

**THE QUÉBEC
ECONOMIC PLAN**

March 2018

Employment

BUDGET 2018-2019

Meeting Labour Market Challenges

Québec 



Budget 2018-2019
Employment: Meeting Labour Market Challenges

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HIGHLIGHTS

From May 2014 to February 2018, 222 600 jobs were created in Québec. The Québec economy is on track to reach the job creation target set at 250 000 over five years. In 2017 alone, 90 200 new jobs, on average, were recorded as compared to 2016, and the unemployment rate in Québec dropped to 6.1%. This is the lowest rate observed on an annual basis since 1976. These results are evidence of the significant economic gains that occurred during this period.

In the coming years, Québec's economic growth will be largely attributable to the labour market's ability to adapt to workers' and employers' needs and to address the challenges that come with demographic changes and the swift development of new technologies.

In this regard, the Québec Economic Plan led to strategic employment-generating measures to be implemented, which had tangible results. Since June 2014, nearly \$1.2 billion dollars have been invested to support workers and employers and to improve training.

To continue in this vein and support the economic and social transformation, the March 2018 Québec Economic Plan provides for \$810 million in additional investments, which will fall within the framework of the 2018-2023 National Labour Strategy. These additional measures will bring the announced total to nearly \$2 billion to meet labour market challenges.

The 2018-2023 National Labour Strategy will provide a framework for the government's actions to foster the labour market. To that end, the government has made significant commitments to improve its way of doing things, in an effort to quickly achieve tangible results, and improve the quality of life of Quebecers.

The Strategy will allow the government to continue with the actions already implemented and to effect new initiatives. The 2018-2023 National Labour Strategy details will be announced in spring 2018.

TABLE 1

Financial impact of measures to meet labour market challenges under the Québec Economic Plan (millions of dollars)

	Total by 2022-2023
June 2014 Plan for Québec Economic Recovery	-141.1
March 2015 Québec Economic Plan	-440.7
March 2016 Québec Economic Plan	-310.5
March 2017 Québec Economic Plan	-288.8
Subtotal	-1 181.1
March 2018 Québec Economic Plan	-810.0
TOTAL	-1 991.1

TABLE 2

Summary of new measures to meet labour market challenges under the March 2018 Québec Economic Plan

Better understand current and future labour needs

- Improve understanding of labour needs in all regions
 - Promote and enhance the status of jobs that are in demand
-

Develop a sufficient labour force

- Immigrants
 - Improve wage subsidy programs for immigrants
 - Promote integration of newcomers and visible or ethnic minorities in the public service
 - Increase the francization service offer
 - Foster prospecting and recruiting of foreign workers and students
 - Promote employment integration for immigrants
 - Experienced workers
 - Improve the tax credit for experienced workers
 - Support experienced individuals who are looking for work
 - Integration and retention of a greater number of workers
 - Promote the integration of persons with a disability in the labour market
 - Support business groups in their hiring procedures
 - Improve programs offered by Emploi-Québec
 - Implement a new mentoring program and networking activities for women in male-dominated jobs
-

Develop a qualified labour force

- Better adapt the training offer to meet labour market needs
 - Increase the graduation rate in fields in demand
 - Improve support for college technology transfer centres, namely to apply the “trial” approach to training
 - Allow greater flexibility in the training offer in rural areas
 - Improve the short-term training program favouring Commission des partenaires du marché du travail internships
 - Improve tax credit for on-the-job training periods
 - Develop the continuing education offer
 - Introduce a new tax credit to encourage qualifying training for workers employed in SMBs
-

Adapt working environments

- Promote physical activity in the workplace
-

Rendez-vous national sur la main-d'œuvre

In February 2017, the government held the Rendez-vous national sur la main-d'œuvre, where numerous labour market representatives gathered. The Rendez-vous was an opportunity to take stock of the current labour force situation.

It also helped to establish the major governmental guidelines to properly prepare the current and future labour force to meet the needs of tomorrow's labour market, as well as the new economic realities associated with innovation, digital technologies and globalization.

- Potential avenues were identified on the basis of discussions held during the Rendez-vous national sur la main-d'œuvre, some of which were already implemented as part of the March 2017 Québec Economic Plan.

Results of the Rendez-vous national sur la main-d'œuvre

The Rendez-vous served to introduce the deployment the 2018-2023 National Labour Strategy, which will include enhancing and pursuing the initiatives that the government launched in recent years.

- The guidelines and measures that will be unveiled within the framework of the Strategy will stem mainly from the findings and courses of action that resulted from the Rendez-vous.

The initiatives unveiled in the Québec Economic Plan will fall within the framework of the future 2018-2023 National Labour Strategy, which the Minister of Employment and Social Solidarity will announce in the spring of 2018.

1. MAINTAINING A BALANCED AND HIGH-PERFORMANCE LABOUR MARKET

1.1 A labour market working at full strength

Historically speaking, the Québec labour market is in a very desirable position, a significant change from periods when Québec had to deal with labour underutilization and high unemployment rates.

This demonstrates the ability of Québec’s economy to mobilize companies and workers, and to leverage its assets in an effort to achieve greater prosperity.

□ 222 600 jobs created since May 2014

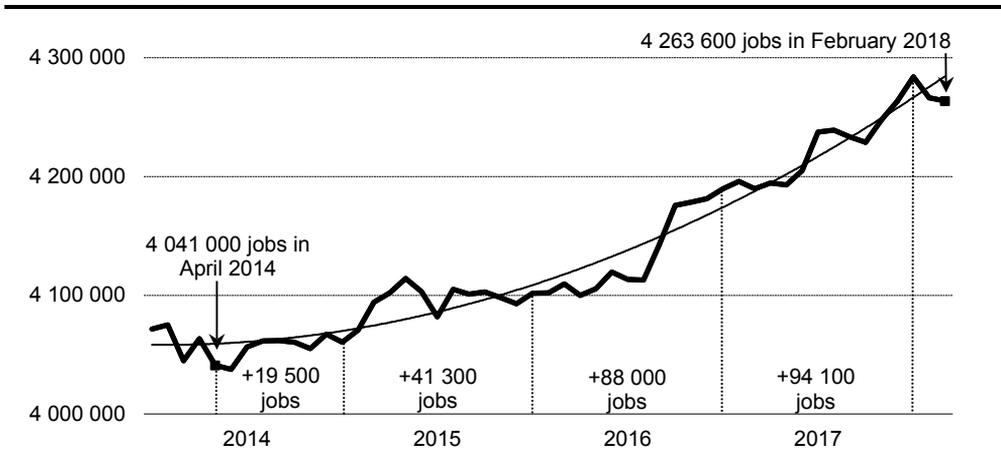
From May 2014 to February 2018, 222 600 jobs were created in Québec, including 151 200 new jobs in the private sector.

— Furthermore, part-time jobs were replaced with full-time jobs. In fact, during the same period, 240 600 full-time jobs were created.

In February 2018, there were nearly 4.3 million jobs in Québec.

CHART 1

Changes in employment in Québec
(number of jobs)



Sources: Statistics Canada and Ministère des Finances du Québec.

❑ A historically low unemployment rate

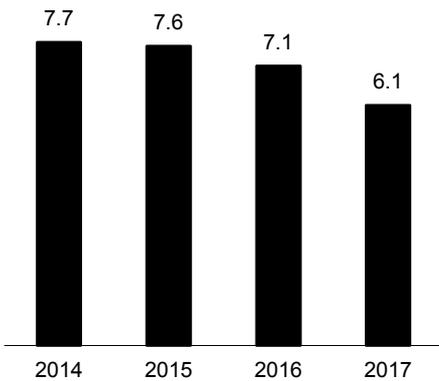
The unemployment rate has dramatically fallen in recent years, from 7.7% in 2014 to 6.1% in 2017.

The strength of the Québec economy has also significantly increased the employment rate for people aged 15 to 64, the main labour pool, reaching a record high of 74.8% in 2017.

CHART 2

Unemployment rate in Québec

(per cent)

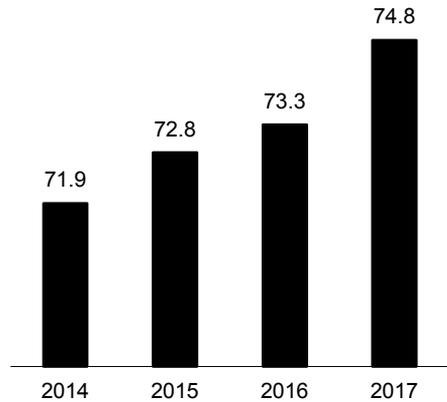


Source: Statistics Canada.

CHART 3

Employment rate of people aged 15 to 64 in Québec

(per cent)



Source: Statistics Canada.

2017: An exceptional year for the Québec labour market

The strengthening of the economic activity observed in Québec is reflected in the evolution of the labour market, which experienced exceptional results.

In 2017, the Québec economy recorded an average gain of 90 200 jobs, compared to 2016. Of these jobs:

- 65 400 were full-time positions;
- 48 500 were new positions in the private sector.

In 2017, the unemployment rate fell to 6.1%, an annual record since Statistics Canada introduced the Labour Force Survey in 1976.

In December of 2017, the rate in Québec plummeted to 5.0%, a record monthly low.

