Municipalities

Newfoundland and Labrador

Our people • Our place • Our potential

Economic Development: Small Towns & Big Industries

A Community Development Project

An Operational Handbook and Workshop Guide

Economic Development: Small Towns & Big Industries

A Municipalities Newfoundland and Labrador
Community Development Project

Financial support for this project
provided by

Atlantic Canada Opportunities Agency
Agence de promotion économique du Canada atlantique

Operational Handbook and Workshop Guide
Prepared by

Dave Curran and Associates
and Graham Letto Municipal Consultant with Ryan Lane
for

Municipalities
Newfoundland and Labrador

460 Torbay Road, St. John's, NL A1A 5J3
Tel: 709.753.6820 / Fax: 709.738.0071
Email: mnl@municipalitiesnl.com / Website: www.municipalitiesnl.com

Table of Contents

Operational Handbook

Introduction & Overview 3
Building Relationships 4
Tools for the Municipality 6
Some Examples 7
Developing a Community Vision 9
Partner Opportunities 10
Conclusion and Follow Up 10

Workshop Guide

Workshop Basics 11
Exercise 1 13
Exercise 2 14
Exercise 3 15
Exercise 4 16
Exercise 5 17
References 18

Note: This Module can be used as an operational handbook or as a workshop guide for a facilitated session.

Operational Handbook

Introduction and Overview

It is often presented as the ultimate in David and Goliath struggles – the small rural community pitted against the powerful and self-serving big industry. And there are enough bad examples around to keep feeding this perception. In addition, popular movies and books always champion the small community in the struggle and eventual victory over the evil corporation. It is presented in simple black and white terms. But the movies never get around to telling you what happens after the community has outwitted and defeated the corporation. What's the price of that victory? What happens then?

It's much more complicated in the real world where small communities are suffering from economic decline and increased outmigration, especially of the younger population. Difficult choices have to be made. So, in this workshop we will examine what the community can do to try and create win-win situations when facing the issues of big industry coming to town.

Some Community Assumptions about Big Industry

Most community assumptions about big industry tend to be negative - essentially that it will have negative social, economic, cultural and environmental impacts on the community. The opposing view is that it will create much needed jobs, improve the quality of life and assure the sustainability of the community, at least in the short term.

Other assumptions include:

- Boom and bust cycle – the industry is response to international forces and market conditions and will inevitability face slow downs and even closure.
- Increased housing costs – high wages will create increased prices, housing prices will grow beyond the capacity of local people.
- Social disruption – increased crime, drug use, violence.
- Impact on existing industries – One view is that it will have a negative impact on existing industries by drawing workers away through higher wages. The other view is that it will strengthen existing industries by creating new markets for local industry products.
- Benefits will only go to a small number of local residents – this can cause resentment even if it might only be an anticipated impact.
- Benefits will go outside the community – as above.
- Pollution – Can be a crucial factor depending on the industry.
- Times have certainly changed since the stereotypical view of big industry

as a polluting bully. Most of this change has come about through government regulation, community education and genuine industry enlightenment. However, some stereotypical views of the small community still remain.

- Values – the assumption that we all share the same values. Industry sometimes has a hard time understanding that the community might, and probably does, have a different set of values.
- Job creation overcomes negative factors – Not necessarily.
- The provincial government will speak for the community – Not always. There may be conflicting agenda's between the province and the community.
- Local culture is anti-development – a variation on the values factor.

Effect of These Assumptions

The effects of these assumptions from the perspective of the community are critical:

1. The community response to industry tends to be reactive rather than proactive.
2. The community focus is on limiting the negative impacts rather than focusing on the potential positives.

The effects of these assumptions from the perspective of the Industry are:

1. The Industry does not adequately understand the local political, social and cultural context or the values of the community.
2. Dealing with the provincial and federal levels of government as if they wholly represented the community interests can create a backlash from the community and a negative reaction to the industry because of miscommunication and misperception.

Building Relationships

The obvious starting point for building relationships is to learn more about each other. However, a serious caution for communities must be kept in mind – You will never be as expert about the industry as it is and the industry will never be as expert about the community as you are. In discussions with industry don't get bogged down in technical details – they have experts who can keep you distracted with this stuff while important decisions are being made elsewhere. This is a very important point that must be kept in mind. However you need to learn enough to begin a dialogue.

