

Navigating jurisdiction: local and regional strategies to access economic benefits from mineral development

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This article examines how concepts of territory and scale are used to create places of benefit from resource activities in remote rural regions. Our case study of mineral development in northwest British Columbia compares the experiences of First Nation, municipal and regional governments in accessing economic benefits from mineral development. Territorial land claims are changing the multi-scalar jurisdictional hierarchy and the socio-spatial relations between senior levels of government, resource companies, and local communities. The territorial rights of First Nation governments provide the political leverage to negotiate with companies seeking to “earn a social license” to operate within their territories. Municipal and regional governments, however, are restricted by their role in the multi-scalar jurisdictional hierarchy. In response, municipal and regional governments are devising strategies to capture economic benefits. We discuss three economic development strategies used to access benefits from mineral development activities: negotiating commitments during the environmental assessment process, investment attraction strategies, and lobbying the provincial government for a share of the resource revenues generated from mining. These strategies reflect the political and economic context for local government in remote resource-dependent regions and the changing socio-spatial relations between senior levels of government, resource companies, and First Nation, municipal and regional governments.

Keywords: local government, mineral development, economic development

Naviguer entre les paliers de compétence : les stratégies locales et régionales pour bénéficier des retombées économiques de l'exploitation minière

Cet article vise à élucider comment les concepts de territoire et d'échelle sont utilisés pour créer des lieux de retombées à partir de l'exploitation des ressources dans les régions rurales éloignées. Portant sur l'exploitation minière dans le nord-ouest de la Colombie-Britannique, notre étude de cas compare les expériences des instances gouvernementales des Premières nations et celles des administrations municipales et régionales pour bénéficier des retombées économiques de l'exploitation minière. Les revendications territoriales entraînent des modifications à la hiérarchie multi-scalaire des paliers de compétence et aux relations socio-spatiales entre les paliers supérieurs de gouvernement, l'industrie des ressources et les communautés locales. Les droits territoriaux des gouvernements des Premières nations leur fournissent un levier politique pour entamer des négociations avec les entreprises qui cherchent à « acquérir une légitimité sociale » afin d'intervenir sur leurs territoires. Cependant, les administrations municipales et régionales sont contraintes par les rôles qui leur sont dévolus dans la hiérarchie gouvernementale. Face à ce problème, ces dernières élaborent des stratégies pour profiter des retombées économiques. Nous abordons trois stratégies de développement économique déployées pour bénéficier des retombées de l'exploitation minière: négocier les engagements durant le processus d'évaluation environnementale, mettre en place des mesures pour attirer les

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investissements, et plaider auprès du gouvernement provincial pour obtenir une partie des redevances minières. Ces stratégies témoignent du contexte politique et économique des collectivités locales des régions éloignées dépendantes des ressources et de l'évolution des relations socio-spatiales entre les paliers supérieurs de gouvernement, l'industrie des ressources et les instances gouvernementales des Premières nations ainsi que des administrations municipales et régionales.

Mots clés : gouvernement local, exploitation minière, développement économique

Introduction

The purpose of this article is to discuss how socio-spatial concepts of territory and multi-scalar jurisdiction are used by senior levels of government, resource companies, and local governments to develop strategies to distribute the economic benefits from mineral development. Rooted in our ongoing investigation of regional development in remote resource-based regions in British Columbia (BC), our goal is to understand how the various scales of government gain direct or indirect benefits from the expansion of mineral development. To achieve this, we conducted a case study of northwest BC, looking at how First Nation governments are successfully using territory to create new *places of benefit* from mineral development by challenging jurisdictional hierarchy and accessing corporate social responsibility networks. We investigated how the multi-scalar jurisdictional hierarchy enables or restricts municipal and regional district governments' receipt of direct economic benefits from mineral development activity. We conclude with a discussion of the changing socio-spatial relations occurring in Canadian regions of resource extraction, arguing how territorial land claims are challenging the socio-spatial relations between senior-levels of government, resource companies, and local governments.