❑ Québec: a champion in labour market participation

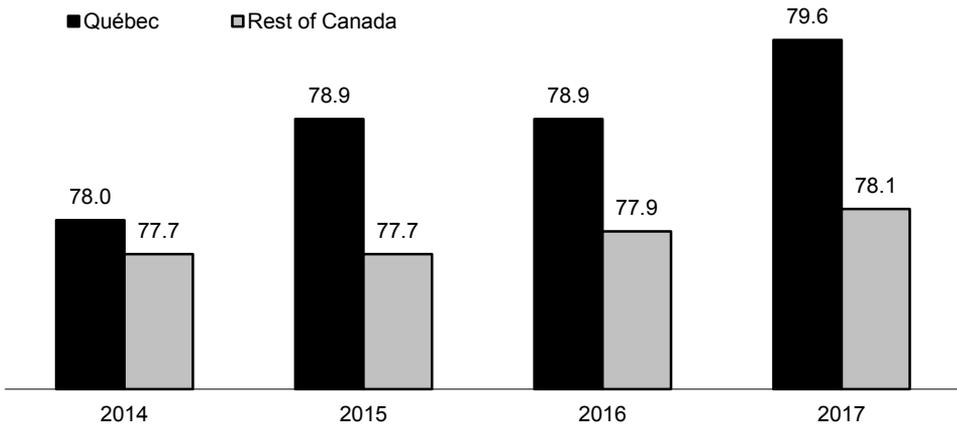
The participation rate, which takes into account people who have a job as well as those that are looking for work, has risen considerably since 2014.

In terms of labour market participation, Québec distinguished itself by exceeding the average of the rest of Canada.

— The participation rate of people aged 15 to 64 in Québec has progressed in recent years, going from 78.0% in 2014 to 79.6% in 2017. The rates for the rest of Canada for the same years were 77.7% and 78.1%.

CHART 4

Participation rate of people aged 15 to 64 in Québec and the rest of Canada (per cent)



Note: The participation rate corresponds to the active population in proportion to the total population.
Source: Statistics Canada.

1.2 Labour market challenges

The growth of the economy, combined with accelerating technological advances, leads to significant changes in the labour market.

These changes represent wonderful opportunities for Québec's economic development. However, they also present challenges with regard to having a sufficient and qualified labour force available to fulfil companies' needs in all regions.

Québec is also facing the phenomenon of an aging population. This is why the government will support both workers and businesses in transforming the economy.

❑ New technologies and jobs of the future

Rapid technological advances in automation, digital technology and artificial intelligence, among others, are creating challenges in terms of recruitment and labour force skills development. These new technologies have already led to a significant change in the labour market.

The speed at which these technologies are being rolled out is also expected to increase in the coming decades, which will significantly impact the skills and qualifications that workers will need to ensure they reach their fullest potential.

Thus, special attention must be paid to jobs for which availability of a qualified labour force is a major issue. Furthermore, current workers will need to be able to count on adapted training to support them throughout their careers.

❑ Demographic changes

The demographic changes in Québec's active population, which is characterized particularly by a large number of workers who have retired, presents a challenge in terms of labour force availability.

Preventing recruitment difficulties is a priority for ensuring that all regions of Québec reach their full potential for economic development.

To that end, the key to success resides in the ability to mobilize all available labour pools, namely by increasing the labour market participation rate of people who are part of under-represented groups.

Québec is also characterized by many SMBs that often lack expertise in human resources management. For employers, the new labour market reality presents significant challenges in recruiting and retaining workers. They will therefore be given support.

Economic growth based on improvement of the employment rate and increase in productivity

Québec is facing an aging demographic, which will have an impact on the economy and public finances.

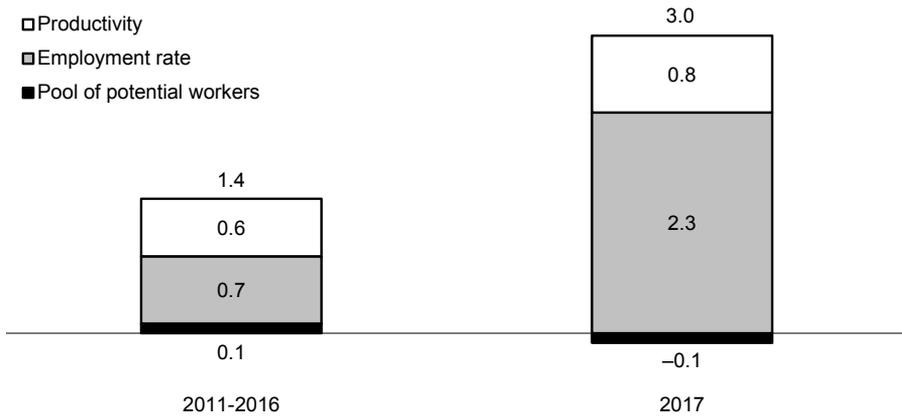
The aging population in Québec is such that demography is no longer contributing to real GDP growth.

- After having positively contributed to economic growth by an annual average of 0.1 percentage point from 2011 to 2016, the decrease in the labour pool lowered real GDP growth by 0.1 percentage point in 2017.

In this context, the improved employment rate and increase in productivity, primarily through employee training, will be factors that will support Québec's economic growth in the coming years.

Factors' contribution to Québec's economic growth

(average annual percentage change and contribution in percentage points)



Note: The top figures show the average annual economic growth per cent.

Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

1.3 Labour market development priorities

The Rendez-vous national sur la main-d'œuvre allowed the establishment of priority actions for developing a sufficient and qualified labour force and for meeting the challenges facing the labour market. Based on the conclusions drawn and courses of action raised during the Rendez-vous, the Québec Economic Plan proposes actions focusing on:

- better understanding current and future labour needs, particularly in rural areas;
- supporting greater integration of people into the labour market through immigration and increased participation of people who are further away from the labour market;
- promoting skills development to improve productivity and take advantage of future processes and technological changes;
- offering work environments that support a better quality of life.

Better understanding of needs

In order to clearly identify the actions that will indeed help meet labour market challenges, it is important to better understand current and future labour needs.

It is thus critical to have comprehensive and up-to-date information to be able to discern the factors that will dictate which actions to take and make it possible to adapt to those needs.

This information must be adequately distributed so that employers are well aware of the issues and possibilities, and that workers are properly informed, particularly with regard to jobs that are in demand.

Greater integration into the labour market

Immigrants represent a significant labour pool for fulfilling current and future labour market needs, in every economic sector and region in Québec.

- In recent years, total immigration has been the main source of employment growth.

The measures implemented should therefore focus on accelerating immigrants' integration into the labour market.

Furthermore, contributions from some groups of people could be increased to better meet labour market needs. Labour needs will be felt in all sectors and all types of jobs.

❑ **Training and skills development**

With the changing labour market, workers of today and tomorrow must have the tools they need to be well trained and skilled to meet the needs of employers.

— Adequate training programs must be offered in every region of Québec, based on the specific needs of the labour market.

Skills development must be continuous and adapted to the various stages of a worker's career. Training and development programs must therefore be applied in a flexible and efficient manner to foster greater participation as well as greater success for those who participate in them.

❑ **Better-suited work environments**

A positive workplace supports professional growth and organizational performance.

In this sense, offering welcoming and well-suited working environments ensures better integration into the labour market and a higher employee retention rate.

In addition, participating in a sport is a mean of prevention that can save money for employers and the health system.

2. \$810 MILLION TO MEET LABOUR MARKET CHALLENGES

Québec's recent labour market advance is a sign of economic prosperity and wealth creation. This situation, however, presents significant challenges in terms of maintaining a sufficient and qualified labour force to meet the needs of the various economic sectors.

In that regard, the initiatives introduced in recent years have had conclusive results.

To step up the government's efforts, the March 2018 Québec Economic Plan provides for an additional \$810 million for the labour force, allocated as follows:

- \$24 million to better understand current and future labour force needs;
- \$445.5 million to develop a sufficient labour force;
- \$277.5 million to develop a qualified labour force;
- \$63 million to adapt working environments.

TABLE 3

Financial impact of measures to meet labour market challenges (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Better understand current and future labour force needs	—	-4.0	-5.0	-5.0	-5.0	-5.0	-24.0
Develop a sufficient labour force	-29.9	-70.6	-83.4	-85.6	-87.2	-88.8	-445.5
Develop a qualified labour force	-20.0	-28.6	-46.1	-58.6	-61.5	-62.7	-277.5
Adapt working environments	—	-3.0	-15.0	-15.0	-15.0	-15.0	-63.0
TOTAL	-49.9	-106.2	-149.5	-164.2	-168.7	-171.5	-810.0

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

❑ Commitments supporting the labour market

The government is taking measures to meet workers' and businesses' employment needs. To that end, three significant commitments were made:

- implement, beginning in the fall of 2018, a more agile process for the review and development of vocational and technical studies programs;
 - Thus, once the need for training has been well-established between partners, the studies program design and production phase will be concluded within a maximum of 18 months, which will enable teaching establishments to more quickly offer the training.
- implement, in 2018, a new system for immigration application intake and processing under the Regular Skilled Worker Program;
 - With this new system, people will declare their interest in immigrating to Québec. If their declaration of interest meets the established criteria, they will be invited to fill out an immigration application.
 - This new system will significantly decrease the application processing times in this program. Thus, the timeframe for issuing a Québec selection certificate will be reduced to six months for regular files processed in the declaration of interest system.
- annually provide support by Emploi-Québec to more than 15 000 businesses and more than 150 000 individuals in an employment integration process.

