

BENEFICIAL OWNERSHIP TRANSPARENCY: CASE STUDY

CANADA COMMITS TO PUBLIC BO REGISTRY

This case study is part of a retrospective evaluation sponsored by [TAI](#) to assess the roles and contributions of TAI funder members & grantee partners in achieving select policy outcomes advancing global beneficial ownership transparency (BOT) from 2016-2021. See full report for insights across outcomes.

WHAT WAS THE OUTCOME?



In 2018, the Government of Canada amended the Canada Business Corporations Act to require certain corporations to collect information in corporate registries on persons with significant control. In 2019, this Act was amended to have this information available for law enforcement scrutiny. In 2020, the government launched a public consultation, which included stakeholder outreach between industry, experts, and civil society, to evaluate the merits of a publicly accessible beneficial ownership registry. In 2021, committed to the development of the registry by 2025.

WHO CONTRIBUTED TO THE OUTCOME?

TAI FUNDERS

OSF

GRANTEE PARTNERS

Coalition among:

- Canadians for Tax Fairness
- Transparency International - Canada
- Publish What You Pay - Canada

Although officially convened in Fall 2017 through new and dedicated resources from OSF, members of the Coalition (i.e., Canadians for Tax Fairness, TI-Canada, and PWYP-Canada) had been independently pushing for BOT in Canada for some time. Key coalition activities included producing research and reports for journalists, building coalitions across CSOs, law enforcement, the media, and private sector actors, being directly involved in governmental consultations, and producing materials that informed governmental consultations and announcements. These concerted, coordinated efforts to drive BOT at the provincial and federal level efforts led to several important outcomes.

Coalition and media pressure led to a December 2017 Agreement on Beneficial Ownership Transparency which committed all provincial, territorial, Finance Ministers to a two-phase approach of amendments to the existing Canada Business Corporations Act (CBCA) and exploring registry options. The Coalition was invited to provide feedback on Federal level legislation for this agreement.

Pressure applied during the mid-2018 OGP summit led to a plan to explore registry options at the Federal level. During that same period, an Expert Panel tasked to investigate money laundering in British Columbia, published report with findings stating that, “Disclosure of beneficial ownership is the single most important measure that can be taken to combat money laundering but is regrettably under-used both internationally and in Canada.” The resulting public outrage prompted Prime Minister Justin Trudeau to described Canada’s money laundering problem as, “extremely alarming and absolutely unacceptable.” In July 2019, following the Coalition advocacy and media coverage, the federal government announced a plan to hold public consultations to evaluate the merits of a publicly accessible registry. These Federal consultations lasted from Feb – May 2020. As of Jan 2020, prompted by local scandals, key legislative champions, and Coalition consultation and outreach to Provincial Financial Ministers, two of the four largest provinces in Canada, BC and Quebec, had independently taken significant legislative steps toward the creation of public BO registries. In April 2021, the Canadian Federal government committed to enact a public BOT registry to be fully implemented by 2025.

HOW WAS THE OUTCOME ACHIEVED?

In 2016, several national and global events prompted the Canadian Federal Government to work with its thirteen provincial and territorial jurisdiction on the collection of beneficial ownership information by privately help corporations. That same year, the Financial Action Task Force (FATF) released its mutual evaluation for Canada outlining several significant deficiencies in Canada’s anti money-laundering and anti-terrorist financing (AML/ATF) framework with notable shortcomings in the casino, real-estate, and legal sectors. These findings were corroborated by RCMP estimates that up to \$47 billion were being laundered into Canada each year, supporting the opioid crisis, contributing to housing inflation in major metropolitan areas (i.e., snow washing), and other impacts. These crises as well as the FATF report findings were seized upon by journalists thus raising concerns of money laundering in social consciousness. Members of the private sector also started to put pressure on the government to act, as know-your-customer due diligence requirements in the AML/ATF legislation placed an undue administrative burden on these actors. Further, a report published by TI Canada titled, “No Reason to Hide,” which focused on secrecy in the real estate market, heightened concern of this issue with the Canadian Federal Government as well as in British Columbia (BC).

