



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions, such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

Australia¹

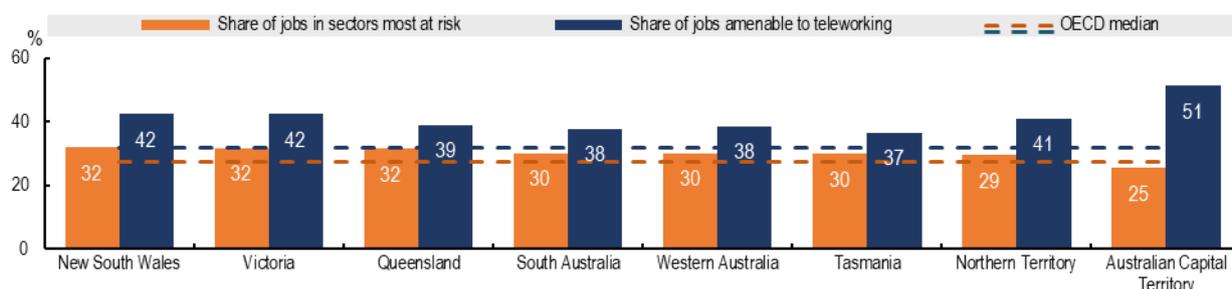
All states and territories in Australia except for the Australian Capital Territory had a higher share of jobs in the sectors most at risk from COVID-19 than the OECD median region.

In two-thirds of Australian sub-regions, the unemployment rate was higher in 2019 than it was in 2008.

Almost all sub-regions saw the share of middle-skill jobs decrease between 2006 and 2016. The share of middle-skilled jobs decreased by 5 percentage points or more in 8 sub-regions.

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: The share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017, or the latest available year. The share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

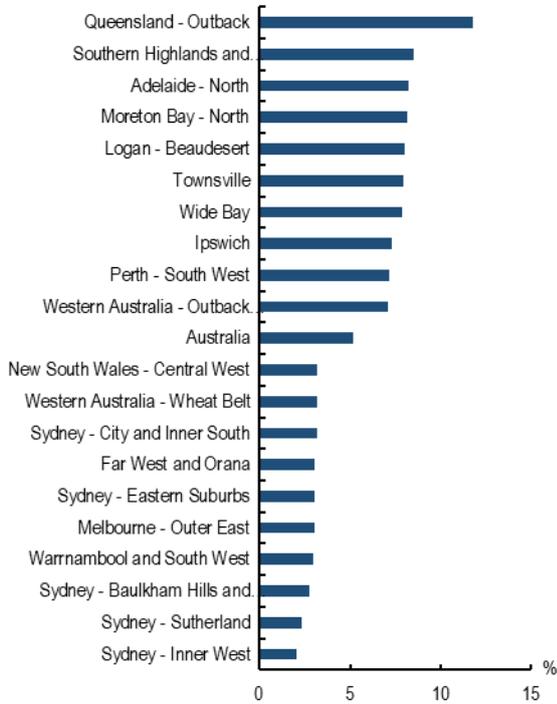
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Australia, disparities between states and territories are relatively small: the share of jobs in sectors most at risk ranges from 25% in the Australian Capital Territory to 32% in New South Wales, Victoria, and Queensland. All states and territories except for the Australian Capital Territory have a higher share of jobs at risk than the OECD median region.

While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in all states and territories is higher than the OECD median, but widespread teleworking is more feasible in some places than others. The share of jobs amenable to teleworking varies roughly 15 percentage points across states and territories, from 37% in Tasmania to 51% in the Australian Capital Territory.

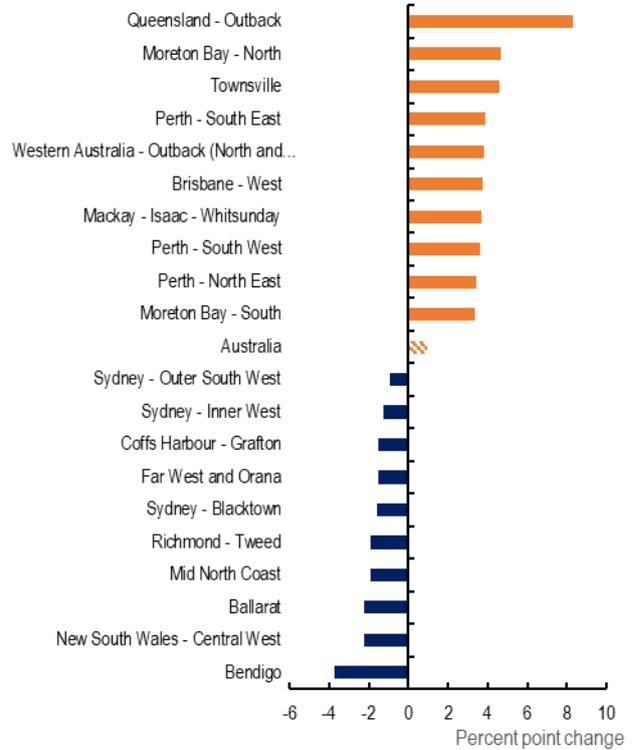
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Local labour market performance prior to COVID-19

