance labour commuting³ (Humphreys, 2000; McDonald et al., 2012). Similarly, from an industry perspective, issues of cost, improvements in (and long-term cost reductions to) transportation and communication, the adoption of flexible production techniques, the adoption of extended shifts to support year round operations 24 h a day, lower turnover and absenteeism, and access to a larger supply of qualified workers also helped to make rotational workforce practices more appealing (Aroca and Atienza, 2011; Markey, 2004; Tonts, 2010). Depending upon the jurisdiction, industries may also be able to write off fly-in, fly-out (FIFO) workforce expenses, such as the costs of work camp accommodations, and avoid paying capital gains on ‘developed’ properties (House of Representatives, 2013; Storey, 2001).

The industry use of mobile workforces has been accelerating since the 1980s (Measham et al., 2013). Mobile workforces have been used by many resource-based industries, starting with the oil and gas industry and expanding to other sectors such as mining, forestry, fishing, hydro, and construction (Ryser et al., 2016; Shrimpton and Storey, 1992). Limitations within the local skilled labour pool, as well as difficulty encouraging skilled labour to relocate to resource-based regions have in part contributed to this change (Storey, 2001). High housing costs in booming communities, limited services, the absence of family support networks, and lifestyle choices have been barriers to encouraging workers and their families to relocate to resource-based communities (Rolfe and Kinnear, 2013).

A second factor shaping the transformation of the workforce concerns industry policies to pursue FIFO workforce operations. FIFO work operations are defined as arrangements to support workers who do not live within a daily commuting distance of a work site (Barclay et al., 2013). The use of FIFO can be traced back to the 1950s when it was used to support offshore oil and gas activities in the Gulf of Mexico (Storey, 2001). Workers spend a designated number of roster days on the work site in which food and accommodation is provided nearby, followed by a designated number of roster days in their home community (Storey, 2010). The use of FIFO workforces have varied. In Queensland, Australia, for example, 40% of the workforce in the Bowen Basin is estimated to be FIFO workers (Barclay et al., 2013). Another study completed by the Chamber of Commerce and Industry Western Australia in 2005 found that 47% of all mining employees were employed as FIFO workers (House of Representatives, 2013). FIFO operations have

² Canada has a long experience with planned resource towns and instant towns (Markey et al., 2012). BC, in particular, put considerable effort into the planning and construction of post-World War II towns to create attractive communities in isolated regions that could better recruit and retain young workers and their families (Gill, 2002). In BC, the Instant Towns Act was created in 1965 to allow the province to “establish a municipality in conjunction with the development of a natural resource” (Province of British Columbia, 1998). Resource-based companies also supported the development of these ‘instant towns’ in order to stabilize their workforce and reduce their responsibility for maintaining company towns or work camps. It became increasingly costly, however, to deliver programs to maintain the infrastructure in these communities. In 1983, Tumbler Ridge became the last ‘instant town’ developed in British Columbia.

³ Long distance labour commuting describes a situation where the workplace is isolated by a distance of at least 200 km from the worker’s home community (Öhman and Lindgren, 2003). The literature uses other terminology to refer to labour mobility, including fly-in, fly-out (FIFO), which we will use for this article.

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