Jessop, Brenner, and Jones (2008) propose that the analysis of socio-spatial relations should not only identify how concepts of territory, scale, place, and networks are used as structuring principles to organize and define space, but also how these concepts are used in various combinations and assemblages to create new fields of operation. Although a one-dimensional analysis can provide an in-depth exploration of each principle, it runs the danger of reducing socio-spatial relations down to a singular causal reality (Jessop, Brenner, and Jones 2008). To gain a more robust understanding of socio-spatial relations, we must begin to build multi-dimensional frameworks to understand the

dynamics between each principle. For example, for this research we examined: how the principle of territory is used to define place, how groups use the inclusionary and exclusionary concepts of territory to define distinct places within a larger territory, and how the nested multi-scalar jurisdictional structure defines places using jurisdictional boundaries. In essence, our goal was to understand who gets what from mineral development and why. We found this approach useful in grappling with the political and economic complexities surrounding the ongoing land claim negotiations occurring in British Columbia and the complicated polymorphic governance system that exists in the Canadian context that regulates natural resource development.

Case study

Outside of the larger metropolitan areas of Vancouver and Victoria, municipalities in BC are generally small towns or cities that serve as regional service centres for the surrounding First Nation and settler populations. Local and regional scale governments are primarily structured as municipalities, regional districts, and First Nation band and traditional governments. Municipalities and regional districts are legally incorporated orders of government under the authority of the provincial government. Regional districts serve as a regional cooperative governance structure for municipalities to negotiate shared issues and services, a political vehicle for advancing regional scale interests, and as the local government body for people living in unincorporated communities (MCS 2006).

In most provinces across Canada, local-level governments are responsible for maintaining physical infrastructure such as water, sanitation, electricity, and transportation, in addition to providing services such as public health, public safety, and recreation, and managing land use planning, economic development, and housing (FCM 2006). To pay for these services, revenue is generated by collecting

property taxes and user fees, grants from the provincial government and funding partnerships with other organizations. In BC, municipalities generate on average 48% of their revenue from residential and commercial property taxation (UBCM 2006). Municipalities benefit from economic development by attracting development within their jurisdictional boundaries resulting in the market value of properties leading to higher property tax revenues (UBCM 2006). To achieve this goal, local governments undertake investment attraction strategies by offering development incentives, building a skilled workforce, and responding to requests for local and regional data (NDIT 2012). These strategies are encouraged by federal and provincial funded regional development programs to create an attractive geopolitical environment for investors (Markey, Halseth, and Manson 2006).

The structure of First Nation governments differs significantly. The majority of First Nation groups in BC never ceded their lands by entering into treaties with colonial governments; and many First Nation governments are in the process of challenging the provincial government’s claim of title and jurisdictional authority over their traditional territories (Borrows and Rotman 2007). First Nation governments fall outside of the provincial jurisdictional hierarchy. In 1876, the Indian Act imposed on First Nations a governance system of Indian Reserves and a band system of government (Harris 2002). Band governments fall under the jurisdictional authority of the Federal government and, for the most part, operate separately from the municipalities and regional districts. To add to the complexity, traditional First Nation forms of governance sometimes operate in cooperation with, or separately from, the band government system. This can result in two forms of First Nation government claiming jurisdiction over the same territories (Borrows and Rotman 2007). The most significant difference between First Nation and municipal governments is that First Nation governments challenge the provincial government’s title over their traditional territories, as well as assert traditional jurisdiction over land, water, and natural resources.

Table 1 outlines the jurisdictional structures in NW BC. Understanding the government structures is crucial to understanding the complexity of the socio-spatial relations in the region. Within the same space there are three overlapping multi-scalar jurisdictional hierarchies. The first is the *Provincial-*

Table 1

Jurisdictional structures and population in case study area, NW BC

Jurisdiction Structure	Number	Population
Regional districts and unincorporated areas	3	26,049
Municipalities	13	36,142
Indian reserves, first nation or tribal council affiliations	79	7,904
First nation treaty government	1	1,909
Total	96	72,004

SOURCE: (Statistics Canada, 2012a, 2012b, 2012c)

Municipal hierarchy, where the provincial government has jurisdiction over the allocation of responsibilities to local and regional level governments. Second, there is the *Federal-First Nation* hierarchy, where the federal government has the jurisdictional responsibility over the allocation of responsibilities to the Indian Band system of government and the protection of Aboriginal rights. Third, there are multiple *First Nation traditional governments* exercising Aboriginal rights and traditional forms of governance.

