



A Prairie Patchwork

Reliance on Oil Industry Philanthropy
in Saskatchewan Boom Towns

Simon Enoch and Emily Eaton



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
SASKATCHEWAN OFFICE



CORPORATE
MAPPING PROJECT

MAY 2018

A PRAIRIE PATCHWORK

Reliance on Oil Industry Philanthropy in Saskatchewan Boom Towns

By Simon Enoch and Emily Eaton

May 2018

ABOUT THE AUTHORS

Simon Enoch is Director of the Saskatchewan Office of the Canadian Centre for Policy Alternatives. He holds a PhD in Communication & Culture from Ryerson University with a research interest in corporate social responsibility and political ecology.

Emily Eaton is an Associate Professor in the Department of Geography and Environmental Studies at the University of Regina and a co-investigator with the Corporate Mapping Project. She is the author of two books, *Fault Lines: Life and Landscape in Saskatchewan's Oil Economy* (with photographer Valerie Zink) and *Growing Resistance: Canadian Farmers and the Politics of Genetically Modified Wheat*. Her work concerns environmental, social, and economic aspects of resource development and resource-based communities.

Cover photo: *Aerial image of dispersed oil pads north of Lloydminster, SK.*
Valerie Zink, www.valeriezink.com

ACKNOWLEDGMENTS

This paper is part of the Corporate Mapping Project (CMP), a research and public engagement initiative investigating the power of the fossil fuel industry. The CMP is jointly led by the University of Victoria, Canadian Centre for Policy Alternatives and the Parkland Institute. This research was supported by the Social Science and Humanities Research Council of Canada (SSHRC).



Social Sciences and Humanities
Research Council of Canada

Conseil de recherches en
sciences humaines du Canada

Canada



University
of Victoria
Social Sciences



PARKLAND
INSTITUTE



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
SASKATCHEWAN OFFICE

ISBN 978-1-77125-405-2

Introduction

The very word “boom town” conjures up images of explosive economic expansion and unbridled prosperity. In the frenzy of Saskatchewan’s oil boom of 2006 to 2014, stories of formerly sleepy rural towns enjoying rapid economic growth thanks to sky-high oil prices became commonplace. But while we may imagine the oil boom as a moment of economic liberation for many oil-producing communities, the reality can be quite different. Often, the costs of the boom are borne disproportionately within and between communities, and the benefits are concentrated in a few hands. Popular and social science writing on oil booms has drawn attention to the costs of feverish oil and gas development, including soaring rental prices, deteriorating roads, over-taxed social services and much more.¹ However, there is still little understanding about how oil-producing municipalities pay for these costs. The assumption is that the boom town must be capturing sufficient revenues from the boom to cover the costs.

However, in our examination of several oil-producing communities in Saskatchewan, we found that municipalities were often incapable of capturing sufficient oil revenues to cover the costs associated with a booming oil patch. Instead, many Saskatchewan municipalities have had to rely on oil industry philanthropy for the provision of essential infrastructure and public services that most would consider to be the sole purview of government. This reliance is a direct result of the provincial government’s underfunding of public infrastructure and services and the inability of local municipalities to capture sufficient revenue from the oil development in their backyards.

In Saskatchewan’s oil-producing communities, the oil industry displays much of the conventional corporate benevolence that one would expect, such as sponsoring sports teams, contributing to food banks and donating to local foundations. But communities in our study also rely heavily on the industry for the provision of a host of services and infrastructure in the areas of health, human services, emergency response and education. This reliance on oil industry philanthropy has become only more acute since the bust in oil prices in 2014 and the Saskatchewan government’s subsequent embrace of economic austerity in the 2016 and 2017 provincial budgets.

This report looks at the role that oil philanthropy plays in exacerbating the uneven costs and benefits of Saskatchewan’s oil boom. Our research is based on oil industry donations in three communities (Weyburn, Kindersley and Oxbow) as well as confidential interviews with participants in eight municipalities, all within Saskatchewan. We examine the tensions that exist between cities, towns and rural municipalities in these regions over who shoulders the costs of the boom and who receives the benefits. We explore the consequences of community reliance on oil industry philanthropy for the provision of public infrastructure and services. Lastly, we question the equity of the oil boom itself and argue that communities may deserve a greater share of the resource wealth they generate. This would allow oil-producing communities to better weather subsequent turns in the commodity cycle. More urgently, if a greater share of resource revenues are returned to local communities, they would have the resources required to freely determine their economic future, including the ability to transcend the boom-bust oil economy altogether.

¹ Sparks, 2008; Wood, 2008; Christopherson & Rightor, 2012; Ruddell, 2017.