These commitments will be part of the initiatives presented with the unveiling of the 2018-2023 National Labour Strategy, planned for spring 2018.

2.1 Better understanding current and future labour force needs

In order to clearly identify the actions that will indeed help meet labour market challenges, it is important to better understand current and future labour needs, particularly in rural areas.

To this end, the March 2018 Québec Economic Plan provides for measures totalling \$24 million to:

- improve understanding of labour needs in all regions;
- promote and enhance the status of jobs that are in demand.

TABLE 4

Financial impact of measures to better understand current and future labour force needs (millions of dollars)

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Improve understanding of labour needs in all regions ⁽¹⁾	—	-3.5	-4.5	-4.5	-4.5	-4.5	-21.5
Promote and enhance the status of jobs that are in demand ⁽¹⁾	—	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
TOTAL	—	-4.0	-5.0	-5.0	-5.0	-5.0	-24.0

(1) Additional appropriations will be granted as of 2018-2019 to ensure funding for this initiative.

2.1.1 Improving understanding of labour needs in all regions

The Québec labour market is constantly evolving. In order to better adapt support programs to workers and employers, the March 2018 Québec Economic Plan provides for \$21.5 million to:

- monitor the state of the labour market and the jobs and skills of the future;
- conduct new studies to quickly target the jobs for which recruiting problems are emerging;
- increase the Labour Force Survey (LFS) sample size to more accurately monitor regional labour market changes and more readily take action with the various clienteles.

These initiatives will enable Emploi-Québec to more quickly structure its actions in order to improve labour market effectiveness together with its partners.

To that end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

2.1.2 Promoting and enhancing jobs that are in demand

Current and prospective workers are often unaware of the career prospects in promising sectors. Better targeted promotion of these jobs is necessary to obtain a better balance between labour force supply and demand.

In order to guide available workers and youth toward jobs that are in demand, the Ministère du Travail, de l'Emploi et de la Solidarité sociale plans to launch the Carrefour de l'emploi et de la formation.

The Carrefour will combine, in a single location:

- a “Job” space for workers and employers, which will provide information regarding employment measures and services;
- a new information tool on the labour market and the training offered to guide youth toward jobs that are in demand.

To that end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

2.2 Developing a sufficient labour force

The economic growth is resulting in increased employment needs. To develop a sufficient labour force, the March 2018 Québec Economic Plan provides for an additional \$445.5 million for initiatives to:

- engage the full participation of immigrants in the labour market;
- improve the tax credit for experienced workers and support experienced individuals looking for work;
- foster the integration and retention of a greater number of workers.

TABLE 5

Financial impact of measures to develop a sufficient labour force
(millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Engage the full participation of immigrants in the labour market	-28.1	-25.4	-32.4	-34.0	-35.0	-36.0	-190.9
Improve the tax credit for experienced workers and support experienced individuals looking for work	—	-36.6	-39.8	-40.4	-41.0	-41.6	-199.4
Foster the integration and retention of a greater number of workers	-1.8	-8.6	-11.2	-11.2	-11.2	-11.2	-55.2
TOTAL	-29.9	-70.6	-83.4	-85.6	-87.2	-88.8	-445.5

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

2.2.1 Engaging the full participation of immigrants in the labour market

It is anticipated that more than 1.3 million jobs will need to be filled over the next ten years, the majority of which will be outside the greater Montréal area. The participation of immigrants in the labour market is a major asset in meeting labour force needs.

The March 2018 Québec Economic Plan provides for \$190.9 million in investments to foster the labour market integration of newcomers, allocated as follows:

- \$18.5 million to improve wage subsidy programs for immigrants;
- \$14 million to promote the integration of newcomers and visible or ethnic minorities in the public service;
- \$50 million to increase the francization service offer;
- \$92.1 million to foster prospecting and recruiting of foreign workers and students;
- \$16.3 million to promote job integration for immigrants, especially in rural areas.

TABLE 6

Financial impact of measures to engage the full participation of immigrants in the labour market (millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Improve wage subsidy programs for immigrants ⁽²⁾	—	-2.5	-4.0	-4.0	-4.0	-4.0	-18.5
Promote employment integration of newcomers and visible or ethnic minorities in the public service ⁽³⁾	—	-2.0	-3.0	-3.0	-3.0	-3.0	-14.0
Increase the francization service offer ⁽²⁾	—	-8.0	-9.0	-10.0	-11.0	-12.0	-50.0
Foster prospecting and recruiting of foreign workers and students ⁽²⁾	-22.1	-12.0	-14.5	-14.5	-14.5	-14.5	-92.1
Promote job integration for immigrants ⁽²⁾	-6.0	-0.9	-1.9	-2.5	-2.5	-2.5	-16.3
TOTAL	-28.1	-25.4	-32.4	-34.0	-35.0	-36.0	-190.9

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

(3) This measure will be funded from the government's compensation envelope.

❑ Improving wage subsidy programs for immigrants

The government offers two wage subsidy programs tailored to the needs of immigrants: the Employment Integration Program for Immigrants and Visible Minorities (PRIIME) and the employment integration project for foreign-trained persons referred by a professional order (IPOP).

The March 2018 Québec Economic Plan provides \$18.5 million to enhance these two programs and expand their reach to increase their benefits.

■ Enhancing the PRIIME program

PRIIME helps companies hiring immigrants and visible minority employees to benefit from financial support.

— The program criteria provide financial support to businesses for the reception and integration of immigrant workers in the workplace upon their first work experience in Québec in their area of expertise.

— Financial assistance may also cover part of the employees' salaries, and, under certain conditions, cover the cost of their coaching or additional training.

To increase the rate of company participation in PRIIME, the maximum refundable amounts will be increased and, for companies located in regions experiencing a labour shortage, the assistance will be extended beyond the current thirty weeks.

The Ministère du Travail, de l'Emploi et de la Solidarité sociale and the Ministère de l'Immigration, de la Diversité et de l'Inclusion will collaborate to define the scope of this enhancement.

■ Enhancing the IPOP program

The IPOP program aims to make it easier for foreign-trained immigrants to get a first job in their field by financially helping employers who hire them.

— Changes will be made to the IPOP program, namely to render eligible candidates seeking to obtain a permit to practise and to increase the allowable subsidy rate beyond the current 50%.

For these two programs, additional appropriations will be allocated to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

❑ **Promoting employment integration of newcomers and visible or ethnic minorities in the public service**

To promote employment integration of newcomers and visible minority groups and to help them acquire their first work experience in Québec, the March 2018 Québec Economic Plan provides \$14 million for the implementation of a new integration in the public service program.

Eligible persons include those who:

- have had permanent resident status for less than five years;
- are members of a visible or ethnic minority group;
- satisfy the eligibility conditions for the targeted job class;
- have less than one year's work experience in their area of expertise in Canada;
- have sufficient knowledge of French to meet the employment requirement.

The employment integration measure will help participants acquire considerable work experience over a one-year period, for a job for which they are qualified. They will have access to support throughout the period of employment to help develop skills.

At the end of the employment term, the measure will enable participation in a reserved qualification process that can lead to permanent or casual employment in the public service.

❑ **Increasing the francization service offer**

Learning and understanding French are essential to the integration and retention of immigrants, particularly in rural areas. The demand for French-language services has increased more and more in recent years, both for immigrants and for the employers who hire them.

To implement an offer to address the rising demand for these services, the March 2018 Québec Economic Plan provides:

- \$40 million to increase the francization service offer;
- \$10 million to foster business francization.

■ **Enhancing the francization offer**

For immigrants to acquire a level of knowledge of French that will enable them to quickly enter the labour market, an enhancement to the francization service offer will be put in place.

In addition, the service offer for clients with limited literacy and numeracy skills will also be developed.

To this end, additional appropriations of \$8 million per year over five years will be granted to the Ministère de l'Immigration, de la Diversité et de l'Inclusion.

■ **Allowing for greater business francization**

Among other things, the business francization services of the Ministère du Travail, de l'Emploi et de la Solidarité sociale reimburses employers for the purchase of francization training sessions they offer to their employees as well as wage costs.

The additional amounts provided in the March 2018 Québec Economic Plan will make it possible to support more businesses so as to increase francization in the workplace.

For this purpose, additional appropriations of \$1 million in 2019-2020, \$2 million in 2020-2021, \$3 million in 2021-2022 and \$4 million 2022-2023 will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale.

❑ Fostering prospecting and recruiting of foreign workers and students

Promoting the advantages Québec offers with regard to jobs and quality of life, both abroad and among immigrants already in Québec, is one of the key tools for attracting and retaining foreign workers and students.

To better promote these benefits, the March 2018 Québec Economic Plan provides \$92.1 million to:

- review the intervention approach of the Ministère de l'Immigration, de la Diversité et de l'Inclusion at the international and regional levels and support community organizations;
- promote the recruitment, attraction and retention of foreign workers and students through partnerships with Montréal International and Québec International;
- enhance the Réflexe Montréal agreement with Ville de Montréal.

