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The changing nature of mining towns: Reflections from Australia, Canada and South Africa

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ABSTRACT

Mining companies worldwide have been prime movers in the creation of mining towns. Though these towns are of many kinds, all over the world they are going through a similar process of "normalisation" – freeing themselves from their mother companies. This paper compares the way mining towns in three countries, Australia, Canada and South Africa, have been shap ed by changes in production processes and changes in company and government policies. We look at how the local communities are involved and how they respond to the requirements of "open" towns. We note the difficulties that mining towns experience in dealing with both boom and bust cycles. Non-permanent settlement in mining towns has become the dominant trend in Australia and Canada, but South African policy, embedded in a history of migrant labour, promotes permanent settlement. Our analysis brings to light the complexity of the factors that have influenced mining towns, including globalisation, corporate decision making, political ideology and government policy for state welfare and citizens' rights. It underlines the need for a more nuanced understanding of the places and the communities that mining creates and what their future holds and concludes with a series of recommendations for communities and authorities dealing with change.

1. Introduction

As mining intensified after the industrial revolution of the eighteenth century, mining companies all over the world began to build and manage towns for their employees. In providing housing, infrastructure and services, these towns performed a social function. They created new communities and became distinctive features of the landscape. But the relationship between the companies and the communities has changed over time, and in different ways in different countries. With a few exceptions, company towns have either become derelict or been transformed into "open" towns with democratic governance and no restrictions as to who can buy and occupy land and housing. In many cases where a company town has been established, the government has installed municipal services and the state has invested in infrastructure and governance.

There are several reasons why company-owned towns have changed to open-town status or, in Australian parlance, "normalised". Normalised is defined as 'the take-up of the operation and provision of services and facilities by local and other authorities, which had previously been provided and operated by companies' (Robertson and Blackwell, 2014: 8). Two international developments have been instrumental in bringing about the demise of the original company-town model since the 1980s (although our Canadian case study shows that normalisation was actually happening there as early as 1939). The first of these was the resources slump of the mid-1980s. This was accompanied by changing patterns of production, which, in their turn, favoured technical efficiency. Neo-liberalism and the free-market policies advocated by Thatcher and Reagan from the early 1980s soon gained global acceptance. Paternalism and subsidisation were denigrated in favour of deregulation, privatisation and fiscal austerity. Shareholders increasingly pressured mining companies to reconsider their dominant role in non-mining activities, shed the corporate administrative machinery that was needed to manage large settlements for employees, and privatise wherever possible. The result was that many mining companies advocated handing over the company-owned housing to individual households and subsequently transferring the town management to local government structures. The second development, in parallel with this shift towards neo-liberalism, was the acceptance of the "new natural resources policy agenda" that promoted the

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decentralisation of government, citizen participation in mining communities and public-private partnerships. Partnerships, collaborative planning and hybrid governance models replaced the management and ownership of towns by mining companies and local government now provided the services that had often been provided by the companies (Arellano-Yanguas, 2008; ICMM, 2003; Franks, 2015).

Littlewood (2014) notes that much of the research on company towns originates from the Global North or is focused on individual countries such as Australia (e.g. Eklund, 2013) and the United States (US) (e.g. Amundson, 2004). We compare approaches to mining towns and the way these were influenced by production processes in three countries, Australia, Canada and – as an example from the Global South – South Africa. We were motivated to do this by the dearth of comparative work on mining towns across countries and the need to investigate differences between mining towns in developed and developing countries. The low population densities of the three countries makes them suitable for comparison. The economic differences are large, however, and there is some difference in their histories: South Africa and Canada have mining town histories of more than 100 years, but Australia's is much shorter. Drawing on secondary research in each of the three countries, we trace the history of mining towns, the dynamics of change and the different ways that mining companies in these countries responded to similar external environments. In all three countries, governments moved to both formalise and then normalise company towns. Australia and Canada emphasised less permanent communities based on "fly-in-fly-out" arrangements; South Africa, by contrast, is emphasising permanent settlements based on diversified economies.

The paper brings together two sets of literature. The first concerns changes in production processes and labour regimes in the mining industry and how they influence policies for mining towns. Some of this literature discusses the way neo-liberal production and management processes have focused on outsourcing, block-roster shifts (which allow fly-in-fly-out arrangements) and reducing company involvement in peripheral activities such as managing mining settlements and housing (e.g. Marais et al., 2018). The second set, which is linked to place attachment and social disruption, looks at the local consequences of mining booms and busts (e.g. Ruddell, 2017). Some of these sources are Australian and Canadian case studies that show how production processes influence government policies and how these processes are also used to minimise social disruption. The literature on South Africa discusses how production processes are changing (albeit at a slower rate than in Australia and Canada) and how government policies reinforce place attachment and increase the long-term risks of social disruption during bust cycles. In bringing this literature together, we assess how government, mining companies and people interact and how this interaction influences rural land use (see for example Zhang et al., 2017). In the sections which follow evidence from Australia, Canada and South Africa is examined before presenting a synthesis and analysis of the findings.

