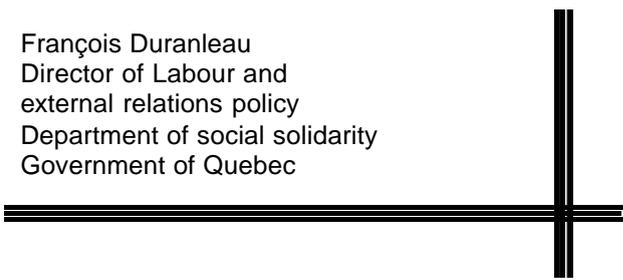


**Quebec's experience
in the development of
workplace learning**

Speech given at the OECD conference on
Lifelong Learning as an Affordable Investment
OTTAWA, December 6-8, 2000

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I invited here today to describe Quebec's experience in the very specific field of workplace learning, a field which is becoming of increasing interest to governments. Indeed, stiffer international competition and the growing importance being assigned to the knowledge-based economy are requiring governments to take labour skills very seriously. The workplace is therefore one of the best places for training.

This issue has been one of serious concern to the government of Quebec for twenty years. I shall briefly describe the history of what has happened in Quebec since the early 80s.

My paper will be in five parts:

- * Studies carried out during the 80s;
- * The introduction of a refundable tax credit for training;
- * The *Act to foster the development of manpower training*: objectives and features;
- * A summary of the first five years following the coming into effect of the Act;
- * A number of approaches to improve the impact of the Act.

Studies Conducted During the 80s

In 1982, the *Commission d'étude sur la formation des adultes* [Commission of enquiry on adult education] tabled a report that constituted an important stage in our awareness of the special nature of workplace training. This voluminous report, published under the title Apprendre : une action volontaire et responsable, and known as the Jean Commission, discussed all facets of adult education, including workplace training. A survey determined that only 15% of employers regularly contributed to a fund specifically assigned to training for their employees.

The Commission took the position that greater recognition ought to be assigned to "the training of working adults". Recommendations 390 to 396 place a requirement on employers, following the model of the *Delors Act*, which had been passed in France in 1971, to spend 1.5% of their total payroll on training personnel, in default of which there would be a penalty tax.

There was no follow-up action to the Jean Commission's specific recommendations on workplace training because of the recession that Canada went through from 1982 to 1984. After that, the Prime Minister's *Advisory Council on Adjustment* was established. In 1989, it released the report entitled Adjusting to Win, which became known as the DeGrandpré Report. The report recommended:

« d'imposer aux entreprises une obligation fiscale qui serait entièrement effacée si elles dispensaient une formation de base à leurs employés. L'objectif serait de promouvoir une éthique de formation et d'inciter les entreprises à prendre en charge l'obtention des compétences nouvelles et de plus en plus poussées dont elles ont besoin ».

This recommendation was also not acted upon. However, at the time, questions like these had arisen at international institutions and in other countries. For example, in 1988, Australia passed a similar act, called the *Training Guarantee Act*, which was based on the French experience. However, it was suspended in 1994 and afterwards rescinded.

The Introduction of a Training Tax Credit

In 1990, the government of Quebec, which remained convinced that it was necessary to do something to counter under-investment in labour development by employers, decided to make a training tax credit available to companies, beginning in 1991. This measure was part of a policy statement entitled "Pour un Québec compétent et compétitif". In its statement, the government of Quebec made it clear that it was determined to vigorously promote the tax credit in order to change employer behaviour towards training and to develop a lifelong learning culture in the workplace.

The training tax credit allowed small and medium-sized businesses with assets of less than \$25 million or equity of less than \$10 million to recover 40% of their eligible training expenses. Larger firms could claim 20% of their expenses. This incentive did not produce the desired results.

In 1990, the Quebec Department of Finance announced that it was prepared to spend up to \$100 million per year on the training tax credit. Things began more slowly, with only \$20 million in credits claimed in 1992. There was slow progress after this, but many felt that the measure was

inadequate from 1994 afterwards. It was further suspected that, in spite of its generosity, it was not really reaching small and medium-sized businesses. After a new government was elected in 1994, a more ambitious approach was put forward, in the form of an act that was largely based on the proposal made in 1989 in the De Grandpré Report, leading to the passage of the *Act to foster the development of manpower training*.

The Act to foster the development of manpower training: Objectives and Features

The Act, which was passed in June 1995, requires "every employer whose total payroll for a calendar year exceeds the amount fixed by regulation of the government is required to participate for that year in the development of manpower training by allotting an amount representing at least 1% of his total payroll to eligible training expenditure." These expenditures may be for the benefit of personnel, including apprentices, and may also be incurred for trainees or teachers undergoing refresher training in the workplace.

The Act has two specific objectives:

- * to improve manpower qualification
- * to generate increased investment in training through concerted action by the main players in the labour market.

There are also two implicit objectives:

- * the development in Quebec society of a lifelong learning culture
- * defining a different role for the State in relation to the world of workplace training.

I shall now discuss the main features of this act.

- * The Act only applies to companies whose total annual payroll is \$250,000 or over. Thus in 1998, over 30,000 companies had a financial obligation to spend the 1% in question. Approximately 85% of employed labour is covered by the Act.
- * The Act was implemented gradually over a three-year period. When it came fully into force in 1998, eligible expenditures totalled more than \$1 billion.