MOST CRITICAL ENABLING FACTORS

GLOBAL EVENTS WITH LOCAL IMPLICATIONS

- UK's G8 leadership and launch of public BO registry
- The Panama Paper and Paradise Papers

LOCAL EVENTS & OPPORTUNITIES

- Local scandals (i.e., “snow washing”, mafia stealing public works project funds in Quebec, money laundering through BC casinos, the opioid epidemic, Toronto and Vancouver real estate bubbles)
- Expert-Panel Report assessing scope of money laundering in Canada
- Cullen Commission of Inquiry into money laundering in BC

MEDIA COVERAGE

- Coalition developed relationships, research, and materials to inform coherent narrative for journalists
- Sustained, credible, national media coverage of money laundering stories with federal ministers coming under question during primetime, national television in 2019

ROLE OF CIVIL SOCIETY

- Consulted with and informed media efforts
- Continued engagement with policy makers
- Coalition language in BO legislation
- Creating pressure on Industry Canada (ISED) to release consultation findings

INDIVIDUAL CHAMPIONS

- David Eby - Attorney General of (BC)
- Chrystia Freeland Deputy Prime Minister (Canada)
- Carole James – former Minister of Finance (BC)

CROSS-SECTOR MOTIVATIONS

- Cross-sector actors had unique incentives to support BO efforts in Canada (e.g., key provincial legislature; the RCMP; the real estate, business, securities, money services business, and legal sectors) and put pressure on provincial governments to act

GLOBAL STANDARDS AND NORMS

- Increasing successes in the US, Europe, and Africa left public officials without an excuse to address BO
- Unflattering 2016 FAFT report (regs 24 and 25)
- US passage of H.R. 6395 NDAA 2021

BIGGEST BARRIERS TO PROGRESS

- Passive resistance from ISED
- Disinterest or de-prioritization from large provinces Ontario and Alberta
- Covid-19 has shifted attention away from all non-urgent files, including BO
- Canada's federated landscape caused reluctance among federal government to create single standards for all provinces and territories
- Consultation results had been withheld
- Difficult to obtain funding for BO work in Canada

Direct funding outcomes

- Grantee partners emphasized the critical nature of OSF's support to mount and sustain the campaign, and recognize, in retrospect, that they would not have been able to do so without OSF's support.
- Funding for the Coalition expedited the outcome, enabling the *specific CSOs with the right expertise and connections* to lobby successfully.
- OSF was described as a flexible, responsive, and easy donor to work with. In addition to Coalition funding, OSF provided monitoring, evaluation, and learning (MEL) support which helped grantee partners track progress.

Additional or unintended outcomes

- Campaign has gained credibility in the business community but also in the federal and provincial governments
- Through consultations with the Coalition, Quebec and BC, had initially decided to move further than the federal government on BOT.
- BO legislation has received limited support from Conservative Party Lawmakers
- ISED had seized control of this file, passively opposing progress citing economic competitiveness and privacy concerns. The Coalition, however, successfully applied public pressure to facilitate the release of the findings.

Significance of outcome

Following the conclusion of public consultations, Coalition pressure, and support from deputy prime minister Chrystia Freeland, the Canadian Federal government has committed 2.1 million dollars for the development and implementation of a public beneficial ownership registry by 2025. This would add to the growing list of global economies, as well as G7 members, utilizing beneficial ownership to combat tax dodging and money laundering.

Biggest lesson learned

The commitment to hold public consultations were influenced by a host of local scandals that were expertly leveraged by the media and the Coalition putting pressure on politicians to act. Accordingly, Coalition members have provided direct technical and legislative support to legislators. A liberal majority government created a stable political climate to educate, apply pressure and sustain lawmakers' awareness on the issue. Although efforts to increase awareness of the benefits of BOT in Canada predated the Coalition, it took the coordinated expertise of various Coalition members to apply consistent, intense pressure to achieve the current and resulting outcomes.