Background

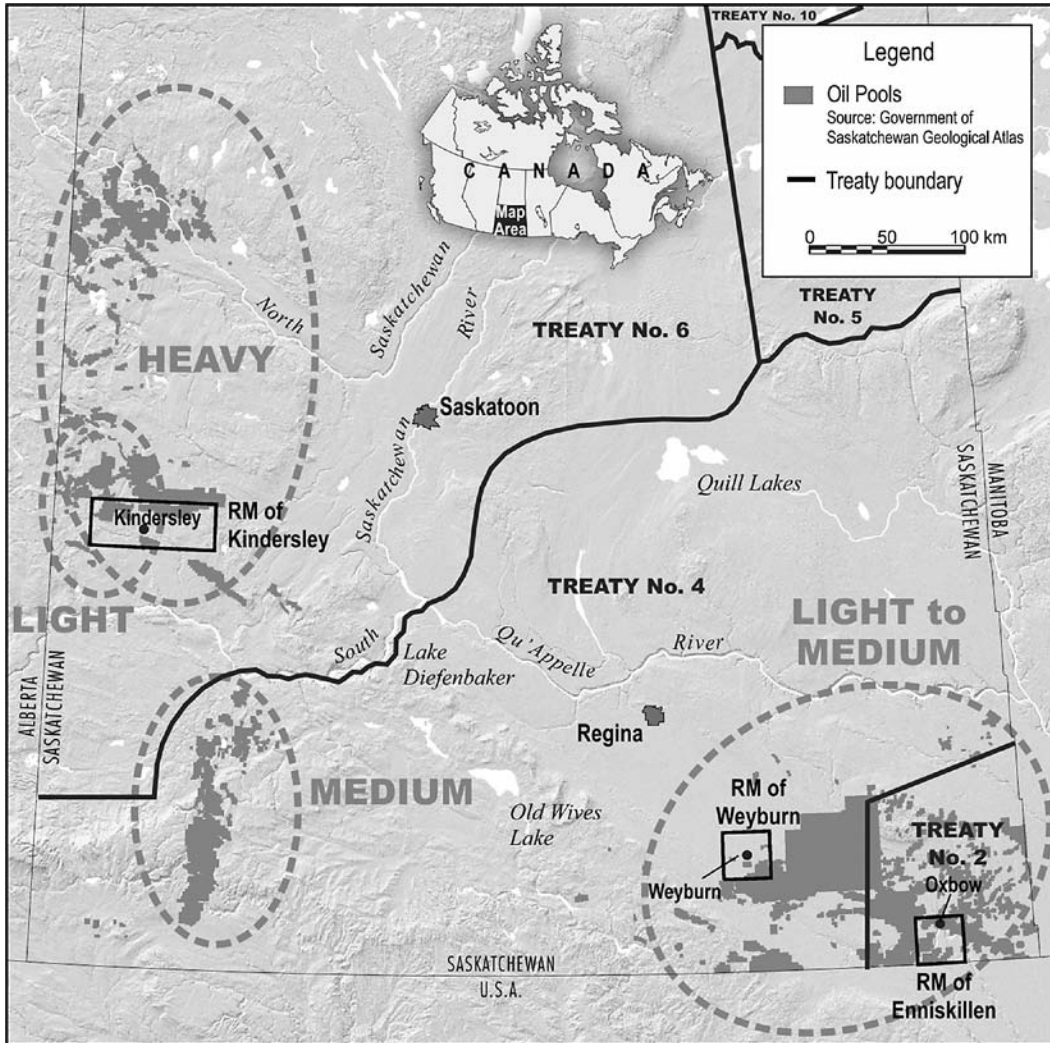
Our study includes three named communities, each comprising a city or town and its surrounding rural municipality (RM). The three named communities are depicted on the map and include the City of Weyburn, which also includes the RM of Weyburn; the Town of Kindersley, which also includes the RM of Kindersley; and the Town of Oxbow, which also includes the RM of Enniskillen. For these three communities, we identified corporate philanthropic contributions from the oil industry via a content analysis of local newspapers from 2007-2016, as well as company websites, annual Corporate Social Responsibility (CSR) reports and newsletters.² We use the term “oil industry” to indicate both the companies responsible for oil production as well as the associations and groups responsible for oil advocacy. The oil production and oil well servicing companies that provide donations to Saskatchewan communities are primarily regional and local companies with head offices in Calgary, Alberta, or in Saskatchewan. Crescent Point and Cenovus are two examples of prominent Alberta-based companies with considerable exploration and development in Saskatchewan, while Valleyview Petroleums is a Weyburn-owned exploration and development company. Local Oilmen’s and Oilwomen’s service clubs, as well as the Canadian Association of Petroleum Producers (CAPP), are examples of oil advocacy organizations that donated to community programs and infrastructure in our sample.

The city of Weyburn is located on the northern edge of oil production in southeast Saskatchewan. According to the 2016 census, it has a population of over 10,800 people and is the ninth-largest city in the province. It is home to many small locally grown oilfield companies and is adjacent to several oil-producing rural municipalities. The town of Kindersley is located on the eastern edge of the oil fields in west-central Saskatchewan. With a population of more than 4,500, it is a regional service centre and home to several locally based oilfield companies. Finally, Oxbow is a small town of over 1,300 residents in the heart of multiple oil fields in southeast Saskatchewan (see map). These three municipalities were chosen to provide a diversity of size and geographic location.

² We have only reported contributions that were made public. Anonymous donations or otherwise unverifiable contributions by industry make it impossible to identify all instances of industry philanthropy in these communities.

In addition to the collection of publicly available information about the named communities, we conducted 25 semi-structured interviews in the summer of 2016 with municipal councillors and administrators, farmers and landowner organizations, members of conservation organizations, representatives from community and human services organizations, school teachers and representatives from oil companies across eight unnamed oil-producing municipalities in Saskatchewan. The municipalities and affiliations of the individuals interviewed remain confidential so as to protect the identities of interviewees. Interviewees were chosen using purposive sampling based on their experiences with the oil industry and to provide a diversity of perspectives and locations.

Figure 1: Map of oil pools and named study areas



Map created by Weldon Hiebert. Contains information licenced under the Open Government Licence – Canada. Base map courtesy NASA/JPL-Caltech.

Inequalities Within the Oil Boom

During commodity booms, oil-producing communities experience significant growth over a relatively short period of time. However, the economic growth and increased investment that accompany periods of boom do not always cover the increased infrastructure and social costs produced by the boom itself. Influxes of workers and their families and a busier oil patch place new strains on fire departments, roads, human services and housing that can outstrip the revenues available to local governments to pay for these growing needs. Indeed, as we will demonstrate, the need for expanded services and infrastructure is often so great that communities must rely on oil industry philanthropy for the provision of many essential needs and public services.

Even within oil-producing regions there can be disparities, particularly in regards to who ultimately bears the costs of the boom versus those who reap the benefits. Notwithstanding the explosion of economic activity during the boom, some of our respondents pointed to the structural inequality that characterizes the differential ability of urban municipalities (towns and cities) versus rural municipalities to capture what they consider to be their fair share of oil revenues. While RMs collect a mill rate on all oil infrastructure within their jurisdictions, towns provide many of the services that rural people rely on yet may be unable to access revenues from oil because wells and batteries are not usually located within town or city boundaries. This can result in substantial inequality between urban municipalities and rural municipalities in oil-producing regions, as the costs of servicing the boom — particularly in regards to services — are disproportionately shouldered by urban municipalities while RMs collect a significant share of the revenues resulting from oil development.