The complexity of the multi-scalar jurisdictional system is not unique to BC. Other combinations of Federal, Provincial or Territorial, Aboriginal, and local systems exist across the country. The variation of the systems of regional and local government in Canada makes it difficult to conduct inter-jurisdictional comparisons. For this reason, we elected to undertake a case study on one region in one province, to allow for an in-depth understanding of how the jurisdictional and territorial structures are shaping the distribution of benefits from mineral development. We selected northwest BC (NW BC) because of increasing mineral development activities over the past decade and the complexity of the multi-jurisdictional socio-spatial relations. The economic and political dynamics of mineral development in NW BC provides a comprehensive example of the complexities of resource development in Canada’s evolving multi-scalar jurisdictional structures (Table 2 summarizes the rationale for selecting the NW region of BC as case study region).

The case study was built on a long-term research relationship with municipal and regional district governments in northern BC (Markey, Pierce, and Vodden 2005; Markey, Halseth, and Manson 2006, 2008, 2009) using a variety of research methods. We undertook three field visits to the region from 2009

Table 2

Case study region selection criteria and rationale

Dynamic	Rationale
1. Resource periphery	<ul style="list-style-type: none"> ▪ NW BC is located 1300 km from Vancouver, the economic and population hub of the province ▪ Colonial settlement of the area was predicated on resource extraction—primarily fishing, minerals, and forestry ▪ Extensive economic restructuring has been occurring in the region over the past 20 years brought on by post-Fordism and globalization
2. Active expansion of a resource sector	<ul style="list-style-type: none"> ▪ In 2009, \$64.7 million was spent on mineral exploration, impacting eight First Nation and municipalities, employing 141 people in the field (Grieve, Madu, Northcote, Wojdak, Fredericks, Meredith-Jones, and Saunders 2010) ▪ Employment in mining related occupations increased by 300 jobs from 2001 to 2006 (BC Stats 2011) ▪ Two mines operating in NW BC, Endako and Huckleberry, projected to be in operation until 2028 and 2021 (Kyba 2011) ▪ There are 13 mining projects in advanced stages of the Provincial and Federal government environmental assessment processes (MABC 2011) ▪ Employment in mining or mine services is projected to increase by over 500 jobs by 2015 (BC Stats 2010).
3. Polycentric governance system	<ul style="list-style-type: none"> ▪ Senior levels of government retain jurisdictional control over natural resource development ▪ Multi-scalar governing structure for municipalities, regional districts, First Nations Bands, and First Nation traditional governments
4. Competing territorial claims	<ul style="list-style-type: none"> ▪ First Nation governments are negotiating treaties with the Government of Canada to gain jurisdiction and title over traditional territories ▪ The Nisga'a Nation is located within NW BC—the first modern treaty signed in BC in 1999 ▪ The Haida, Wet'suwet'sen, and Gitksan First Nations governments have successfully contested their exclusion from land and resource decisions occurring within their traditional territories to the Supreme Court of Canada
5. Regional development strategies	<ul style="list-style-type: none"> ▪ First Nation, municipal, and regional district governments have been collaborating on marketing strategies ▪ Industry-led lobby groups such as Empower Highway 37 have been branding the NW as a region for development ▪ The Northern Development Initiative Trust has been funding regional development initiatives

to 2011. During these visits, we conducted 63 key informant interviews with representatives from seven municipalities, two regional districts, and two First Nation governments. These semi-structured interviews covered the economic and political relationships between senior levels of government; corporate relationships with municipal, regional district, and First Nation governments; and regional economic development strategies. Interviews were also conducted with provincial level government officials, industry association representatives, mineral exploration and mining companies, and economic development organizations in the region and in Victoria and Vancouver. These interviews explored themes of government resource development policy, First Nation land claims, and corporate social responsibility. We undertook participant observation at six regional and national mineral industry conferences and one regional economic development and planning event. An extensive review was conducted of legislative, policy, and planning government documents and legal case summaries related to local government, mineral development, and Aboriginal rights and title.

Interview transcripts, field notes and policy documents were coded using a concept driven coding

system (Gibbs 2007). Codes were derived from concepts drawn from the literature, previous studies, and topics from the interview guide. Four descriptive code groups were defined: territory/place, territory/networks, scale/place, and scale/networks. Under each group, categories were established with corresponding analytical codes. The qualitative methodology allowed for a contextualization of resource development in the region from the perspectives of a variety of actors. The cumulative time spent in the field conducting interviews and attending industry events provided the experience to understand the complexity of the relationships between communities, industry, and governments.

