

Mr. DOWNEY: Your difficulty in understanding the situation probably has arisen from an improper explanation on my part.

My previous answer to the hon. member in this regard should have made it quite clear that before the existence of the national energy board the responsibility of parliament was in essence twofold, firstly in regard to incorporation and, secondly, to protect the public from a bad incorporation. When the national energy board was formed it was given two powers. The national energy board can, of course, turn any application down but it cannot grant corporate powers. Parliament is the only body to which we can apply for the corporate powers by which we can proceed to the national energy board.

Mr. DRYSDALE: The problem with which I am concerned does not necessarily apply to this particular company but involves perhaps a principle of application.

You have in effect said that you must go to the national energy board; therefore you must come to parliament seeking incorporation and you will then inform the national energy board as to the situation. If a feasibility study as required in any event I suggest perhaps out of courtesy the results of such a study should be presented to a committee of parliament so that the members of that committee would have the opportunity of giving such a report a closer examination, and then ratify the legislation enabling you to appear before the national energy board at which time you would still be in possession of your feasibility report.

Mr. NUGENT: Mr. Chairman, perhaps I can assist in this matter. In view of the fact that a feasibility study is very expensive; that parliament has the power to refuse incorporation, and because parliament no longer has the responsibility of deciding whether or not a proposed scheme is feasible, having delegated this power to the national energy board, the only proper procedure for a proposed company to follow is to appear before parliament seeking incorporation, and then make a detailed feasibility study, the results of which will then be presented to the national energy board. The Banister Construction Company has built pipe lines across Canada and employs many engineers and experienced people who are very familiar with all aspects of the gas and oil industry throughout Canada. These individuals have drawn on their experience and feel justified in coming to parliament stating this is a good idea, assuring us that there will be markets for the products carried by this proposed system. However they cannot go ahead and invest the remainder of the money required to commence construction until the go ahead is given, until there has been a thorough inspection and study of the marketing and engineering problems involved. The company cannot spend the required amount of money until parliament authorizes incorporation. It follows from that premise that the first step is to seek parliamentary approval of the setting up of the company with the proposed objective in mind. Even if the company had carried out the feasibility study required by the national energy board, the conservation boards of the provinces must also approve the feasibility.

Mr. DRYSDALE: Mr. Nugent, Mr. Downey said that an individual could make an application to the national energy board. Therefore it would seem to me that more money could be saved if an individual or a company group spent the required \$50,000 or \$100,000, which is a relatively small portion of the \$8 million to \$10 million to be invested, because they would then have a better idea as to the possibilities of an application for incorporation being turned down. The company or individual could then come to parliament seeking a charter on the basis of national energy board approval as to the feasibility of the proposal. It seemed to me that it would not make any difference which procedure was followed because the applicants must still spend the \$50,000 to \$100,000. If a charter is granted this company will still have to spend the \$50,000 to \$100,000 before appearing before the national energy board.