



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](#).

Canada¹

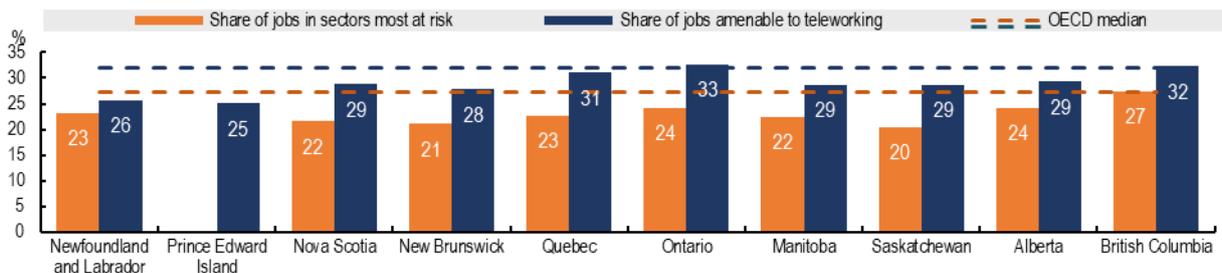
The share of jobs amenable to teleworking varies 8 percentage points across Canadian provinces.

A decade after the 2008 crisis, half of Canadian provinces still had unemployment rates higher than in 2008.

In all provinces, the share of middle-skill jobs declined between 2011 and 2018, but was mostly offset by growth in the share of high-skill jobs.

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: 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 latest available year. 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. Data was not available for share of jobs in sectors most at risk for Prince Edward Island.

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>.

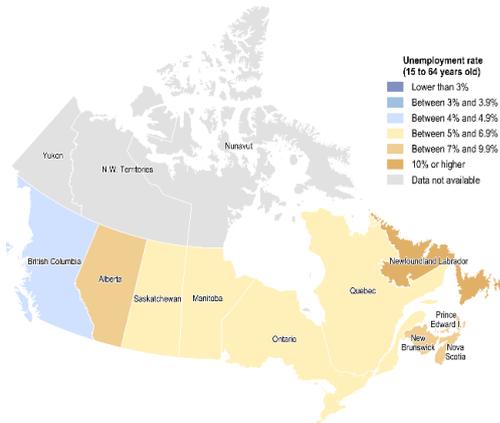
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Canada, disparities between provinces are relatively small: the share of jobs in sectors most at risk ranges from 20% in Saskatchewan to 27% in British Columbia. The share of jobs at risk is close to or below the OECD median region in all Canadian provinces.

While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. Only Ontario and British Columbia have slightly higher shares of jobs amenable to teleworking than the median OECD region, but widespread teleworking is more feasible in some provinces than others. The share of jobs amenable to teleworking varies roughly 8 percentage points across regions, from 25% in Prince Edward Island to 33% in Ontario.

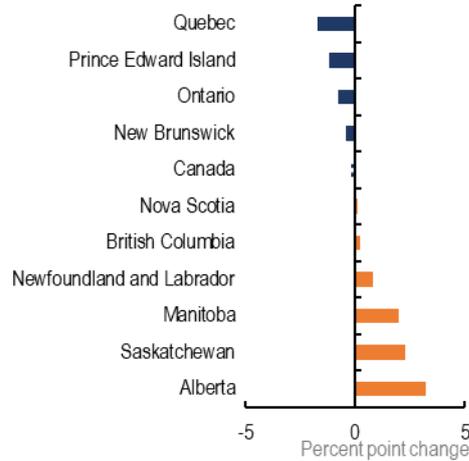
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Local labour market performance prior to COVID-19

Unemployment rate, 2019



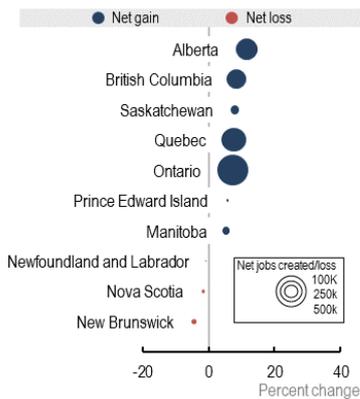
Change in unemployment rate, 2008-2018



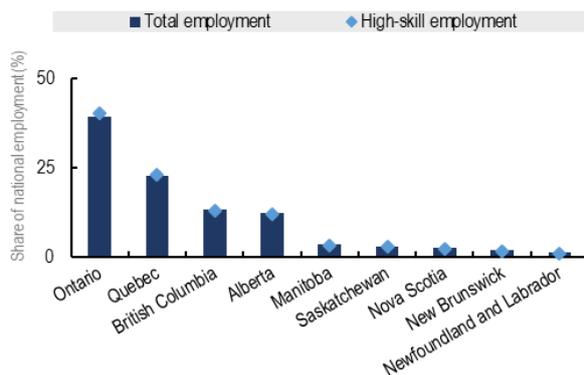
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
 Source: Statistics Canada, "Table 14-10-0327-01 Labour force characteristics by sex and detailed age group", annual, <https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1410032701>.