Economic benefits of mineral development

Remote resource regions have been characterized as “resource banks” when political power centred outside of the region extracts wealth to pay for infrastructure and services elsewhere in the province (Markey, Halseth, and Manson 2008). Governments provide millions of dollars in grants, marketing, and infrastructure to promote resource

exploration and extraction, and at the same time regulate sector activities through taxation, resource management, safety, and environmental protection (McAllister and Alexander 1992; McAllister 2007). In BC, senior levels of government have created a number of policies and programs to support the expansion of mineral development, including: elimination or reduction of taxes on aspects of mineral exploration and mine development; investment in geosciences information to further mineral exploration; resource revenue sharing programs with First Nations and investment in infrastructure, such as extending the electrical grid into remote areas of the province (MEMPR 2005).

The implementation of these neoliberal strategies requires the creation of an ease of access to land and resources, and encourages communities and industry to work together in public-private partnerships to ensure a stable policy environment (Young and Matthews 2007; Young 2008). This is the central goal of the provincial government's mining strategy, to represent BC as a stable jurisdictional environment for investment (MEMNGH 2012a). To achieve this goal, policy and regulations are adopted for a predictable regulatory system, attractive tax incentives, and investment in infrastructure to create an ease of access to the minerals, and by doing so, aid the mineral exploration and mining industry in promoting BC as an environment of certainty for investors (MEMNGH 2012b).

Unresolved treaty settlements with First Nation governments threaten BC's environment of certainty (Woolford 2005; Wood and Rossiter 2011). The provincial government encourages companies to negotiate access to First Nation territories (Government of British Columbia 2010). For example, the Office of the Wet'suwet'en, a non-band, non-treaty traditional Aboriginal government organization, is controlling access to their territories using a traditional governance system. The Office of the Wet'suwet'en negotiates memorandums of understanding (MOU) with companies requesting access to their territories. "We have six existing agreements with companies. We understand each other. ...We see MOUs as short-term fixes" (Office of the Wet'suwet'en Interview 2011). A press release announcing a MOU signed with Lions Gate Metals, reflects how the Office of the Wet'suwet'en asserts their territorial rights to assert jurisdictional control over their territories. "The MoU recognizes Wet'suwet'en title, rights and interests on 22,000 sq.kms of traditional

territories in northwest BC. The Wet'suwet'en have never ceded, surrendered, or in any way relinquished title, rights, or responsibility to ensure the environmental integrity of the territories...This MoU is required by Wet'suwet'en Chiefs to ensure meaningful dialogue takes place on land use and resource development within our territories" (Office of the Wet'suwet'en 2009).

The *Update Procedures for Meeting Legal Obligations When Consulting First Nations (Interim)* issued by the Province of British Columbia in 2010, clearly outlines the expectation that companies seeking a decision from the Province related to land use or resource development must engage with First Nation governments. "Companies are encouraged to engage First Nations as early as possible when seeking a decision. In some cases, the Province may delegate certain procedural aspects of consultation to proponents. Proponents are often in a better position compared to the Province, to exchange information about their decision requests and directly modify plans to mitigate any concerns" (Government of British Columbia 2010, 3). The scope of a company's responsibility to consult with First Nations to conduct mineral exploration is a controversial issue for First Nations and the companies. In an active mineral exploration area, such as NW BC, First Nation governments are inundated with notifications of mineral exploration occurring within their territories and requests from companies for consultation.

Dealing with companies takes time. Some are frustrated with government process, therefore the earlier the better in terms of meeting with us. They are often unrealistic in terms of our needs to consult with the communities. We have a number of templates to work with companies. We view things like values, impact benefit analysis. The lower level includes things like employment training capacity in a business sense; higher-level agreements include joint ventures, and business and economic development. (Office of the Wet'suwet'en Interview 2011)

For industry, land claim disputes and ongoing treaty negotiations threaten investment and operations. In an attempt to avoid legal challenges and meet growing international and national demands for improved environmental protection, safety, and community benefits from mineral development, companies are implementing corporate social responsibility (CSR) programs to "earn a social license"

to operate (Sosa and Keenan 2001; Yakovleva 2005; Kemp and Brereton 2006; Shanks 2006; Esteves 2008; Idemudia 2009; Kemp 2009; Chesire 2010; Heisler, 2012; Heisler and Markey 2012).

