

program cover the farmer or rancher who wants to hire someone for a permanent job? I think this is the best way for it to work.

We are also a little concerned that the program may not come into operation until March. In that case would there be a possibility of retroactive application where jobs have been created as a result of severe winter conditions and where those jobs will continue?

Mr. Cullen: Mr. Chairman, I indicated earlier that as long as the job is incremental and the individual pays or is eligible to pay income tax, it will qualify under this program. We hope that the employee will establish to the satisfaction of the employer that he is worth keeping and that the employment will continue. We hope it will have that good "catch" factor and that we are creating not only temporary jobs. We think the increment will be maintained notwithstanding the fact that the employment tax credit will terminate at the end of a certain period.

There will not be any retroactivity in the program. We think that would be counterproductive.

Mr. Ritchie: Mr. Chairman, this program has been a long time in the making. The United States has had something similar and has not been very happy with it so there is some doubt about whether it is effective. Many felt that most of the jobs would have been created in any case. How does this program differ from the one in the United States?

Mr. Cullen: Mr. Chairman, the first difference is that the United States system is automatic. If there is an increment over two per cent it is treated as automatically qualifying for the benefit. Second, no certification is required from the employer in the United States as will be required in Canada. Third, we will refer individuals to this program who have been out of work for eight weeks. Those are three specific instances of how it differs from the program in the United States.

Mr. Ritchie: Mr. Chairman, the Minister of Finance predicted that 50,000 jobs would be created. How was that figure arrived at? Was it based on the U.S. experience?

Mr. Cullen: I believe the Minister of Finance indicated that this was a calculation based on the dollars that are available and the rate of subsidy that will be paid.

Mr. Ritchie: May I ask the minister if this program will be open to unincorporated businesses, to farmers and others? Is there any limit on the number of employees that a single firm may apply for? Firms like the CPR or Bell Canada, for instance, might employ 2,000 or 3,000 new employees.

Mr. Cullen: Mr. Chairman, as I have indicated, the program is open to incorporated businesses, unincorporated businesses, partnerships or sole proprietorships. There is no limit and nothing would make me happier than to have some corporations announce that they will participate and hire the number of people the hon. member mentions.

Income Tax Act

Mr. Ritchie: It seems that all an employer will have to do, Mr. Chairman, is sign an affidavit to the effect that the number of employees he takes on will be an increase in staff. I think employers may feel that, without a plan such as this, that would be a risk. Is there any way the department can check that it was not already the employer's intention to increase the staff? How can we be sure that the jobs have been created just because of this program?

Mr. Cullen: Mr. Chairman, the hon. member is correct; it will be necessary for the employer to sign a certificate or participate in an agreement. We will conduct some sample audits and will be able to compare employment before and after. The claim will be filed under the Income Tax Act. The physical evidence of expansion of a business will be noted.

Mr. Ritchie: Mr. Chairman, many small business people who have gone through the red tape necessary to qualify for a grant are reluctant to go through the process a second time. Will the application of the rules be severe or lenient? Will there be a penalty if the department decides that a new job has not been created and that there was merely a roll-over?

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Mr. Cullen: Mr. Chairman, it is interesting to hear the hon. member's general comment that some people who have experienced difficulty collecting money from the government might be somewhat hesitant to go through the procedure again. I suggest with respect that once you have that experience, it has not been my conclusion that people are reluctant ever to seek out additional funds from the government, particularly when it is a good program.

In so far as being severe or lenient is concerned, we have indicated that we are endeavouring to remove as much of the bureaucratic aspect of it as possible. There is an element of trust but, by the same token, the individual will be filing a claim under the Income Tax Act to the effect that he is entitled to this particular benefit for the reasons given in the return. If that is incorrect he would pay that particular penalty.

I am advised that clause 7 of the bill provides that every person who makes a statement or representation that he knows to be false or misleading or who fails to disclose any information with the intent of misleading any other person is guilty of an offence punishable on summary conviction.

Mr. Ritchie: Mr. Chairman, one final question. The Minister of Finance the other day in addressing business stated he was amazed that business was not taking up his tax breaks of \$2 billion in the March and October budgets. Have the government canvassed business, that is at the local manpower levels, as to the possible acceptance of this? And have the government actually had the Manpower offices conduct a canvass beforehand in the small and larger business sectors as to their reaction to this type of program?

Mr. Cullen: Mr. Chairman, probably one of the catalysts, if you will, of this particular program was Mr. Bullock, president