While the provincial government attempts to ameliorate some of this inequality through its municipal revenue-sharing formula, that approach appears inadequate to address the level of need in many of these communities. Recent cuts to municipal revenue-sharing are likely to only exacerbate these inequalities.³ Certainly, this inequality was a constant source of frustration for many of the respondents we interviewed that were involved in the governance of urban municipalities in oil-producing regions. As one community economic development officer explained, towns lack the taxation powers to adequately capture their needed share of oil revenues.

³ Currently, the Government of Saskatchewan distributes one point of the provincial sales tax to municipalities as well as providing both unconditional and conditional grants. The 2017 budget saw the elimination and/or reduction of the grants-in-lieu program to urban municipalities, money the government gave to cities instead of paying property tax on its buildings or infrastructure, reducing municipal funding by \$32 million. While the 2018 budget witnessed the restoration of some of these cuts, municipal revenue sharing is still expected to be \$23 million less than 2017 (See Knox, 2017, Taylor, 2018).

The [towns] haven't figured out a way to monetize the boom when it happens, to get any money back from it, because they're limited to their tax base [property tax] and what the provincial handout is, like your gas tax or whatever. Under the Municipalities Act, they really can't do anything else to raise money.

Similarly, a local city councillor observed, "You cannot do everything you want in the municipality on the tax base. I don't know if you realize, but 8 per cent of your tax dollar is municipal. The other 92 per cent goes to the feds and the province. So then after that, it's a crashout."

While RMs certainly face increased costs for infrastructure — in particular, refurbishing roads and bridges to deal with increased truck traffic — they may have fewer costs associated with the boom relative to nearby towns or cities where the majority of services are located. Indeed, we identified one RM, flush with newfound oil wealth due to high property assessments, that was able to eliminate their tax on agriculture and reduce their overall tax burden on industrial (oil) properties relative to other neighbouring municipalities. According to the RM administrator:

For about 10 years, we did not have any municipal tax on agriculture. Ninety grand [the tax revenue from agriculture] is not a lot of money on a \$4 million levy [the total tax revenue]. ... So they [the councillors who were predominantly farmers] said, you know what, let's just cancel that altogether. ... So even though we had no agriculture taxes, which may or may not have been the right thing to do, our mill rate for the oil patch was still half of what our neighbours use because we have such a high assessment [the assessed value of the oil infrastructure in the municipality]. ... It's almost embarrassing ... because it's hard to go and ask for government assistance, grants and stuff — and road construction is what we're doing right now — when you're not levying taxes, right?

This is a striking example of how unevenly the costs and benefits of the oil boom are distributed on the local level. RMs with intensive oil infrastructure are able to reduce their overall tax burden relative to other municipalities. In this case, the municipality cancelled its taxes on agriculture outright and is only taxing oil infrastructure at half of what the neighbouring municipality is levying. This could confer a decisive advantage to certain oil-producing regions in the competition for other forms of private investment, since non-oil producing municipalities are unable to offer an equivalent low-tax environment, and further exacerbate inequalities and disparities between regions. Moreover, municipalities adjacent to oil-producing ones may still have to deal with some of the costs of a booming oil patch, such as degradation of roads needed to access oil-rich areas, but won't have access to taxation revenues from oil infrastructure.

An oilfield worker "man camp," used to house the huge influx of workers during an oil boom.

Photo credit:
Ben Garvin



Why Would a Boom Town Need Private Philanthropy?

The inability of towns to capture a significant share of oil revenue, while at the same time being burdened with many of the growing costs associated with oil booms, can significantly strain the limited resources of communities. Oil booms increase the need for road maintenance, policing, health and human services and local administration (planning, zoning, assessments, permitting) and require additional new services such as oil-related emergency response capacity and environmental monitoring and remediation.⁴ Indeed, in the communities we studied, many of these very services — fire and emergency response, health, recreation, human services and other critical infrastructure — were supplemented through financial gifts from the oil industry. Despite popular perceptions, communities are often unable to access a commensurate amount of oil revenue to pay for the costs associated with oil development. Faced with this shortfall, many communities turn to the philanthropy of the oil industry to satisfy and supplement these very real needs.

There are multiple reasons why the oil industry regularly dispenses philanthropy within the communities where they operate. For certain, some of this philanthropy is altruistic, particularly for companies that have deep ties to the area and want to improve and contribute to their local communities. However, some of the philanthropy must be considered self-interested as it ensures that communities have the necessary services and equipment to respond to the industry's needs. For instance, industry philanthropy to fire and emergency services appears to be pervasive across North American oil-producing communities since it ensures that local fire and emergency services can adequately respond to oil site accidents or emergencies.⁵ Industry may also dispense philanthropy to garner goodwill and publicity in order to secure the social licence required to enable continued operations in the communities where they are situated.⁶ And companies may also engage in philanthropy for tax purposes.

Some of the respondents we interviewed made the self-interested nature of their philanthropy explicit. An executive at one local oil firm explained:

There's the benevolent factor to it, but a lot of times, some of these decisions are, I would say they are always business decisions. And that's not to make it sound cold, but investment in your community is a business decision. A donation for tax purposes is a business decision, and I think that there's always such a greater net benefit that people can maybe quantify or try to look at it in the simpler term, right?