In Canada, CSR benefits are primarily directed to Aboriginal communities in the form of cash donations, preferential sub-contracting, and employment guarantee (Keeping 1999; Caine and Krogman 2010; Shanks 2006). Companies negotiate the social license with communities that hold the greatest political power to interrupt operations or threaten investor confidence for new projects (Heisler and Markey 2012). How a company earns a social license, and from whom, are highly contentious issues for mineral exploration and mining companies. In NW BC, the practice of negotiating a social license to operate is based on which First Nation or Nations have claimed territorial rights over a project site. Determining which First Nation to engage with is a complex process because of multiple overlapping territorial claims, "Somehow or other we have to establish the boundaries of interest ... in BC we have too many overlapping claims, from a CSR perspective it makes it very difficult and you end up spreading yourself too thin" (Association of Mineral Exploration British Columbia Interview 2010). Industry networks such as the Mining Association of Canada and the Association of Mineral Exploration British Columbia advocate these negotiations as a way for a company to create their own certainty (Association of Mineral Exploration British Columbia Interview 2010). The confidentiality of the agreements makes it challenging to know exactly what companies have promised to First Nation governments. The private nature of memorandums of understanding and impact benefit agreements restricts transparency of where funds are directed and how. There is a general suspicion that companies are "paying off" First Nations to gain support for their projects.

Corporate donations are usually made for a reason and so it is difficult to find out about...It is really interesting and having worked with First Nations and non-First Nations it is a very different process and I was seeing some scary bad corporate things go on with First Nations. I know it is not accounted for. They are confidential private agreements that are signed and the money goes into private confidential bank accounts. It is not obvious to the non-native community and it is a standard that would not have even been

brought to the table in a non-native community. For example, the process of giving money or giving perks and people are not fully understanding what they are signing for. That is so historical when it comes to lands, and when it comes to surrendering lands and all that other crap and now seeing it happening with corporate stuff. It's happening again and it is happening to smaller communities with less capacity. (Community Futures Development Corporation Interview 2010)

Anecdotally, large sums of money are being passed to First Nation individuals and First Nation governments from companies throughout the region. And, although companies complain about the growing demands from First Nation governments, they continue to conceal specifically how funds are directed through these closed CSR networks.

Neighbouring municipalities and regional district governments have been given less attention by senior levels of government or mining companies in the negotiation of economic benefits from mineral development. "I would say we are not demanding, as local governments, we could be a lot more demanding. And really, what happens is that they [companies] are conscious of this rights and title thing that they're spending all of their resources on dealing with First Nations" (Regional District of Kitimat-Stikine Interview 2010). The jurisdictional hierarchy limits municipal and regional district regulatory control over mineral exploration and mining activities. This also limits their political leverage to negotiate CSR benefits from companies or legal avenues to demand a greater share of resource revenues from senior levels of government.

Economic development strategies

Municipalities and regional district governments provide the majority of services to both non-First Nation and First Nation residents in the region; however, they are restricted by their low position in the jurisdictional hierarchy from demanding compensation from the provincial government or companies for the burden mineral development may have on infrastructure and services. To offset this financial burden, they are attempting to develop local and regional scale economic development strategies to prevent mineral development wealth from draining out of the region. Our research

uncovered three key strategies being implemented by municipalities and regional districts in NW BC. These include negotiating commitments from companies during the environmental assessment process, investment attraction for commercial and resident development, and lobbying the provincial government for a share of the resource revenues generated from mining.

Environmental assessment process

An Environmental Assessment (EA) Certificate is required for mine development projects that may have short- and long-term environmental, economic or social impacts on the region. The EA application process requires companies to consult with local stakeholders to address concerns and identify opportunities to mitigate negative impacts (BCEAO 2001). The British Columbia Environmental Assessment Office (BCEAO) describes five key elements to the assessment process: opportunities for the involvement of all interested parties, consultations with First Nations, technical studies to identify and examine potential significant adverse effects, strategies to prevent, or reduce, adverse effects, and development of comprehensive reports summarizing input and findings. (BCEAO 2001)

There are often positive and potentially negative impacts and they [local governments] have input and they help identify concerns and issues. Usually it is around services that are provided in their community: housing, schooling, emergency response are the issues that they will be focusing particularly on...also looking at how the local work force can benefit directly from employment opportunities and also contracting opportunities (BCEAO Interview 2010).

