



FEB 01 2018

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The Honourable William Francis Morneau, PC, MP
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa ON K1A 0G5

Dear Minister Morneau:

The real estate market in British Columbia, and in particular the Metro Vancouver region, has seen significant price growth leading to concerns about affordability and compliance with taxation and anti-money laundering requirements. The BC Government is committed to addressing speculation, tax evasion, fraud and money laundering in BC's real estate sector. I am seeking your support to enhance the ways in which our governments are cooperating to address these priorities.

I understand that officials with BC's Ministry of Finance have met on a regular (ad hoc) basis with officials from the federal Department of Finance, Canada Revenue Agency (CRA), Office of the Superintendent of Financial Institutions (OSFI), Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Bank of Canada and Royal Canadian Mounted Police (RCMP) to discuss tax compliance, money laundering and illegal flows of money in the real estate sector.

These meetings have been beneficial in a number of respects. For example, the CRA is committed to maintaining additional audit resources allocated to BC's real estate market and FINTRAC is increasing its education and compliance work with BC's real estate sector.

Furthermore, BC officials have developed a clearer understanding of the challenges faced by the CRA and the RCMP in carrying out their mandates in the real estate sector. As a result, BC is considering options to collect information about pre-sale purchase agreements as well as options to improve information about beneficial ownership in BC. BC will also continue working through the federal/provincial/territorial working group on beneficial ownership. As recommended by it, we are committed to tabling interim amendments by July 1, 2019, requiring

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Ministry of Finance

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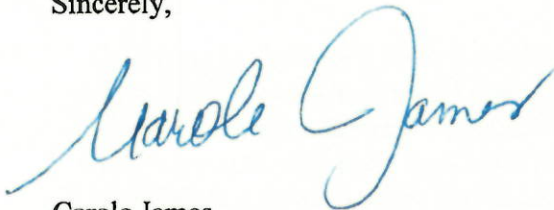
corporations in BC hold accurate and up to date information on beneficial owners that will be available to law enforcement, tax and other authorities.

Given the success of this collaboration, I propose that we formalize the BC/Canada multi-agency working group with terms of reference and regularly scheduled meetings. The BC/Canada working group will ensure high priority compliance and enforcement issues in BC's real estate sector are actively addressed and responses are coordinated across agencies wherever possible. The working group will also ensure federal enforcement agencies have regular opportunities to raise requests directly with governments, such as for additional information sets and transparency measures.

I propose that the BC Ministry of Finance lead and host meetings of the BC/Canada working group. We will include representatives from other key ministries in BC, in particular the Ministry of the Attorney General. I have asked Lori Wanamaker, Deputy Minister of the Finance Ministry in British Columbia, to speak with Finance Canada Deputy Minister Paul Rochon about next steps in implementing the proposed BC/Canada working group.

I believe this is a valuable opportunity for our governments to work together and I would be pleased to speak to you about my request. It is imperative that British Columbians have a high degree of confidence in federal and provincial real estate, taxation, anti-money laundering and related regimes and the efforts of regulatory and enforcement agencies to effectively administer them.

Sincerely,



Carole James
Minister and Deputy Premier

cc: Honourable Diane LeBouthillier, Minister of National Revenue

Honourable David Eby, Attorney General

Paul Rochon, Deputy Minister, Department of Finance

Lori Wanamaker, Deputy Minister, BC Ministry of Finance

Richard Fyfe, Deputy Attorney General, BC Ministry of Justice