4 Christopherson & Rightor, 2012; Keough, 2015; Ruddell, 2017.

5 Ellis et al., 2015; Eaton & Enoch, 2018.

6 Foster et al., 2005; Logsdon et al., 1995.

Of course, in communities that have experienced decades of rural out-migration, underfunding and loss of services, philanthropy from the oil industry is embraced with open arms. Yet relying on corporate philanthropy to provide public goods and services is a risky proposition since it transfers much of the power to fund and allocate services and plan for the future into the hands of private companies. While many of us would be inclined to consider corporate philanthropy an unequivocal good, as long as there are no strings attached, Bernholz, Cordelli and Reich remind us that philanthropy is also an exercise of power, and, like all forms of power, especially in a democratic society, it deserves scrutiny.⁷

The fact is, private charity is not subject to democratic deliberation. It is usually at the sole discretion of the philanthropist. Where the philanthropy is directed may not be determined or coordinated by the community and may bypass the more pressing or important needs of the community in favour of the interests of the philanthropist. Funds can be altered or withdrawn at the whim of the philanthropist, jeopardizing the stability and continuity of much-needed services. Overreliance on industry philanthropy may make organizations reticent to offend their sponsors and/or challenge or criticize their operations. There is also the question of the equity of philanthropy itself as more affluent communities can draw upon a larger pool of philanthropy than more distressed communities.⁸ Finally, donations made by corporations are not purely altruistic. Firms often adopt “strategic philanthropy” in order to advance specific business aims and objectives, such as securing the social licence required to enable continued operations in the communities where they are situated.⁹

In what follows, we illustrate the degree to which Saskatchewan’s oil-producing communities rely on oil industry philanthropy to provide public services, and we reflect on some of the complications that this reliance can entail.

7 Bernholz et al., 2016, 2.

8 Eikenberry, 2007; Horvath & Powell, 2016.

9 Foster et al., 2005; Logsdon et al., 1995.

Fire and Emergency Services

Fire and emergency services appear to be a frequent target for oil company philanthropy in Saskatchewan. Indeed, many oil-producing communities only have access to vital equipment and training for fire and rescue thanks to direct aid from the oil industry. In the period we researched, oil companies regularly purchased critical equipment like fire trucks, ambulances, radios, rescue airbags, hydraulic rescue tools, automated external defibrillators, self-contained breathing apparatuses and hydrogen sulphide gas monitors for fire departments in the three named communities in our sample (see Table 1). Some of this charity is obviously self-interested since it ensures that local fire and emergency services can adequately respond to oil site accidents or emergencies. A local fire chief interviewed for this research observed:

So they [oil firms] try to do as much as they can with the communities that are close to their equipment, you know, just in case we have to respond to something at their station. ... Quite often we have to fill out forms every year if our equipment changes, just so [companies] know what is in the area for rescue if they need it.

This type of philanthropy targeted to fire and emergency services appears to be prevalent throughout oil-producing communities in Canada and the United States. Indeed, we observed these types of industry-sponsored acquisitions not only in the communities studied but throughout the oil-producing regions across the rest of the province as well as neighbouring Alberta. Similarly, Ellis, Theodori, Petrzelka and Jackson-Smith¹⁰ observe in their study of the Eagle Ford oil shale play in Texas that industry representatives regularly prioritize engagement and philanthropy to emergency responders.

When we get in a County, they [Industry representatives] contact the police department, fire department, those types of emergency responders, talk to them about, you know, what we're doing, what our activities are, what type of response we expect from them, if they have any specific needs, like if they're, you know, if we're hoping that they can do something for us then we ask them, "Do you need training, do you need equipment, do you need, you know, anything like that we can help with?"¹¹

While some of the equipment gifted to Saskatchewan communities are specifically tailored to oil-related emergencies, much of it is general purpose equipment — trucks, ambulances, radios, rescue airbags, hydraulic rescue tools, automated external defibrillators — that any fire department would require to be able to operate. Even with the increased revenues from the oil boom, many communities still rely on gifts from industry to sufficiently provision their fire departments with basic equipment. This raises the larger question of equity, as those communities that cannot rely on oil revenue or industry largesse may be left undersupplied or ill-equipped to respond to their own emergencies.¹² A local fire chief explained:

I can say, just from my past years of being a councillor on the RM, I know if you get north of number 1 highway, and the oil revenue runs out, and it's very hard for them to fund the fire department and to buy good graders for the roads and to pay the maintenance crew decent money. And so I can see that being a challenge to fund a fire department or to get them the equipment that they need. Having said that, they wouldn't have oil patch fires, but they would have the rest of the MVCs [motor vehicle collision] and the grass fires and stuff, and they still need good equipment for that. So I could see that being a huge challenge for the RMs that don't have the oil revenue.

¹⁰ Ellis et al., 2015, 13-14.

¹¹ Ellis et al., 2015, 13-14.

¹² Many rural municipalities in Saskatchewan operate volunteer fire departments on a fee-for-service basis with many departments posting continuous annual deficits (See Craig, 2017).



Crescent Point Energy donates \$5,000 to Weyburn Fire Department.

Photo credit: James Brackpool Discoverweyburn.com

Table 1: Contributions to fire and emergency services

Donation	Company	Details/ Recipient
\$150,000	Cenovus Energy	Weyburn Fire Department (safety training trailer)
\$20,000	CNRL	Sun Country Health Region, Weyburn (ambulance)
\$10,000	Enbridge	Oxbow /Enniskillen Fire Department (fire truck and other equipment)
\$8,000	Cenovus Energy	Weyburn Fire Department (thermal imaging camera)
\$5,000	Alliance Pipeline	Oxbow /Enniskillen Fire Department (Jaws of Life)
\$2,500	Enbridge	Weyburn Fire Department (12 hydrogen sulphide gas monitors and radios)
\$2,000	Talisman Energy	Oxbow /Enniskillen Fire Department (rescue airbags)
\$2,000	Vermillion Energy	Oxbow Community Emergency Support Program
\$1,000	Oxbow Oilmen’s Club	Oxbow Health Care Auxiliary (ambulance garage)
\$1,000	Carson Energy	Weyburn Fire Department (Jaws of Life)
N/A	Crescent Point	Weyburn Fire Department (rescue dummies)
N/A	Cenovus Energy	Weyburn Police Department (All Terrain Vehicle)

