July 8, 2026

PERSPECTIVES

EDUCATION AND WORKFORCE: FOR A MORE PRODUCTIVE AND EQUITABLE SOCIETY

Quebec's 1% Act at 30: What are its impacts and its future?

BENOIT DOSTIE
Full Professor, Department of Applied Economics,
HEC Montréal
CIRANO Researcher and Fellow

PHILIP MERRIGAN
Full Professor, Department of Economics,
ESG UQAM
CIRANO Researcher and Fellow

GENEVIÈVE DUFOUR
Director of Major Collaborative Projects,
CIRANO

The Act to Promote Workforce Skills Development and Recognition, also known as the 1% Act or the Skills Act, has been in existence for over 30 years. The Act, passed in 1995, currently requires employers with a total payroll exceeding $2 million to allocate at least one per cent of those funds to training. Its goal, broadly, is to improve the skills and qualifications of the workforce.

In a recent CIRANO study (Dostie et al., 2026), the authors analyze training policies in Quebec and other Canadian provinces using recent Statistics Canada data on employment-related training.

They examine the Act from a theoretical perspective and discuss what effects the Act has had on Quebec, and what it might mean for the provincial economy in the future.

The authors make clear that the 1% Act has had a substantial and positive effect on the likelihood of employers offering more training. They conclude that while the Act has had an influence on the amount of training reported by employers, it remains difficult to truly assess its effectiveness due to a lack of proper data.

The Act to Promote Workforce Skills Development and Recognition, also known as the 1% Act, aims to improve the qualifications and skills of the current and future workforces by investing in training. Employers, trade unions, community partners and the education sector all play a role in its implementation, including to help develop training methods and recognize worker skills.

Importantly, the Act requires any employer whose total payroll for a calendar year exceeds $2 million to contribute to the skills development of its workforce. They are required to allocate during the year at least one per cent of total payroll to training or skills recognition activities.

Businesses can invest in various types of external and in-house training, as well as other activities like mentoring and conferences. They are required to declare their training expenditures to the government (Revenu Québec), ensuring they comply with the Act. If an employer does not spend the entire one per cent, it must make up the difference by paying into the Workforce Skills Development and Recognition Fund.

The Act has been amended on several occasions to broaden what constitutes training. It has also placed greater emphasis on skills recognition and tried to reduce the administrative costs associated with the Act. This has translated into exempting small- and medium-sized enterprises from the Act and implementing measures to cut red tape. These amendments have also, for our purposes, reduced the information available on the Act's effects and completely removed a sub-group of enterprises that typically provide less training.

June 22, 1995	The *Act to Foster the Development of Manpower Training* is adopted Employers whose total annual payroll exceeds $250,000 are required to allocate at least one per cent of that payroll to eligible training expenditure If the employer fails to spend the minimum one per cent, they must pay the difference into the Workforce Skills Development and Recognition Fund
2004	The payroll threshold that is subject to the Act is raised from $250,000 or more to $1 million or more
2007-2008	The Act is renamed the *Act to Promote Workforce Skills Development and Recognition* The purpose of the Act is amended to place greater emphasis on qualifications and the recognition of skills Introduction of mechanisms such as certificates and attestations to formally recognize certain skills The Certificate of Quality for Training Initiatives is created: holders of this certificate are exempt from certain provisions of the Act Administrative adjustments are made, including related regulations, delegated powers and other measures
March 26, 2015	The threshold for compliance is increased from $1 million to $2 million
September 6, 2018	The Regulation on Eligible Training Expenditure is revised Amendments are made to the Regulation on Accreditation and Professional Conduct to ensure appropriate trainer accreditation Additional audits are introduced
October 27, 2023	The Act amending the Skills Act and its regulations is enacted. The Act is amended, effective January 1, 2024, and abolishes the obligation to submit the Declaration of Training Activities

Quebec has overtaken the other provinces in job-related training

We compared Quebec's performance in terms of training participation with that of the rest of Canada. We used new data from the Quality of Employment in Canada supplement to the Labour Force Survey (LFS) for November 2022 and November 2024.

