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GETTING A FAIR SHARE: REGIONAL DEVELOPMENT IN A RAPID BOOM-BUST RURAL SETTING

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Abstract.
The purpose of this paper is to investigate a unique regional re-investment arrangement in British Columbia, the Fair Share Agreement (FSA). The FSA is a multi-year contract that reallocates provincial royalties from the oil and gas sector in the Peace River Regional District back to municipalities in the region. The agreement plays an important role in maintaining and expanding infrastructure and social services strained by the resource sector and its rapid boom-bust patterns of operation. While the FSA has managed to overcome the fate of most regional economic development schemes (described by one participant as “fragile and short-term”), many challenges remain. The future of the agreement will depend upon municipal actors once again compromising their self-interests for the sake of regional benefit.

Key Words: Regional development, rural development, resource royalties.

JEL Codes: O18, O20, O51, P25, Q38, Q32.

Résumé. Obtenir sa juste part : Le développement régional dans un contexte rural de *boom* et *bust*
Le but de cet article est d'enquêter sur un accord régional unique de réinvestissement, le *Fair Share Accord* (FSA). La FSA est un contrat pluriannuel qui redistribue les redevances provinciales du secteur pétrolier et gazier dans le district de Peace River aux municipalités dans la région. L'accord joue un rôle important dans le maintien et le développement des infrastructures et des services sociaux confrontés le secteur des ressources et de ses patrons temporels d’expansion rapide et puis ralentissement. Bien que la FSA ait réussi à surmonter les défis de la plupart des programmes régionaux de développement économique (décrit par un participant comme « fragile et à court terme »), de nombreux défis demeurent. L'avenir de l'accord sera fonction encore des acteurs municipaux à compromettre leurs propres intérêts dans un souci d'intérêt régional.

Mots clés : Développement régional, développement rural, redevances sur les ressources.

Codes JEL : O18, O20, O51, P25, Q38, Q32.

Introduction

Regional development has re-emerged as a prominent strategy for addressing the complexity of territorial development and mitigating the negative impacts associated with both political and economic restructuring. As both senior governments and large industries have withdrawn from the direct linkages of development responsibility, the region promises both enough scale and capacity to construct and invest in new trajectories of competitiveness. Regionalism is thus situated within a dynamic tension between the abandonment of traditional patterns of top-down stewardship and the appeal of local control and place-sensitive intervention.

This tension is particularly acute in rural resource regions. The variability of capacity in rural areas (both human and financial) places additional burdens on local areas for governance, or requires ongoing senior government support and direction. Similarly, rural areas (particularly in Canada) remain highly resource dependent, allocating a significant economic role to the resource sector and complicating regional efforts to construct diversified and competitive territorial development. The purpose of this paper is to investigate a particularly unique solution to the predicament of rural regional development, the Fair Share Agreement in the Peace River region of northern British Columbia (BC).

The Fair Share Agreement (FSA) is a multi-year agreement that reallocates provincial royalties from the oil and gas sector back to the Peace region from which the resources flow. The funds top-up municipal budgets and are intended to support infrastructure developments and to help mitigate the social and infrastructure impacts associated with the activities of the oil and gas sector. Given the nature of the industry, the region is prone to particularly severe boom and bust patterns of development activity – where both the rapidity of economic cycles and the influx and outflow of the industrial presence present considerable challenges for local and regional planning bodies. The FSA establishes a precedent in BC and offers interesting insights into the dynamics and potential of regional collaboration and negotiation.

In the following sections, we will situate the paper within relevant patterns in the literature on rural restructuring, industrial restructuring and (new) regional development. This is followed by a more detailed presentation of the case context and our research methods. Finally, we discuss the lessons and implications of the FSA to the regional discourse. We hope to contribute to the call for case research on new regionalism and offer both planning and policy lessons. New regionalism offers considerable potential to regionalist actors, however, the literature is clear that significant barriers exist given the dynamics of restructuring and the relative confusion and variability concerning appropriate state roles and levels of intervention. Given similarities in the restructuring experience across industrialised rural areas, we hope that the case resonates with rural researchers across Canada and internationally.