Health Services

Oil industry largesse is also crucial to the maintenance and enhancement of health services and infrastructure in Saskatchewan's oil-producing communities. We found that many of the largest oil firm donations were earmarked for critical public health infrastructure and equipment. For instance, Crescent Point Energy contributed \$4.5 million to the Weyburn Hospital Foundation for the construction of a new hospital — the largest single corporate contribution we identified in our study period. Oil industry philanthropy also appears vital to equipping local hospitals and health centres, with firms regularly contributing to purchase expensive diagnostic equipment like digital x-rays, ultrasounds and electrocardiogram monitors (see Table 2). However, these instances of charity also reveal another complication with reliance on private philanthropy: lack of coordination that can result in faulty or inefficient implementation. In certain instances, big-ticket purchases of expensive medical technology did not consider the availability of certified technicians to be able to operate the equipment. A local farmer and school board trustee explained how complex it can be to coordinate philanthropy for purchases of medical equipment:

I'll [oil industry executive] donate enough money for an MRI. And at that time, when that went through, I was on the school board, and I said "It doesn't work like that." "Well, yeah, we can do whatever we want. Then we won't have to wait in line in Saskatoon." I said, "Do you know why there's a lineup in Saskatoon for an MRI? Not that it's busy; they don't have staff to run it ... You put it in, then who pays for the training?" Well ... I said, "If the cities can't get people to run it, I don't know how you can expect ..." "Well, you're wrong." So they bought an ultrasound machine, a digital one. So they bought it and put it into [the] hospital, but it didn't stipulate that it was for [our] hospital. It got moved. I said, "It's not just us ... buying the equipment is easy. It's to find the manpower and train them and have the adequate staff — and you can train — but if they leave town, the training goes with them. It's a far bigger picture than just buying it and throwing it in."

Without proper coordination and effective information-sharing between a community's needs and the philanthropist's wishes, resources can be allocated in a manner that may not be optimal for the community, despite the best intentions of the giver.¹³ Such incidents force us to consider whether the community's health care needs would not be better served by ensuring local health regions have the requisite funds they require to coordinate and purchase needed equipment and personnel rather than being left to the whim of private philanthropy.

¹³ Moody, 2016, 273.

Table 2: Contributions to health and health services

Donation	Company	Details / Recipient
\$4,500,000	Crescent Point Energy	Weyburn Hospital Foundation
\$250,000	Penn West	Penn West Diagnostic Wing at the Kindersley Hospital (digital x-ray and ultrasound equipment; hospital renovations)
\$10,000	ARC Resources	Sun Country Health Region, Weyburn (electrocardiogram monitors)
\$10,000	ARC Resources	Kindersley Hospital (medical equipment)
\$5000	Weyburn O.T.S. (Oilfield Technical Society)	Weyburn Hospital Foundation
\$3,500	Oxbow Oilmen's Club	Galloway Health Centre Oxbow (diagnostic ear, nose and throat set)
\$2,500	ARC Resources	Kindersley and District Health and Wellness Centre (hospital equipment replacement)
\$2,500	ARC Resources	Kindersley Hospital

Education

While health receives a large share of oil philanthropy, education is also a favoured target of oil company largesse. Although the majority of funding for schools comes from the provincial government, communities are expected to fundraise substantial amounts for any needed upgrades or expansions. For example, in one oil-producing community, residents raised \$1.2 million in order to expand the gymnasium and build a multi-purpose room. The vast majority of this fundraising was supplied by the oil industry, with some companies donating upwards of \$100,000 towards upgrades. Speaking about this fundraising initiative for upgrades to a new school, a learning support worker noted:

Oh, well, the provincial government funds some of it [school construction]. And they'll give you so much money per square foot, according to how many students you have. And then our committee had to fundraise. We fundraised \$1.2 million for additional upgrades to the present building. So part of that money went towards what we call the multi-purpose room. And that's just an extra small gymnasium-type area that our pre-K, Ks, 1s and 2s use for phys-ed, and then we also use it for drama and music opportunities. We expanded the gym to be a little bit larger. We put in FM systems [wireless systems for the hearing impaired and other learning disorders] in the elementary classrooms.¹⁴ ... Outdoor seating and little bit of landscaping that we've done, we've raised the money for. So we tapped out our community and the [oil] companies.

The ability of these communities to raise such enormous funds for “upgrades” will most certainly grant students in these areas a more positive learning environment versus those communities that cannot. This, once again, raises the fundamental question of equity. As one third grade teacher commented, without oil industry philanthropy there is little chance the community could have afforded to upgrade the school.

Well, our school, we raised a lot. Like, the people in the town raised a lot of money, oilfield included, to build a whole brand new, it's kind of like a second gym — we call it the multi-purpose room ... so yeah — because we raised about a million dollars. And had it not been in oilfield country, that million dollars likely would not have been raised.

Many of our respondents pointed out the ease with which money could be raised for community projects due to the proximity of the oil industry, a source of funding that non-oil-producing communities cannot access. One member of a charitable association we interviewed remarked that, during the boom, “If you needed money, you went to an oilfield company and you got it. There was never any having to drop off letters and beg and plead and plead your case about how you deserve it more than another. Everybody got it; nobody ever got said ‘no’ to.”

¹⁴ An FM system is a wireless system designed to help children better identify and understand speech in noisy situations and over distances of up to 15 metres. Some FM systems work together with hearing aids while others are designed for those children with normal hearing but who experience other concentration-related disorders like Attention-Deficit Hyperactivity Disorder (ADHD) or Auditory Processing Disorder (APD).



Weyburn Care-A-Van Society receives a \$20,000 donation from Cenovus Energy

Photo credit:
Discoverweyburn.com

This ease of fundraising appears to have disturbed neighbouring communities that could not rely on the oil industry for charitable funds. One oil service company executive noted how other communities were apt to “get a little upset over how easy it is for you to get funding” for those who lived in the oilpatch, while one local school trustee noted the envy of other communities that could not afford an equivalent playground structure for which his community had successfully raised funds from the oil industry.