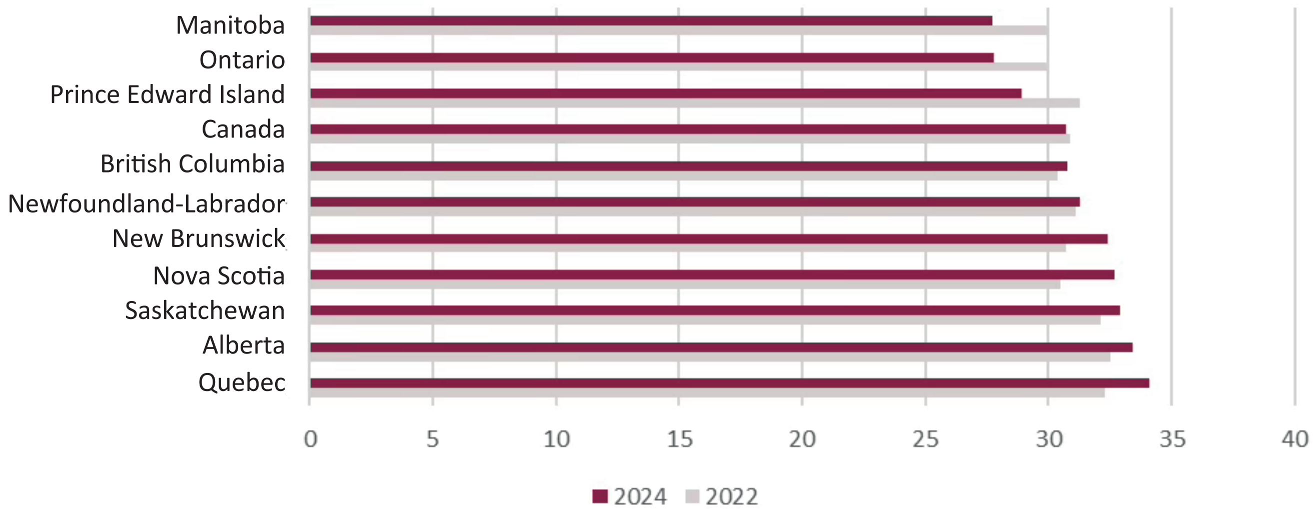
The LFS defines job-related training as a learning activity undertaken by the respondent in the last 12 months, with the aim of acquiring, maintaining or improving skills for their current job or professional career. The following activities are considered work-related training: courses provided by the employer; employer-funded training; professional development; workshops, seminars and work-related certifications; technical or compulsory training (safety, compliance, licences); and training undertaken on the respondent's own initiative if it is aimed at a job or career.

As shown in the first figure, in 2024, the level of participation by Quebec workers in job-related training was the highest in Canada at 34.1 per cent, compared with 30.7 per cent for Canada as a whole and 27.8 per cent for Ontario (which ranks second to last among the provinces).

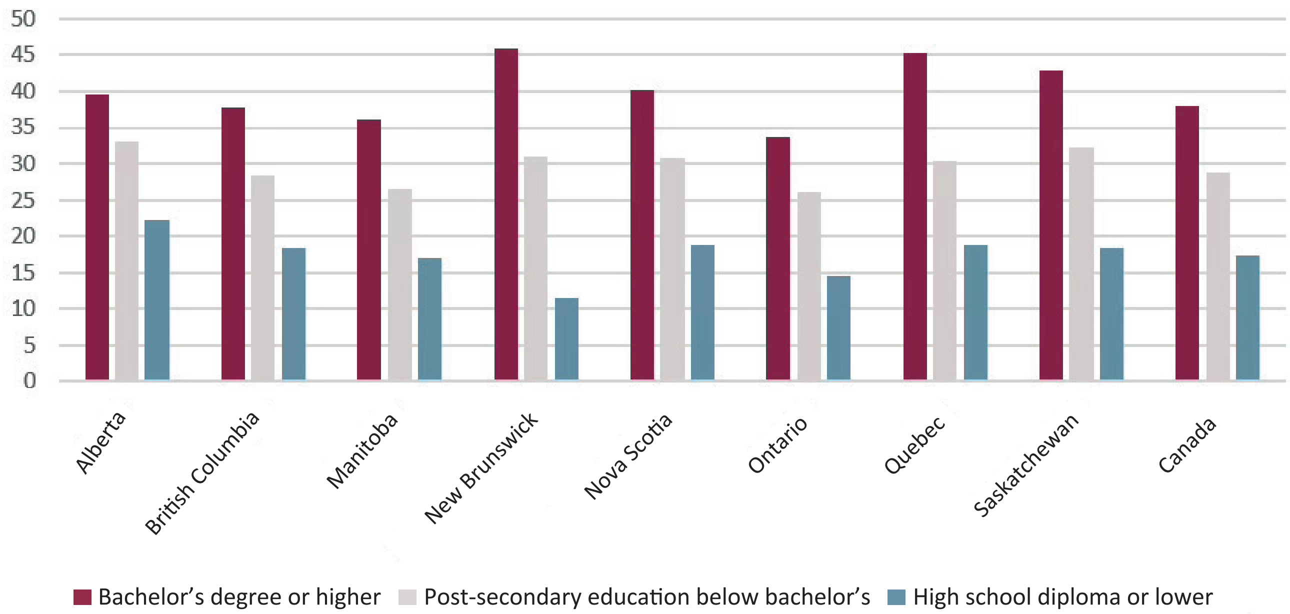
As expected, training levels are higher among those with the highest levels of education, as shown in the second figure. Workers in Quebec with a bachelor's degree are the most likely to undertake job-related training, compared to those with other levels of education in that province. When comparing Quebec with Canada as a whole, only New Brunswick has a higher rate—46 per cent compared with 45.4 per cent for Quebec—for this group. This over-representation of more highly educated workers in job-related training can be explained by the higher returns achieved by this category of worker.

