

# **Reducing Alcohol and Substance Abuse: A Benefit of Workforce Housing in Oil, Gas, Mining and Construction Industries**

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## EXECUTIVE SUMMARY

Alcohol- and substance-abuse costs the Canadian economy C\$24.3 billion per year in lost productivity and about 10 times that in the United States. Drinking on the job, working with hangovers, the use of more sick days and higher accident rates all contribute. The figure is much higher when indirect costs related to health care, employee turnover, legal issues, and the recruitment and training of replacement workers are considered. The problem is most prevalent among blue-collar workers, and the upstream oil and gas, mining, and construction industries are among the highest sectors in which safety is paramount. These sector players need to have policies to deal with the problem to reduce costly incidences, while addressing the root causes of alcohol and substance abuse in the workplace. Socio-environmental, which includes inadequate housing situations, is one of the three leading causes of alcohol and substance abuse. Impacts of shift work and isolation and the availability of illicit drugs make the situation worse. Throughout this white paper, solutions to alcohol and substance abuse in the blue-collar sectors are presented. This includes the availability of high-quality housing and lodging that (1) make a welcome place for the other 12 off-shift hours and (2) create a controlled environment with relevant policies. Proper housing will result in the reduction of lost-time accidents, absenteeism and sick days and improvements in productivity and efficiency.

## INTRODUCTION

- *Workers with alcohol problems are 2.7 times more likely to have injury-related absences.*
- *35% of emergency room patients with an occupational injury are at-risk drinkers.*
- *Alcohol is detected in 16% of emergency room patients injured at work.*
- *11% of the victims of workplace fatalities have been drinking.*

This white paper is presented to illustrate the impact of alcohol and substance abuse in the North American workplace, especially in the oil, gas, mining and construction industries, and the related costs to employers. It also addresses ways to reduce alcohol and substance abuse in this sector. Many government and social organizations contribute to battle the problem; most have some degree of success. But they alone can't be expected to do the whole job.

Recommendations are offered for employers who need to be aware of just how serious the problem is and what they can do, with an important focus on the value of top-quality workforce housing and lodging in combating alcohol and substance abuse among workers in the oil, gas, mining and construction industries in North America as a solution. In addition, it is important that employers formulate and implement additional strategies and policies to address and reduce the massive costs of continued untreated abuse. It's a significant challenge that can't be swept under the rug.

## THE PROBLEM AND ITS COSTS

The relationship between drinking and occupational injuries is substantial. One study found that workers with alcohol problems were 2.7 times more likely than workers without drinking problems to have injury-related absences.<sup>1</sup> A hospital emergency department study showed that 35 percent of patients with an occupational injury were at-risk drinkers.<sup>2</sup> Breathalyzer tests in another study detected alcohol in 16 percent of emergency room patients injured at work.<sup>3</sup> That same study reported analyses of workplace fatalities that showed at least 11 percent of the victims had been drinking.

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<sup>1</sup> Cited in "The Alcohol Cost Calculator," The George Washington University Medical Center. Available at [http://www.alcoholcostcalculator.org/alcohol/co-occurring/#ednp4\\_ref8](http://www.alcoholcostcalculator.org/alcohol/co-occurring/#ednp4_ref8).

<sup>2</sup> McLean, S. A., Blow, F. C., Walton, M. A., Gregor, M. A., Barry, K. L., Maio, R. F., and Knutzen, S. R. 2003. Rates of At-risk Drinking among Patients Presenting to the Emergency Department with Occupational and Non-occupational Injury. *Academic Emergency Medicine*. 10(12): 1354-61.

<sup>3</sup> Stallones, L., and Kraus, J. F. 1993. The Occurrence and Epidemiologic Features of Alcohol-related Occupational Injuries. *Addiction*, 88: 945-51.

“Such abuse currently is highest in the financial, upstream oil, forestry/mining and construction industries ... with the possible exception of the financial sector, these are the very industries that need to be safety conscious....”