Literature Review

Rural Restructuring

Political and economic restructuring have impacted rural communities in western industrialised countries in similar ways (Halseth et al, 2010). Neoliberal policy has dramatically re-shaped state relationships with the periphery, resulting in a withdrawal of post-war patterns of (re)investment and responsibility for directing economic and social development and mitigating market cycles and failure. Polèse (1999) aptly characterises this shift as a movement away from a mandate of ensuring inter-provincial and inter-spatial equity in favour of an enabling approach to facilitating development.

Political and economic retrenchment has impacted all municipalities – both urban and rural – however, the dependency of rural communities on resource-based economies and the public sector, combined with their relatively limited capacity to adjust to change and accommodate additional responsibilities magnifies the impacts of restructuring.

Politically, rural places may accommodate or be overwhelmed by the additional burdens associated with new governance regimes. Economically, rural communities may plan in more integrated ways to maximise economic assets or they may be overwhelmed by the infrastructure deemed necessary to compete. In a Canadian context, the deterioration of the post-war Fordist compromise that created many resource communities (particularly in BC via the 'Instant Town Act') means that communities may now be completely severed from realising a share of the wealth associated with the resources that surround them while continuing to absorb negative social, economic, and/or environmental externalities associated with the activity.

Jurisdictional realities serve to exacerbate restructuring impacts. Senior levels of government retain the power to allocate territorial jurisdiction. The lack of recognition of local government institutions in the Canadian Constitution separates territorial jurisdiction from territorial benefit in rural places. Provincial governments define the scope of local powers and limit local control to secure direct economic benefit from resource development. Senior levels of government retain the power to determine control over resource development approvals, royalty revenues and set policies governing industry relationships with communities. Operating under the auspice of 'provincial interest', the development of the resource industry occurs extra-territorially from local communities.

Industry Separation

The neoliberal policy agenda and industrial flexibility have dramatically altered industry relationships with communities. Economically, the contribution of industrial sectors to communities has become increasingly variable. This is due to the direct impacts of labour shedding and the vertical integration of the production process (Hayter, 2000). Indirectly, industries are less spatially beholden to the labour capacity within certain areas. If local labour capacity does not exist, improvements in transportation and communication costs have facilitated increased labour mobility. The spatial linkages between labour and place have been weakened.

A second critical component of the industry – community relationship is influenced by regulatory and jurisdictional shifts associated with neoliberal policy to enhance competitiveness via flexibility and cost. Young (2008) highlights the significant changes within the British Columbia resource economy that have diluted or removed entirely policies that have traditionally linked industrial activity with place. Other changes have reduced corporate tax rates in order to be competitive with neighbouring (or even distant) jurisdictions. Communities have traditionally been the instigators of the 'race to the bottom' in terms of tax rate competitiveness; however, recent court challenges by major industrial actors in BC are seeking to revise property tax rates. One company in particular has simply refused to pay their property taxes while awaiting court proceedings.

Of particular relevance to the Peace River region are the jurisdictional limitations of the property tax powers of municipalities when dealing with the impacts of an industry (oil and gas) that operates outside of municipal boundaries – but draws upon municipal services and impacts local infrastructure and quality of life. A tripartite relationship exists between the province, regional districts and municipalities over land and resource development. The rigidly defined spheres of power define how each government will benefit from resource development. Provincial authority trumps that of local government, creating a partnership that is not equally distributed (Dewing and Young, 2006). Resource activities occurring on rural crown land are governed directly by the Province. The extraction of resources occurs within the boundaries of regional districts and the provision of business services to support industrial development is located with municipalities. One of the original objectives for the creation of regional districts was to manage the challenge of "free riders" for municipalities, caused by rural residents utilising services without contributing to the expense of the services paid for through property taxes (Ministry of Community Services, 2006). Regional districts provide local government services for residents in unincorporated rural areas and where appropriate, enter into inter-governmental agreements with town centres to contribute to the costs of infrastructure and services for rural residents (Ministry of Community Services, 2006) (Ministry of Municipal Affairs, nd). Their powers, however, do not pertain to authority over resource development. The authority of regional districts and municipalities is restricted to consultation for proposed resource development or through privately negotiated agreements with industry for the use of specific infrastructure within their jurisdictional boundaries. The sale of tenure rights and approval of developments lies within provincial authority (Government of British Columbia, 1996). Therefore, regional districts and municipalities are limited in what they can demand from industry in the form of property taxes or contributions to infrastructure or services. Essentially, there is no system in place that prevents industry from being "free riders" on municipal services.