Another interesting statistic concerns Alberta, where workers without a high school diploma have a higher level of work-related training than anywhere else in Canada, at a rate of 22 per cent compared with 17 per cent for the Canadian average. The rates for Ontario are significantly lower, particularly for those with a bachelor's degree.

With regard to the type of training measured by the LFS—which, incidentally, is very similar to the type of training mandated by the 1% Act—Quebec performs very well. The data suggest that the 1% Act has had an undeniable impact on the proportion of companies offering structured and formal training, and on the proportion of employees undertaking this type of training. It therefore appears that the Act has played a role in Quebec catching up and overtaking other provinces. However, this measure does not capture all types of training (e.g., informal training) and, at first glance, does not allow for definitive conclusions to be drawn regarding Quebec's overall participation in training.



Percentage of workers aged 25 to 64 who participated in job-related training in 2022 and 2024, by province
Source : Supplement on the Quality of Employment in Canada from the Labour Force Survey (LFS) of November 2022 and November 2024



Percentage of workers aged 25 to 64 who participated in job-related training by educational attainment in 2024, by province
Source : Canada's Quality of Employment Supplement to the Labour Force Survey (LFS) for November 2024

Train or pay

The Skills Act's "train or pay" mechanism mandates that any employer with an annual payroll over $2 million invest at least 1% of their total payroll into eligible employee training or remit the unspent difference to the government. It has been the subject of theoretical assessments in the economic literature. The main advantages and disadvantages are as follows:

Advantages:

1. The costs of implementing such an intervention are low for the State.
2. Responsibility for organizing training lies primarily with the employer, and the measure can be incorporated into the existing tax system.
3. Positive structural effects can emerge, by improving coordination among stakeholders within the training ecosystem.

Disadvantages:

1. It is difficult to monitor the quality of the training.
2. It is difficult to target specific sectors or groups of individuals, such as vulnerable workers.

A large number of workers would probably receive training even in the absence of the Act

An evaluation report based on data from the Survey on On-the-Job Training Practices in Quebec reveals that, in 2014, 85 per cent of companies with a payroll of $1–$2 million reported having provided training (Ministère de l'Emploi et de la Solidarité sociale [MESS], 2020). In 2018, 71 per cent of these companies reported offering training. However, companies with this level of payroll had not been subject to the Act until 2015. It is not known what proportion of companies still subject to the Act would have offered training even in the absence of the Act, but it is reasonable to assume that this proportion would be quite high.

There is a significant substitution effect between formal and informal training, which would reduce the actual impact of the Act on overall training levels

The Survey on On-the-Job Training Practices in Quebec data do not allow the type of training to be identified. However, data from the Workplace and Employee Survey (WES) distinguish between structured (formal or non-formal) and unstructured (informal) training.

Using data from the WES, Dostie (2015) examines the impact of the 2004 reform, which raised the threshold from $250,000 to $1 million. By treating that change as a natural experiment, he shows that firms no longer subject to the Act provide less of the type of training prescribed by the Act. However, he finds that the proportion of firms with a payroll between $250,000 and $1 million that offer informal training increases by 6.8 percentage points, and that the proportion of employees participating in informal training increases by between 3.7 and 10.9 percentage points. These results suggest a substitution between the two types of training.

Furthermore, workers in Quebec are more likely than those in the rest of Canada to cite formal training as their main source of skills development. Informal training methods are more prevalent in Quebec than in the rest of Canada (Dostie and Dufour, 2020). As far as formal training goes, the differences are smaller, with Quebec even leading in the category of "Other training undertaken outside the workplace."