TABLE 7

Financial impact of measures to foster propection and recruitment of foreign workers and students (millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Review of the intervention approach at the international and regional levels and support community organizations ⁽²⁾	—	-12.0	-14.5	-14.5	-14.5	-14.5	-70.0
Partnerships with Montréal International and Québec International	-10.1	—	—	—	—	—	-10.1
Enhancement of the Réflexe Montréal agreement with Ville de Montréal	-12.0	—	—	—	—	—	-12.0
TOTAL	-22.1	-12.0	-14.5	-14.5	-14.5	-14.5	-92.1

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

■ **Reviewing the intervention approach at the international and regional levels and supporting community organizations**

The Ministère de l'Immigration, de la Diversité et de l'Inclusion has for several years carried out promotional activities abroad to encourage potential immigrants to choose Québec as their destination.

To improve its international intervention approach, by positioning Québec favourably over other jurisdictions and to better promote job opportunities in rural regions, the March 2018 Québec Economic Plan provides for investments of \$70 million.

These investments will make it possible to implement strategies for prospecting, attracting and retaining candidates in order to identify the people whose profiles are best aligned with the needs of Québec.

— These strategies will be adapted to the needs of businesses in several sectors and regions of Québec and will increase the attraction and retention of immigrants whose profile aligns with these needs.

Moreover, support to organizations engaged in regionalization will be enhanced to increase their capacity to connect immigrant people with employers in outlying areas. This initiative will help immigrants discover the job opportunities of Québec's rural areas so that they can settle in a sustainable manner.

The Ministère de l'Immigration, de la Diversité et de l'Inclusion, in collaboration with the Ministère du Travail, de l'Emploi et de la Solidarité sociale, will create and develop pilot projects and strategies for international recruitment and retention of temporary foreign workers.

To that end, additional appropriations will be granted to the Ministère de l'Immigration, de la Diversité et de l'Inclusion.

Supporting community organizations
Partner organizations are essential to the quality and accessibility of services offered to immigrant clients to ensure successful integration.
In recent years, more than 100 organizations funded by the Ministère de l'Immigration, de la Diversité et de l'Inclusion have helped the integration of more than 50 000 immigrants into the collective life of Québec.
With regard to francization, 72 organizations have helped nearly 28 000 immigrants acquire the necessary knowledge in French.

■ **Partnerships with Montréal International and Québec International**

Recruiting, attracting and retaining immigrants also reflect the efforts of Québec organizations that are active abroad. This is particularly the case for Montréal International and Québec International, which for several years have implemented programs and initiatives to attract and retain immigrants with a proven track record.

To pursue the efforts already under way, the government intends to renew and improve its partnership with these organizations.

Partnerships with Montréal International and Québec International will enable the development of new measures in recruitment, attraction, networking and mentoring. These measures will strive to increase the number of people who are selected to meet the needs of businesses.

To this end, the March 2018 Québec Economic Plan provides financial support of \$10.1 million to these organizations, that is \$6.6 million to Montréal International and \$3.5 million to Québec International.

■ **Enhancing the Réflexe Montréal agreement with Ville de Montréal**

The Réflexe Montréal agreement, signed on December 8, 2016 between the Québec government and Ville de Montréal, recognizes the unique role that Ville de Montréal plays as a city, particularly in matters of immigration.

Because it can intervene locally, Ville de Montréal is able to contribute to the full participation of newcomer immigrants in the labour market.

As part of the Réflexe Montréal agreement, Ville de Montréal wishes to offer a referral and follow-up service for new immigrants settling on its territory and to undertake consultation and mobilization actions to promote full participation, in French, on the metropolitan territory.

To this end, the March 2018 Québec Economic Plan provides \$12 million to support Ville de Montréal in the reception, integration, francization and full participation of immigrants in the development of Québec.

— In addition, Ville de Montréal pledges an equal contribution, bringing the total budget for this project to \$24 million.

Strengthening the labour market with young immigrants

Every year, Québec welcomes many immigrants who have the potential and know-how to put their skills to use. For the period from 2011 to 2016, the number of newcomers aged 15 to 29 who settled in Québec rose to around 47 000 young people.

- Approximately 23 000 of these newcomers were economic immigrants; that is, individuals who have the ability to meet Québec's labour and entrepreneurship needs.

Young educated immigrants who join the labour market

Young immigrants who settle in Québec help strengthen demographic growth and stimulate wealth creation. They are well educated, which is an asset for their integration into the labour market. Thus, from 2011 to 2016, among newcomers aged 20 to 29:

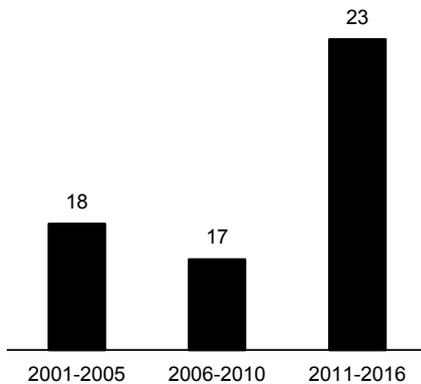
- 42% held a university degree;
- 23% held a high school vocational diploma or college diploma.

Furthermore, young economic immigrants aged 20 to 29 have a lower employment rate than the average Québec youth population, except for those with a university degree.

- Therefore, young immigrants would need additional support to meet labour needs and realize their full potential in Québec society.

Number of economic immigrants aged 15 to 29 in Québec

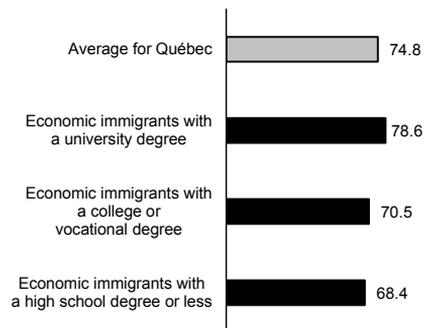
(thousands of individuals)



Source: Statistics Canada, 2016 Census.

Employment rate for 20 to 29-year-olds in Québec, 2011 to 2016, by status and education level

(per cent)



Note: Economic immigrants are the primary permanent resident applicants.

Source: Statistics Canada, 2016 Census.

□ Promoting employment integration for immigrants

Québec businesses, especially businesses located in rural areas, have a lot to gain from the contribution of immigrants to the labour market. By promoting employment integration for immigrants, Québec is helping to ensure the availability of a sufficient labour force.

As a result, the March 2018 Québec Economic Plan injects \$16.3 million to:

- provide temporary foreign workers with access to employment measures;
- accelerate the recognition of skills;
- enhance the Un emploi en sol québécois program of the Fédération des chambres de commerce du Québec;
- provide additional support for the Chamber of Commerce of Metropolitan Montreal's Interconnection program, and the development of Interconnexion Laval.

TABLE 8

Financial impact of measures to promote employment integration for immigrants (millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Provide temporary foreign workers with access to employment measures ⁽²⁾	—	—	-1.0	-1.6	-1.6	-1.6	-5.8
Accelerate the recognition of acquired know-how and skills ⁽³⁾	—	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
Enhance the Un emploi en sol québécois program	-3.0	—	—	—	—	—	-3.0
Finance Interconnection programs ⁽³⁾	-3.0	-0.8	-0.8	-0.8	-0.8	-0.8	-7.0
TOTAL	-6.0	-0.9	-1.9	-2.5	-2.5	-2.5	-16.3

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2019-2020 to ensure funding for this initiative.

(3) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

■ **Providing temporary foreign workers with access to employment measures**

Currently, temporary residents and their spouses are not eligible for some of the measures Emploi-Québec has in place, such as employment assistance services and certain financial assistance programs available to immigrants.

— These individuals are, however, an important source of labour for Québec. It is important to retain them in the long term and to make it easier for them to become permanent residents.

In this context, the March 2018 Québec Economic Plan provides \$5.8 million to extend the offer of employment assistance services and financial assistance programs to temporary foreign workers and their spouses to promote their integration into the workforce.

To this end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale.

■ **Accelerating the recognition of acquired know-how and skills**

Recognition of acquired competencies (RAC) is a process whereby individuals can obtain official recognition of their competencies, particularly those presented in study programs, namely in vocational training or technical training.

— As such, it is a powerful lever designed to accelerate the educational trajectory, particularly that of immigrants, and their employment integration.

The March 2018 Québec Economic Plan provides \$0.5 million to improve the mechanisms for the recognition of acquired know-how in vocational training. This amount will allow the improvement of the initiatives announced in the March 2017 Québec Economic Plan for the recognition of acquired know-how and skills.

To that end, additional appropriations will be provided to the Ministère de l'Éducation et de l'Enseignement supérieur.

■ **Enhancing the Un emploi en sol québécois program**

The Fédération des chambres de commerce du Québec (FCCQ) works with community groups to foster immigrants reception in outlying areas and with regional economic development organizations to define the needs of businesses by carrying out twinning activities in these areas.

— It also promotes the benefits immigrants can bring and raises awareness among businesses outside of urban centres.

In November 2017, the FCCQ launched the initiative Un emploi en sol québécois to promote access for immigrants in Québec to jobs in outlying areas.

— The FCCQ organizes meetings between employers in rural areas and immigrants who arrived less than five years ago. This initiative addresses some of the labour needs of certain rural areas.

To maintain this service in the Abitibi-Témiscamingue, Estrie, Lanaudière and Chaudière-Appalaches regions, as well as to expand it to the Saguenay–Lac-Saint-Jean, Capitale-Nationale, Laurentides, Mauricie and Montérégie regions, the March 2018 Québec Economic Plan provides \$3 million. This funding will enable the implementation of a computerized management tool for applications and job offers.