Communities can learn about the industry through:

- Site visits to similar operations
- Web searches
- Study tours
- Trade shows and conferences
- Specialized workshops
- Meetings with industry representatives

Community outreach workers are now an accepted part of industry-community relations although their focus is more on explaining the industry to the community. Perhaps it can become a two way communications system.

Industry must learn more about the local social, political, cultural context. It must be culturally sensitive. It should have a local presence, senior personnel if possible. It must have a 'face' in the community that presents a positive image of the industry and allows for interaction on the communities' terms such as in terms of timing of responses for information and consistency in policy and procedures.

Corporate social responsibility

Corporate social responsibility extends beyond the minimal legal responsibilities of a corporation to mitigate harmful effects of its operations and instead involves proactive concern for the environment, culture and community in which it is operating. It is a broad based perspective and can be concerned with training and local employment as much as with concern for the environment. Corporations and communities have found this to be beneficial to both parties. For corporations it improves their profile as ethical businesses and can even be beneficial in avoiding confrontation. For communities it helps remove suspicion of the 'outsiders' and provides tools that can help build and diversify the community economy.

The Provincial government

The provincial government negotiates and secures benefits on behalf of the whole province, not just the immediate impact area. While the provincial government has garnered considerable praise for its negotiations for local benefits with oil companies and other major corporations, it can be said that Memorial University and the College of the North Atlantic are the main beneficiaries of this. And while this is understandable in terms of the need for research and educated workers for the industry and the province it may not address some of the concerns and aspirations of the impact communities.

Two other considerations for the provincial government's role are :

1. The provincial government may determine that the greater good (e.g. employment) is more important than the community good (e.g. culture). Remember the resettlement program. A more recent example is when the premier mused about power lines through Gros Morne – a world heritage site, because it would be cheaper than an alternate route. Community values were firmly opposed.
2. The provincial government may be in the role of proponent for a particular project. For example, Nalcor, a crown corporation, is the operator of the Bull Arm site.

The Federal government

One only has to think about the crisis in the fishery and Canada's role in NAFO to know that the agenda of the federal government is not always in concert with the community. In some cases the parties can come into direct conflict such as when national parks are involved.

Others

Other players that can become involved in Small Community / Big Industry situations are lobby groups and special interest groups. These organizations do not always have the interest of the community at heart (Hello Greenpeace). It is important to understand the philosophy, values and practices of these groups before collaborating with them.

The municipality will need to build relationships with some or all of these players - The most important being the industry itself. It is important to understand their perspectives and possible agendas at the beginning. They bring resources, tools and expertise that are way beyond the community's capacity to afford but, with good management and by building powerful relationships; can be focused to the community's benefit.

Tools for the Municipality

Environmental Impact Assessment (EIA)

This is the granddaddy of intervener tools. It was introduced in Canada during the 1970's and used in assessments of major projects such as the Mackenzie Valley Pipe Line, locations for nuclear power plants and the Churchill Falls project. It essentially examines the need and possible effects of a proposed project and proposes mitigative measures to be undertaken. Public participation is a highly valued principle. The EIS process tends to focus on environmental negative impacts although it can include socio-economic factors, especially in culturally sensitive areas. It provides a good tool for feedback to project planning and design but is less useful for community planning.

Socio-Economic Impact Assessment

Socio-Economic Impact Assessment (SEIA) takes the Environmental Impact Assessment (EIA) one step further and includes the social, economic and cultural impacts of a proposed development on people and communities. However, it is still largely focused on mitigating the negative impacts of a proposed development. It does pay some attention to enhancing positive benefits.

Benefits Plans

These focus on the benefits of a proposed development and are a prerequisite to development plan approval. Perhaps the best known is the one mandated under the Atlantic Accord Implementation Act for offshore oil development. The overall intention is to use the benefits of oil and gas exploration and development to contribute to sustainable development of the province's economy. A Benefits Plan for offshore oil development should contain:

- Establishment of an office in the province,
- First consideration for employment for Canadians and residents of the province as well as first consideration for training,

- First consideration for purchases of goods and services from within the province where these goods and services are competitive in terms of fair market price, quality and delivery,
- Funding for research and development to be carried out within the province,
- Employment equity for disadvantaged individuals and groups,
- Full and fair opportunity to participate on a competitive basis for manufacturers, contractors, consultants and service companies in NL and Canada.

While we list these tools as tools for the municipality it is really at the industry and senior government levels that these negotiations and agreements take place. The community is actively consulted and all stakeholder views are taken into account to some degree. However, the municipality needs to become very informed and proactive to ensure that its interests are priority concerns. The benefits negotiated by the provincial government apply to the entire province. (Benefits are provincial: impacts are local - perhaps?).