2. Australia

Australia is considered to be one of the trailblazers in changing from "closed" towns developed, owned and operated by mining companies, to "open" or "normalised" communities. While many towns in Australia owed their existence to mining, most were established and developed without single-company leadership (see Fig. 1).

The relatively few "closed" mining towns – informally termed "company towns" – were established under unique circumstances in the latter half of the 20th century. Most were in the remote Western Australian Pilbara region and were founded in the 1960s after the lifting of the iron-ore embargo on trade with Japan in 1959.[1] Later, Asian and Chinese markets also became available. By the mid-twentieth century, Commonwealth government policy for Australia had largely stepped away from government-led regional development in the expectation that the individual states would assume responsibility. However, as the country lacked robust fiscal arrangements and was still recovering from the consequences of the Great Depression and two World Wars, regional investment languished. Accordingly, there was limited enthusiasm for investing heavily in exploration and resource development until Japanese demand for iron ore and other resources fuelled the mineral boom of the 1960s in Australia and boosted private investment. According to Battellino (2010: 5), capital intensive mining investment "rose from about half a per cent of GDP in 1960 to a peak of almost three per cent in the early 1970s". In the 1960s, coal extraction in Queensland and New South Wales increased in response to a sharp increase in demand and this prompted large-scale infrastructure and workforce development in poorly serviced and under-resourced regions.

In cases where government was unable to develop new towns, the transnational mining companies built towns and related infrastructure to support their mining activities, providing housing, services, maintenance teams and major infrastructure, such as utilities, rail networks, roads and ports, in return for taxation concessions, government dispensations and other arrangements through State Agreements (Hillman, 2006).[2] Ten new towns were created in Western Australia, all of them privately owned, usually by a single company, with limited, if any, opportunities for non-mining-company residents to live in them until the early 1980s. Pilgram (1988: 245) notes that "to a large degree the normal roles of State government departments and local authorities were carried out by the developing company". Commercial premises, recreational amenities, public utilities, housing and accommodation, and all other facilities, were provided and administered by the company on land leased from the Crown under the terms of the relevant State Agreement.

From the 1980s, the Western Australian mining company towns began to be "normalised", meaning that they changed to "open" communities, transferring governance structures, ownership and accountability for services and assets from the company to the relevant levels of government (Thomas et al., 2006). The motives for normalisation were mixed. The 1970s was a turbulent period in Australian industrial relations history, with trade unions wielding considerable power over companies and governments. Single company towns servicing large-scale mining operations without the usual municipal and other governance structures were therefore vulnerable to excessive union demands, strikes and extended shutdowns. The costs associated with maintaining the towns occasioned considerable corporate concern. Companies were keen to be absolved from their non-essential mining responsibilities and focus exclusively on resource extraction. Other important drivers of the transition from company-owned and company-operated towns to "normalised" or open towns were the shift away from a Fordist-Keynesian regulatory framework (Horsley, 2013) and the growing global influence of neo-liberal policies. However, the most pressing impetus to shift the costs of living in a mining town to the private sector came after 1986 when the Australian government introduced a fringe benefits tax that imposed "a substantial tax on the employer for any non-salary benefits provided to employees and significantly influenced companies' (un)willingness to provide residential accommodation (a benefit)" (Haslam McKenzie, 2016).

Government was also strongly in favour of normalisation. The

[1] The Australian Bureau of Statistics has adopted a standard classification for remoteness, the Accessibility/Remoteness Index of Australia, to ensure uniformity in policy development and implementation and evaluation of programmes. From 1937 until 1959, Australia imposed an iron-ore export embargo on trade with Japan.

[2] State Agreements are essentially contracts, but with the status of law, between the government and proponents of major resources projects that are ratified by an Act of the State Parliament. Their purpose is to facilitate the efficient and effective development of the State's natural resources and ensure that development provides economic and social benefits for the community. Western Australia continues to use State Agreements extensively. From the 1980s, Queensland phased out the use of franchise agreements for new mining projects and now relies on general legislation to govern new mining projects.