Here the ability to access philanthropy in the first place produces a further inequity. As the above demonstrates, not all communities are equal in their ability to fundraise. While this type of inequity might be tolerable for the provision of certain luxuries or other non-essential community projects, when it comes to public services like health care or education, it can have a profound impact. The more communities have to rely on private charity to fund public services and infrastructure, the more inequitable the provision and delivery of those services will be among communities that have differing access to private philanthropy.

Table 3: Contributions to education

Donation	Company	Details/Recipient
\$100,000	CNRL	Oxbow & District K-12 New School
\$100,000	Redhawk Well Servicing	Oxbow & District K-12 New School
\$50,000	Mayco Well Servicing	Oxbow & District K-12 New School
\$25,000	Crescent Point	Weyburn Comprehensive School (scholarships for petroleum engineering or geology)
\$10,000	Oxbow Oilmen's Club	Oxbow & District K-12 New School
\$10,000	Enform	Southeast College, Weyburn (scholarship to support the Oil and Gas Industry Worker program)
\$8,000	Aldon Oils	Weyburn Family Place (children's playschool programming)
\$5,000	Conoco-Phillips	Westcliffe School, Kindersley (playground equipment)
\$5,000	Conoco-Phillips	Prairie West College, Kindersley (welding training bursaries)
\$5,000	Penn West	Oxbow & District K-12 New School
\$5,000	Ex-Cal Well Servicing	Oxbow & District K-12 New School
\$2,000	Weyburn Oilfield Technical Society Oilwomen	Southeast College, Weyburn (scholarships for women)
\$1,000	Hansen Oilfield Consulting	Oxbow & District K-12 New School
N/A	Canadian Association of Petroleum Producers (CAPP)	Oxbow Prairie Horizons School (Energy in Action program)
N/A	Canadian Association of Petroleum Producers (CAPP)	Weyburn Queen Elizabeth School (Energy in Action program)

Human Services

As has been well documented, the boom and bust cycle of the oil economy regularly produces and exacerbates multiple social problems that can overwhelm existing human services in oil-producing communities.¹⁵ Crisis and family support services are often taxed to their limit due to the rapid in-migration of workers, soaring costs of living, increased substance abuse and family breakdowns that accompany an oil boom and are taxed again by the economic and social dislocation that accompanies an oil bust.¹⁶ For example, as a consequence of the bust, one human services agency director described a “domino effect” in her own community.

We did see a significant rise of families that fell into crisis and distress. And by that, what I mean is we saw a rise in domestic violence in our area. We saw a rise in child abuse. We saw a rise in family disharmony and dysfunction. We saw a rise in alcohol and addictions. We saw a rise in homelessness. We saw a rise in relationship dysfunction. And then we saw a rise in assaults and, as a result of that, then we saw a rise in our court system and charges being laid and then addressing those charges in court, which then creates mandated counselling services and all kinds of ... the domino effect. So yeah, we saw a significant rise in families in stress that were just having trouble meeting their basic needs.

Exacerbating this problem was what many considered to be inadequate levels of government funding to address the consequences of the bust. Indeed, the respondents we spoke to all believed that provincial funding levels for these services were inadequate to respond to the level of need, requiring human services agencies to rely on oil industry philanthropy to close the gap.

Asked whether the provincial government had stepped up in terms of funding due to the growing social problems associated with the economic downturn in the region, an agency director said, “Not that I’m aware of; they certainly didn’t from our agency’s perspective. Once that budget is delivered through [Ministry of] Social Services or through Justice, it’s pretty secured for the whole financial year. There are some adjustments that can be made with application, but it’s a little bit of an issue to try to reach out for extra funding because the need has risen so high.”

While the director was appreciative of the core funding they received via the province, the agency did need to fundraise to be able to continue offering many of the services they provided.

So we have two pieces of core funding. And one comes from social services; the other comes from justice. And those two pieces of core funding don’t actually allow for us to run at a capacity of operational costs, so it doesn’t fund us completely. The remaining of our funding, in order to keep outreach offices open and provide the services that we do — I mean the core funding is imperative, obviously — and then the community will donate from an individualistic perspective or from a corporate perspective. So we hold fundraising campaigns to raise donations and raise funding to fill the gap for operational costs each year.

One oil company representative we spoke to also acknowledged the scope of the social problems in the community in the wake of the oil bust and the gap between what the community required in terms of social funding and what it was getting via the government:

¹⁵ Christopherson & Rightor, 2012; Keough, 2015; Ruddell, 2017.

¹⁶ Zink & Eaton, 2016.

We donated \$10,000 to the [human services] centre and \$10,000 to the food banks because the food bank has doubled in requests for food. And I had a chance to actually sit down with the [human services] centre ... for about an hour and a half one day, and it really opened my eyes as to the programs and stuff that they do support and also the volume of people who go through there now with the downturn. It's over tripled ... but there's also a lot of people out there who have kids who aren't eating. So it was a big focus for us this year. And we've had, I know there's been people from this area that are really reliant on the [human services] centre to get through. And they do get some [provincial funding], but it is not enough to run what they need to. The impact of [the downturn], what's happening with the oil and gas is huge. It was even bigger than what I thought.

Another human services agency representative we spoke with emphasized the importance of the oil industry to the funding and maintenance of human services within the community:

I'm involved in a couple of other organizations in town. And I do a lot of — my husband works in the oilfield — and we do a lot of, we go to other events and things that other organizations put on. And honestly, without the oilfield, from what I see, they would be significantly less well off, really, any of those organizations. So I think it's huge.

However, with the current downturn, the oil industry is becoming a less-reliable source of funding, despite the explosion of new social problems that the oil bust has caused. An agency director explained:

So you know, they're [oil companies] either laying off staff, reducing their hours, cutting back on expenses, shutting down altogether. They're all scaling back in some respect. Some of it's huge, some of it is maybe not so much, but I mean, that's sort of the first thing to go, right — advertising and donations — because that's something you can control. So definitely a huge change.