Some Examples

Hammerfest, Norway

Hammerfest is the most northerly town in Norway and claims to be the most northerly city in the world. It has a population of 9,000. Before oil and gas, the economy was based on fishing, hunting, shipping, reindeer herding and some tourism. Reindeer regularly roam the streets.

The Snoehvit gas field was discovered by the StatoilHydro Company in 1984, just off Hammerfest. A development plan was approved in 2002 and, rather than use offshore drilling platforms, it was decided to pump the gas through a 90 mile pipeline to Hammerfest and sent on as LNG to Europe and U.S. markets.

The project was, and is, one of the most technically challenging in the world. Our interest though is in how the company interacted with the local population – an excellent example of corporate social responsibility.

- The company decided not to use offshore drilling platforms that might disturb the fisheries and interfere with sea traffic. Instead it decided to use a pipeline from remote controlled wells on the seabed to the island of Melkoya in Hammerfest. This decision was taken after considerable discussion with fishermen - who originally opposed any development in the area.
- The operating manager for the project operates out of Hammerfest in order to be more accessible to the local people.
- The original pipeline route was changed after fishermen complained that it would interfere with their fishing.
- The company set up a community college, associated with the University of Tromso, in Hammerfest to train people for knowledge-based industries.

- Local Hammerfest contractors were preferenced when possible. Local companies have captured more business than originally anticipated. By the end of the construction phase in 2007, local contractors had captured seven times more business than outsiders. Credit is given to active local organizations and a committed municipality, as well as to Statoil for its interest in building local capacity.
- Municipal property taxes were paid to the municipality. They appear to be extremely high in comparison with NL. Recent calculations showed an annual collection of 19 million Euros, even more that the municipality budgeted for. These revenues are invested in infrastructure development and a cultural centre that is reputed to rival Oslo's National Theatre.

Bull Arm Fabrication Site

The Bull Arm site is located at the head of Great Mosquito Cove on the west side of Trinity Bay. It is immediately adjacent to the town of Sunnyside (pop.470) but outside the Town's planning area. The site was developed in 1990 to address opportunities in the offshore oil industry. Its first project was the construction of the giant offshore oil drilling and production platform for Hibernia. Other projects since than include a floating production storage and offloading vessel (FPSO) for the Terra Nova offshore oil development, fabrication work for the White Rose project and fabrication work for Voisey's Bay Nickel. Employment at the site fluctuates from fewer than 300 at times to a peak of 4,000 during the Hibernia project.

The site itself is practically a stand alone operation with little need for interaction with the surrounding communities. It has its own 16 kilometer road system connecting to the TCH; its own power supply and communications system; water system; fire fighting and sewer system with a sewage treatment plant. During the Hibernia construction it also had on site housing for the workers. The housing facilities have been dismantled since then and workers now commute or rent housing in the surrounding communities.

The site has had very little impact, either positive or negative, on the Town of Sunnyside. Unemployment remains high in the community. The Town has tried to extend its boundaries to include the site and has attempted to negotiate a service agreement with the site operators but to no avail. Complicating the situation is the fact that the site operator, Nalcor, is a crown corporation and refuses to pay any taxes or grants in lieu to the Town. Recently, Nalcor agreed to pay a grant of approximately $33,000 to the Town – a pittance considering the size and scale of the facility.

This immediate surrounding area containing the Towns of Sunnyside, Come-By-Chance and Arnolds Cove (total pop. 1,850) also contains major oil related industries – oil refinery at Come-By-Chance and oil transshipment facility at Whiffen Head. Whiffen Head facility is actually within the municipal boundaries of both Arnolds Cove and Come-By-Chance. These two communities have service agreements with the industries but their actual financial worth is very small.

Perhaps an opportunity exist for these three towns to take a regional approach to negotiating taxes, grants and/or service agreements with the industries involved!

Small Towns and Tourist Resorts in B.C.

Tourist resorts tend to look for extreme environmental features when seeking a location so high mountains and rugged coastlines are where they will tend to locate. Interior and Northern

British Columbia are prime location for these resorts. These locations tend also to be populated by small towns with limited capacity for dealing with large external businesses usually supported by the provincial government which sees tourist resorts as easy cash cows.