■ **Financing Interconnexion programs**

Approximately 85% of immigrants settle in the greater Montréal area. To facilitate their employment integration, the Chamber of Commerce of Metropolitan Montreal's Interconnection program aims to directly connect Montréal companies experiencing labour needs with immigrants looking for work.

— The program meets the needs of businesses and of immigrants through a comprehensive and flexible formula that includes twinning activities.

— To date, over 5 000 immigrants and more than 1 000 businesses have taken part in the program.

To this end, the March 2018 Québec Economic Plan provides \$3 million to enhance the Chamber of Commerce of Metropolitan Montréal's Interconnection program.

Furthermore, the March 2018 Québec Economic Plan provides an additional \$4 million over five years to the Ministère de l'Immigration, de la Diversité et de l'Inclusion for the implementation of the Laval Interconnexion Program.

The program will enable immigrants to find a first job in Québec in their field, while meeting the labour needs of businesses in the Laval region.

2.2.2 Improving the tax credit for experienced workers and supporting experienced individuals looking for work

Over the course of their career, experienced workers have acquired unique knowledge and know-how beneficial to the growth of Québec businesses and to knowledge transfer.

— In addition, labour market statistics show that experienced workers in Québec have a lower employment rate than in other provinces.

To help businesses benefit from this experienced labour, the March 2018 Québec Economic Plan provides \$199.4 million for the retention of experienced workers through:

- an increase of the tax credit for experienced workers to improve their standard of living;
- support for experienced individuals who are looking for work.

TABLE 9

Financial impact of the tax credit increase for experienced workers and support for experienced individuals looking for work (millions of dollars)

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Improve the tax credit for experienced workers	—	-31.6	-32.3	-32.9	-33.5	-34.1	-164.4
Support experienced individuals who are looking for work ⁽¹⁾	—	-5.0	-7.5	-7.5	-7.5	-7.5	-35.0
TOTAL	—	-36.6	-39.8	-40.4	-41.0	-41.6	-199.4

(1) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

❑ Improving the tax credit for experienced workers

Québec's population is aging quickly, thereby reducing the pool of workers. Moreover, this demographic change is expected to gain momentum in the years to come. To meet the challenge of workforce shortage, the government has taken action to encourage all Quebecers to participate actively in the labour market.

Together with economic growth, these actions have enabled Québec to achieve a higher employment rate in the under 60 segment of the population than Canada as a whole, and to register a lower unemployment rate across Canada for 2017.

However, labour market statistics show that experienced workers in Québec have a low employment rate compared to other provinces.

- The employment rate for the population aged 60 to 64 is 45.7% in Québec, compared to 51.4% across Canada for 2017.
- For the same period, the employment rate of the population aged 65 and over is 10.3% in Québec, compared to 13.5% across Canada.

The government reaffirms its commitment to encourage more experienced workers who want to stay or return to the labour market by increasing the tax credit for experienced workers starting in 2018. To this end, the government plans to:

- broaden the scope of the work incentive for people aged 61;
- increase the eligible employment income by \$1 000 for tax credit calculation for workers aged 62 and older.

■ Extending the tax credit to workers at age 61

To better target those most likely to retire and encourage them to reconsider their decision by remaining in the labour market for a few more years, the March 2018 Québec Economic Plan lowers the eligibility age for the experienced worker tax credit from 62 to 61, starting in 2018.

- The eligible employment income for workers aged 61 will be \$3 000.

■ **Increasing eligible employment income limits by \$1 000 for all experienced workers**

Eligible employment income will be increased by \$1 000 starting in 2018 and will reach:

- \$5 000 for a worker aged 62;
- \$7 000 for a worker aged 63;
- \$9 000 for a worker aged 64;
- \$11 000 for a worker aged 65 or older.

Tax credit for experienced workers
<p>The tax system provides a non-refundable tax credit to offset the tax payable on the first dollars of earned income exceeding \$5 000, up to the amount of eligible employment income. This ceiling varies depending on the worker's age.</p> <ul style="list-style-type: none">- The value of the maximum tax credit is therefore 15% of the amount of eligible employment income.- This maximum amount is subsequently reduced by employment income starting at a threshold of \$34 030, at a 5% reduction rate. <p>It should be noted that workers aged 65 and over in 2015 are protected from the reduction. In fact, these workers retain tax assistance of at least \$600.</p>

TABLE 10

Tax credit increase for experienced workers according to age and taxation year

(in dollars)

	Before the Plan					After the Plan
	2014	2015	2016	2017	2018	2018 and beyond
Eligible employment income						
Age 61	—	—	—	—	—	3 000
Age 62	—	—	—	—	4 000	5 000
Age 63	—	—	—	4 000	6 000	7 000
Age 64	—	—	4 000	6 000	8 000	9 000
Age 65 or older	3 000	4 000	6 000	8 000	10 000	11 000
Maximum tax credit⁽¹⁾						
Age 61	—	—	—	—	—	450
Age 62	—	—	—	—	600	750
Age 63	—	—	—	600	900	1 050
Age 64	—	—	602	900	1 200	1 350
Age 65 or older	451	602	902	1 200	1 500	1 650

(1) The maximum tax credit is calculated by applying a rate of 15.04% to work income exceeding \$5 000 for the 2014 to 2016 period and a rate of 15% starting in 2017.

■ **Example of what workers will gain**

Newly eligible workers, those who are 61, will be eligible for a new tax benefit of up to \$450 starting in 2018, as they will be entitled to an eligible employment income of \$3 000 for tax credit purposes.

— For example, a 61-year-old worker with an employment income of \$30 000 will be eligible for a \$450 tax credit.

As for workers aged 62 or older, they will receive a maximum of \$150 per year due to the \$1 000 increase in eligible employment income.

— For example, a 65-year-old worker with an employment income of \$30 000 will receive a tax credit of \$1 650, for a gain of \$150.

TABLE 11

Example of the tax credit increases for experienced workers according to age – 2018
(in dollars)

Employment income	Worker aged 61			Worker aged 65 or older		
	Before the Plan	After the Plan	Gain	Before the Plan	After the Plan	Gain
5 000 ⁽¹⁾	—	—	—	—	—	—
10 000 ⁽¹⁾	—	—	—	—	—	—
20 000	—	318	318	906	906	—
30 000	—	450	450	1 500	1 650	150
40 000	—	152	152	1 202	1 352	150
50 000	—	—	—	702	852	150
75 000	—	—	—	600	600	—

(1) At this income level, the taxpayer does not benefit from the tax assistance since he or she does not pay income tax.

The disposable income of experienced workers is detailed in the budget paper *Disposable Income: More Money for Each Quebecer*.

■ Financial impact

These incentives, designed to motivate experienced workers to remain in the labour market, will enable nearly 170 000 of these workers to reduce their tax payable. In total, they will benefit from a gain of nearly \$32 million per year.

- More than a third of the total gain will go to workers aged 65 or older.
- Close to 30 000 workers aged 61 will be able to take advantage of the tax credit for experienced workers for the first time in 2018.

TABLE 12

Financial impact of the tax credit increases for experienced workers

(millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Eligibility of workers aged 61	—	-11.6	-11.7	-11.8	-11.9	-12.0	-59.0
\$1 000 increase of eligible employment income for workers aged 62 and older	—	-20.0	-20.6	-21.1	-21.6	-22.1	-105.4
TOTAL	—	-31.6	-32.3	-32.9	-33.5	-34.1	-164.4

□ Supporting experienced individuals who are looking for work

The agreement between Québec and Canada on the Targeted Initiative for Older Workers (TIOW) was aimed at reintegrating unemployed persons aged 55 to 64 into the labour market, namely by preparing them for existing employment opportunities and enhancing their employability.

This initiative was jointly funded by the Québec government and the federal government. However, the TIOW agreement with the federal government ended on March 31, 2017 and was not renewed.

In light of the positive results of the TIOW agreement, the March 2018 Québec Economic Plan provides \$35 million to ensure the continuity of the initiative and preserve the best practices to support experienced job seekers.

To this end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

2.2.3 Promoting employment integration and retention of a greater number of workers

Québec is made up of a majority of SMBs that do not always have expertise in human resources management, which can be a significant hurdle in the recruitment and retention of labour. In parallel, all available labour pools must be mobilized by further increasing activity rates.

In this context, to promote the integration and retention of a greater number of workers, the March 2018 Québec Economic Plan provides \$55.2 million to:

- promote the integration of persons with a disability in the labour market;
- support business groups in their hiring procedures;
- improve programs offered by Emploi-Québec;
- implement a new mentoring program and networking activities for women in male-dominated jobs.

TABLE 13

Financial impact of measures to promote employment integration and retention of a greater number of workers (millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Promote the integration of persons with a disability in the labour market ⁽²⁾	—	-5.0	-6.0	-6.0	-6.0	-6.0	-29.0
Support business groups in their hiring procedures	-1.8	—	—	—	—	—	-1.8
Improve programs offered by Emploi-Québec ⁽²⁾	—	-3.5	-5.0	-5.0	-5.0	-5.0	-23.5
Implement a new mentoring program and networking activities for women in male-dominated jobs ⁽²⁾	—	-0.1	-0.2	-0.2	-0.2	-0.2	-0.9
TOTAL	-1.8	-8.6	-11.2	-11.2	-11.2	-11.2	-55.2

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

❑ **Promoting the integration of persons with a disability in the labour market**

Inclusion of persons with a disability in the labour market is an important issue, particularly with regard the availability of workers for businesses.