Finally, community impacts associated with industrial separation include both the operational activities of the industry and the rapid influx and outflow of a large transient workforce. The 'fly-in, fly-out' literature well captures these dynamics and serves as an example of the epitome of industry – community separation (Storey, 2001). Advantages associated with the 'fly-in, fly-out' system include the potential to reduce the ecological footprint associated with town site development, reduction of social and economic disruption in the event of closure, and the spread of economic benefits and increased lifestyle choices for workers who may be reluctant to leave their home communities and territories for reasons of family or place. On the negative side, however, community impacts include the struggle with infrastructure demands arising from increased industrial activity, town growth, and the demand for local services.

Regionalism

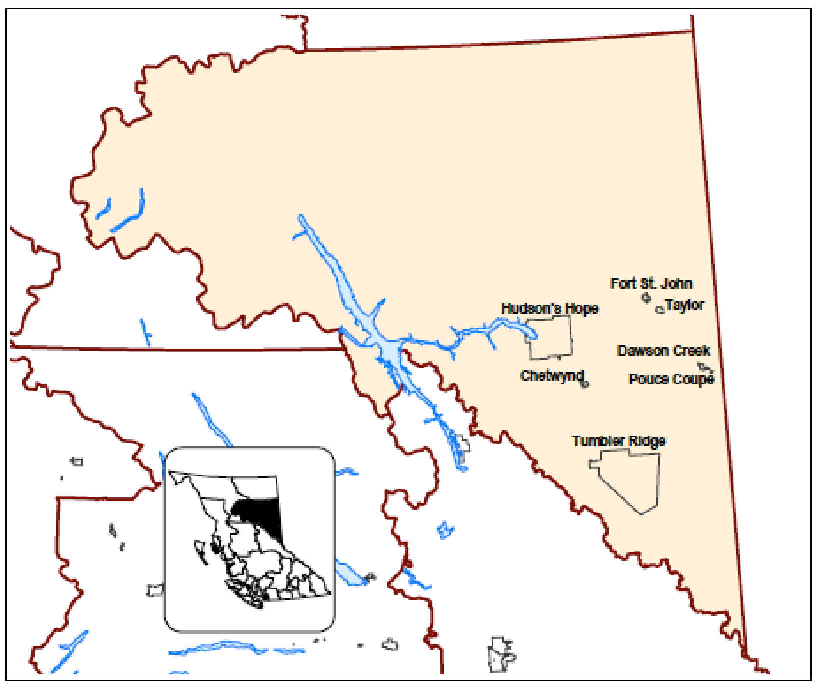
Regionalism has reasserted itself into the vacuum left by the decline of the Fordist compromise and the withdrawal of senior state and corporate roles over social and economic planning (Scott, 2000). Economic, social and planning dimensions of regional development drive the positive dynamics associated with the regionalist approach. First, the economic benefits of regionalism serve as the main drivers of regionalist efforts. A focus on the region enables communities to exert more control over the use of surrounding resources and to exploit niche markets and the diversification opportunities associated with improved transportation and communication infrastructure. These economic benefits are situated within a new regionalist understanding of development as a socially embedded process where the social capital of a region may exert influence on economic performance (Cooke and Morgan, 1998). Second, the emphasis on social process in regional development holds significance to both the economic development of regions and their governance. Regionalism fosters different institutional structures and relationships in an attempt to compensate for government withdrawal *and* innovate to establish better local participation and regional collaboration (MacLeod, 2001). Third, the ascendancy of the territorial development model over sectoral development, inherent within regional planning, offers a variety of benefits for addressing impacts associated with restructuring. At a conceptual level, territorial planning allows regional decision makers and planners to view resource operations as part of the regional economy rather than as isolated activities. Regionalising community benefits will better enable planners to construct and maximise intended or potential regional spread effects of resource developments (Kuyek and Coumans, 2003). It also presents an opportunity for rural and small towns to negotiate benefits from resource activities occurring in adjacent areas, and to mitigate some of the challenges presented by the strict territorial boundaries that govern jurisdictional powers.

