

From: MacDonald, Alex GCPE:EX
To: [Aaron, Sage PREM:EX](#); [Holmwood, Jen PREM:EX](#)
Subject: FW: IN - Sale of Retirement Concept - Feb 23_18_DRAFT
Date: Friday, February 23, 2018 10:40:44 AM
Attachments: [IN - Sale of Retirement Concept - Feb 23_18_DRAFT.docx](#)

Here is the note from Health.

Response is a little long but I would focus on:

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From: May, Stephen GCPE:EX
Sent: Friday, February 23, 2018 10:08 AM
To: MacDonald, Alex GCPE:EX
Cc: Anderson, Kristy GCPE:EX; Heinze, Laura R GCPE:EX; Schollen, Tasha GCPE:EX
Subject: IN - Sale of Retirement Concept - Feb 23_18_DRAFT
As discussed.
Stephen May
GCPE – Health
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ADVICE TO MINISTER

<p>CONFIDENTIAL ISSUES NOTE</p> <p>Ministry: Health</p> <p>Date: February 23, 2018</p> <p>Minister Responsible: Adrian Dix</p>	<p>Sale of Retirement Concepts</p>
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BACKGROUND REGARDING THE ISSUE:

- On February 23, 2018, Reuters reported that the Chinese government seized control on Anbang Insurance Group Co Ltd, and said its chairman had been prosecuted.
 - In a statement, the China Insurance Regulatory Commission (CIRC) said Anbang had violated laws and regulations which “may seriously endanger the solvency of the company.”
 - Anbang will be taken over for the period of at least one year and will be managed by a group of officials from the CIRC.
 - An announcement says the group will seek to undertake an equity restructuring of the company. The CIRC also said that Anbang's debt's and obligations will not be impacted by the takeover.
 - On June 13, 2017, a Globe and Mail a reporter contacted the Ministry of Health to inform the ministry that Chinese media were reporting Anbang's chairman Wu Xiaohui had been detained by authorities.
 - Anbang, a Chinese insurance-holding company, owns Cedar Tree who recently purchased 23 of 25 facilities owned by Retirement Concepts (20 in BC, 2 in Alberta and 1 in Quebec). The sale was subject to federal approval. Under the Investment Canada Act (ICA) it is the Federal Minister that is responsible to approve the sale to a non-Canadian if over \$600m (increases to \$800m in 2017).
 - Criticism of the sale and its lack of transparency received media coverage:
 1. <http://vancouversun.com/business/local-business/chinese-company-anbang-aims-to-buy-retirement-concepts-seniors-housing>
 2. <https://www.theglobeandmail.com/news/british-columbia/sale-of-retirement-homes-puts-bc-seniors-at-risk-says-ndp-critic/article34156837/>
 - There is no statutory requirement for the Government of Canada to consult with a province respecting a proposed investment under the ICA; however, consultation is routinely conducted as a matter of policy.
 - The federal government reviews economic/financial issues; any other matters (e.g. health care implications) are not within the purview of the Federal Minister.
 - Through the BC Ministry of International Trade, Ministry of Health staff were contacted to provide an outline of the legislation and licensing process.
 - BC's Assisted Living and Residential Care regulations outline requirements of applicants for registration or licensing when there is a change in ownership. These regulations are in place to protect the health and safety of residents and persons in care irrespective of ownership.
- s.13,s.14
- Under the partnership agreement, Retirement Concepts retains a minority stake and will continue to manage the day-to-day operations of all of the facilities. Retirement Concepts committed that there is to be no change to staffing plans, the quality of care provided to residents, or to policies, procedures and other operating standards.

- Retirement Concepts provides assisted living and residential care services through contract with the health authorities.
- In 2015/16, BC's five regional health authorities paid \$86.52 million combined to Retirement Concepts for contracted assisted living and residential care services. Out of 130 providers, Retirement Concepts was the highest paid across the province; however, health authorities' amount of contracted services varied.
- The table below shows the total amount paid to Retirement Concepts by health authority for 2015/16 and the relative ranking:

Health Authority	2015/16 (\$ Millions)	Ranking re: highest paid providers
Interior	\$16.72	4
Fraser	\$30.50	1
Northern	n/a	n/a
Vancouver Coastal	\$6.26	7
Island	\$33.04	1

- Following the approval of the sale, on March 1, Vancouver Coastal Health (VCH) was given six-month's notice by Retirement Concepts to end its contract with VCH for 20 Assisted Living (AL) units (housing 21 residents) at the Terraces on 7th in Vancouver by September 30, 2017.
- The Terraces is one of two facilities that were not part of the federally approved sale and is still owned by Retirement Concepts.
- After significant media attention, Retirement Concepts rescinded its notice and worked with VCH to find a solution to allow residents to stay until the original agreement end date of March 2019.
- In response to concerns raised about Retirement Concepts and other providers suddenly ending contracts in the future the Board of Directors of the BC Care Providers Association struck an internal "Assisted Living Tenancy Task Force" to review this matter and provide recommendations to prevent future sudden terminations and evictions.

DISCUSSION/ADVICE:

- In a February 27, 2017 Globe and Mail – Minister Darcy had the following quote regarding the sale:
 - "There are enough challenges with accountability and transparency, and seniors are suffering because B.C. regulators are not ensuring elder care is up to code," Ms. Darcy said in an interview Monday. "Now, the decisions about this company's future will be made by a multinational company that is one step removed."
- Federal NDP MPs have had the following comments on the sale of Retirement Concepts to Anbang
 - NDP health critic Don Davies called the Anbang deal a "foreign takeover of vital healthcare and seniors facilities" in B.C., and asked the Liberals whether the purchase was ever discussed at one of their cash-for-access fundraisers.
 - New Democratic Party MP Nathan Cullen said Retirement Concepts as a health care provider should be considered a "critical asset" for Canada to protect. "You would think any government would reject this proposal."

ADVICE AND RECOMMENDED RESPONSE:

If asked about Chinese Government takeover of Anbang:

ADVICE TO MINISTER

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s.16

Communications Contact:

Reviewer:

Program Area Contact:

File Created:

File Updated:

Minister's Office	Program Area	Deputy	HLTH Communications