

Employment Tax Credit Act

jobs can range between 20 per cent and 50 per cent in those areas. We have estimated, in interim reports that we have had, that it was around 60 per cent. As I indicated, a full evaluation will be done upon the completion of the cycle of this program, if the bill passes, which we hope to have by the end of the summer. I did indicate to the hon. member that I would provide that report to him. Sixty per cent is a judgment call in part based upon the auditing that we do through the Department of National Revenue. But we do ask for the base line employees and the actual numbers.

All I can indicate to the hon. member is that again, as I said, we do not have the ability to pry into the minds of some 18,000 businessmen who have signed up agreements under this program as to whether they were going to hire people in any event. They have to sign certificates saying it is incremental work, and I would suspect from the monitoring that we have done that there is a fair amount of it. That is the reason, Mr. Chairman, why we did not want to put all our eggs into the one basket of the employment tax credit.

That is why we wanted to vary the program and test it out. It is certainly my intention, again through the review process we are initiating, to get calculations from other areas and try to develop a more in-the-field observation from our own regional offices as to the actual incremental number of jobs put into the work force as a consequence of the tax credit.

I might say that there might be a particular value not just in the general employment field, but again in trying to target in on special needs. There are groups of people in the labour force who we know are more difficult to employ either because of lack of skills or because of certain work handicaps they may suffer, and tax credits may be a way of providing a direct incentive to the employer to bring those people into the work force. That will be one of the areas of examination we will be making in this review in terms of prescribing longer term programs.

● (1550)

Mr. Shields: Mr. Chairman, in the minister's words, I made some serious charges when I said that I felt the program was being abused. I want to really clear up this situation. I am not casting aspersions on the businessmen who sign up for the program, nor am I casting aspersions on the department itself. What I am suggesting is that someone from the manpower offices who is responsible for the program may be overzealous and go out and solicit. We mentioned before that in a high growth area the employer would never even think of applying for this program if he did not get someone from the manpower office knocking on his door and saying, "This is a new job and you qualify for this program." The businessman is not at fault here. I am saying that somehow something breaks down, and I think that is where the abuse comes in.

I have done some more checking myself. The minister said that he has checked in offices in my riding. I would like to know how he checked the people who were going out and asking employers to take part in the program because it was a high growth area.

I should like to suggest also to the hon. member for South West Nova, who mentioned that there were not many employers there taking part in the program, that they do not do so because these are high growth areas. That is what I think is wrong with the tax credit program. The only guys who are going to use it are those who are making the bucks. It is of no use to someone who is breaking even.

Mr. Axworthy: Mr. Chairman, I would say to the hon. member for Athabasca that his observation may be a proper one. We have several thousand employers and you cannot monitor them every day if someone is being overzealous in promoting the program and suggesting its benefits could be used, not in the way the program is designed, but in a way simply to add an additional employee to the factory, we would want to correct that abuse.

We did check with the employment offices in the hon. member's riding to determine that, and we were not able to get any evidence. I would simply suggest to him again that we unquestionably did undertake a major promotion of the program, because when it was first introduced in 1978 there was not much uptake. I think the program produced only 16,000 places. Since then we have been able to increase it to around 50,000. I am sure that within that number there are some who may be abusing it.

If the hon. member has suggestions as to how we can ensure that the abuses are not extended, without increasing the red tape or the regulations, I would be very glad to hear them. I hope it is something on which we will be able to get a better fix as we look at the program more carefully over the summer and fall months. Perhaps this is something for which the parliamentary committee in its hearings across the country may get a better idea.

Mr. Shields: I am glad the minister pointed out that the number went up from 16,000 to 45,000. That is my whole point. I think the 16,000 probably was a realistic level where the program was unsolicited from the employer. I am wondering if it was advertised, whether people were informed by way of brochures, rather than have someone go out as a salesman to the employer's office saying, "This program is available, you are expanding, new jobs are being created and you fall under this program."

I am not suggesting for a moment that the individual who goes out from the manpower office is attempting to do something illegal. I am not suggesting that the employer feels he is doing something illegal. He feels that he falls under this program because it is brought out to him and explained in this way, and this is an education program, as the minister mentioned. I should like to suggest that no one go out from the manpower office, that it should be advertised in the paper and that brochures be sent out. That is my point.

Mr. Cullen: Mr. Chairman, I have a few brief questions because in the previous Parliament it was my privilege to have had the responsibility of being the minister of employment and immigration when this program was initiated. When the pro-