

and biomass), energy audits, research and development and extensive information and education programs. We also encourage substitution away from oil towards more abundant energy sources such as natural gas, electricity and renewables.

The second broad approach adopted by EMR has been to support the development of Canada's massive energy resources. Activities in support of the exploration and development of oil and natural gas -- including the New Oil Reference Price and the Petroleum Incentives Program -- tend to dominate the public's perception. But the Department's activities extend well beyond oil and gas to coal, electricity and nuclear energy.

The third approach -- exploration and development in the Canada Lands -- poses a particular challenge to the Department. These lands are believed to contain Canada's largest remaining untapped reserves of conventional oil and gas. The high costs and risks of exploration in the frontiers and offshore has required special incentives. Such exploration activity must be effectively managed to ensure that the unique social, environmental and safety concerns are met.

The first and second OPEC price shocks in the mid-1970s brought radically higher oil and gas prices, which in turn provided the base for rapid income growth in petroleum-producing regions of the country. At the same time incomes were reduced sharply in petroleum-consuming regions. The Government has looked to energy pricing and taxation -- our fourth broad approach -- as a means of achieving some balance in the allocation of the benefits and burdens of energy, and to phase in the adjustment to higher energy costs. Since 1974, EMR has been responsible for negotiating, in cooperation with the Department of Finance and other key agencies of the Government, successive pricing and taxation agreements with the producing provinces, and has implemented these agreements through a system of administered prices, taxes and incentives.

The fifth approach concerns information. The increase in the Department's responsibilities has required a commensurate increase in our knowledge base. We have an extensive energy information system covering supply, demand, reserves, production, oil inventories, costs and industry financial performance. This information system helps to keep the industry and the public better informed, and is an essential ingredient for effective energy policy-making.

These five broad approaches to the energy problem (demand restraint and oil substitution, supply development, management of the Canada Lands, pricing and information) transcend the Department's internal organizational boundaries. Day-to-day coordination is achieved through a policy committee chaired by myself. In addition, there are separate policy coordination committees responsible for COGLA, petroleum compensation and program evaluation.