**Unemployment rate, 2019
Best and worst performing 10 sub-regions**



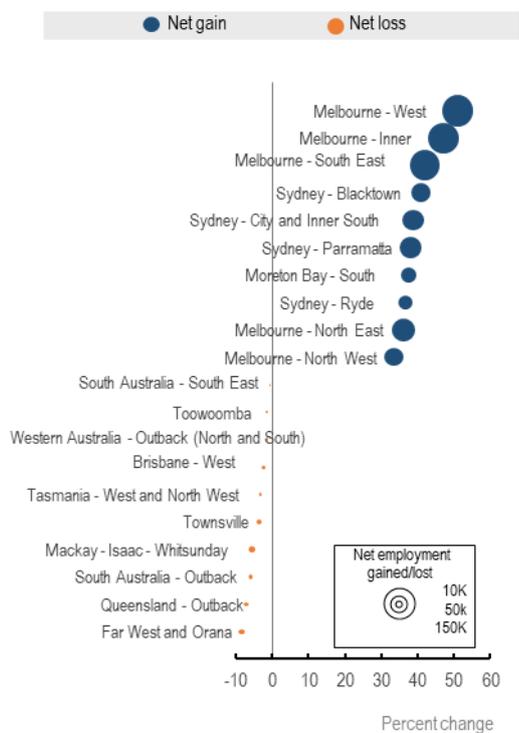
**Change in unemployment rate, 2008-2019
Best and worst performing 10 sub-regions**



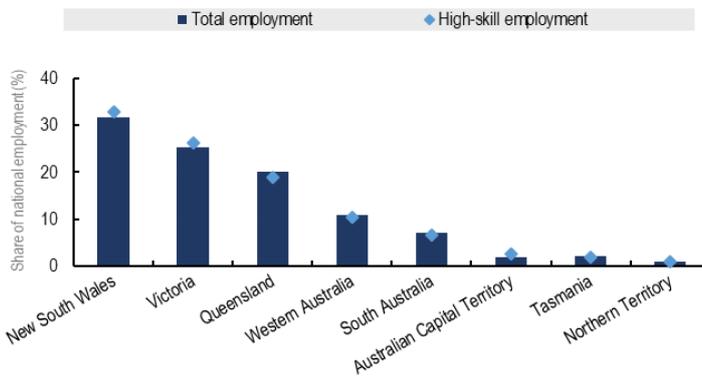
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15 years +.
Source: Australian Labour Force Survey.

Before the COVID-19 pandemic, the unemployment rate in Australia was just below the OECD average, but varied over five-fold across sub-regions, from a low of 2% in Sydney - Inner West to a high of 11.8% in Queensland – Outback in 2019. Only one-third of sub-regions had unemployment rates lower in 2019 than in 2008. Sub-regional gaps in unemployment also grew over this period, due to increasing unemployment rates in the worst performing sub-regions. In both 2008 and 2019, the unemployment rate in the best performing sub-region was around 2%. In 2019, the worst performing sub-region had an unemployment rate of 11.8% in 2019 (Queensland - Outback). In comparison, the worst performer in 2008 was the Mid North Coast, with an unemployment rate of 7.9%.

Change in net employment, 2008-2019, Best and worst performing 10 sub-regions



Employment by states and territories and skill level, 2016

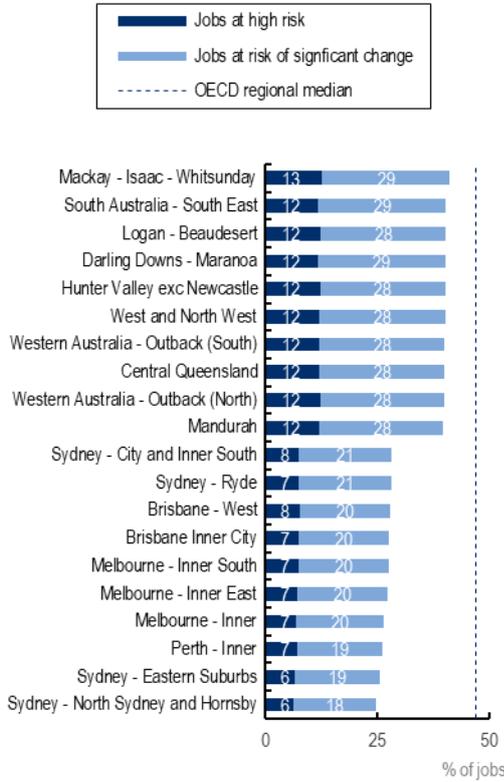


Source: OECD calculations on Australian Labour Force Survey and Census of Population and Housing.