Some far-ranging surveys reveal that 24 percent of workers report drinking during their workday at least once in the past year.<sup>4</sup> And it’s not just on the job where alcohol affects work. Drinking outside work hours can cause problems on the job, too – having a hangover, for example, can contribute to an employee’s inattention, lethargy and forgetfulness, all of which can cause accidents. Moreover, the problems can affect coworkers as well: one-fifth of workers and managers across a wide range of industries and company sizes report that a coworker’s on- or off-the-job drinking jeopardized his or her own productivity and safety.<sup>5</sup>

The problem varies with industry type, but workers in remote areas seem to be particularly vulnerable. A study of the Canadian oil and gas industry showed geographical isolation, performance pressures and work schedules may contribute to the higher prevalence of alcohol- and substance-abuse issues relative to the Canadian norm.<sup>6</sup> Moreover, the problem is often worse in remote work camps where recreational and social amenities are at a minimum or nonexistent.

Such abuse currently is highest in the financial, upstream oil, forestry/mining and construction industries.<sup>7</sup> Notably, with the possible exception of the financial sector, these are the very industries that need to be safety conscious due to the risky nature of the work.

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The direct costs of alcohol and substance abuse to a country’s economy are significant: in 2002, productivity losses in Canada were C\$24.3 billion, while health care costs were C\$8.8 billion. Measured in terms of the burden on services such as health care and law enforcement, and the loss of productivity in the workplace or at home resulting from premature death and disability, the overall social cost of alcohol and substance abuse in Canada in 2002 was estimated at C\$39.8 billion.<sup>8</sup>

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<sup>4</sup> Ames, G. M., Grube, J. W. and Moore, R. S. 1997. The Relationship of Drinking and Hangovers to Workplace Problems: An Empirical Study. *Journal of Studies on Alcohol*, 58(1): 37-47.

<sup>5</sup> Mangione, T. W., Howland, J., and Lee, M. 1998. *New Perspectives for Worksite Alcohol Strategies: Results from a Corporate Drinking Study*. Robert Wood Johnson Foundation and National Institute on Alcohol Abuse and Alcoholism.

<sup>6</sup> “Health and Wellness Trends in the Oil and Gas Sector.” *Insights from The Shepell-fgi Research Group*, 2009.

<sup>7</sup> <http://www.surehire.ca/pages/facts-and-statistics/mining-industry-statistics.php>.

<sup>8</sup> Rehm, J., Baliunas, D., Brochu, S., Fischer, B., Gnam, W., Patra, J., Popova, S., Sarnocinska-Hart, A., and Taylor, B. *The Costs of Substance Abuse in Canada 2002*. March 2006.

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Costs to individual employers are substantial, too. According to the National Institute on Drug Abuse, the average cost of drug abuse per employee is C\$10,000 a year due to employee turnover, workers’ compensation claims, absenteeism, employee theft, violence on the job and the use of health care benefits. The average cost of a workers’ compensation claim is C\$1,574, and the average cost of a lost-time claim is C\$5,574. Where there is employee drug abuse in the workplace, annually there are five times more workers’ compensation claims, 30 percent greater employee turnover, 40 versus 4 days of employee absenteeism, 36 times higher employee theft, 300 percent to 400 percent more health care benefit utilization and a greater chance of workplace violence.<sup>9</sup>

Clearly solutions are needed. Viewing the foregoing statistics, one can see that even halving the problem could save companies C\$5,000 per annum per employee. The problem and its costs become even more acute as it becomes harder and harder to find replacement hires, as seen in light of the looming skilled labor shortages threatening the industry, as outlined in an earlier white paper on the topic.<sup>10</sup>

## SOLUTIONS

There are many solutions for alcohol and substance abuse, whether the problem arises as a consequence of personal, family or social factors; certain work situations; or a combination of these. These solutions include prevention, assistance, treatment and rehabilitation. However, while the elimination of such abuse is a highly desirable goal, it is not easy. Studies by the International Labour Office (ILO) have shown workplace policies to assist individuals with alcohol- and drug-related problems seem to yield the most constructive results for workers and employers alike, and the ILO indeed considers it an obligation.<sup>11</sup>

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<sup>9</sup> <http://www.surehire.ca/pages/facts-and-statistics/general-drug-and-alcohol-statistics.php>.

<sup>10</sup> Chandler, G. *The Other 12 Hours: Workforce Housing as a Recruitment and Retention Tool in the North American Mining and Oil & Gas Industries*. Target Logistics White Paper, January 2014.

<sup>11</sup> “Management of Alcohol- and Drug-related Issues in the Workplace.” International Labour Office, Geneva 1996.

