

The Prospects for Employment from UK Shale Gas

Good evening Madam. I would like to address you on the subject of the prospects for employment associated with shale gas extraction. Whilst I understand that the employment prospects in production rather than just for these development wells are not directly relevant to this enquiry, observations have been made at length by the Chamber of Commerce as a Rule 6 party which do deserve some comment.

We know from the Environmental Statements ⁽¹⁾ submitted by ARUP for Cuadrilla that the likely total **direct** jobs **per development site** is 7 FTEs , and the total **direct, indirect and induced** employment will equate to just 11 for each site. Another 4 temporary FTE equivalents may be created by the associated monitoring processes.

The North West Chamber of Commerce have submitted a large volume of evidence about Aberdeen, but the creation of 26 new jobs across two sites, a large number of which are, according to the Arup Statement for cleaners and security guards, is hardly going to transform the Fylde into a new Aberdeen. Given reports in the Guardian ⁽²⁾ in January of oil workers showing up at Aberdeen food banks in Porsches bought on credit, maybe we should be glad about that.

We have heard that PR Marriot, Cuadrilla's drilling contractor, had to lay off their entire 36 man team ⁽³⁾ as a result of LCC refusing permission for these 2 applications, but the applications in question would, according to Arup's own submissions, have created only 18 direct jobs in total.

There is a lot of confusion here, apparently even amongst Cuadrilla's own witnesses, and we really need to keep focused on the facts.

Much has been made of various studies, many if not most funded by the industry (*although it appears that Ms Murphy was blissfully unaware of this fact as she gave evidence* ³). These have attempted to demonstrate the importance to UK-wide employment of a developed shale gas extraction industry.

PR Marriott's evidence to this inquiry puts direct rig based employment at about 36 FTEs per rig (⁴)

The Cuadrilla sponsored IoD "Getting Shale Gas Working" report (⁵) suggests that the UK shale gas industry would require just 4000 wells on 100 well pads.

The drilling schedule proposed by the IoD (⁵), for the whole of the UK, assumes that the drilling activity for these 100 well pads would last for just 16 years with an average rig count of 31 rigs in action at any one time and a peak rig count of 50 lasting for just 5 years.

From this we can logically deduce that **direct** pad-based employment **on average** in any year would be no more than approximately 1,125 FTEs and **direct peak** pad based employment would be about 1,800. Let's allow the same number for central / admin staff -which is undoubtedly generous.

These figures would give us direct FTE equivalent employment of around 2,250 **on average** over 16 years or 3,600 for the **5 peak years** identified in the IoD report.

The working 16+ population of just the West Lancashire area alone is about 425,000 (⁶) - the **average** direct employment figure calculated here for shale gas extraction **across the entire UK** would equate to half a percent of that West Lancashire figure. ... **0.5% percent**.

It follows therefore that it would be a gross exaggeration to suggest that a 100 well pad UK-wide industry could have a significant impact, in terms of direct employment, on the local economies which we fear may be forced to host it against their wishes.

Now, we must acknowledge the additional indirect and induced jobs that would also be generated. The ratio of indirect and induced to direct employment in Pennsylvania was assessed in the Regeneris report (⁷) as being in the order of 1 to 1.

That would suggest that the **total direct, indirect and induced** employment across the UK as a whole, created by these 100 well pads, might be 7,200 FTEs at **peak** for just 5 years and 4,500 FTEs **on average** over 16 years.

Compare this to the 27,000 jobs ⁽⁸⁾ already lost or under threat nationally because of the government's cuts in support to the solar industry alone. Compare this to the jobs that might be permanently lost in tourism and agriculture.

UK employment is about 31.3 million, so **peak** total shale gas-related employment might equate, **for just 5 years**, to approximately **two hundredths of 1 %** (0.02%) of total UK employment.

The claim that shale gas is going to have a significant employment impact on either a local or a national scale, at either a development or a production phase can simply not be substantiated, for all of the waffle about Aberdeen and fanciful studies involving optimistic multipliers.

I would respectfully ask you Madam to exercise due caution when presented with any arguments claiming that a shale gas industry will have a nationally or even locally significant positive impact on employment.

I would also ask you to balance the minimal and temporary positive impacts associated with fracking against the possible permanent negative impacts on industries including farming, dairies and, (as has been admitted during this Inquiry by Cuadrilla's witness, Mark Smith), tourism.

These temporary benefits also need to be balanced against potential significant negative impacts on the health and amenity value of local communities and the environment as a whole, and in particular on the issues on which this hearing is focused - landscape and traffic

On that basis Madam, I would ask you to reject this appeal.

1. http://www.cuadrillaresources.com/wp-content/uploads/2014/07/PNR_ES_Vol1_Environmental_Statement.pdf
and
http://cuadrillaresources.com/wp-content/uploads/2014/06/RW_ES_Vol-1_Environmental-Statement.pdf
 2. <http://www.theguardian.com/uk-news/2016/jan/23/aberdeen-once-rich-oil-city-now-relying-on-food-banks>
 3. <http://drillordrop.com/2016/02/18/live-updates-from-cuadrilla-fracking-inquiry-day-7-business/>
 4. <http://www.telegraph.co.uk/finance/newsbysector/energy/12130426/UK-shale-gas-explorers-await-green-light-to-frack.html>
 5. <http://www.iod.com/influencing/policy-papers/infrastructure/infrastructure-for-business-getting-shale-gas-working>
 6. <http://www3.lancashire.gov.uk/corporate/web/?Employment/47018>
 7. http://www.cuadrillaresources.com/wp-content/uploads/2012/02/Full_Report_Economic_Impact_of_Shale_Gas_14_Sept.pdf
- "for every 1 job supported directly through drilling activities in Pennsylvania, another 1 job is supported indirectly or through induced expenditure"*
8. <http://www.ukconstructionmedia.co.uk/news/government-policy-puts-solar-industry-27000-jobs-at-risk/>
 9. <http://ecowatch.com/2013/11/21/study-confirms-job-exaggerated-by-fracking-industry/>

John Hobson, Lytham, 22nd February 2016