

Senate speaking notes

Nov. 21, 2017

5 minute speech – 644 words (650 max)

Good afternoon, bonjour et bievvenue à la Nouvelle-Écosse,

My name is Maria Alexiadis. I'm a family physician and Past-President of Doctors Nova Scotia. As the professional association for the province's doctors, Doctors Nova Scotia represents 3,500 practising physicians, residents, medical students and retired physicians.

On July 18, Minister Morneau announced proposed changes to how private corporations are taxed. Although the proposed changes have since been amended, removing some of the tax saving and deferral benefits

currently available to the 75% of Nova Scotian physicians who are incorporated will have serious, if unintended, consequences.

Nova Scotia's doctors were allowed to incorporate by the provincial government in 1996. The Minister of Health at the time stated, "there are certain physicians who when looking across Canada at opportunities may well find that [incorporation] is one of the pluses that might lead them to make a decision to come and remain in Nova Scotia. We would like to provide some stability in terms of business practices and stability in terms of competitive advantage."

Incorporation was provided to physicians in lieu of competitive compensation, to aid recruitment and retention. Ironically, our province is in exactly the same spot it was in the mid-'90s.

Today, Nova Scotians pay the highest personal taxes in the country, and Nova Scotian physicians are paid among the lowest in the country.

More than 110,000 Nova Scotians don't have a family doctor. We regularly hear news stories about people who don't have access to primary care, patients call doctors' offices begging for care. Nova Scotia's Physician Resource Plan identifies the need to recruit

more than 1,000 family physicians and specialists to the province over the next 10 years.

In a province facing significant financial challenges, where physicians are paid well below the national average, it is difficult to compete with other provinces. Physicians can choose to practise elsewhere if the effects of the proposed tax changes are not mitigated.

Physicians largely use their corporations for family planning and retirement purposes, since we do not have sick leave, pensions or other benefits that employees enjoy. In rural Nova Scotia, where a physician's highly trained spouse is unable to find work, the ability to defer or "sprinkle" income to a family member is a benefit that

makes it easier for physicians to choose to practice in rural areas.

Doctors Nova Scotia surveyed physicians to determine how the original proposed tax changes might impact them.

- 52% of the 864 respondents indicated that they are considering moving to another jurisdiction if the proposed changes are enacted.
- 43% would consider reducing the number of hours they dedicate to their practice or professional activities.
- 42% would consider changing their practice profile.

The impact of the proposed tax changes is compounded by the current practice environment in Nova Scotia.

Burnout, inferior compensation and the proposed tax changes could result in physicians leaving the province, working fewer hours or retiring early – all of which negatively impact patient care.

We view the benefits of incorporation as one component of a physician's total compensation package. A change to any component of the compensation package, which has existed for more than 20 years, will impact the capacity of physicians to practice.

Physicians are unable to mitigate income losses because we can't raise our rates, and we can't increase our billings – we're already working at maximum capacity. Physicians who cannot accept the tax changes will likely either move to a jurisdiction where compensation is higher or retire early. The result? Fewer physicians to care for Nova Scotians.

We urge the federal government to give serious consideration to the unintended impacts of the proposed changes. Physicians come to Nova Scotia because they want to care for Nova Scotians, however, we must all do what is best for our families. We are fearful the changes

will cause physicians to leave our province and this will be harmful to our patients.