During this consultation process the company may agree upon commitments to the municipalities and regional districts that become a part of the EA permit and remain attached to the property. This means that even if the property is sold to another company the new owners are legally required to meet the commitments associated with the permit.

The majority of mineral exploration and mine developments occur within the jurisdictional boundaries of a regional district, and their planning representatives take on a more active role in the environmental assessment process than lower level municipalities.

I would say that this regional district has always been involved in environmental assessment processes. It is probably reflective of the people that we have working here. There are a lot of local governments that don't sit on the working committees which is too bad...If they don't have a big office they can't be sparing people for days on end for meetings and they will kind of rely on us to attend. If there's something significant to them then they will look to us to alert them but we have always historically taken these processes fairly seriously, that is where we start interacting with the company...When we represent on behalf of the community, everything is of interest to us, so it is an advantage to be sitting at the table asking questions... So we can extend our jurisdiction to anything that can be of interest to the community or an impact on the communities we feel we can talk about... (Regional District of Kitimat-Stikine Interview 2010)

Many of the municipalities in NW BC have a small staff with limited resources to fully participate in the working group. Additionally, because new mine sites are most often situated in remote areas outside of the jurisdictional boundaries of a municipality, it is often difficult to "prove" impact on the municipality (City of Terrace Interview 2011). This is a challenge for municipalities that serve as regional service centres such as the City of Terrace. Terrace is located hundreds of kilometres from the closest proposed mine site but provides regional scale services such as healthcare and policing and is a pick-up location for fly-in-fly-out employees (City of Terrace Interview 2011). Despite the challenges, municipalities often adopt a boosterism or corporate advocacy role for companies during the environmental assessment process to encourage approval of the project.

There is an obvious benefit if a mining company chooses to house their employees in our communities and obviously there is a direct benefit from those [residential] property taxes and those workers living and shopping in the community...I think that another impact is that maybe there is a renewed sense of optimism that comes from a large industrial development, so if you look at the peripheral spin-off it could help us to have new businesses open in town just knowing that there is an increase of activity in the community. (Terrace Economic Development Agency Interview 2010)

Municipalities and regional districts are often dependent on the goodwill of a company to negotiate

economic development benefits during the EA process. For example, Terrane Metals, the developers of the Mount Milligan mine near the Town of Mackenzie in north central BC, created a local government *Community Sustainability Committee* with adjacent municipalities to support economic development in the region as a part of the EA permit consultations (Initiatives Prince George Interview 2010). During the development of the mine, Terrane Metals engaged with the municipalities of Prince George, Fort St James, Vanderhoof, and MacKenzie as well as adjacent First Nation governments to develop a regional scale community–corporate committee that would help leverage development opportunities for the region (Initiatives Prince George Interview 2010).

Central to this plan was for the mine to use the existing infrastructure available within these municipalities rather than depending on flying employees in and out of the region. “They are going to be dependent on the communities, designing the operating model for shift mobility between the communities” (Initiatives Prince George Interview 2010). In this case, the municipalities were able to access Terrane Metal’s CSR program because it factored into the operating plan for the development of the mine. The company also negotiated separate benefit agreements with adjacent First Nation governments. These private contracts exist outside of the *Community Sustainability Committee* agreement with the municipal governments (Initiatives Prince George Interview 2010).

The industry recognizes the *Community Sustainability Committee* as a new model of CSR programming. A representative from the Association for Mineral Exploration British Columbia regards the involvement of the private sector in community development as “a move forward” in corporate–community relations, “there is strength in adding business efficiency to community development and government accountability” (Mineral Industry Association Interview 2010). The long-term impact of this direct company involvement in facilitating regional economic development strategies is yet to unfold. In 2010, the Mount Milligan project was sold to Thompson Creek Metals, and although the commitment to funding the *Community Sustainability Committee* was a condition of the project EA permit, how successive corporate actors interpret their responsibilities may differ from their prede-

cessors revealing an ongoing vulnerability for communities’ reliance on corporate funding.

