

the industry's concern about fiscal regimes and pricing policies, have given rise to the present supply situation.

The Minister observed that while the Board's report quite properly calls attention to the fact that gas is being exported which is now not surplus to Canadian needs, and suggests measures to reduce exports, the Board also recognizes that broader considerations must be recognized when developing an equitable solution to the supply problem. It is clear that Canadians should make every effort to restrain new demands for natural gas and to avoid wastage in existing demands. The powers requested by the National Energy Board for the allocation of natural gas supplies may well be required to reinforce the effect of conservation and pricing policies. Prior to a final decision on such action however, discussions will be held with the affected provinces. Mr. Macdonald indicated that the Government intended to ensure that reasonable Canadian requirements were met consistent with the wise use of this scarce natural

resource, but that other demands were to be discouraged so as to enable Canada's obligations to existing U.S. customers to be met to the greatest extent possible.

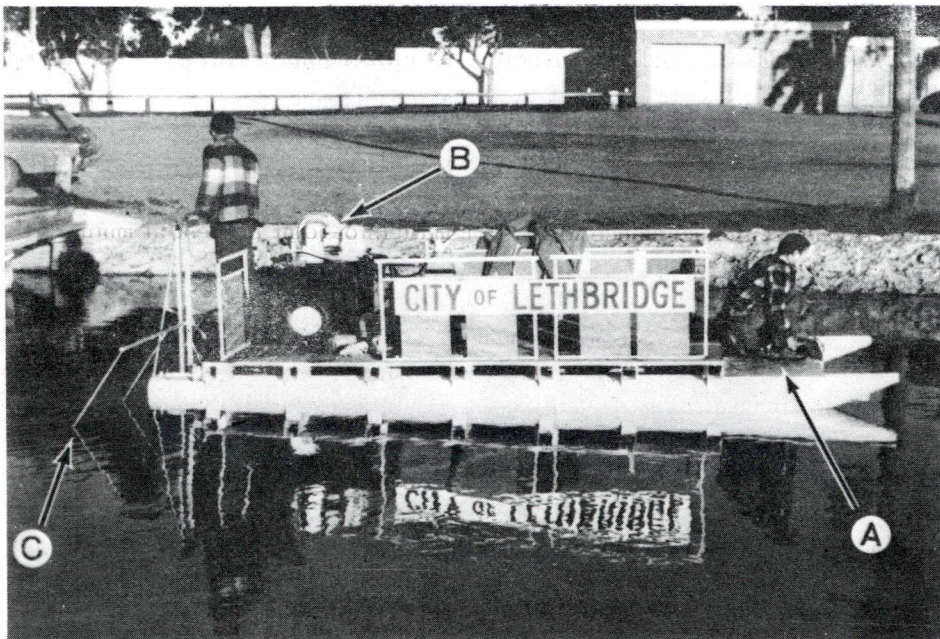
Conservation and pricing

The Government has already initiated action to ensure that natural gas is used as a valuable, scarce and non-renewable resource. Conservation programs have been launched and provinces encouraged to foster conservation in the areas under their jurisdiction. The Government has also announced its policy of a phased commodity value conception in pricing natural gas in both export and domestic markets. Higher prices for natural gas sold in export markets were announced following the First Ministers' Meeting in April and the Federal Government is committed to a phasing in of domestic prices to comparability with crude oil prices at Toronto. The first step in this phasing program will take effect November 1 this year and equivalent pricing is to be achieved in three to five years. In the frontier areas, the

Government has announced the outline of its policy on new land regulations. These regulations, after further consultation, will be proposed to Parliament and should provide a stimulus for ensuring the development of the longer term supplies required from the frontier areas.

Mr. Macdonald observed that United States Government officials were advised in advance of the findings of the National Energy Board and that discussions would be held in an effort to control exports in a manner which will be as responsive as possible to United States concerns.

It was noted that Canadian natural gas exports represent only 4.5 per cent of United States gas demand. There are some areas served by Canadian gas, however, which do not have access to other supplies and it would be the intent that to the extent possible preference would be given to these areas in any allocation mechanism. Severe curtailment of contracted gas supplies is already being experienced in the United States because of inadequate domestic production.

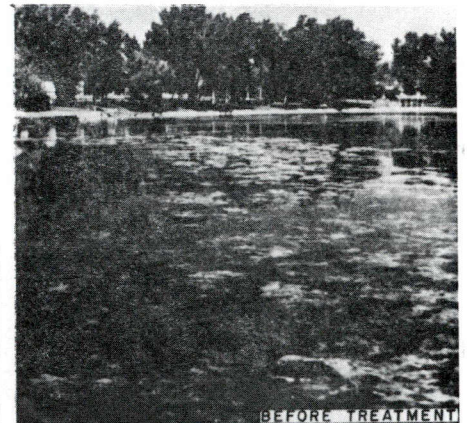


Control of aquatic plants and weeds

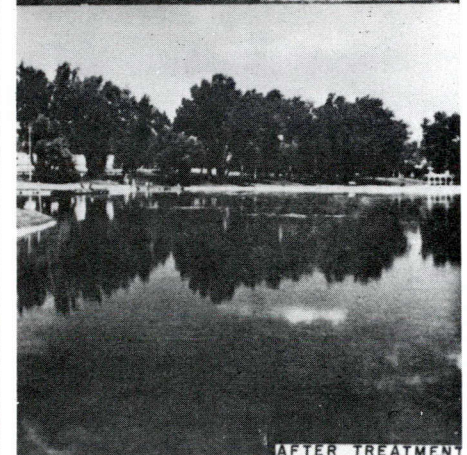
Agriculture Canada scientists at Lethbridge, Alberta, and the City of Lethbridge developed this boat to control the growth of aquatic plants and weeds which, if allowed to spread, plug irrigation pumps and interfere with water

sports. The boat is equipped with front steering (A) for steady control and a flat deck (B), from which a 16-foot boom (C) extends for herbicide injection underwater.

At right are "before" and "after" treatment views of Henderson Lake in Lethbridge.



BEFORE TREATMENT



AFTER TREATMENT