*“It is recommended companies ensure they have an alcohol- and substance-abuse policy in place along with their other human resources policies.”*

It is recommended companies ensure they have an alcohol- and substance-abuse policy in place along with their other human resources policies. Benefits Canada advises the policy spell out what is considered such abuse, the expectation of drug and alcohol use as it impacts the workplace, what will happen if an employee is impaired at work, and how employees dealing with such abuse will be assisted. In addition, the policy needs to include what is expected of employees with an alcohol- and substance-abuse problem, and a statement of the employee’s rights to confidentiality.<sup>12</sup>

A thorough step-by-step example and guide is offered by the Atlantic Canada Council on Addiction.<sup>13</sup> To best help recognize if an employee has a problem, following are some warning signs of potential alcohol and substance abuse for employers to watch for:

- increase in casual absences, especially on Mondays and Fridays;
- extended lunch breaks, long absences from the work station, consistently late arrivals to work or early departures;
- falling productivity or missed deadlines;
- coming to work despite illness, injury, anxiety;
- difficulty with task focus or concentration;
- stories of family discord or dysfunction;
- change in appearance;
- changes in attitude, increased irritability; and
- increased accidents at or away from work, errors in judgment.

Calling attention to an organization’s employee assistance program (EAP) can be used as an initial discussion by an employee’s supervisor when such abuse or dependency is suspected. The EAP can provide counseling services to both the employee and their family and connect the employee with additional resources in the community as needed.

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<sup>12</sup> “Dealing with Employee Addictions.” Benefits Canada: <http://www.benefitscanada.com/benefits/disability-management/dealing-with-employee-addictions-36378>.

<sup>13</sup> “Problematic Substance Use That Impacts the Workplace: A Step-by-Step Guide & Toolkit to Addressing It in Your Business/Organization.” Atlantic Canada Council on Addiction.

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Another means to detect alcohol and substance abuse on the job is random drug testing, which is used in some states and provinces, although there is some controversy surrounding privacy. Random drug testing also has been shown to be effective as a deterrent. The U.S. Department of Transportation, for example, implemented random drug testing in 1995. The department’s statistics indicate that, since then, random positive tests for alcohol declined by 60 percent, drug abuse by 47 percent, and post-incident positive tests for drugs declined from 3.11 percent to 1.4 percent. A 2001 Cornell University study of testing data from 71 construction companies in the United States concluded that, on average, within two years of implementing a drug testing program, workplace injury rates were reduced by 51 percent.<sup>14</sup>

In parallel with these measures are approaches that address many of the root causes of alcohol and drug dependency, including biological, psychological and socio-environmental. An example of socio-environmental can be seen in the remote work camps, which only provide food and modest accommodations – not any type of activities for when they have finished their shifts. Studies of oil and gas camps in the Fort St. John, B.C., area have noted atmospheres of all-night partying, where new workers are introduced to the drug scene and older partiers set the standard – with frequent negative consequences for individuals, families and communities.<sup>15</sup> Conditions can contribute to pressures on home life and depression, reinforcing the negative behaviours.

And in cases where no camp is provided, and workers are given accommodations in motels or rented rooms, they are more susceptible to alcohol and substance abuse. In this situation, drinking and taking drugs is seen as a way of blowing off steam after work or a normal way of life off-shift. One important study showed transient workers often exhibit high susceptibility to alcohol and substance abuse due to loneliness, social distancing and lack of social support where inadequate local accommodations are used.<sup>16</sup>

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<sup>14</sup> “Drug and Alcohol Facts.” Alberta’s Drug and Alcohol Risk Reduction Pilot Project, 2012. Available at <http://www.darrpp.ca/webpages/displayblog/11/>.

<sup>15</sup> “Understanding the State of Industrial Camps in Northern BC: A Background Paper.” Northern Health, October 2012. Accessed at [www.northernhealth.ca/Portals/0/About/NH\\_Reports/documents/2012%2010%2017\\_Ind\\_Camps\\_Background\\_P1V1Comb.pdf](http://www.northernhealth.ca/Portals/0/About/NH_Reports/documents/2012%2010%2017_Ind_Camps_Background_P1V1Comb.pdf).

<sup>16</sup> Parkins, J. R., and Angell, Angela C. “Linking Social Structure, Fragmentation, and Substance Abuse in a Resource-based Community.” *Community, Work & Family* 14(1), 2011.