These results suggest a certain degree of substitution between the two types of training—structured and informal—and that a proper understanding of the Act's impacts would require an analysis of participation in both types of training. Further research, using more recent data, would be needed to verify whether this finding regarding informal training remains valid in light of the changes made to the Act.

Although the 1% Act has an impact on the training levels reported by companies, it is difficult to assess its effectiveness

Although Dostie (2015) and MESS (2020) find that the 1% Act increases the levels of formal and structured training offered by companies, the effects of the Act on productivity in Quebec are unclear. This conclusion is based both on the lack of data regarding the Act's impact on the range of training programs used by firms and an absence of studies concerning the quality of those training programs and their effect on productivity. Those two issues depend heavily on the availability of adequate data. It is imperative to assess the quality of the training that companies provide as a result of the Act. In the absence of adequate data, such an assessment is not possible.

It would be important for the Act to gauge progress

In light of the findings from our analyses, an initial recommendation for potential amendments to the 1% Act is to incorporate mechanisms for monitoring progress and the achievement of objectives into the Act. Our analyses have led us to conclude that the Act has played a role in helping Quebec catch up to other provinces in terms of structured and formal training.

However, it would be essential to determine whether the ultimate objective of improving the skills and qualifications of the workforce is being achieved. This could be done by measuring the quality of training through its impact on wages or on business productivity. It would also be necessary to assess the Act's impact on overall training levels, taking into account the company's training portfolio, which includes informal training.

In its current form, the Act has certain limitations; alternative approaches could be considered

As previously discussed, a large proportion of the businesses currently subject to the Act would probably provide the required levels of training even in the absence of the Act. Smaller businesses, which provide less training, are not subject to the Act. These factors may contribute to less educated and older workers receiving less training. To better reach them, one possible avenue would be to lower the Act's applicability threshold by reverting to previous thresholds.

We would prefer to suggest alternative approaches, given the specific challenges faced by the smallest businesses, particularly in terms of technological and organizational changes. Certain programs recently implemented in other countries, such as Portugal (Martins, 2021) and Belgium (Konings and Putseys, 2026), show promise. We recommend examining the applicability of these programs to Quebec with a view to better reaching businesses and workers who are not covered by the current policy.

References

De Grip, A. (2024). The importance of informal learning at work. *IZA World of Labor* 2024: 162.

Dostie, B. (2015). Do Train-or-Pay. Schemes Really Increase Training Levels? *Industrial Relations: A Journal of Economy & Society* 54(2): 240-255.

Dostie, B., Dufour, G., & Merrigan, P. (2026). Étude rétrospective et prospective de la loi favorisant le développement et la reconnaissance des compétences de la main-d'œuvre (2026RP-08, Project Reports, CIRANO.)

Dostie, B., & Dufour, G. (2020). Transformation numérique et formation continue in N. de Marcellis-Warin and B. Dostie (Eds.). *Le Québec économique* 9. Perspectives et défis de la transformation numérique. (8, pp. 221-246). CIRANO

Konings, J. & A. Putseys, (2026), The impact of on-the-job training subsidies on firm-level outcomes: evidence from Flemish SMEs, *Small Business Economics*, 66, (3), 977-1003.

Martins, P.S. (2021). Employee training and firm performance: Evidence from ESF grant applications, *Labour Economics* 72: 102056.

Ministère de l'Emploi et de la Solidarité sociale (2020). Rapport d'évaluation de la mesure des effets escomptés de la loi favorisant le développement et la reconnaissance des compétences de la main-d'œuvre. Gouvernement du Québec, Secteur de la gouvernance et de la performance organisationnelle.

To cite this article:

Dostie, B., Dufour, G., & Merrigan, P. (2026). Quebec's 1% Act at 30: What are its impacts and its future? (2026PJ-12, PERSPECTIVES Journal, CIRANO.) https://doi.org/10.54932/BGVD6774

PERSPECTIVES is CIRANO's journal for the dissemination and valorization of research. Written in a format that is accessible to a wider audience, the articles in PERSPECTIVES provide visibility to the work and expertise of CIRANO's research community. As with all CIRANO publications, the articles are based on a rigorously documented analysis by CIRANO researchers and Fellows.

The articles published in PERSPECTIVES are the sole responsibility of their authors.

ISSN 2563-7258 (online version)

Director of the journal:
Nathalie de Marcellis-Warin, Chief executive officer
Chief editor:
Carole Vincent, Director of knowledge mobilization

www.cirano.qc.ca