This demonstrates some of the risk inherent in relying on private philanthropy to fund public services. Public services need to be provided and delivered irrespective of the business cycle. In many cases, they are most needed during economic downturns, the exact moment when private business are most reticent to give. The reluctance of private industry to give under these economic conditions, coupled with the provincial government's ill-timed austerity measures, will only make it more difficult for these communities to effectively respond to the consequences of the oil bust.

The downturn has also created the perverse incentive of agencies competing with each other for scarce donation dollars as one human services agency worker emphasized to us. In an environment of competition, funds may not be allocated based on the most pressing need of the community but rather due to the effectiveness of the pitch of the agency, the nature of the cause or the preferences of the philanthropist. As one agency worker told us, there are certain causes, particularly those for children, that are more apt to get private donations in an environment where agencies are all competing for scarce dollars. This reveals the very haphazard and arbitrary nature of relying on private philanthropy for the provision of public services. The vital needs of these communities may or may not be met, contingent on the prowess of human service agencies to appeal to the caprice of oil company executives.

Table 4: Contributions to human services

Donation	Company	Details / Recipient
\$25,000 plus	ValleyView Petroleums	Weyburn Wor-Kin Shop (platinum sponsor, support services for intellectually disabled)
\$20,000	Cenovus Energy	Weyburn Care-A-Van Society (wheelchair-accessible van)
\$10,000	Longhorn Oil & Gas	West Central Crisis & Family Support Centre Inc., Kindersley
\$10,000	Legacy Oil & Gas	Weyburn Wor-kin Shop (support services for intellectually disabled)
\$6,000	Cenovus Energy	Weyburn Salvation Army Food Bank
\$5,000	Conoco-Phillips	Kindersley & District Food Bank
\$5,000	CNRL	Oxbow Community Child Care Centre (sprinkler installation)
\$2,500	ARC Resources	West Central Crisis & Family Support Centre Inc., Kindersley
\$1,500	ARC Resources	Kindersley & District Food Bank
\$1,500	Cenovus Energy	Weyburn Public Library (books for babies)
\$1,000	ARC Resources	Kindersley & District Food Bank
\$500- \$5,000	Cenovus Energy	Weyburn Wor-Kin Shop (bronze sponsor)

Sharing the Wealth for a Just Transition

As this report has demonstrated, the uneven distribution of costs and benefits associated with the oil boom and now the oil bust has left certain communities ill-equipped to maintain a level of public services that match the requisite need. While oil industry philanthropy has been used to fill the gap between government funding and community need, we have shown why reliance on private philanthropy is not the most desirable or sustainable solution to address these needs. Reliance on private philanthropy hinders the ability of communities to allocate and coordinate resources based on need, threatens the continuity and stability of service delivery and creates inequalities in service levels between those communities that can rely on generous private philanthropy versus those that cannot. Rather than relying on the largesse of the oil industry and all the attendant hazards that come with it, these communities need to be able to better access the resource wealth they create to ensure they can plan, prepare and provide for their residents *throughout* the commodity cycle — whether in boom or bust.

More urgently, there is the looming question of the long-term sustainability of fossil fuel related industries as the world prepares to transition to a post-carbon economy in the hope of avoiding potentially catastrophic global warming. In particular, oil-producing communities must be at the centre of plans to ensure a “just transition” to a post-carbon world. Hadrian Mertins-Kirkwood explains:

Whole new industries will be created and others phased out as Canada shifts to a zero-carbon economy in the coming decades. In turn, new jobs will be created and others lost for hundreds of thousands of workers across the country. Whether this shift is an equitable and productive one for all workers and communities — what is commonly referred to as a just transition — or a driver of hardship and inequality will depend on the social security and workforce development policies (transition policies) put in place by governments.¹⁷

Despite the inevitability of this transition, few governments in Canada have even discussed implementation of policies explicitly designed to ensure a just transition for communities reliant on fossil fuel industries.^{18 19} Fortunately, policies designed to return a portion of resource wealth back to the communities that produce it could also be used to fund the economic diversification, job training and income supports required for a just transition in these communities.

¹⁷ Mertins-Kirkwood, 2018, 7.

¹⁸ Mertins-Kirkwood, 2018, 22.

¹⁹ Alberta's Coal Workforce Transition Fund and Coal Community Transition Fund appears to be the exception (See Mertins-Kirkwood, 2018).

In this respect, a resource-revenue sharing plan akin to British Columbia's Fair Share Agreement (FSA) might serve as a model for Saskatchewan. The FSA is a multi-year agreement that reallocates provincial royalties from the oil and gas sector back to the Peace River region of B.C. The funds "top-up municipal budgets and are intended to support infrastructure developments and to help mitigate the social and infrastructural impacts associated with the oil and gas sector."²⁰ For communities in the region, the agreement has represented a significant contribution to the municipal funding base, roughly doubling taxation receipts.²¹ A similar program in Saskatchewan could help communities absorb the shocks of the commodity cycle and ensure local services have the requisite funds they require to coordinate, purchase and invest in the programs, equipment and personnel that best address their needs. Equally important, such a model for Saskatchewan municipalities could assist in funding a just transition that would leave them less vulnerable to the vagaries of the oil economy in the future.

Lastly, in terms of equity, non-oil producing communities that cannot rely on either oil revenues or private philanthropy cannot be allowed to fall behind in terms of the infrastructure or the level of services they can provide. Resource wealth belongs to all residents of the province and cannot be allowed to disproportionately benefit only those in oil-producing communities. The creation of a heritage fund that banks a portion of non-renewable resource wealth could be used to provide unconditional community grants to ensure that non-oil producing communities can provide a basic level of services and infrastructure while also funding economic development and diversification initiatives so that these communities can take full advantage of the coming *renewable* resource economy.

Whatever forms these redistributive initiatives take, they are sorely needed. It is obvious that the current system of distribution is not responding effectively to the challenges of the boom-bust cycle facing many oil-producing communities in Saskatchewan nor ensuring the equitable provision of infrastructure and services in non-oil producing communities. Moreover, Saskatchewan is ill-prepared for the coming post-carbon transition. We cannot rely on the benevolence or foresight of the oil industry to prepare us for this transition. In fact, the industry actively lobbies against it.²² We need to democratically empower communities with the right mix of tools and resources to ensure that they are able to not only absorb the shocks of the commodity cycle but are also ready to transcend the cycle altogether.

