

On clause 9.

9. The minister may refuse to contract for an annuity in any case where he is of opinion that there are sufficient grounds for refusing so to do.

Hon. Mr. FERGUSON—Could my hon. friend suggest what would be a probable cause? I have been trying to think. Bad health would not be a cause that would be unfavourable to the government?

Hon. Sir RICHARD CARTWRIGHT—I do not think myself that this is likely to be called in. It would be probably merely in cases where we thought we saw there was an intention to defraud creditors. It is conceivable—and the thing is dealt with in clause 11—that a man on the verge of bankruptcy might be tempted to pay over five or six thousand dollars to buy an annuity for himself or his wife that could not be interfered with. That is the only cause I can think of that would come up.

The clause was adopted.

On clause 11.

Hon. Sir RICHARD CARTWRIGHT—This clause was drawn by the Department of Justice for the purpose of preventing fraud such as I have indicated to my hon. friend just now. I would be disposed to annex a sub-clause to this. My hon. friend opposite brought the matter up, but I had already considered it. As far as possible, it is desirable to avoid litigation over annuities granted by the government, and in all cases, even where possibly a serious fraud has been committed, action should be brought within a certain limited time, and I propose to add the following:

Provided always that no action shall be brought for the cancelment of an annuity granted under this Act after the lapse of two years from the time at which the payment complained of has been made.

With that proviso, clause 11 may go. The whole object is to guard against bankrupts availing themselves of the provision which makes these annuities unalienable. A man might, as I have said, on the verge of bankruptcy, make a large payment of money which properly belongs to his creditors. If he does that it is fraud. He could be punished for it under the common law as it stands; but the Department of Justice thought it expedient to put in this particular clause.

Hon. Mr. BEIQUE—I am afraid it will leave the door open to a good deal of fraud. It is only after the insolvency has occurred that the fraud is detected. We have in the province of Quebec a provision of that kind, but it is more flexible than this. The court is empowered, if it is found that the payments were made when the party making the payment was insolvent, to declare that the creditors shall get the benefit of the contract.

Hon. Sir RICHARD CARTWRIGHT—The object I had in view is this: we want particularly to reach the wage-earning portion of the community. I anticipate that very few large payments will be made en bloc for the purpose of obtaining annuities, but it is very desirable, as far as we can, to create the idea with the wage-earners that these government annuities cannot be disturbed under any pretence whatever. They are liable to take alarm if they suppose that they could be impugned for any cause. If we find there is any sort of disposition to take advantage of this, we can amend the Act; but in the first instance, while we are getting it under way, I desire as far as possible to convey the idea that the annuity is a thing which cannot be meddled with, in any shape or form, and I think a period of two years would give ample time to detect any rascality that might be practiced.

Hon. Mr. FERGUSON—I think it is quite long enough.

Hon. Mr. BEIQUE—As far as payments made by employees, but under this Act a person contemplating bankruptcy three or four years hence might be tempted to buy an annuity and pay for it with the money of his creditors, and I am afraid that the government will have a number of persons of that class purchasing annuities. I would invite the honourable gentleman to see the provision in the Quebec statutes. I would appreciate his making an exception for the class to which he has referred, that is payments made, not for the person himself, but for his employees. In that case, I think the provision of two years would be ample.

Hon. Mr. SULLIVAN—I do not think there should be any two years. The precau-