However, for many persons with a disability, the nature and severity of their disability make participation in the job market difficult. Integrating or maintaining these people in their job may require adjustments that incur costs, such as workstation adaptation or additional supervision.

As part of the National Strategy for Labour Market Integration and Maintenance of Handicapped Persons, Emploi-Québec manages two programs allowing businesses to make the necessary adaptations to hire persons with a disability:

- the Programme de subventions aux entreprises adaptées, for businesses with at least 60% of their workforce made up of persons with a disability;
- the Contrat d'intégration au travail, targeted to most public or private companies.

In addition, work is under way to develop a new strategy. In anticipation of this new strategy, the current strategy is extended, and more assistance for hiring of persons with a disability is planned.

To increase the number of participants in these programs, the March 2018 Québec Economic Plan seek to invest an additional \$29 million over five years.

To that end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

Persons with a disability will therefore continue to benefit from measures aimed at the entire workforce while benefiting from measures designed for them. Companies that hire persons with a disability will also benefit from these measures, helping them recruit the workforce they need.

❑ **Supporting business groups in their hiring procedures**

Many Québec SMBs lack the resources to develop an internal human resources services structure that meets their needs.

Therefore, to improve the productivity and agility of organizations and support employers in their labour needs, the Conseil du patronat du Québec (CPQ) will implement a support service in human resources management at the provincial level for SMBs.

- The CPQ will provide SMBs with a personalized diagnosis of their labour needs and will present them with a range of support services related to human resources, both in terms of available programs and expertise.

The March 2018 Québec Economic Plan provides \$1.8 million for the CPQ project.

❑ **Improving programs offered by Emploi-Québec**

Emploi-Québec programs are appreciated by employers and workers who use them. By offering services to businesses and workers, Emploi-Québec helps maintain balance in the labour market.

So that a greater number of employers and workers can benefit from services offered by Emploi-Québec, the March 2018 Québec Economic Plan provides \$23.5 million to expand its services to a wider and more diversified clientele.

This funding will be used to help employers adapt to the new realities of the labour market and to ensure the integration and maintenance of as many workers as possible.

In addition, activities to promote the services offered by Emploi-Québec will be carried out to increase their use by businesses and workers.

To this end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

❑ **Implementing a new mentoring program and networking activities for women in male-dominated jobs**

Québec can count on a female workforce that enriches all regions, both economically and socially. Yet, even today, qualified women still face challenges accessing jobs in certain male-dominated fields.

The March 2018 Québec Economic Plan provides \$0.9 million to implement new initiatives that would allow more women to work in male-dominated fields, namely by:

- adapting and implementing networking and mentoring activities;
- scheduling events designed to raise awareness in companies operating in mostly male-dominated sectors.

To this end, additional appropriations will be allocated to the Ministère de l'Éducation et de l'Enseignement supérieur.

2.3 Developing a qualified labour force

Developments in the labour market have a significant impact on the skills and qualifications required to meet workers' needs. To enable them to reach their full potential, workers must be able to count on adapted and flexible training that will support them throughout their careers.

The March 2018 Québec Economic Plan provides \$277.5 million to ensure qualified labour by:

- swiftly adapting the training offer to the labour market's needs;
- improving the tax credit for on-the-job training periods;
- developing the continuing education offer;
- introducing a new tax credit to encourage qualifying training for workers employed in SMBs.

TABLE 14

Financial impact of measures to develop a qualified labour force (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Adapting the training offer to labour market needs ⁽²⁾	-20.0	-17.5	-19.7	-19.7	-19.7	-19.7	-116.3
Improving tax credit for on-the-job training periods	—	-1.2	-5.3	-9.3	-10.2	-10.6	-36.6
Developing the continuing education offer ⁽²⁾	—	-7.6	-10.4	-10.4	-10.4	-10.4	-49.2
New tax credit to encourage qualifying training for workers employed in SMBs	—	-2.3	-10.7	-19.2	-21.2	-22.0	-75.4
TOTAL	-20.0	-28.6	-46.1	-58.6	-61.5	-62.7	-277.5

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

2.3.1 Better adapting the training offer to meet labour market needs

The sectoral and territorial realities of Québec's labour market call for greater flexibility in adapting the government's training programs.

Furthermore, several employers have difficulty recruiting new candidates. Some professions show long-term imbalances between the number of positions to be filled and the number of graduates from study programs that provide access to these jobs.

Striking a better balance between the demand for labour and the supply of jobs requires the availability of training that can meet labour market needs.

The March 2018 Québec Economic Plan provides \$116.3 million to:

- increase the graduation rate in fields in demand;
- improve the support for college technology transfer centres (CCTTs), namely to apply the “trial” training approach;
- allow greater flexibility in the training offer in rural areas;
- improve the short-term training program focusing on internships of the Commission des partenaires du marché du travail (CPMT).

TABLE 15

Financial impact of measures to better adapt the training offer to labour market needs (millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Increase the graduation rate in fields in demand ⁽²⁾	—	-9.0	-9.5	-9.5	-9.5	-9.5	-47.0
Improve support for CCTT, namely to apply the “trial” approach to training	-20.0	—	—	—	—	—	-20.0
Allow greater flexibility in the training offer in rural areas ⁽²⁾	—	-3.5	-5.2	-5.2	-5.2	-5.2	-24.3
Improve the short-term training program favouring CPMT internships ⁽²⁾	—	-5.0	-5.0	-5.0	-5.0	-5.0	-25.0
TOTAL	-20.0	-17.5	-19.7	-19.7	-19.7	-19.7	-116.3

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

❑ **Increasing the graduation rate in fields in demand**

For certain in-demand fields, such as science and engineering, the gap between the graduation level in recent years and future needs may not enable organizations' demand for labour to be met.

In this context, the March 2018 Québec Economic Plan provides \$47 million to increase the graduation rate in fields in demand.

■ **Encouraging academic success for study programs in demand**

To attract students and ensure their academic success until they graduate, the March 2018 Québec Economic Plan provides \$46 million to ensure sufficient annual growth in the number of graduates by promoting, for example, in-demand study programs and introducing incentives.

Likewise, a greater availability of gateways between vocational, technical and university training is thus required to help students on their academic path.

To this end, additional appropriations of \$8 million in 2018-2019 and \$9.5 million annually from 2019-2020 to 2022-2023 will be granted to the Ministère de l'Éducation et de l'Enseignement supérieur.

■ **Applied mathematical sciences to support fields related to artificial intelligence in Québec**

Québec is a world leader in artificial intelligence. To enable economic development strategies related to artificial intelligence to reach their full potential, the supply of skilled labour must be adequate, particularly in the field of mathematical sciences.

To develop this capacity, the Québec Economic Plan of March 2018 provides support to the Centre de recherches mathématiques de l'Université de Montréal (CRM), who will work with the Centre interuniversitaire de recherche en analyse des organisations (CIRANO), to design a strategy fostering the development of a highly skilled workforce in applied mathematics for advanced fields.

To this end, appropriations of \$1 million will be granted to the Ministère des Finances in 2018-2019 to support the work. The amounts intended will be drawn from the Contingency Fund.

❑ **Improving support for CCTT, namely to apply the “trial” approach to training**

CCTTs support businesses and organizations in the area of innovation, namely by offering technical support, technological development and training.

The March 2018 Québec Economic Plan provides \$20 million, namely to enable CCTTs to implement a new training approach called “trial”.

To this end, the “trial” training approach, developed by the CCTTs, helps students enter the labour market while working in research environments by offering them the opportunity to work with companies that are clients of CCTTs.

- By offering applied training activities where students are in direct contact with the research centres, this formula can be a winner for both the students and the host organization.
- The presence of CCTTs in Québec’s regions ensures that this training approach will be accessible.

This practice is in fact one of the recommendations made by the Conseil consultatif sur l’économie et l’innovation aimed at implementing college-level training programs with alternating work-study sessions.

❑ **Allowing greater flexibility in the training offer in rural areas**

Overall, the training offer meets the needs of participants, workers and employers. However, certain training needs in some regions remain unmet, primarily due to registration levels that are too low to launch new cohorts.

To adapt the training offer to the reality in outlying areas, the March 2018 Québec Economic Plan provides \$24.3 million to implement:

- new ways of deploying the training offer in response to regional needs;
- measures for the interregional mobility of students enrolled in training.

Furthermore, those who receive training to enter trades related to vocational and technical training will have the possibility of integrating a job as quickly as possible, during their training.

- To this end, the March 2015 Québec Economic Plan announced the launch of pilot projects that included on-the-job internships. Since the 2015-2016 academic year, fourteen technical programs have been adapted or are being adapted to foster workplace learning within these projects. In vocational training, 26 projects are currently offered.
- The March 2018 Québec Economic Plan enhances this initiative.

To that end, additional appropriations will be provided to the Ministère de l'Éducation et de l'Enseignement supérieur.

❑ **Improving the short-term training program favouring CPMT internships**

The short-term training program favouring internships for occupations prioritized by the Commission des partenaires du marché du travail (CPMT) was launched in February 2017.

- This program is designed to ensure a skilled workforce that meets the needs of businesses that are experiencing difficulties related to training, by offering grants enabling their employees to receive vocational or technical training recognized by the Ministère de l'Éducation et de l'Enseignement supérieur.
- It also makes it possible to adapt an existing study program to better meet the needs of businesses and their workers.