Despite these positive dynamics, regionalism is equally accused (particularly in rural areas) of lacking the substantive capacity to govern to the ideal. Regionalism may be prone to elitism and division amongst intra-regional communities. This is particularly challenging under the sub-texts of regionalism as cover for government abandonment, rather than as a genuine effort to foster legitimate local control. In the following sections, we outline the affects of restructuring in the Peace River region and outline the regionalist response to both these structural forces and the operational dynamics of a rapidly fluctuating and disassociated resource sector.

The Peace River Region

The Peace River Regional District (PRRD) is located in the northeast corner of British Columbia (BC), Canada (Figure 1). The region is 117,761 sq km in size and is home to 60,743 people (2008). The main population centres of the region are Fort St. John (18,792) and Dawson Creek (11,420), which are surrounded by a series of smaller rural settlements, including Chetwynd, Hudson's Hope, Pouce Coupe, Taylor and Tumbler Ridge. Aboriginal peoples represent 12% of the regional population (compared with a provincial average of 4%), in five Aboriginal communities: Blueberry River First Nation, Doig River First Nation, Halfway River First Nation, Moberly Lake West First Nation, Saulteau First Nation. These Nations have formed the Treaty 8 Tribal Association with a mandate to act as a coordinator, a facilitator, and to provide technical support on various issues as mandated by the Council of Treaty 8 Tribal Association Chiefs.

FIGURE 1 Peace River Regional District, British Columbia



Source: BC Stats, 2008.

The economy of the PPRD has gone through a tremendous period of restructuring in recent years. Traditionally a forestry and agricultural area, the growth of the oil and gas sector (40% growth from 2001-2006, now representing 30% of the regional economy) has had far-reaching implications for the economy and settlement patterns of the region. The region displays socio-economic characteristics that are reflective of a strong resource economy. Income levels in the region are higher than the provincial average, while education levels are considerably lower (see Table 1 for basic socio-economic indicators).

Northeastern BC is part of the geologic hydrocarbon bearing area known as the Western Canada Sedimentary Basin (WCSB). The Basin contains the majority of oil, gas and crude bitumen in Canada and is the only current area of BC producing commercial quantities of oil and gas. The sector provided the province with its single largest source of revenue in 2008 ($4.09 billion), creating 34,000 direct and indirect jobs.

TABLE 1 Socio-Economic Profile: Peace River Region

	Peace River	B.C.
Average family income	86,150	80,511
Incidence of low income	6.5	13.3
Income assistance	2.7	3.8
Income dependency		
Forestry	9	7
Mining, oil and gas	30	3
Construction	11	8
Gov't transfer	10	15
Tourism	5	6
Public sector	17	26
Without high school	21.1	11.1
Without post-secondary	50.1	37.2
Total serious crime	15.4	14.8
Serious drug crime per 100,000	470.6	225.9
Life expectancy	78.8	81.1

Source: (BC Stats, 2006)

Petroleum exploration and development have been active since the early 1950s; however, the impacts of oil and gas activity began reaching critical levels with the rapid growth in the sector in the early 1990s. This growth has provided considerable economic activity – both direct and indirect – for the region, but it has also exposed significant municipal challenges in terms of service provision, infrastructure stress, and a growing pattern of social ills associated with a highly transient and seasonal workforce.

Our research in the region builds upon earlier work that sought to explore the dynamics and potential of regional development for northern BC (Halseth et al, 2007). Through our investigations in the Peace region, interviewees outlined the tensions and challenges associated with responding to the scale of oil and gas sector growth. Research for this paper relies upon a variety of methods, including semi-structured key informant interviews with regional planners, politicians, business representatives, and community workers; content analysis of regional newspapers; a policy review; and, statistical profiles of the region. The objectives of the research are threefold: 1) to investigate the nature of "local benefits" (from a community/regional perspective) associated with resource operations; 2) to investigate the formal (policy) and informal (corporate relations, community process) dynamics that structure and situate community – industry relations; and 3) to better understand the extent to which a regionalist approach is being used (or not) to mediate community – industry relationships and planning.