Tourist resorts are usually presented as rather benign in terms of impact on the community. The prevalent view is that they create economic development opportunity, construction jobs, new business opportunities and increased property values. The alternate view is that they destroy traditional community and create a new community with different values and they are not sustainable environmentally or economically because they are subject to the vagaries of external economies.

Some of the other potential negative features of resort tourism include:

Environmental degradation, overcrowding, increased traffic and pressure on roads and other services such as water supply and waste management, increased infrastructure costs, increased living costs, gentrification and sprawl.

The small resort towns in British Columbia have populations of usually less than 4,000 people and do not have the capacity to afford planners on staff. But they do have regional districts, which are quasi municipal entities that have the resources to hire planning staff.

The resort towns have banded together and use this planning staff to assist in addressing issues of tourist resort development. The provincial government, which is on both sides of the issue – (pro development mostly) is introducing legislation to provide specialized governance provisions to assist the resort communities. These include development area permits and some land use and financing tools.
The keys to managing the resort towns appear to be through visioning for the community as to what kind of community it wants to be and better access to planners and land use planning through the regional districts. For further information on land use planning refer to the accompanying module on "Land use planning and Municipal Economic Development."

Developing a Community Vision

This is probably the first step a community should consider when facing the challenge of big industry. It is a tool for bringing the community together and defining the future.

A vision statement is a qualitative statement of community values and beliefs and a desired quality of life. It is not a pie-in-the-sky type of desired future but one based on realistic analysis of current conditions and what steps are required to achieve it. It describes a positive future for the community and should involve all members of the community in defining that vision. It is the first step in the strategic planning process and provides the boundaries or parameters for all the detailed initiatives that follow. It provides an overall guide to managing change.

How to do it

1. First you need a strong leadership group - small enough to be functional but large enough to reflect community diversity. This is the core group that has to keep everything moving forward.

2. Next you need to assemble a working group – this is the wide ranging stakeholder group that will put the vision statement together. It can be a large group and it should represent all the interests in the community. It's a good idea to have participants who represent multiple interests, e.g. council, church leader, lion's club member. (Note: this group must try to focus on the common task not just represent the interests of their own group.)

3. Begin the visioning process with brainstorming – what is valuable in the community? How would you like it to be in 10 years, etc? More formal tools such as surveys and focus groups can be used as well.

4. Capture the emerging themes and keywords Record everything on flipcharts.

5. Write these themes or keywords into sentences. The vision statement doesn't need to be long - one page is plenty.

6. Circulate vision statement throughout the community.

Note: Ensure that the vision statement is about your community and your desired future. Avoid the temptation to make it so general and generic that it becomes meaningless. This process should have been considered, if not already completed as part of the development of an Integrated Community Sustainability Plan.

Partner Opportunities

If there is the possibility to partner with other nearby communities then it may be the preferred option to work as a team to maximize benefits.

Conclusion and Follow Up

There have been many cases of this situation around the country and a few in this province and it would be a missed opportunity not to research those situations and perhaps speak to some of the people involved to gain an understanding of the successful approaches as well as the errors to avoid. One of the best tools to address the concerns of big industry versus small town issues is to be prepared. Long term planning initiatives that account for the possibilities would provide at least some initial direction and possible options for discussion. Some of this work could have been addressed in the ICSP development process, including the development of a community vision.

Workshop Guide

Workshop Basics

Basic Concept:

To assist participants understand and manage major industry in a small town setting.

Objectives

- To explore the role of municipalities in dealing with big industry,
- To understand the different perspectives and needs of the various stakeholders,
- To identify tools for municipalities in managing development,
- To examine other municipalities' experiences with big industry,
- To learn how to develop a community vision.

Materials

- Printed tables
- Flipchart and markers
- Printed sub-section introductions if desired

Timeframe

This workshop contains 5 detailed exercises and a full day is required to meet the objectives and complete the tables. A short 5-minute break between exercises is recommended along with a meal break at approximately the midway through the workshop.

Suggestions

- Provide participants with the written sections at the beginning of the module.
- The introductions for each exercise can be read aloud, distributed to each group to read or discussed in general so long as the basic ideas presented are understood before the activity begins.
- Only distribute materials and handouts immediately prior to each individual exercise.

Groups

- For this workshop groups can be comprised of participants from the same municipalities.
- If this is not possible or not desired for some reason then groups should at least be comprised of participants from similar municipalities.

EXERCISE #1

Understanding Assumptions

Time: 60 minutes
(30 minutes in small group and 30 minutes feedback)

Objective:
To understand assumptions and stereotypes that small communities and big industry have concerning each other.

