

Media Release

Australian General Practice Alliance (AGPA) Warns Walk-in Clinic Budget Funding Will Not Significantly Ease Primary Care Access Crisis

FOR IMMEDIATE RELEASE

13/05/2024

AGPA Deputy Chair Dr Mukesh Haikerwal AC said today the increased funding for walk-in primary care in tomorrow's budget will fail to address the biggest issue in care delivery, the threat of closure faced by hundreds of GP clinics across Australia.

Dr Haikerwal said unless Federal and State Governments urgently addressed the issue of payroll tax levied on GP clinics, investment in the sector would dry up and eventually hundreds of clinics will be forced to close.

He said recent court decisions had required practices to treat payments collected on behalf of GPs from patients as payroll, totally undermining the funding model and potentially leaving many practices on the brink of insolvency.

Dr Haikerwal said the 58 urgent care clinics have seen 400,000 patients since being established last year. He said even with the additional 29 clinics to be announced in the budget they were likely to see fewer than 1 million patients a year compared to the close to 170 million consults in General Practice. "It is a drop in the bucket. A distraction from the real task of properly funding and supporting General Practice to improve access nationally. It is cherry picking funding for certain areas and providers rather than using the funds to incentivise existing providers to handle more urgent cases which they could do at a far lower cost per patient," he said.

Dr Haikerwal said the Federal Government would do better to work with States to tackle the payroll tax issue. He welcomed the recent announcement by Victorian opposition leader John Pesutto that in government it would exempt clinics from payroll tax. He urged all state and territory governments to adopt a similar position or risk increased chaos in the sector as it moves into long term decline.

In March last year the NSW Court of Appeal ruled the typical contractual arrangements entered into between doctors and General Practices were subject to payroll tax. As a result of the case, *Thomas and Naaz v Chief Commissioner of State Revenue*, there has been a

flow-on effect to other states and territories with practices not only being liable for tax going forward but potentially retrospectively.

Practices have always been liable for payroll tax for directly employed staff such as nurses and administration staff but until recently this did not include income collected on behalf of tenant GPs. The risk is that if Practices cannot afford to absorb the tax they will need to collect it from patients, tenant GPs or close. Practices cannot charge a patient and still bulk bill, so the collection of payroll tax has major implications for bulk billing

Payroll Tax situation by Jurisdiction:

- In NSW a pause on payroll tax audits on medical practices is due to end in September 2024.
- in Queensland a moratorium will expire in June 2025 although some medical practices could be exempt provided they enter into potentially disruptive arrangements where patient fees are paid directly to the GP and not the practice
- A South Australia amnesty will expire in June this year.
- In Tasmania both parties indicated before the March election that they did not intend to impose payroll tax on medical practices although no formal policy has emerged
- In Victoria the State Revenue Office last August released a ruling medical clinics were liable for payroll tax and to date there has not been no announcement in regard to an amnesty or moratorium.
- In the ACT an amnesty was announced until June 2025 but only for practices that bulk-billed 65% of patients.
- In WA the legislation provides that as long as the GP is subject to a service agreement and is "a genuine contractor" no payroll tax is applicable.
- The situation in the NT has not yet been clarified.

Dr Haikerwal Quotes:

"Health Minister Mark Butler knows that access to General Practice is among the biggest challenges faced by the health sector, however still not enough has been done to secure the bedrock of the system which are practitioner led, owned and managed General Practices.

"These practices are the backbone of primary health care in Australia and they are currently under threat from all sorts of cost pressures but most egregiously Payroll Tax.

"The current model of tenant Doctors renting rooms from General Practice has proven to be effective, efficient and far less expensive to government than direct ownership of practices and employing GPs. But years of neglect on the part of government has curtailed investment in the sector and the imposition of payroll tax will lead to the closure of hundreds of clinics in the next few years.

"Where is the incentive to invest in the sector or even to become a GP in the first instance when the basic model is under threat. In the past one of the motivations for becoming a GP was the possibility of become a practice owner but increasingly practice ownership is being devalued and is increasingly regarded as an albatross. The danger is that the relationship between the GP, the practice and the patient will become increasingly transactional as practices compete for a limited workforce and to make ends meet.

"Community Health Services play a vital role, particularly for the most vulnerable but we need to recognise the threat to General Practices which provides the bulk of our primary care needs. Urgent action is needed to ensure that General Practice remains fit for purpose at a time when primary care needs are only increasing and becoming ever more complex."

For media inquiries or further information, please contact:

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Dr Haikerwal will also be available post-budget for comment on health announcements.

About AGPA:

The Australian GP Alliance represents the interests of GP Practice Owners, addressing issues faced by Principal led General Practices.

The Australian model of GP owned private general practice has been responsible for our international reputation as an efficient and highly effective primary health care service.

The continuation of high quality primary healthcare in Australia is dependent on the continued viability of the Practices that provide the leadership and infrastructure that allows GPs to practice, and patients to access the healthcare system

The Australian General Practice Alliance (AGPA) is Australia's leading association of independently owned General Practices working to ensure high-quality healthcare delivery to all Australians. With a dedicated focus on patient welfare and professional collaboration, AGPA works to create an environment for medical practices to enhance patient outcomes..