Regional Development in a Rapid Boom-Bust Setting: The Fair Share Solution

Impacts

There is a palpable tension in the Peace River region concerning the pros and cons associated with the oil and gas industry. The economic benefits are obvious in terms of employment opportunities, high wages, strong local spending, and industry contributions to community events and facilities. However, the negative impacts associated with the sector and its operations are also highly visible. In the following section we will outline impacts associated with the transient labour force, pressures on infrastructure and the environment, and the challenges associated with the jurisdictional limitations of the municipalities and regional district in terms of influencing and benefiting from the activities of the oil and gas sector.

First, the oil and gas workforce is largely transient, brought into the region on a shift basis (e.g. 7/7) and housed either in new hotel/motel facilities or at temporary work camps. The camps are located on crown lands and there is no formal process for informing local communities of camp activities. According to one local planner, at the height of the boom thaw period, there are between 6000-8000 workers housed in these camps. The rapid growth in hotel/motel services has helped to mitigate some of the challenges of housing temporary workers. However, despite the disassociated nature of the industry within the region, its impacts on the surrounding communities are direct in terms of demands on social services, physical infrastructure, and general quality of life issues. Workers continue to draw upon social services in the region, including police services, health facilities, and a range of public service amenities. For example, the region has the second worst serious drug offences rate (2004-2006) in the province, a by-product associated with having a transient, wealthy, and young labour force working in the gas fields (BC Stats, 2008).

> There is a huge impact seen in the rise of the drug problem. The fly-in, fly-out thing brings lots of single guys with too much money and not enough recreation time. That has been a really big push with all of the municipalities to monitor the drug houses. For example, clearing out derelict hotels that become drug houses…The community is left to pay for this – but they recognise that the problem is then gone. (Peace River resident).

Second, the physical infrastructure of the region has been severely stressed. Demands on water from industrial processes, energy needs, and road stress (roads were originally designed to service the agricultural sector, not heavy industrial equipment) represent direct and indirect costs to municipalities. There are also significant environmental impacts in the region, most notably concerning fresh water use.

Third, all of the impacts are exacerbated by the fact that local planners have no jurisdiction over the operations of the industry.

> Our biggest issue is that we are a product of the Province. We get our authority through the Community Charter and Municipal Act – below six inches we have no authority, no power, no say. It is frustrating for our

> elected official because the local government only has authority to plan on private land, but not crown land. The oil and gas sector purchase subsurface rights – access across surface rights to access this. We only have planning authority over private lands and not crown or sub-surface, so as much as we would like to plan for oil and gas, we have no jurisdiction. (Peace River resident).

Within the Canadian federal system, local government jurisdiction is granted by Provincial authority. The British Columbia Community Charter recognises municipalities "as an order of government within their jurisdiction" (s.1) and applies to urban areas incorporated under the Local Government Act (1996). The Community Charter (2003) was designed to increase the corporate management capacity of municipalities (Plant, 2009). However, the expansion of municipal powers did not expand jurisdictional authority. Communities located within rural regions are subject to Provincial decisions related to the promotion and expansion of adjacent resource extraction. Communities remain in a reactive position to Provincial authority over resource development.

