

Anbang Insurance Corporation Proposed Purchase Of Retirement Concepts

The Support Our Health Care (SOHC) Society of Princeton has prepared the following submission regarding the proposed sale of Retirement Concepts to the Anbang Insurance Group. In a letter sent to the Honourable Minister Navdeep Singh Bains, dated December 7th, SOHC requested an extension of the period of review by the Investment Review Division to allow for an adequate response from concerned organizations. Subsequently, we were contacted by Patricia Brady, Director General, Federal Investment Review Division, who invited us to meet with her by telephone to discuss our concerns. A teleconference was held on December 15 with Ms. Brady, Matthew Dooley (Director, Investment Review Operations) and five members of the SOHC Executive.

We appreciated the opportunity to discuss this issue and were impressed with the information that was provided and the clarity of their response to our discussion points and questions. At that meeting, we informed Ms. Brady that we would be preparing a written submission outlining in greater detail our perceptions and concerns.

SOHC was formed four years ago in direct response to the deterioration of healthcare services in Princeton, BC. We are a grassroots organization that advocates on behalf of the people of Princeton and other rural remote communities in BC who are largely underserved by our province's healthcare system. We are dedicated to the improvement of healthcare in our province and for this reason are very concerned about this proposed buy-out of long term care facilities by a foreign company.

The following points outline our views on this subject:

1. The basic requirement for existence of private companies providing long term care for elderly people is to yield a profit. Obviously, this applies to both Canadian and offshore companies. These companies operate in a market created by a mixture of private need and personal funding and public purpose, regulation and collective funding. A purchase by an offshore group is based on an assumption of future profitability, just as is a Canadian business acquisition. Quality of care and delivery is a collateral issue, not the primary driver. That quality is the responsibility of public authorities.
2. Responsibility for overall quality and standards of care necessarily devolve to government because only government carries the responsibility for the overall welfare of the citizenry. If government does not address the public need, no collective action will occur.

3. Foreign corporations who invest in Canadian companies presume future profits from operations, property development and redevelopment, and resale. Naturally, this also applies to any Canadian corporation or owner – the significant difference being that that the Canadian companies and owners are more accessible, more directly vulnerable to regulation, public ignominy and retaliation and are therefore more likely to be sensitive to local and provincial reaction to business decisions. Foreign purchase by definition lengthens the chain of decision and authority through holding companies and corporate structures. This increases the complexity of regulation and enforcement by Provincial authorities.
4. We believe that ownership of long term care facilities should remain as close to the service provision as possible; any distancing of ownership from actual service is a clear threat to the client because of the inevitable delay in response to service issues. We are not dealing with a physical commodity such as oil, wood or water – we are dealing with vulnerable elderly and frequently dependent citizens.
5. The involvement of a foreign company places the responsibility for a higher level of scrutiny on the backs of provincial health ministries who have the responsibility to provide proper regulation and inspection of long-term care facilities. The Federal government as the primary authority in such situations must make the job of its provincial partners as effective and efficient as possible.
6. The proposed sale is not in the best interest of seniors or the overall health care system. Presumably it could be in the best personal interest of present owners of the long-term care facilities. However, these “private” facilities have been developed and continue to be partially financed and overseen by public bodies. Their validity is underwritten by public support and mandate. This has created a situation in which a foreign investment body sees an opportunity to maximize investment return – not an opportunity to improve service. We do not see any added value to the Canadian economy – presumably, the purpose underlying encouragement of foreign investment in our country.
7. The physical property assets of Retirement Concepts are significant in size and in terms of future development, redevelopment or sale. These properties have been acquired at least partially through a tax-supported regime of formula subsidy. Opportunities to enhance value through sale or redevelopment of these properties will occur, inside or outside the health system. In such circumstances, the profits will flow out of the country – a net loss rather than a net gain for Canada.
8. The consideration points as laid out in the Investment Canada Act seem to be focussed primarily on the buyer and seller relationship and future profit. The wording does not allow for discussion of the social

consequences of commercial arrangements. It is our view that citizen interest (in this case, that of the elderly) should be a significant consideration in the review of this proposed buyout. The use of the word “cultural” in the legislation is too vague to be of use in this situation – the physical and emotional well being of our fellow citizens.

9. Underlying all these issues is the primary problem of dispute resolution. We assume that this purchase, if approved, will leave our provincial government liable under the terms of the Agreement Between Canada and China for the Promotion and Reciprocal Protection of Investments. In this circumstance, the implementation of provincial regulations in long term care could be impeded or effectively blocked if the owners took issue with the costs of implementation of change.

Minister Bains, you recently commented on this takeover bid, stating in the House of Commons, “We are going to do what is the net benefit for Canada. We are going to make sure that we advance our national interest and when we make a decision, we will make that public.” The issue for us is the meaning of the term “net benefit”. In this case, we believe that the welfare of the Canadian citizenry trumps the interest of holders of shares or possessors of capital.

Respectfully submitted,

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