²⁰ Markey & Heisler, 2010, 50.

²¹ Markey & Heisler, 2010, 59.

²² Graham et al., 2017.

Bibliography

- Bernholz, Lucy, Chiara Cordelli and Rob Reich (2016). "Philanthropy in Democratic Societies." In *Philanthropy in Democratic Societies: History, Institutions, Values*, edited by Rob Reich, Chiara Cordelli and Lucy Bernholz, Chicago: University of Chicago Press.
- Chabun, Will (2012). "Boom Town." *Regina Leader Post*. September 6.
- Christopherson, Susan and Ned Rightor (2012). "How shale gas extraction affects drilling localities: Lessons for regional and city policy makers." *Journal of Town and City Management*, vol. 2, no. 4.
- Craig, Meaghan (2017). "Sask. volunteer fire departments struggle to keep pace with rising call volumes." *Global News*, March 17. <https://globalnews.ca/news/3318503/sask-volunteer-fire-departments-struggle-to-keep-pace-with-rising-call-volumes/>
- Eaton, Emily M and Simon Enoch (2018). "Oil's Rural Reach: Social License in Saskatchewan's Oil Communities." *Canadian Journal of Communication*. vol. 43, no. 1.
- Eikenberry, Angela M (2007). "Non-profit Organizations, Philanthropy and Democracy in the United States." In *Democracy and Public Administration*, edited by Richard Box, London: Routledge.
- Ellis, Colter, Gene Theodori, Peggy Petrzela and Douglas Jackson-Smith (2015). *Socially Responsible Drilling: Perspectives of Industry Representatives in the Eagle Ford Shale*. <http://www.shsu.edu/dotAsset/170a5b8f-6554-46a1-b41b-fcab3f5be2f3.pdf>
- Foster, Mary, Agnes Meinhard, Ida Berger and Pike Wright (2005). *From Philanthropic Strategy to Strategic Philanthropy: Selected Canadian Case Studies*. Toronto: Centre for Voluntary Sector Studies, Ryerson University. [http://www.ryerson.ca/content/dam/cvss/files/new-WORKING-PAPERS/WP25%202005\(2\)%20From%20Philanthropic%20strategy%20to%20strategic%20philanthropy.pdf](http://www.ryerson.ca/content/dam/cvss/files/new-WORKING-PAPERS/WP25%202005(2)%20From%20Philanthropic%20strategy%20to%20strategic%20philanthropy.pdf)
- Graham, Nicholas, Shannon Daub and William Carroll (2017). *Mapping Political Influence: Political donations and lobbying by the fossil fuel industry in BC*. Vancouver: Canadian Centre for Policy Alternatives – B.C. Office. <https://www.policyalternatives.ca/bc-influence>
- Horvath, Aaron and Walter W. Powell (2016). "Contributory or Disruptive: Do New Forms of Philanthropy Erode Democracy?" In *Philanthropy in Democratic Societies: History, Institutions, Values*, edited by Rob Reich, Chiara Cordelli and Lucy Bernholz, Chicago: University of Chicago Press.
- Keough, Sara Beth (2015). "Planning for growth in a natural resource boomtown: challenges for urban planners in Fort McMurray, Alberta." *Urban Geography*, vol. 36, no. 8.

- Knox, Shawn (2017). "Sask. government capping grants-in-lieu reduction at 30 percent." *Global News*, March 31. <https://globalnews.ca/news/3348979/sask-government-capping-grants-in-lieu-reduction-at-30-per-cent/>
- Logsdon, Jeanne M, Martha Reiner and Lee Burke (1990). "Corporate Philanthropy: Strategic Responses to the Firm's Stakeholders." *Nonprofit and Voluntary Sector Quarterly*, vol. 19, no. 2.
- Markey, Sean and Karen Heisler (2010). Getting a Fair Share: Regional Development in a Rapid Boom-Bust Rural Setting. *Canadian Journal of Regional Science*. Vol. 33, No. 3, 49-62.
- Mertins-Kirkwood, Hadrian (2018). *Making decarbonization work for workers: Policies for a just transition to a zero-carbon economy in Canada*. Ottawa: Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/publications/reports/making-decarbonization-work-workers>
- Moody, Michael (2016). "Seek to do good, but do no harm." In *The Philanthropy Reader*, edited by Michael Moody and Beth Breeze, London: Routledge.
- Ruddell, Rick (2017). *Oil, Gas and Crime: The Darkside of the Boomtown*. London: Palgrave MacMillan.
- Sparks, Philip (2008). "Seniors struggling as Weyburn booms." *Regina Leader Post*, August 1.
- Taylor, Stephanie (2018). "Saskatchewan budget 2018: Your natural gas bill may be going up, revenue sharing down." *CBC News*. April 10.
- Wood, James (2008). "More riches flow into Sask." *Regina Leader Post*, April 26 (2016).
- Zink, Valerie and Emily Eaton (2016). *Fault Lines: Life and Landscape in Saskatchewan's Oil Economy*. Winnipeg: University of Manitoba Press.



The Corporate Mapping Project is shining a bright light on the fossil fuel industry by investigating the ways corporate power is organized and exercised. The initiative is a partnership of academic and community-based researchers and advisors who share a commitment to advancing reliable knowledge that supports citizen action and transparent public policy making.

www.corporatemapping.ca



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
SASKATCHEWAN OFFICE

The CCPA's Saskatchewan Office was established in 2002 to help Saskatchewan explore workable policy alternatives to address the pressing social and economic issues affecting our province. We produce quality research and commentary that represent the best traditions of social and economic justice that our province was built upon.

2138 McIntyre Street
Regina, SK S4P 2R7

www.policyalternatives.ca