Exercise:
- Divide participants into small groups of 5-6.
- Have them discuss questions below and report back to main body on flipcharts.
- Discussion.

Questions for discussion:
1. Are the community/industry assumptions presented in the text accurate in your opinion? Are there others?
2. Can you identify particular examples?

Resources required:
Flipchart, markers, tape

EXERCISE #2

Building Relationships

Time: 60 minutes
(30 minutes in small groups and 30 minute feedback)

Objective:
To understand the nature of differing perspectives and how they affect relationships

Exercise:
- Divide participants into small groups of 5-6.
- Have them discuss questions below and report back to main body on flipcharts.
- Discussion.

Questions for discussion:
1. How would you go about learning more about the perspectives and responsibilities of the industry and governments on a proposed industrial development in your town?
2. How would your council begin to build relationships? And with whom?
3. Discuss Corporate Social Responsibilities. Can you identify both good and bad examples?

Resources required:
Flipchart, markers, tape

EXERCISE #3

Tools to Manage Development

Time: 60 minutes
(30 minutes in small group and 30 minutes feedback)

Objective:
To introduce participants to available tools and understand their application.

Exercise:
- Divide participants into small groups of 5-6.
- Have them discuss questions below and report back to main body on flipcharts.
- Discussion.

Questions for discussion:
1. Are the tools as presented in the text adequate to manage big industry development in a small town?
2. Can they work for your municipality?
3. Are there other tools that should be considered?

Resources required:
Flipchart, markers, tape

EXERCISE #4

Learning from Examples

Time: 60 minutes
(30 minutes in small group and 30 minutes feedback)

Objective:
To gain insight from the diverse experience of other municipalities

Exercise:

- Divide participants into small groups of 5-6.
- Have them discuss what they've learned from the example cases and report back to main body on flipcharts.
- Specifically have them identify what they see as the major negative and positives of the approaches discussed in the examples.
- Discussion.

Resources required:
Flipchart, markers, tape

EXERCISE #5

Developing a Vision

Time: 80 minutes
Exercise A: 25 minutes in small group and 15 minutes feedback
Exercise B: 25 minutes in small group and 15 minutes feedback

Objective:
To help participants understand the process and importance of visioning.

Exercise A:
- Divide participants into small groups of 5-6 – this is the leadership group.
- Have them begin the process of developing a community vision by going through the how to do it steps on the preceding page.

Exercise B:
- Divide participants into small groups of 5-6.
- Have each participant imagine how he or she would describe his or her community to a visitor ten years from now.
- Discuss.

Questions for Discussion:
If you were to take a regional approach to economic development, how would you go about the following?

Resources required:
Flipchart, markers, tape

References

Canada-Newfoundland and Labrador Offshore Petroleum Board, *Canada-Newfoundland and Labrador Benefits Plan Guidelines.*

Chazan, Guy, *Norwegian oil firm goes to energy's last frontier*, Wall Street Journal, September, 2009

Entrepreneur Trade Journal, *Planning for the advent of large resorts: current capacities of interior British Columbia*. 2005. Gale Group. A Thompson Corporation Company.

Government of British Columbia, Ministry of Community and Rural Development. *Local Government Governance and Structure***.**

Government of Newfoundland and Labrador, Department of Natural Resources, *Bull Arm Fabrication Site.*

Hovelsrud, Grete K. and Amundsen, Helene, *Current exposure-sensitivities in the oil and gas context*, CICERO Centre for International Climate and Environmental Research/ Norwegian Polar Institute.

Manning, Dr. Edward W., Coping with Tourism: *Governance for Tourism in Impacted Destinations*, The Commonwealth in the Third Millennium, Ottawa, February, 1998.

*The Political Economy of Corporate Social Responsibility and Community Developmen***t**, Fridtjof Nansens Institutt, Lysakar, Norway

Shrimpton, Mark, *Benefiting Communities: Lessons from around the Atlantic*, Society of Petroleum Engineers International Conference, Kuala Lumpur, Malaysia, March, 2002.

Shrimpton, Mark and Donnelley, Ken, Learning to Benefit: Preparing Rural Communities for Large Industrial Projects, slide presentation.

Union of British Columbia Municipalities News, March 2007, *resort municipalities.*

460 Torbay Road, St. John's, Newfoundland & Labrador A1A 5J3
Toll Free: 1.800.440.6536 / tel: 709.753.6820 / fax:709.738.0071 / email: mnl@municipalitiesnl.com