After the short-term training program was launched, about 20 different projects were accepted. These projects will enable 700 workers in 200 companies to participate in the training they need to get a recognized diploma.

In this context, the March 2018 Québec Economic Plan provides \$25 million to fund more projects by boosting the short-term training program favouring internships.

To this end, additional appropriations will be granted to the Ministère du Travail, de l'Emploi et de la Solidarité sociale. The amounts for 2018-2019 will be drawn from the Contingency Fund.

2.3.2 Improving tax credit for on-the-job training periods

On-the-job training has many advantages, for employers and interns alike. By offering employers a refundable tax credit for on-the-job training periods, the government seeks to:

- encourage businesses to contribute to developing interns' skills;
- facilitate the integration of students and apprentices in the labour market.

Tax assistance helps support the additional costs incurred by the company employing a trainee. In fact, since 2006, the maximum hourly rates and weekly caps on expenses relating to the tax credit for on-the-job training periods have stayed the same.

Furthermore, the exodus of young people toward large urban centres is a worrying phenomenon in the more remote regions, and for businesses whose growth depends on the availability of qualified labour.

In this context, the March 2018 Québec Economic Plan provides an enhancement to the tax credit for on-the-job training periods to:

- increase the maximum hourly rates and the weekly caps on expenses to account for the impact of inflation since 2006;
- increase the tax credit rate for:
 - businesses that carry out their activities in remote resource regions to encourage young people to acquire work experience in their area of study,
 - aboriginal people, to encourage Québec businesses to facilitate their employment integration.

This increase in the tax credit for on-the-job training periods will apply to internships starting the day after the budget speech 2018-2019.

This initiative will represent additional aid of more than \$10 million annually, benefiting close to 6 000 businesses that welcome about 15 000 interns each year.

□ Increasing the maximum hourly rates and the weekly expense caps

The expenses eligible for the tax credit for on-the-job training periods are limited by:

- the intern's maximum hourly rate;
- the supervisor's maximum hourly rate and a maximum number of hours dedicated to the intern's training;
- a maximum weekly amount that varies based on the intern's status and the training program in which the intern is enrolled.

These limits have remained the same since 2006, while inflation was 16.7%. In addition, for most businesses that benefited from the tax credit, it has been noted that the weekly salaries paid to interns and their supervisors exceed the weekly caps on applicable expenses.

In this context, the maximum hourly rates and weekly expense caps will be increased by an amount equal to inflation since 2006. Thus:

- the maximum hourly rate for interns will rise from \$18 to \$21;
- the maximum hourly rate for supervisors will rise from \$30 to \$35;
- the various weekly caps on applicable expenses will rise, respectively, from \$600 to \$700, from \$750 to \$875 and from \$1 050 to \$1 225.

❑ **Supporting businesses located in remote resource regions**

A small proportion of young people who leave their native regions to pursue their studies return to begin their professional careers, while those who live in larger urban centres are less inclined to consider moving to remote regions for work.

To encourage businesses in remote resource regions to welcome more interns and foster the retention of young people, the March 2018 Québec Economic Plan provides for an increase in the tax credit for internships in these regions. Thus:

- the base rate will rise from 24% to 32%;
- the increased rate will rise from 40% to 50%.

This increase represents an additional incentive to the tax credit for new graduates working in a remote resource region, as it will help attract young people before they obtain their diplomas.

❑ **Improving access to the labour market for Aboriginal people**

Aboriginal populations face particular challenges with regard to labour and graduation. In this context, the 2018 Québec Economic Plan provides to increase the tax credit for Aboriginal interns. Thus:

- the base rate will rise from 24% to 32%;
- the increased rate will rise from 40% to 50%.

TABLE 16

Main parameters of the tax credit for on-the-job training periods – After the March 2018 Québec Economic Plan

Eligible employers	– Enterprises and individuals operating a business in Québec.
Eligible clientele	– Full-time or employed students (apprentices) participating in any of the following programs: <ul style="list-style-type: none"> ▪ vocational and technical training programs; ▪ undergraduate, graduate and post-graduate university programs; ▪ social and workplace integration programs for youth and adults or programs leading to semi-skilled trades; ▪ workplace apprenticeship program (PAMT).
Tax credit rate	<p><u>Basic rate</u>⁽¹⁾</p> <ul style="list-style-type: none"> – 24%. – 32% for immigrants, persons with a disability, Aboriginal people or people doing an internship in a remote resource region.⁽²⁾ <p><u>Increased rates</u>⁽³⁾</p> <ul style="list-style-type: none"> – 40%. – 50% for immigrants, persons with a disability, Aboriginal people or people doing an internship in a remote resource region.⁽²⁾ <p>For the increased rate to be applicable, eligible expenses for one or more interns enrolled in an eligible training program other than the PAMT must be at least \$2 500 for the tax year and in each of the two previous tax years.</p>
Eligible expenses	– Eligible salary expenditures: <ul style="list-style-type: none"> ▪ intern or apprentice (maximum \$21/hour); ▪ supervisor (maximum \$35/hour) for hours spent training the intern, up to a maximum of 10 or 20 hours per week depending on the eligible training program.^{(4),(5)} <ul style="list-style-type: none"> – The weekly cap on eligible expenses is \$700, \$875 or \$1 225, depending on the maximum number of hours of supervision granted.^{(4),(5)}
Other conditions	– The program of study must include one or more internships that total at least 140 hours during the program period (no minimum for the PAMT).
	– Educational institutions are recognized by the Ministère de l'Éducation et de l'Enseignement supérieur or by Emploi-Québec.

(1) For individuals in business, the rates are 12% and 16% (immigrants, persons with a disability, Aboriginal people or people doing an internship in a remote resource region).

(2) Includes the Bas-Saint-Laurent, Saguenay–Lac-Saint-Jean, Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec and Gaspésie–Îles-de-la-Madeleine administrative regions, the Antoine Labelle, Vallée-de-la-Gatineau, Pontiac and Mékinac RCMs, and the agglomeration of La Tuque.

(3) For individuals in business, the rates are 20% and 25% (immigrants, persons with a disability, Aboriginal people or people doing an internship in a remote resource region).

(4) Only social and workplace integration programs for youth and adults or programs leading to semi-skilled trades are eligible for the maximum of 20 hours per week, given that the students require greater employer supervision.

(5) The maximum number of supervision hours granted for a person with a disability is doubled, regardless of the eligible training program.

2.3.3 Developing the continuing education offer

To efficiently incorporate technological advances into numerous activity sectors, workers' skills must be constantly updated and enhanced. Continuing education is one key to maintaining and developing workers' skills as well as the competitiveness of Québec businesses.

Given the growing demand to develop the continuing education offer, the March 2018 Québec Economic Plan provides \$49.2 million in additional support.

These investments will allow for a faster response to the labour market's needs by expanding access to the continuing education offered by school boards and colleges.

— These courses are primarily for adults who are in an industrial conversion, career change or professional development situation, enabling them to obtain an attestation of vocational studies (AVS) or an attestation of college studies (ACS).

These amounts will go toward developing training to respond to the specific needs of some sectors, including the health, culture, biofood and forestry sectors.

TABLE 17

Financial impact of measures to develop the Department's continuing education offer (millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Ministère de l'Éducation et de l'Enseignement supérieur ⁽¹⁾	—	-3.9	-5.7	-5.7	-5.7	-5.7	-26.7
Ministère du Travail, de l'Emploi et de la Solidarité sociale ^{(1),(2)}	—	-3.0	-4.0	-4.0	-4.0	-4.0	-19.0
Ministère de la Culture et des Communications ^{(1),(2)}	—	-0.7	-0.7	-0.7	-0.7	-0.7	-3.5
TOTAL	—	-7.6	-10.4	-10.4	-10.4	-10.4	-49.2

(1) Additional appropriations will be granted as of 2018-2019 to ensure funding for this initiative.

(2) The amounts granted for 2018-2019 will be drawn from the Contingency Fund.

2.3.4 **New tax credit to encourage qualifying training for workers employed in SMBs**

Québec SMBs must have a qualified workforce if they want to stay competitive. The Québec labour market is changing, and businesses are facing a labour shortage. In this context, it is costly for many Québec SMBs to free up time for employees to develop their skills.

The March 2018 Québec Economic Plan provides for a refundable tax credit for SMBs so that they can encourage their employees to take training leading to a new diploma. Among other things, the new tax credit will:

- provide for a better work-study balance for employees, and strengthen their sense of belonging in the organization;
- ensure greater complementarity between educational institutions and business needs;
- foster innovation and make Québec SMBs more competitive, especially in the most promising sectors.

The tax credit will benefit around 6 000 SMBs. In total, the measure will represent approximately \$75 million in tax relief over five years.

Promoting the development and transfer of workforce skills

A 30% tax credit will apply to wages paid by SMBs to employees for hours for which they are released from their regular duties to take qualifying training.

An employee must be considered full time, and the paid hours for which the employee is released for training purposes must be comprised within the employee's normal work week.

The employee must be enrolled in a training program that leads to a diploma, without his obtaining the diploma being a condition of eligibility for the tax credit, offered by an educational institution recognized by the Ministère de l'Éducation et de l'Enseignement supérieur.

- The goal is to ensure that the skills acquired can be transferable and contribute to raising the overall skill level of the Québec workforce.

