

Employment Tax Credit Act

Again, it would be wrong for the hon. member to assume that programs such as the employment tax credit and other programs that were announced are entirely and totally related to the regions established under the unemployment insurance program. As the hon. member knows, having been a member of the House when the debates were on regarding the changes to that act, there was agreement in this House by all parties that there had to be a variable entrance requirement at that time. It had to be gauged by finer-tuned economic regions in order to ensure that there would not be an enormous overrun in the costs of unemployment insurance.

When she asks, for example, about the community development strategy, we have restored the community development strategy. That is not related to economic regions. It is related to the initiative of the member of Parliament in that area developing a project with the local people and, if she will bring it forward to me, we can get it off the ground. They are not in any way geared at the present time to economic regions. They are geared more to the ability of different communities to work with the local businessmen, local communities, local municipal councils—

Mr. Kempling: Speak to the Chair. We would like to hear what you say. We do not like to look at your back.

Mr. Axworthy: Why don't you open your ears if you want to hear? Those kinds of initiatives are really being taken on the grounds there has to be some basis in the Unemployment Insurance Act for establishing regions that most of the job programs are not related to those economic regions. They are related either to the constituency itself or will be applied on a broader regional basis or on a national basis.

Miss Campbell: Mr. Chairman, I realize the employment strategy programs the minister brought in last week and plans to discuss later, but I did not think there was any particular program whereby the member of Parliament alone could get at certain specific funds unless it was a greater package that was distributed to economic regions. I am not going to get into that because I plan to discuss that at another time and place when we do that bill.

I am discussing an employment tax credit that does not seem to benefit a high unemployment area which is not recognizable. Therefore, out of that \$1 billion saving and the agreement of this government to proceed with that program, it seems there should be another return to that area, and jobs are not being created by such a program.

I reiterate that an area such as the southern end, rural and fishing, with all the economic benefits of the 200-mile zone and access to the fish, cannot seem to use this program. We can talk about the initiatives of a member of Parliament. That is fine. But there must be other reasons why this program is not being effectively used. It does not seem to be meeting this. I am curious to know what they are.

I am not against the idea of the tax incentive, but there must be reasons why we cannot seem to do this. Is it our manpower

offices, that they have not got the capacity or the ability, or is it that the program does not apply to this region?

Mr. Axworthy: Mr. Chairman, I would simply suggest to the hon. member that probably there is no one in this House better able to give that answer than herself. She would be much closer and would have the access to the employers and the people in that community. I would very much welcome it if she were able to provide some kind of survey or assessment as to why there is not a take-up in that riding. I would be very pleased to hear the hon. member's representations with regard to that.

● (2150)

We do advertise the program—it is advertised through the manpower and employment offices—but it is the employers who are required to take the initiative in applying; there is nothing the federal government can do to force people to apply. But in cases where a tax credit is not taken up we provide an alternative by way of other direct job-creation measures. That is where our philosophy is substantially different from that of the Conservatives who relied almost exclusively upon a tax credit at the expense of direct job-creation programs which they cancelled.

Mr. Shields: Mr. Chairman, the minister alluded earlier to the question I raised when I spoke on this bill when it first came to the House. I suggested there were abuses. The minister indicated that he had checked with regard to that aspect. How did he carry out this check in other centres, and what means did he use?

Mr. Axworthy: As I explained, there is a built-in check already in the program. When an employer applies for a tax credit he must establish base line data in terms of present employment structure. He must file a declaration that the job to be produced will be an additional job. Such a statement is signed by the employer. I am not going to contest the integrity of several thousand small businessmen across the country who apply under this project.

We did check in the particular instance the hon. member gave. He implied that one of our officials suggested to employers in his area that they simply use the tax credit as a way of providing a replacement for an ordinary employment vacancy. We were told that this was not the case; it was a misinterpretation.

I take the hon. member's comments with a great deal of seriousness because they do raise an important issue. But at this point the fail-safe method we use is to ask the employer to tell us what his base line data is, and that is monitored. He must, then, produce additional employees. We simply do not absorb any part of their salaries unless they show they have additional workers. Second, they have to indicate that these are incremental workers, workers they would not hire under normal circumstances in their job programs. That is the extent to which we are able to apply checks and balances at the present moment.