

NSW Budget 2024-25

Daniel Mookhey

Treasurer

Courtney Houssos

Minister for Finance, Minister for Domestic Manufacturing and Government Procurement,
Minister for Natural Resources

Ryan Park

Minister for Health, Minister for Regional Health, Minister for Illawarra and the South Coast

Media Release

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Bulk-Billing support to ease cost-of-living pressure

The Minns Labor Government will invest an estimated **\$189 million** in a bulk billing initiative to ensure the cost of seeing a GP remains accessible for people across NSW.

The Bulk-Billing Support Initiative will legislate to provide:

- A new ongoing payroll tax rebate for contractor GPs at clinics that meet bulk-billing thresholds
- A waiver for past unpaid payroll tax liability for contractor GP wages to 4 September 2024.

This initiative will protect bulk-billing rates by reducing financial pressures on GP practices so they don't pass on additional costs to patients and will save clinics from closure.

This will also reduce the strain on the State's busy hospital emergency departments. NSW Health estimates that a 1 per cent decrease in bulk-billing equates to around 3,000 additional emergency presentations.

Once enacted, the NSW Government will give an ongoing payroll tax rebate for contractor GP wages to be provided to clinics with bulk-billing rates above 80 per cent in metropolitan Sydney, and above 70 per cent in the rest of the state.

The Bulk-Billing Support Initiative will help address the significant cost-of-living pressures felt by families and households across NSW. A recent survey revealed that:

- 72 per cent are quite concerned or extremely concerned about the cost of healthcare
- 48 per cent of adults are cutting back on healthcare appointments due to affordability
- 37 per cent of parents are cutting back on appointments for their children due to affordability.

For the last five years, medical peak bodies have been warning that failure to address the issue could see GPs charge patients as much as an additional \$20 per appointment.

This resolves uncertainty around the applicability of payroll tax on contractor GPs, which first arose in 2018 under the previous Liberal-National state government.

The initiative also addresses the unique and unprecedented cost pressures GPs are under after the former Liberal-National Commonwealth Government froze bulk-billing indexation for a decade.

To relieve pressure on GPs, in September 2023, the Minns Labor Government legislated a 12-month pause on payroll tax audits for GP practices and tax penalties and interest accrued on outstanding debts.

Since the pause was enacted, the Government worked closely with Royal Australian College of General Practitioners (RACGP) and Australian Medical Association (AMA) to develop the support initiative.

NSW will be the first state to legislate a full retrospective waiver for past unpaid payroll tax liabilities for contractor GP wages. This will save local clinics.

The former Liberal-National Government's failure on this issue particularly impacted regional and rural GP clinics. In providing a targeted rebate for those clinics, we can protect primary care for families and households in those communities.

Maintaining a consistent approach to payroll tax is an important objective of the NSW Government. The introduction of this support initiative recognises the overriding public interest in GPs delivering care for families and households.

This is part of a budget that will prioritise rebuilding essential services – ensuring we have the essential services the people of NSW rely on and that keeps our communities safe.

Statement from AMA's Dr Michael Bonning:

“AMA NSW welcomes the decision by the NSW Minns Government to legislate to guarantee no retrospective payroll tax liability for general practice. The Minns Government will be the first state to offer this guarantee in legislation.

“Minister Park and Minister Houssos have been responsive to the concerns of general practice from the moment they took their portfolios. Minister Park has shown his commitment to the important role of general practice in the NSW Health system.

“Legislating ‘no retrospectivity’ will provide certainty for practices and will minimise the risk of more closures of general practices in NSW.

“Unfortunately, general practice continues to struggle with decades of underfunding from the previous Commonwealth Government.”

Statement from RACGP NSW & ACT Chair Dr Rebekah Hoffman:

“The RACGP applauds the NSW Government exempting GPs from retrospective payroll tax. This gives GPs across NSW certainty that they can continue to operate and keep their doors open for patients, without fear of being hit with a huge tax bill that will shut them down.

“The RACGP thanks Ministers Houssos and Park for negotiating with the college in good faith and for understanding the devastating impact retrospective tax would have on NSW practices, patients, and our state’s health system. We appreciate the very tight budgetary constraints the NSW Government is under and know this decision wasn’t taken lightly.

“The tax arrangements going forward will reduce future liabilities and will go a long way to ensuring NSW practices remain viable and open for patients, and those that are bulk-billing may continue.”

MEDIA: Liam Getreu | Minister Houssos | 0413 374 401