Local planners also struggle with the rapid boom and bust patterns of the sector and face difficult decisions regarding how to plan for highly variable development fluctuations with uncertain long-term timelines. For example, towns like Fort St. John have been burdened in the past with expensive infrastructure that was not built with long-term flexibility in mind. When the sector busts, new developments represent a potential net loss to municipalities:

> You would like to think there is a master plan out there for companies, but it is such a shot in the dark type business. It is getting a little better, but it is still a shot in the dark. There is no master plan out there, it is like an amoeba, it just grows. It's sorta weird, you would like to think there is a plan, but there isn't. (Peace River resident)

Industrial activity, and the scale and pace of it, changes the quality of life for all residents in the region. The noise, dust, flaring and gas releases from wells, and overall impacts on the cost of living and the affordability of housing are transforming the livability of the area. Tension over the impacts of the industry are most glaringly revealed by a bombing campaign being carried out by unknown agents who are dissatisfied with the response of the oil and gas industry to local concerns and frustration surrounding the perceived ineffectiveness of regional consultation processes being facilitated by the Province. There have been a total of six bomb attacks on EnCana pipelines in the region, dating back to mid-October 2008 (McMartin, 2009). The bombings have occurred in non-populated areas, but there is obvious concern for the safety of workers and residents. The bombings epitomise (in the extreme) the tension in the region concerning the costs and benefits of the industry:

> Particularly after the last two incidents [bombings] there is a clear message from some in the community that they don't support this approach. Previously, it was seen more as a verification that industry was not listening to community concerns: dust, noise, water, social impacts, flares. Since that time, the industry has been a more direct community partner in the

> development process – not an 'us versus them' situation so much anymore. (Peace Region resident)

From a purely financial perspective, many of the impacts experienced in the region during the early growth of the sector are linked with a regulated inability of municipal governments in BC to raise revenue beyond property taxes and therefore provide infrastructure and services to mitigate problems. While historically, the tax structure has served the region relatively well, in terms of having forestry and mining activities located *within* municipal boundaries, the oil and gas sector is different. As the comments illustrate, oil and gas activities generally take place on either private land (e.g. wells located on private farmland) or on crown lands located outside of the municipal boundaries within the region. While the economic activity may take place beyond municipal lands, communities face direct impacts. As a result, in the early 1990s, the region began to mobilise a campaign to receive a greater share of the benefits from its resource wealth.

A Regional Response: The Fair Share Agreement

Following the lead of the region's largest municipality, Fort St. John, the region commissioned a series of reports to gather information on the oil and gas sector and the impacts on the area. The research reviewed case comparisons with other jurisdictions to understand different financial mechanisms and local benefits standards. The reports also outlined the various dimensions of how the industry was affecting the region and the deficiencies of the fiscal imbalance as represented by the existing tax structure (Adams, 1992).

During negotiations with the Province, it became clear that they were unwilling to provide the region with any additional taxing authority on the industry. In addition to fears about precedent for other jurisdictions, the Province was at that time attempting to position the oil and gas sector to be highly competitive with other producing regions. As a result, in 1993, the Province recognised the fiscal imbalance facing the region and began negotiations for what would become the Fair Share Agreement (FSA). The MOU acknowledges that local governments should be compensated for the service and infrastructure costs associated with resource development activities that take place within the region. The original FSA1 provided \$4 million to the region (\$2 million from a tax on industry and a \$2 million provincial grant). The agreement received a positive response from the region, but it became obvious very quickly following the dispersal of funds throughout the region that the agreement was inadequate.

The region pressed for a revised agreement and was met with resistance from the Province. It was at this point that the region escalated their position, appearing before the National Energy Board approval process to inform them that they would reject any further developments. The Province responded with a \$12 million agreement in 1998. This agreement ended early and FSA3 is currently in place for the period between 2005 and 2020. The current agreement began with a starting contribution of \$20 million, with indexing in place to deliver up to \$28 million per year (Ministry of Community, Aboriginal and Women's Services, 2005).

The annual grant is equal to the base year grant of $20 million, multiplied by the rate of change in the rural industrial assessment base between the last completed taxation year and 2004. The calculation is as follows:

$$\text{Payment} = \$20 \text{ million} \times \frac{\text{Rural industrial assessment base (previous taxation year)}}{\text{Rural industrial assessment base (2004)}}$$

For communities in the region, the annual grant for 2008 represented a significant contribution to the municipal funding base, roughly doubling taxation receivables. The total $26,547,003 contribution was divided among regional municipalities as follows (there is a separate agreement for regional First Nations):

Chetwynd	$1,633,645
Dawson Creek	$8,479,706
Fort St. John	$12,152,470
Hudson's Hope	$582,493
Pouce Coupe	$666,906
Taylor	$535,304
Tumbler Ridge	$903,658

The creation of the Fair Share Agreement represents an example of regional collaboration and planning that led to accommodation by senior government. While the initiative is clearly a boon to the region, interviewees have expressed a number of concerns regarding the long-term sustainability of the agreement – particularly as it is clear that the impacts associated with the industrial activity are not going away, in fact there are approvals for considerable industrial expansion in the region.