Before the COVID-19 pandemic, unemployment rates in Canada were generally close to the OECD average, but varied over two-fold across provinces. Rates ranged from a low of 4.8% in British Columbia to a high of 11.9% in Newfoundland and Labrador in 2019. Looking at the recovery in the ten years following the financial crisis, about half of provinces still had unemployment rates higher in 2018 than in 2008. Regional gaps in unemployment declined between 2008 and 2018, but not for good reasons: the gap decreased because of relatively larger increases in unemployment rates in the previously best performing provinces. For example, the unemployment rate increased by 3.1 percentage points in Alberta, which had the lowest unemployment rate in 2008.

Change in net employment, 2008-2018



Employment by region and skill level, 2018

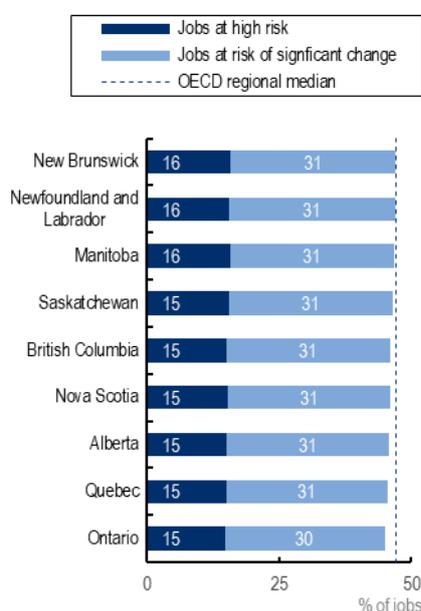


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>; OECD calculations on Labour Force Surveys.

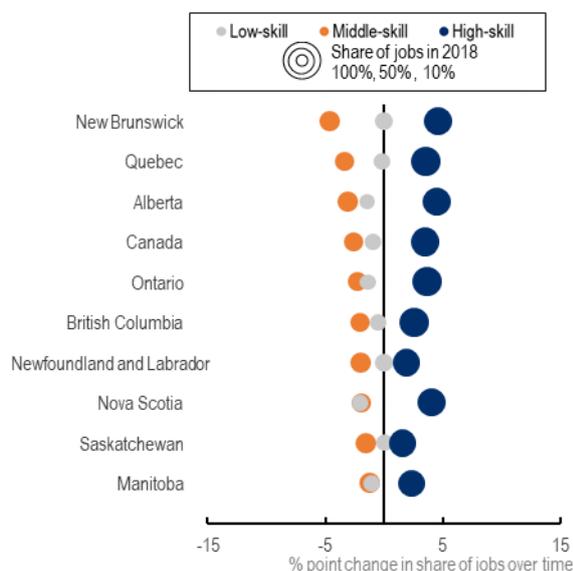
In all but three provinces, the number of people employed grew between 2008 and 2018. Ontario was responsible for almost 40% of net employment growth over this period, and in 2018, accounted for roughly 40% of all employment and 40% of high-skill employment.² Looking at roughly the last decade, the geographic concentration of jobs (as measured by the number of people employed) did not significantly change.³

Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2011-2018



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).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012); and Canadian Census and Labour Force surveys; Nedelkoska, L. and G. Quintini (2018), “Automation, skills use and training”, <https://doi.org/10.1787/2e2f4eeea-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 pressures on places with relatively high shares of jobs at risk. All provinces and territories in Canada, the share of jobs at high risk or risk of significant change from automation was near or below the median OECD region. Regional variations are fairly small in Canada compared to other OECD countries: the share of jobs at risk ranges from 45% in Ontario to 47% in New Brunswick. However, this can mask larger differences *within* provinces. For example, within British Columbia, there is an almost 15 percentage point difference between economic regions facing the highest risk and lowest risk (Northeast with 59%, and Vancouver Island and Coast with 45%).

Following general OECD patterns, all provinces saw the share of middle-skill jobs decrease between 2011 and 2018. The share of middle-skill jobs decreased by 3 percentage points or more in Alberta, Quebec, and New Brunswick. This is a net decrease of over 55 000 middle-skill jobs in Quebec, and 16 000 middle-skill jobs New Brunswick. In Alberta, the absolute number of middle-skill jobs actually increased on net, although relatively less than other types of jobs (e.g. 1 300 net new middle-skill jobs compared to over 200 000 new high-skill jobs). In all provinces, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs.

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.

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| | <i>Centralised, including branch offices of national ministry / agency</i> | <p>Each year, the Government of Canada provides provinces and territories with ongoing funding through the Labour Market Development Agreements and the new Workforce Development Agreements. These agreements enable provincial and territorial governments to offer a range of skills training and employment supports to help Canadians improve their skills and find and keep employment. Under these agreements, provinces and territories have the flexibility to design and deliver employment programming that meets the needs of their local labour markets.</p> <p>These transfers complement each other and allow workers across Canada to have access to training and supports to find and maintain employment. The Government of Canada works with provinces and territories to ensure this includes individuals from underrepresented groups such as persons with disabilities, women, youth and Indigenous peoples.</p> |
| X | Decentralised to subnational governments | |
| | <i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i> | |
| | <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 Yukon, Northwest Territories and Nunavut are excluded from this analysis because of limitations in available data. Prince Edward Island has also been excluded from some analysis due to data limitations.

² These figures should be interpreted alongside overall trends in population growth. For example, in Alberta, employment grew by 12%, while the resident population grew by nearly 20% over the same time period.

³ This analysis only considers the period of 2011-2018 because of a change in the national occupational classification (NOC) in 2011 for Canada.