Investment attraction

Without an EA guaranteed commitment, municipalities and regional districts are often reliant on attracting economic spin-off from resource activities. These are developments that may result from increased economic activity such as improved housing markets or small business development. Most municipalities and regional districts are engaged in some form of regional partnership to lobby for increased resource development. In 2010, the possibility of new major mining projects in the NW was advanced by the approval of the new Northwest Transmission Line (NWTL), allowing for the possibility of mine development farther north. Municipalities joined with industry to form the *Northwest Power Coalition*, a lobby group sponsored by mining companies and the Northern Development Initiative Trust (NDIT), to engage with local communities to pressure the provincial government to move forward with the NWTL (Empower Highway 37, 2010). The NDIT is a regional development organization that manages funds provided by the provincial government to encourage economic diversification in northern BC. The NDIT encourages local governments to enter into public–private partnerships by promoting inter-jurisdictional collaboration and developing regional scale branding for investment attraction. Examples of these investment attraction strategies include the Regional District of Bulkley–Nechako *Mining and Supporting Industries Portal* (2013) web site and the Regional District of Kitimat–Stikine *Invest Northwest BC* (2013) site, both of which were partially funded by NDIT.

Inter-municipal collaboration to create these regional scale investment web sites becomes challenging when it comes to where the development will “land” in the region. Although there may be benefits to pooling resources to promote investment on a regional scale, the existing challenge for municipalities is how to translate investment attraction into increased property tax revenue to support local budgets. “There is a certain level of competitiveness between the communities because they [the mining companies] do need to make a choice of where they’re going to go” (Terrace Economic Development Agency Interview 2011). This jurisdictional tension between cooperation and competition makes it

challenging for regional investment attraction networks to become fully functional.

Lobbying senior levels of government

An alternative to regional cooperation for investment attraction is regional cooperation to lobby the provincial government to distribute a greater share of mineral taxes to support municipal budgets. In the 1970s, the province set aside 6% of resource and sales tax revenue from resource extraction for municipalities but this practice has slowly been eliminated over the past 30 years (Morley, Ruff, Swainson, Wilson, and Young 1983). A more recent example of municipal and regional district governments receiving a fair share of resource revenues stems from an agreement established between the provincial government and a group of municipalities in northeast BC. The *Peace River Fair Share Agreement* allocates an annual grant from the province to assist communities with increased infrastructure costs caused by development of natural gas reserves in the region (Markey and Heisler 2011; Peace River Regional District 2013). Based on the precedent set by this agreement, the North Central Local Government Association (NCLGA) put forward resolutions to the provincial government through the Union of British Columbia Municipalities (UBCM), requesting that a similar agreement be negotiated for northern municipalities and regional districts to share revenue from mining royalties.

Many areas of the province are resource based, or single industry based. This can lead to a boom or bust economic cycle with high unemployment and reduced economic impact. This problem is compounded because many of these areas have provided revenues to the provincial government vastly in excess of benefits, which have been returned to the areas. This imbalance is impacting the region's balance of power and is providing an unlevel playing field for improving the local economy by siphoning much needed revenue outside of the region. (UBCM 2003, 1)

In 2004, a proposal was put forward to the provincial government for consideration. However, at the time little action was taken to increase revenue sharing. In 2011, the NCLGA put forward *Resolution B30* to the UBCM requesting resource revenue sharing with the provincial government to support the budgets of local governments impacted by the growth in mining industry. The resolution has made

little progress in securing resources for impacted municipalities.

The City of Terrace and Regional District of Kitimat-Stikine recently commissioned a study to examine how much industrial tax revenue the province is gaining from resource development in the region (Palmer 2013). The study argues, "there are no legal or administrative barriers preventing the establishment of a revenue sharing program for the northwest" and cites a number of forms of revenue sharing models in BC and across Canada (Palmer 2013, 32). Renewed interest in resource revenue sharing was sparked by the provincial government's First Nation resource revenue sharing policy (MEMPR 2008). The First Nation resource revenue sharing policy allows provincial negotiators to enter into agreements with First Nation governments claiming territoriality in an area where new mining projects are to be developed, and will share mineral tax revenues collected from the projects (Clark 2009). The negotiations for these agreements consider: the economic impact of the project, analysis of the First Nation land claims in the area, future project development in the area, and privately negotiated benefit agreements between the company and First Nation (e.g., Impact Benefit Agreements) (Clark 2009).