TABLE 18

Main parameters of the tax credit to encourage qualifying training for workers employed in SMBs

Eligible companies	– Enterprises with an establishment in Québec and that operate a business here. ⁽¹⁾
Eligible employees	– Full-time employees ⁽²⁾ enrolled in a training program that leads to a diploma offered by an educational institution recognized by the Ministère de l'Éducation et de l'Enseignement supérieur.
Eligible expenses	– Wages paid to an eligible employee for a period of time given to taking eligible training during a normal work week. ⁽³⁾
Annual cap	– Number of hours released per year per employee limited to 520 hours, which represents 25% of an annual 2 080-hour schedule. – The wages of eligible employees are capped at an hourly rate of \$35.
Rate	– Rate of 30% for a payroll of \$5 million or less. – Linear reduction of the rate to 0% for a payroll above \$5 million but below \$7 million.
Duration	– Expenses incurred after the day of the budget speech 2018-2019 and before January 1, 2023.

(1) A corporation that is a member of a partnership established in Québec and operates a business there may also benefit from this tax credit.

(2) A full-time schedule corresponds to a schedule of at least 26 hours per week for 40 weeks or more.

(3) A normal work week will be deemed not to exceed 40 hours.

2.4 Adapting working environments

A company that wants to become more efficient and stimulate productivity must be able to rely on a qualified, motivated workforce.

To achieve this, employers must offer a good quality of life at work, which will help improve employees' well-being and ensure they flourish on the job; this in turn will enhance the work climate and the organization's performance.

To that end, the March 2018 Québec Economic Plan provides \$63 million to adapt workplaces promoting physical activity in the workplace.

TABLE 19

Financial impact of the initiative to adapt workplaces (millions of dollars)

	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Promote physical activity in the workplace ⁽¹⁾	—	-3.0	-15.0	-15.0	-15.0	-15.0	-63.0

(1) Additional appropriations will be granted as of 2018-2019 to ensure funding for this initiative.

2.4.1 Promoting physical activity in the workplace

Physical activity plays an important role in people's well-being and quality of life. In addition, participating in a sport is a mean of prevention that can save money for employers and the health system.

In addition, people who are regularly physically active reduce their stress levels and improve their efficiency at work.

Employers need to grasp the benefits of these effects by encouraging their employees to become more active. In addition to contributing to employee health, this initiative will allow the company to make productivity and efficiency gains, particularly by:

- improving work relations and the quality of life at work;
- increasing employees' feeling of belonging and dedication;
- reducing absenteeism;
- facilitating employee recruitment and retention.

To this end, the Bureau de normalisation du Québec offers the "Healthy Enterprise" certification (standard BNQ 9700-800) aimed at maintaining and improving the health of individuals in the workplace in a sustainable fashion.

To encourage companies to introduce measures and organizational practices that draw on the "Healthy Enterprise" standard which could lead to the certification, the March 2018 Québec Economic Plan allocates an amount of \$63 million over five years for the creation of an innovative relief program aiming at promoting physical activity in the workplace.

The assistance is for Québec SMBs in particular, who implement, through a structured approach, initiatives to promote the health and well-being of their staff, with the objective of:

- increasing employee awareness and educating them about the benefits of physical activity;
- organizing and promoting physical activities at the workplace or outside it;
- creating a physical, social or organizational environment for engaging in physical activity.

In support of the development of the program, a committee will be set up with representatives from the Ministère de l'Éducation et de l'Enseignement supérieur, the Ministère de la Santé et des Services sociaux, the Ministère des Finances, and stakeholders and specialists in the field. This committee will monitor the program and may propose improvements in light of its findings.

The assistance program details will be released by the Minister of Education, Recreation and Sports.

To that end, additional appropriations will be provided to the Ministère de l'Éducation et de l'Enseignement supérieur. The amounts for 2018-2019 will be drawn from the Contingency Fund.

APPENDIX: FINANCIAL IMPACT OF THE MEASURES TO MEET LABOUR MARKET CHALLENGES

TABLE 20

Detailed financial impact of measures to meet labour market challenges (millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Better understand current and future labour needs							
Improve understanding of labour needs in all regions ⁽²⁾	—	-3.5	-4.5	-4.5	-4.5	-4.5	-21.5
Promote and enhance the status of jobs that are in demand ⁽²⁾	—	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
Subtotal	—	-4.0	-5.0	-5.0	-5.0	-5.0	-24.0
Develop a sufficient labour force							
Engage the full participation of immigrants in the labour market							
— Improve wage subsidy programs for immigrants ⁽²⁾	—	-2.5	-4.0	-4.0	-4.0	-4.0	-18.5
— Promote integration of newcomers and visible minorities in the public service ⁽³⁾	—	-2.0	-3.0	-3.0	-3.0	-3.0	-14.0
— Increase the francization service offer ⁽²⁾	—	-8.0	-9.0	-10.0	-11.0	-12.0	-50.0
— Foster prospecting and recruiting of foreign workers and students							
▪ Review of the intervention approach at the international and regional levels and support community organizations ⁽²⁾	—	-12.0	-14.5	-14.5	-14.5	-14.5	-70.0
▪ Partnerships with Montréal International and Québec International	-10.1	—	—	—	—	—	-10.1
▪ Enhancement of the Réflexe Montréal agreement with Ville de Montréal	-12.0	—	—	—	—	—	-12.0
— Promote employment integration for immigrants							
▪ Provide temporary foreign workers with access to employment measures ⁽⁴⁾	—	—	-1.0	-1.6	-1.6	-1.6	-5.8
▪ Accelerate the recognition of acquired know-how and skills ⁽²⁾	—	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
▪ Enhance the Un emploi en sol québécois program	-3.0	—	—	—	—	—	-3.0
▪ Finance Interconnection programs ⁽²⁾	-3.0	-0.8	-0.8	-0.8	-0.8	-0.8	-7.0
Subtotal	-28.1	-25.4	-32.4	-34.0	-35.0	-36.0	-190.9

TABLE 20

Detailed financial impact of measures to meet labour market challenges (cont.)

(millions of dollars)

	2017- 2018 ⁽¹⁾	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Improve the tax credit for experienced workers and job-search support experienced individuals looking for work							
– Improve the tax credit for experienced workers	—	-31.6	-32.3	-32.9	-33.5	-34.1	-164.4
– Support experienced individuals who are looking for work ⁽²⁾	—	-5.0	-7.5	-7.5	-7.5	-7.5	-35.0
Subtotal	—	-36.6	-39.8	-40.4	-41.0	-41.6	-199.4
Foster the integration and retention of a greater number of workers							
– Promote the integration of persons with a disability in the labour market ⁽²⁾	—	-5.0	-6.0	-6.0	-6.0	-6.0	-29.0
– Support business groups in their hiring procedures	-1.8	—	—	—	—	—	-1.8
– Improve programs offered by Emploi-Québec ⁽²⁾	—	-3.5	-5.0	-5.0	-5.0	-5.0	-23.5
– Implement a new mentoring program and networking activities for women in male-dominated jobs ⁽²⁾	—	-0.1	-0.2	-0.2	-0.2	-0.2	-0.9
Subtotal	-1.8	-8.6	-11.2	-11.2	-11.2	-11.2	-55.2
Subtotal	-29.9	-70.6	-83.4	-85.6	-87.2	-88.8	-445.5

TABLE 20

Detailed financial impact of measures to meet labour market challenges (cont.)
(millions of dollars)

	2017-2018 ⁽¹⁾	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Ensure a qualified labour force							
Adapting the training offer to the labour market's needs							
– Increase the graduation rate in fields in demand ⁽²⁾	—	–9.0	–9.5	–9.5	–9.5	–9.5	–47.0
– Improve support for CCTT, namely to apply the “trial” approach to training	–20.0	—	—	—	—	—	–20.0
– Allow greater flexibility in the training offer in rural areas ⁽²⁾	—	–3.5	–5.2	–5.2	–5.2	–5.2	–24.3
– Improve the short-term training program favouring CPMT internships ⁽²⁾	—	–5.0	–5.0	–5.0	–5.0	–5.0	–25.0
Subtotal	–20.0	–17.5	–19.7	–19.7	–19.7	–19.7	–116.3
Improving tax credit for on-the-job training periods	—	–1.2	–5.3	–9.3	–10.2	–10.6	–36.6
Developing the continuing education offer ⁽²⁾	—	–7.6	–10.4	–10.4	–10.4	–10.4	–49.2
New tax credit to encourage qualifying training for workers employed in SMBs	—	–2.3	–10.7	–19.2	–21.2	–22.0	–75.4
Subtotal	–20.0	–28.6	–46.1	–58.6	–61.5	–62.7	–277.5
Adapt working environments							
Promote physical activity in the workplace ⁽²⁾	—	–3.0	–15.0	–15.0	–15.0	–15.0	–63.0
Subtotal	—	–3.0	–15.0	–15.0	–15.0	–15.0	–63.0
TOTAL	–49.9	–106.2	–149.5	–164.2	–168.7	–171.5	–810.0

(1) The subsidies granted in 2017-2018 support the funding of new initiatives.

(2) Additional appropriations will be granted in 2018-2019 to ensure funding for this initiative.

(3) This measure will be funded from the government's compensation envelope.

(4) Additional appropriations will be granted in 2019-2020 to ensure funding for this initiative.

