

# Speaking Points

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Senate Standing Committee on National Finance

Study of the Proposed Changes to the *Income Tax Act* Respecting the Taxation of Private Corporations

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Saint John

Thank you, Mr. Chairperson.

My name is Dr. Dharm Singh. I am the President of the New Brunswick Medical Society. I am also the Chief of Urology at Campbellton Regional Hospital and St. Joseph Health Centre in Dalhousie.

As President of the New Brunswick Medical Society, I represent more than 1,700 practising physicians in New Brunswick.

I want to thank the members of the Committee for the opportunity to appear today and for the time they are dedicating to this very important issue.

As doctors, our position on the measures proposed by the Minister of Finance is clear.

We believe that the proposed changes will have unfair consequences for doctors, for other health professionals such as dentists and pharmacists as well as other small businesses.

We also believe that proceeding with these changes will cause health professionals to make business or personal decisions that will have a negative impact on the provision of care to patients.

Finally, we believe, as do multiple other stakeholders, that the changes to Canada's tax regime, and their potential impact are extremely significant. As such, the length and format of the government consultation process should have reflected the importance of the proposal.

While we appreciate the Minister of Finance's recent attempts are mitigating the unintended consequences of his original proposal, we still believe that a decision to proceed with the proposed rule changes, in whole or in part, will have a major impact on the recruitment and retention of doctors in New Brunswick.

Seventy per cent of doctors in New Brunswick are small business owners, not salaried employees. They employ staff, purchase equipment and supplies, rent or purchase offices, and pay insurance and taxes out of the fees they receive for each patient visit. Unlike salaried employees, fee-for-service doctors do not have health benefits, paid vacation, sick leave, or a pension plan. Doctors also take on a substantial amount of debt to earn their degree, through 10 years or more of medical education. They also take on significant debt when they start a practice.

If these changes move forward, early career physicians will likely have greater difficulty setting-up a practice.

Many of our members have told us that the proposed tax measures may cause them to seriously consider moving to another jurisdiction, work less hours, or even retire early.

This could have serious implications on the health care system in New Brunswick and on the province's ability to deliver the care the population expects.

Of the more than 500 New Brunswick doctors who answered a recent New Brunswick Medical Society survey, 65% said they would consider reducing the number of hours they currently work if the proposed tax measures are implemented; 46% said they would consider moving their practice outside of New Brunswick; and, 25% said they would consider retiring from the profession altogether.

Governments need to maintain a competitive playing field if they want to keep professionals in high-demand occupations, such as medicine, from leaving for another jurisdiction.

New Brunswick has the third highest combined marginal tax rate after Quebec and Nova Scotia. While New Brunswick doctors have chosen to practice in the province despite these financial disadvantages, this may very well change if additional punitive rules are implemented.

New Brunswick is also a province that has to face a rapidly ageing population, challenged by chronic illnesses, requiring more and more health care.

More than 50,000 New Brunswickers do not have a family doctor. Wait times to see a doctor in New Brunswick and waiting lists for medical procedures are already some of the longest in Canada.

Even losing a small number of physicians to other jurisdiction, either within or outside of Canada, will have a very real impact on the health care system in New Brunswick and on New Brunswick patients.

New Brunswick physicians are for tax fairness. However, we do not believe that the government proposal, even as amended, will truly address the fairness issues that may exist with the Canadian tax system.

We believe that it would be irresponsible for the government to proceed with the proposed tax measures given the level of interest in the issue expressed by Canadians over the summer months.

We do not believe that tax reform should be done on a piecemeal basis. We believe that the proposed measures are unfairly targeting small businesses across Canada, including many groups of professionals.

If tax fairness in Canada is the objective, the best approach, in our view, would be for the government to drop its proposal and initiate a full review of Canada's tax system.

Thank you.