The creation of impact benefit agreements and the First Nation resource revenue sharing policy has presented an interesting shift in economic and political power in NW BC. Caught in the jurisdictional hierarchy, municipalities and regional districts do not have the political power to demand a share of the revenues from senior levels of government, nor do they have the power to demand benefit directly from companies. For First Nation governments, this much-needed political shift of power allows them to gain more political and economic independence from the federal government. However, municipal and regional district governments are struggling to find the revenue needed to continue to provide the infrastructure and services for residents of NW BC.

These three strategies reflect the struggle First Nation, municipal, and regional district governments face due to the jurisdictional separation that prevents direct access to resource revenues generated from mineral development. Under the current jurisdictional structure, municipalities and regional districts are primarily dependent on economic spin-offs in the form of property taxes from associated building development, whereas First

Nation governments have more direct access to CSR economic benefits and resource revenue sharing.

Discussion

A multi-dimensional approach is crucial to understanding the complexities of the socio-spatial relations between senior levels of government, resource companies, First Nation and local governments in remote regions of Canada. In a staples-based economy, government institutions play an important role in developing the resource economy, centrally controlling resource management and targeting investment in infrastructure capital needed for resource extraction (Watkins 1963; Hayter and Barnes 1990, 2001; Drache 1995; Innis 1995). Senior levels of government use their position within the jurisdictional hierarchy to facilitate the development of resource extraction by providing free entry for resource exploration, access to remote regions through the development of infrastructure, and the development of communities to attract labour and support services for industry (Gunton 2003). For senior levels of government, mining holds great potential for public fiscal benefit through job creation and the generation of resource tax revenue (McAllister and Alexander 1997); however, as discussed in this article, the overall fiscal benefit to lower orders of governments is less certain.

In the Canadian system, dependence of local government on the provincial government to define jurisdictional power limits the ability of municipalities and regional governments to directly collect tax revenue from the extraction of resources. Local governments are dependent on funding programs from the province that will share a portion of resource revenues. In BC, the amounts of shared revenues do not necessarily coincide with the economic dependency of a community or the level of service it provides to an industry. Disputes between senior levels of government and First Nation governments in NW BC have weakened the position of municipalities and regional districts to negotiate revenue sharing programs. Therefore, local governments must rely on market-based approaches to compete for development and corporate funding to maintain local infrastructure.

This situation has become problematic for municipalities and regional districts. First, control of

the expansion of mineral exploration and mining projects is outside of their jurisdictional control. The provincial government continues to approve mineral development activities without directly providing corresponding funds to ensure that the social and physical infrastructure can support the increased activity. Second, local governments are left to put resources into economic development investment attraction strategies to attract development within their boundaries in an effort to increase property tax revenue. The amount of development available is at best limited and temporary. Third, other strategies to negotiate economic benefits directly from companies are a precarious venture. Although overall there has been a movement in the mining industry to be more responsible in their practices, the implementation of CSR type programs vary from company to company. Currently, in NW BC most companies use their CSR resources to gain the political support of First Nation governments and provide little in terms of financial support directly to municipalities and regional districts. This is a result of both the limitations of CSR programs and restrictive provincial legislation as to the direct economic benefits local governments can accept from private corporations.

In conclusion, territorial land claims are changing the multi-scalar jurisdictional hierarchy and the socio-spatial relations between senior levels of government, resource companies, and local communities. Increased political and economic strength of First Nation governments is changing the regional scale dynamics with municipal and regional government. Optimistically, these changes will be the catalyst for breaking down the jurisdictional barriers that have separated municipal and First Nation governments for generations. Until this occurs, however, a more equitable distribution of private and public resource revenue is needed to support the continued ability of municipal and regional district governments to provide infrastructure and services for northern residents and industry. Theoretically, our research contributes to the debate over the long-term viability and sustainability of remote resource dependent communities. Our case study demonstrates the different ways groups use concepts of territory and scale to define which places should benefit from resource activities. This multi-dimensional approach allows for a deeper understanding of the dynamics of regional economic development and the political and economic relationships

between government, resource companies, and local communities.

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