*“Creating the right kind of workplace – a healthy, safe and productive environment – is key.”*

Creating the right kind of workplace – a healthy, safe and productive environment – is key. Critically, in the case of remote mines and other resource extraction locales, this extends to the 12 hours that workers are off-shift. Healthy workplaces are physical and social environments that support individual and organizational health. Employees will experience improved health, reduced work-related stress and illness, and an improved balance between their work and family obligations.<sup>17</sup> Thus, less psychological maladies such as anxiety or depression and their associated temptations of resorting to alcohol and substance abuse will occur.

Indeed, the ILO believes it’s an obligation. Where it is indicated that certain job situations may contribute to alcohol- and drug-related problems, employers should do what is reasonably practicable to identify and take appropriate preventive or remedial action. These steps can include restrictions or prohibitions on the possession and sale of alcohol on company premises<sup>18</sup> in addition to proper work environments and accommodations.

*“...the ‘best home away from home’... has proven to increase profitability, boost productivity, enhance morale, reduce turnover and improve safety – creating what Target Logistics defines as “The Economics of Comfort®.”*

To better understand the effect of providing such comfortable and high-quality workforce accommodations, compare living conditions in the above-referenced basic camps or in situations where employees are in rented rooms or motel rooms with what is offered in some state-of-the-art workforce lodges.

To make the “best home away from home,” Target Logistics provides high-quality nutrition, comfort, recreation, entertainment, fitness amenities, camaraderie, security, peace and quiet – all with zero tolerance for public intoxication, drugs and firearms. Together, this has proven to increase profitability, boost productivity, enhance morale, reduce turnover and improve safety – creating what Target Logistics defines as “The Economics of Comfort®.”

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<sup>17</sup> “Problematic Substance Use That Impacts the Workplace: A Step-by-Step Guide & Toolkit to Addressing It in Your Business/Organization.” Atlantic Canada Council on Addiction.

<sup>18</sup> “Management of Alcohol- and Drug-related Issues in the Workplace.” International Labour Office, Geneva 1996.

*“This type of personalized environment and a spirit of friendship help to reduce instances of depression among those who are prone to it by making them part of a community.”*

Workers enjoy 4,000 calories per day of four-star food 24/7; private rooms with individual temperature control; flat-screen TVs with DVD players; oversized towels; and The Hibernator Sleep System™, with a pillow-top mattress, high-thread-count sheets and overstuffed pillows. Off-the-clock social interaction, a state-of-the-art recreation and fitness center, an Internet café, a convenience store, conference rooms, and transportation to the job site round out the lodge’s luxury.<sup>19</sup> This type of personalized environment and a spirit of friendship help to reduce instances of depression among those who are prone to it by making them part of a community.

Playing a leadership role in offering high-quality accommodations is viewed as an effective component of these success measures because it helps retain workers who may struggle with the challenges of living in a remote location, away from home or family.<sup>20</sup>

## THE LONG-TERM FOCUS

*“Alcohol addiction and family support mechanisms to treat it are major issues in the North American oil, gas, mining and construction industries, and constant vigilance is needed to deal with its impacts.”*

Alcohol addiction and family support mechanisms to treat it are major issues in the North American oil, gas, mining and construction industries, and constant vigilance is needed to deal with its impacts. Studies have demonstrated that it is a constant challenge for employers. For example, a report by Shepell-fgi studied the problem in the Canadian oil and gas industry. It examined employee access to EAPs from 2006 through 2008 and found that abuse – alcohol in particular – is a chronic challenge in the industry’s labor force. The report pointed to a 481 percent increase in EAP access for alcohol abuse over the three-year period.<sup>21</sup> With strong industry growth since the report, especially in burgeoning remote locations where there is new shale oil and gas production, this is expected to continue.

World GDPs continue to grow, and fueling them are the resource providers that figure prominently: oil, gas and mining. They will drive growth in world energy production, led by booming shale oil and gas production in the United States and Canada. Near-term growth in liquefied natural gas (LNG) activity will soon accelerate the demand side of the equation for natural gas, with billions of cubic feet per day expected to be shipped around the world from North American facilities. Constructing the massive liquefaction plants and shipping terminals in remote locations, particularly on Canada’s Pacific coast and the U.S. Gulf of Mexico and Pacific coasts, will be needed, as will housing for workers.

<sup>19</sup> “The Economics of Comfort: Case Study by Target Logistics and Client.”

<sup>20</sup> “HR Trends and Insights: Workforce Conditions in Canada’s Bakken Oil Play.” Petroleum Human Resources Council of Canada, May 2013.

