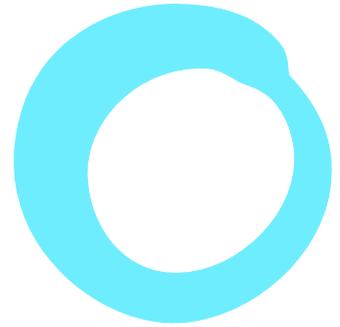


September 2014



How many jobs will fracking bring to Wales?

**cyfeillion
y ddaear
cymru
friends of
the earth
cymru**

Exploiting unconventional gas using fracking is unlikely to bring more than a few hundred jobs for people living in Wales. The jobs that arise will be low-skilled, low-paid, temporary jobs. Government has no idea of the potential impact of the unconventional gas industry on other jobs in Wales: in the renewables industry, in agriculture and in tourism, for example.

Employment in unconventional gas

The UK Government commissioned an Environmental Report¹ as part of its Strategic Environmental Assessment of the 14th Round of onshore oil and gas licencing. It is this round that will greatly expand the licenced areas in Wales to cover well over 50% of the population.

The report provides an estimate of the employment prospects for the unconventional gas industry across the UK:

“For unconventional oil and gas, at peak there could be between 16,000 and 32,000 jobs (direct, indirect and induced) created under the high activity scenario, and 2,500-5,000 for the low activity scenario. These will be in addition to those jobs created from existing licensed exploration and production activities”².

This period of maximum employment is assessed to be 4 years; either side of peak activity, the number of jobs in the ‘high activity’ is typically 11,000 to 22,000, for an additional 5 years³.

Of these jobs, 43% are in direct employment with developers or ‘first round suppliers’, 8% are jobs associated with ‘subsistence expenditure’ (B&Bs, cafes and so on), 25% are elsewhere in the supply chain, 11% are jobs ‘from induced impacts’ (via expenditure of employed staff⁴) and a further 13% are in the infrastructure sector⁵.

Assuming a pro-rata allocation of jobs for Wales⁶, we could expect between 800 and 1,600 jobs in Wales at the industry’s peak, for a period of 4 years. However, many of these jobs are specialist in nature, in an industry in which Wales has little expertise. If we assume that a similar proportion of jobs will go to people currently living in Wales as was the case in Lancashire⁷, at the industry’s peak we could expect 120 to 240 jobs for people resident in Wales.

These jobs would be principally in the non-specialist (and therefore not highly paid) sectors:

“pad preparation, security, some haulage activities... and... hotel and related expenditure on visiting workers”⁸.

So at the height of the unconventional gas industry in Wales, for a period of four years, we could expect a maximum of 240 low-wage jobs in security, manual labour, lorry driving and in the hospitality industry. The remaining 1,360 jobs – many of which involve significant industrial hazards⁹ – will be filled by people from outside Wales.

¹ AMEC report for DECC Oil and Gas Policy Unit, December 2013

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/273997/DECC_SEA_Environmental_Report.pdf

² ibid xx

³ ibid p66

⁴ ibid p83

⁵ ibid pp 67-68

⁶ This is likely to be a generous assumption given the very extensive expansion of licencing in England as compared to Wales

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/273997/DECC_SEA_Environmental_Report.pdf p84 “15% of jobs were sourced from within the local area” in Lancashire

⁸ ibid p84 One-third of expenditure will go overseas “due to mainly drilling and fracturing equipment and some specialist staff being sourced from abroad (mostly the US)”

⁹ Professor Rory O’Neill <http://www.hazards.org/oil/fracking.htm>

Negative employment impacts

Neither the UK Government nor the Welsh Government has conducted any research into the likely impact of the unconventional gas industry on jobs elsewhere in the economy, even though it is credible to suggest that the unconventional gas industry will have negative impacts on sectors of the economy.

Farmers are amongst the most vocal opponents of fracking in Australia¹⁰ and the USA¹¹, while the farming unions in the UK are also concerned that agricultural livelihoods could be adversely affected by the development of shale gas activity¹².

The Welsh Government brands Wales as a tourism destination of environmental appeal¹³. The development of unconventional gas in Wales could undermine this tourism brand. This would be particularly true for visitors who come from regions where unconventional gas activity has been banned, suspended, or has generated controversy and public criticism in some way, including the USA and much of mainland Europe¹⁴. This is besides the direct tourism impact of noise and air pollution, unconventional gas infrastructure, and considerable numbers of additional lorry movements.

Unconventional gas competes for investment funds with renewable energy. The idea that shale gas could be a 'transition fuel' to a low-carbon economy could delay or inhibit investment in the renewable solutions to our climate and energy crises. But if the shale gas revolution fails to deliver, *"by the time this is realized it could well be too late to revert to a solution to climate change based upon renewables"*¹⁵. The International Energy Agency has stated that exploitation of shale gas from fracking will *"stop renewable energy in its tracks"*¹⁶ if governments take no action.

But in answer to Friends of the Earth Cymru's request for any reports or research commissioned by the UK Government on the impact of the shale gas industry on other industries or sectors, the UK Government confirmed *"we have no information relevant to your request"*¹⁷. The Welsh Government's response to a similar request for information was *"we have no information that corresponds to your request"*¹⁸.

Neither the Welsh nor UK Governments have thought to investigate the potential impact on sectors that collectively employ in the region of 112,000 people in Wales¹⁹.

¹⁰ <http://www.ibtimes.com/not-just-america-australians-against-fracking-too-701575>

¹¹ <https://www.foodandwaterwatch.org/pressreleases/california-farmers-band-together-to-fight-fracking/>, <https://www.facebook.com/FarmersAgainstFracking>

¹² <http://www.nfuonline.com/science-environment/energy-and-renewables/shale-gas-nfu-policy-position/>

¹³ <http://www.visitwales.com/>

¹⁴ <http://www.independent.ie/regional/kerryman/news/gas-fracking-could-spell-disaster-for-tourism-27411529.html>

¹⁵ http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/bp0812_stevens.pdf p4

¹⁶ <http://www.theguardian.com/environment/2012/may/29/gas-boom-renewables-agency-warns>

¹⁷ <http://www.foe.co.uk/sites/default/files/downloads/shale-gas-impacts-46396.pdf>

¹⁸ <http://www.foe.co.uk/sites/default/files/downloads/shale-gas-impacts-wales-46397.pdf>

¹⁹ <https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Jobs/Whole-Workforce/WorkplaceEmployment-by-Industry-Area> Agriculture, forestry and fishing employs 35,600 in Wales, [http://www.wta.org.uk/creo_files/upload/main/wta_policy_document_201112_\(full\).pdf](http://www.wta.org.uk/creo_files/upload/main/wta_policy_document_201112_(full).pdf)

Conclusion

The idea that unconventional gas could be a big employer for the people of Wales is not borne out by the facts. Using generous assumptions, we would see around 200 jobs for a period of 4 years when the industry is at its peak. The jobs that arise will be low-skilled, low-paid, temporary jobs; high-paid, technical jobs will in all probability be brought in from elsewhere. In contrast, many thousands of jobs could be created by concentrating on energy efficiency and renewables²⁰.

Government has no idea of the potential impact of the shale gas industry on the tens of thousands of jobs in the renewables industry, in agriculture and in tourism.

Tourism employs 86,000 in Wales, <http://www.renewableuk.com/en/renewable-energy/communities-and-energy/wind-energy-charter/> Wind power employs around 600 in Wales

²⁰ http://www.foe.co.uk/sites/default/files/downloads/green_jobs_valleys.pdf