If the hon. member has suggestions to make as to how we could introduce further checks without embroiling the employer in a great deal of red tape I should be pleased to hear them. When the program was first introduced it was not taken up with a great deal of frequency. One of the reasons for that, from the point of view of the employers, was that there were too many forms to fill in and too many restrictions. So we loosened the restrictions—and I have certainly had enough comments and representations from members of the Conservative party about trusting small businessmen, cutting through red tape and loosening restrictions. Well, we did that, and the program has taken off and is being used on a wide basis. Now the hon. member is suggesting that we reintroduce a whole variety of supervision measures and restrictions. We would want to see more evidence of abuses before being prepared to listen to his suggestions.

Mr. Shields: On the contrary, Mr. Chairman. I am not suggesting that the minister change the program. What I am attempting to do is draw attention to what I feel to be very serious drawbacks to the program. The minister mentioned that the scheme is being monitored, and I would like to know what tools he is using to monitor the program. I would suggest that a very simple method of monitoring a program of this nature would be to check previous company payrolls and make periodic inspections of the payroll. This would indicate whether new jobs had been created or whether jobs are just being refilled.

Mr. Axworthy: Mr. Chairman, that is what is being done. As I have said, a base line number of employees is provided. If the firm's employment does not exceed that number, the Department of National Revenue will carry out an audit and the firm will simply not get the tax credit.

Mr. Shields: I would also point out that the manpower offices in the various regions employ people to solicit businessmen and make them aware of the program. One might look at it in this light—that whoever is doing this job is really trying to make the employer aware of the program and, possibly through being over-zealous or possibly because clear direction from the top is lacking, he is put in the position of trying to "sell" this program. Are there, in fact, employees in each manpower office who are responsible for just the tax credit program?

Mr. Axworthy: Before we go much further, I would point out that the hon. member is making fairly serious charges about the administration of the program. We did check in the employment offices in his riding and there was a clear response that none of our employees had offered the kind of inducement the hon. member has suggested. So I would ask the hon. member to give specific instances in which what he suggests took place. If he does, I shall be able to investigate them. However, before he builds a general case I believe he should provide us with documented evidence upon which such a case could be built.

Mr. Shields: Mr. Chairman, when an employee of the department of manpower approaches a businessman, whether in my riding or his riding, or in the riding of South West Nova and suggests that this program can be used to an employer's advantage—because this is still a job which is being created although, since business is expanding, it is a job which would have been created anyway—it might be difficult to say no. A businessman signs an affidavit that he is creating a new job. It is a new job in the sense that the business is expanding, but it is not a new job created because of the tax incentive program. That is the point I am trying to get across.

Take an area like Fort McMurray, which is a high growth centre, an employer who may have had an employee base line of 25 employees in the food industry, the hotel industry, or whatever, puts in an application to Manpower saying he wishes to engage new employees. But this is a high-growth area, remember, and the business would be expanding anyway. This is what I see as causing the problem. It applies to Edmonton, to Calgary, to the whole of Alberta, and particularly to Fort McMurray in my riding.

Mr. Axworthy: We come back, then, to a fundamental dilemma. We do rely on the co-operation of the private sector to make this program work. I have often heard members on the other side extol the virtues of the private sector. It is the businessmen, they say, who should be the engineers of the job-creation program. If this is to be accepted as a premise we are bound to rely upon their integrity because there is no foolproof way for any government to say to an employer "We don't think the job you have added under our program is one you might not have added anyway." There is no way of measuring this without peering into the mind and guessing the intention of the businessman. It is simply not possible to do this unless we have been able to devise a way of placing a spectroscope against their heads and deciding whether that is really what they have in mind.

● (2200)

We have suggested that even in high-growth areas like Fort McMurray there is still a large number of people who are unemployed. As the hon. member well knows, there are all kinds of people moving into high-growth areas like Alberta with the expectation that they are going to be on the great streets of golden dreams. They get there and find they do not have the skills required for the jobs available. There is unemployment in those areas, and often people go into the service industry.

I think perhaps one indicator we have—and I am the first to concede that we will want to evaluate the program as it continues to determine whether in fact it is the ultimate proof—is that about 50 per cent of the employees hired under the employment tax credit continue in the work force or in their jobs afterwards. It shows that there is a certain sticking effect. We might interpret that and say that perhaps it shows that these people were going to be hired in any event, but the fact is that we do know we are creating 100 per cent additional jobs. What percentage of those are actually new jobs is hard to