<sup>21</sup> “Health and Wellness Trends in the Oil and Gas Sector.” *Insights from The Shepell-fgi Research Group*, 2009.

*“By concentrating on superior housing, companies are going to drive up productivity and profitability through reduction in turnover, safety incidents and social ills.”*

Moreover, as existing conventional mines and oil fields deplete, resource companies are increasingly turning to more remote frontiers. The need for Fly-in Fly-Out camps and remote accommodations becomes more acute, and those companies not stepping up to offer the best will be at higher risk of losses due to alcohol and substance abuse. Those companies leading in benefits such as premium housing will emerge with the best efficiencies and profits. High levels of alcohol and substance abuse will exacerbate problems for those companies facing the aforementioned skilled labor shortages, racking up higher expenses on firms’ income statements. Too large, they directly diminish the return on investment and consequently shareholder value.

Important summary papers have been professionally written on the criticality of food, sleep and quality housing to worker efficiency at remote camps and how they impact a company’s sustainability<sup>22</sup> as well as their effect on recruitment and retention.<sup>23</sup> This paper shows it can be used as a tool for reduction of lost time and money attributable to alcohol and substance abuse.

## CALL TO ACTION

In summary, companies in the oil, gas, mining and construction industries need to face the problems of alcohol and substance abuse by employees both on and off the job. Many companies already have policies in place; if not, they should follow some of the aforementioned references and formulate an alcohol- and substance-abuse policy and implement it – to face and reduce the direct costs of such abuse.

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<sup>22</sup> For example, Rothaus, Richard. “Return on Sustainability: Workforce Housing for People, Planet and Profit.” Target Logistics white paper, August 2013; Rothstein, Nancy. “Optimizing Sleep for an Optimal Workforce in the Oil, Gas and Mining Industries.” Target Logistics white paper, October 2013.

<sup>23</sup> G. Chandler. “The Other 12 Hours: Workforce Housing as a Recruitment and Retention Tool in the North American Mining and Oil & Gas Industries.” Target Logistics White Paper, January 2014.

To help those who need it, employ an EAP – this will help those employees whose problems are recognized. To reduce incidences and the consequences of such abuse, challenge its leading causes. One in particular – socio-environmental – can be combated by making sure the workplace is welcoming, accommodating and safe. But significantly, for companies that require remote workforce camps, be sure the off-shift – the other 12 hours – are just as welcoming, accommodating and safe. Ensure provision of all the amenities that make a home away from home to reduce risks of loneliness and depression, which can lead to alcohol and substance abuse, and restrict or prohibit the availability and use of drugs and alcohol at camps and lodges. By concentrating on superior housing, companies are going to drive up productivity and profitability through reduction in turnover, safety incidents and social ills.

### **About the Author**

Graham Chandler is a full-time freelance writer, specializing in the oil, gas and mining industries, principally the business and technological aspects. He has published several hundred articles in magazines such as *Oilsands Review*, *Alberta Oil*, *Earth Explorer*, *Far North Oil & Gas* and dozens more. Other clients include industry organizations and companies, for which he has prepared advertorials, speeches, case studies, white papers, reports and brochures. He holds a BSc in physics, an MBA in finance and a PhD in archaeology. He served 17 years in the RCAF/Canadian Armed Forces, during which time he graduated in flight test engineering from the U.S. Naval Test Pilot School. He spent 10 years in corporate finance in the oil and gas centers of Calgary, Denver and Houston, attaining the position of vice president. When not writing resource-related stories, he contributes features to aviation magazines such as *Air & Space/Smithsonian* and *Canadian Skies* and archaeology and heritage stories to international magazines like *Saudi Aramco World*. He can be reached at [www.grahamchandler.ca](http://www.grahamchandler.ca).

### **About Target Logistics**

Target Logistics, an Algeco Scotsman company, is a global provider of workforce housing and one of the largest operators of turnkey solutions in North America. It operates in some of the world's most remote environments supporting oil, gas, mining and construction operations, government agencies, disaster relief and large-scale events with temporary workforce lodging, mobile crew camps and extended-stay hotels. Named by *Inc.* magazine in 2012 and 2013 as one of "America's Fastest Growing Private Companies," the company has administrative headquarters in Boston; operational headquarters in The Woodlands, TX; and offices in Williston, ND; Denver, CO; Edmonton, Alberta; and Sydney, Australia. Visit [www.TargetLogistics.net](http://www.TargetLogistics.net) or call (800) 832-4242.