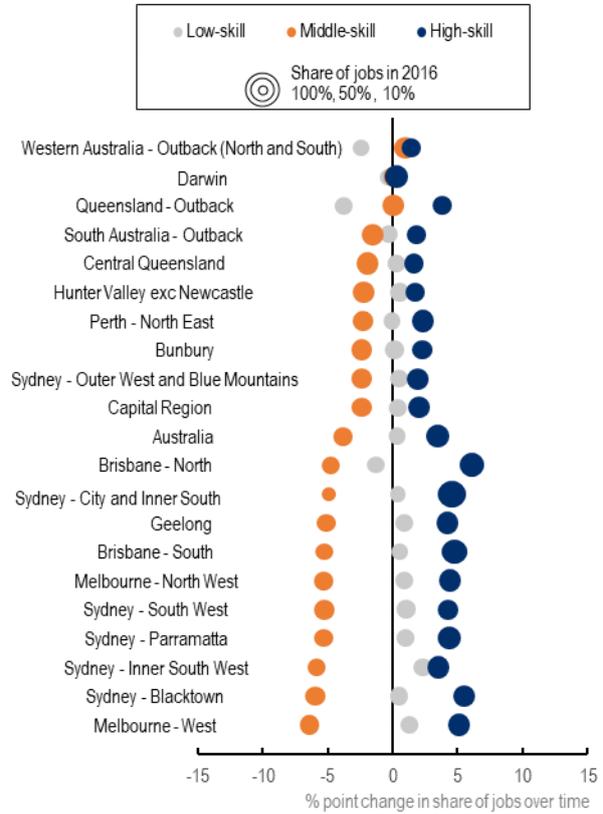
Between 2008 and 2019, the number of people employed grew in most sub-regions (76/87). Melbourne - West was responsible for 7% of net employment growth in Australia over this period. In 2016, New South Wales accounted for almost 33% of all employment in Australia, and roughly 32% of all high-skilled employment. Looking at the last decade, the geographic concentration of jobs in general (as measured by the number of people employed in each region) did not significantly change, but did increase for high-skilled jobs.²

Local labour market transitions

Share of jobs at risk of automation, 2016
Top and bottom 10 sub-regions



Job polarisation, 2006-2016
Top and bottom 10 sub-regions



Note: In Panel A “high risk” refers to the share of workers whose job faces a risk of automation of 70% or above. “Significant risk of change” reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, high-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations). Sub-regions are ranked based on the percent point change in middle-skill jobs.

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012) and Census of Population and Housing; Nedelkoska, L. and G. Quintini (2018), “Automation, skills use and training”, <https://doi.org/10.1787/2e2f4ee4-en>; and OECD (2020), *OECD Employment Outlook 2019: The Future of Work*, <https://doi.org/10.1787/9ee00155-en>.

COVID-19 will likely accelerate automation, putting additional pressure on places with relatively high shares of jobs at risk. All sub-regions in Australia had lower shares of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 25% in Sydney - North Sydney and Hornsby to 41% in Mackay - Isaac - Whitsunday.

Following general OECD patterns, in Australia, almost all sub-regions with available data (84/87) saw the share of middle-skill jobs decrease between 2006 and 2016. The share of middle-skilled jobs decreased by 5 percentage points or more in 8 sub-regions. In most of these places, the absolute number of middle-skill jobs grew over this period, albeit relatively less than for high- or low-skilled jobs. Only in Brisbane – South did the absolute number of middle-skill jobs decrease on net. In most sub-regions decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skilled jobs, although in Tasmania - West and North West, and Southern Highlands and Shoalhaven, the share of low-skill jobs grew relatively more (albeit only marginally).

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

	<i>Centralised, including branch offices of national ministry / agency</i>	In Australia, the Department of Education, Skills and Employment (DESE) is responsible for mainstream employment services. The policy and program settings for employment services are managed publicly at the national level, while, the services are delivered by contracted providers, who may be either for-profit or not-for-profit. DESE has a number of offices located in states and territories. Staff in these offices undertake a range of functions, including management of contracts with external organisations which deliver PES, intelligence gathering through employer liaison and contact with local stakeholders. Some states and territories also have their own labour market programs. For example, Jobs Victoria Employment Network (JVEN) is the Victorian Government's major activity to help Victorians facing barriers to employment into jobs
	<i>Decentralised to subnational governments</i>	
X	Fully outsourced or delivered through network of public, private, and/or non-profit providers	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

Notes

¹ Depending on data availability, data for Australia is presented either at the level of states and territories or at the sub-regional level, i.e. the Statistical Area Level 4 (SA4) as defined by the Australian Bureau of Statistics. Data for a number of SA4 sub-regions was excluded from the analysis when the number of observations was too small. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

² As this analysis is based on data from the Census of Population and Housing, it considers trends from 2006 to 2016.