- * Implementation of the Act depends on the cooperation of several partners:
 - ◆ The Commission des partenaires du marché du travail, which includes representatives from employers, unions, communities, education networks and government departments with an economic role
 - ◆ Employment services to the public managed by Emploi-Québec
 - ◆ The Quebec Department of Revenue
 - ◆ Companies subject to the Act.

- * The costs of administering the Act will be self-financed by the employer contributions. The government thus does not contribute to administering the Act, except in minor respects.

- * Employers are free to discharge the obligation imposed upon them by the Act in any way they wish. They are also free to define their own training needs.

Since 1996, 85% of employers whose total payroll was in excess of \$1 million spent more than 1% on training. In 1998, in the first year they were subject to the Act, 65% of small employers complied with their obligations. From the quantitative standpoint, there was from the very outset a degree of success in meeting the objectives.

Employers who did not spend the amounts required under the Act had to pay the Department of revenue the equivalent of their training obligations. The funds collected by taxation, which were given to Emploi-Québec, became the Fonds national de formation de la main-d'œuvre [Quebec manpower training fund]. The uses to which the funds can be put is determined by the Commission des partenaires du marché du travail [labour market partners commission], which establishes an allocation plan that sets priorities on fund allocation.

Grants are paid to employers who submit projects that are consistent with the guidelines for fund allocation. Emploi-Québec is responsible for supporting project proponents in their efforts and for considering grant applications. The Commission is responsible for final decisions.

In 1998-1999, approximately \$15 million was shared by 418 projects. This year, the amounts committed could total \$50 million. Thus far, the members of the Commission only considered employers covered by the requirement to spend 1% of their total payroll on training their staff.

Summary of First Five Years of Implementation of the Act

As provided in the Act, a five-year report for the first five years, from 1995-2000, was tabled in the National Assembly in June. It was reviewed in a legislative commission in September. This process needs to be repeated every five years.

The process of evaluating the Act is continuing, and the government will soon have the results of an exhaustive survey conducted by the Institut de la statistique du Québec. Interviews have already indicated that the Act has had little impact on knowledge economy firms, for example, which spend money on training in any event. It further appears to have been little impact on major companies already spending more than 1% of their total payroll on training before the Act was passed.

It also had a lukewarm impact on small employers in the personal services sector, and on employers who generally use temporary or seasonal labour. Unlike the previous group, the latter tend to provide little training and to have a negative view of the Act. It must also be admitted that the Act has not had an impact on very small companies whose total payroll is below \$250,000 a year, or on Aboriginal workers.

Most employers fall between these two extremes, and, according to preliminary data, feel that the Act has more advantages than disadvantages. The same data indicate that:

- the higher the total payroll, the higher the percentage of employers who report having provided training
- proportionately more of the companies that spent 1% in 1998 had been providing training prior to the Act than companies that spent less than 1%
- the public sector regularly spends more than the private sector, both before and after the Act was passed
- a higher percentage of companies report having spent money on training in 1998 before the coming into effect of the Act and

a higher percentage of companies report having spent more on training in 1999 than in 1998.

Training expenditures can also be broken down between training outside the workplace, which accounts for 45% of all spending, and workplace training, which represents 55% of expenditures.

What are the main reasons that led employers to spend on training in 1998?

- 83% of employers mentioned that they had manpower problems, in the form of difficulty in recruiting qualified staff, high staff turnover or the need to increase skill levels to make it easier for staff to adjust to technological or organizational change.
- 45% of employers wanted to make the company more competitive or reduce losses caused by lack of familiarity with equipment or improper use thereof.
- 38% did so to comply with the Act or to meet a contract obligation or a quality standard (e.g. ISO).
- 24% did so to increase staff motivation or at the request of employees or their union.

A final word on the benefits that companies claim they received from spending on training. The survey indicated that over 75% of the companies noted the following changes: higher personal motivation among trained employees, increased ability of employees to adjust to change, better work climate and a reduced need for supervision or structure. These are highly impressive results that cannot be overlooked in terms of productivity gains.

Some Avenues to Explore to Improve the Impacts of the Act

The 1995-2000 five-year report, recently tabled in the National Assembly by the Minister responsible, Ms. Diane Lemieux, had a few suggestions:

- Reducing the regulatory burden

The statutes and regulations passed since 1995 are being reviewed, and an attempt is being made to look into ways of responding more effectively to the criticisms made by a number of employers.

- Emploi-Québec support to SMEs in identifying their needs

Employment services to the public administered by Emploi-Québec need to allocate more resources in support of small and medium-sized enterprises by identifying their employee training needs and developing training tools that are suited to their circumstances.

- System for recognizing learning and skills

From the qualitative standpoint, much remains to be done in workplace training. Even though the French Act was passed 30 years ago, very little has been done in terms of recognition for the training provided, according to a report submitted in 1999 by Ms. Nicole Péry, the Secretary of State for women's rights and occupational training. In Quebec, the Commission would like the Act to include provisions that would make it possible to establish a skills development and recognition system. This is an area that needs to be monitored closely.

- Joint continuing education/employment approach

The government of Quebec is currently working on the development of a continuing education policy. The Department of social solidarity is working together on this approach with the Department of education. This will be followed by a period of intensive consultation to make it possible to publicly discuss many of the questions raised in my presentation. Manpower skills development is no longer a matter for a single department, or indeed the government alone. It is a collective challenge that requires contributions from every part of society.

That concludes my comments. I wish to thank the organizers of the conference for the opportunity they gave me to speak to you, and I thank you for your attention.