Challenges: A Sustainable Agreement?

The FSA represents a precedent of provincial revenue sharing of non-property tax revenues. It is a formalised re-investment of provincial revenues from the industrial sector back to the rural region from which the revenues are sourced. The precedent-setting nature of the agreement was a point of resistance for the Province during the early negotiation phases. Interviewees throughout the region have expressed a series of other concerns regarding the operation and longevity of the agreement, including how funds are used, the capacity of the region to set aside funds for the long-term, and the challenges of regional collaboration.

First, the original agreement outlines stipulation concerning spending priorities for FSA funds, being mainly for the provision of regional infrastructure investments (and not for operations or to off-set local taxes). In reality, spending patterns of Agreement funding are not being adequately tracked or enforced by the province. Regional newspapers also indicate that FSA funds are being used for operations within the municipalities. Aside from the inherent dangers of over-extending the local tax base given the uncertainties associated with the funding over the long-term and with periodic fluctuations, the current period of budgetary retrenchment has raised concerns that future agreements may be in jeopardy or much more specifically targeted, thereby losing regional control.

Second, while the FSA was not intended to provide funds in trust for the region, given the volatile nature of the oil and gas sector – and the fact that it is a finite resource – interviewees in the region commented on the need for some form of future investment fund. Currently however, the lack of provincial oversight and the basing of the fund decision-making process solely with the municipalities themselves (which are subject to three-year election cycles) raises concerns regarding both current use and long-term planning.

Interviewees report positive relationships between municipalities in the region and point to other efforts like the North and South Peace River Economic Commissions as further evidence of collaborative planning. They indicate that the FSA itself served to build the capacity of the member municipalities for regional planning, something that representatives in the region are convinced the Province was not anticipating:

> The Province never thought they would have to do the agreement because they turned the negotiations over to the region. But, we did it. There are some lingering resentments in the region over the agreement, but on the other hand, what we showed ourselves is that when it really counted we could get things done, we could see the bigger picture. (Peace River resident).

However, negotiating the agreement was a considerable effort for the region and the lack of some kind of more permanent solution will require continued investment to work together on behalf of the regional municipalities. The investment to date has been well worth it in terms of dollars returned; however, there are lingering concerns about the ability of the region to act in a collaborative manner in the future. As one resident stated, “two words describe all municipal coalitions: fragile and short-term.” This challenge is further enhanced by the rapidly changing community dynamics within the region.

Conclusion

The FSA represents the culmination of a regional imperative to mitigate the impacts associated with both political and economic restructuring. The municipal actors within the region were able to forge a coalition and craft a negotiating position and agreement that superseded traditional barriers associated with parochial local interests. Clearly, the size of the “prize” played a significant role in quelling internal divisions.

The Agreement also illustrates a unique precedent of an appropriate post-Fordist role for the state. The Province re-asserted its role vis-à-vis community and industrial stewardship, but in a non-traditional manner. The Province uses its jurisdictional powers to both levy royalties on the industry and re-allocate these funds towards regional re-investment; however, they are relying upon a regionalist mechanism for allocating and using the funds. Weak conditions are embedded within the agreement, but they are not closely monitored or enforced. This exposes a potential weakness in the agreement, but it is also clear that the responsibility is, over time, building managerial and collaborative capacity within the region. The challenge exists within the region to use the funds as a supplement to the municipal tax base, while maintaining a broader perspective to ensure that they craft a sustainable plan for growth and change within the region as a whole. Transferring their collaborative negotiating capacity towards a capacity for regional planning will only strengthen their position with the Province when the existing FSA3 agreement expires in 2020.

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