

17 April 2023

The Hon Dr Jim Chalmers MP
Treasurer of Australia
Submitted by: Treasury Department ministerial correspondence

Dear Treasurer,

The Application of GST to Allied Health Professions

I am writing to you on behalf of Allied Health Professions Association (AHPA) members concerning inequities and inefficiencies created by applying the Goods and Services Tax (GST) to some allied health professionals. I ask you to address these inequities by taking action through the Council of Federal Financial Relations (CFFR) to update the 'A New Tax System (Goods and Services Tax) Act 1999' (the Act) to reflect the modern health system.

As you know, the Act established five broad exemption areas for health care services. The legislation specifically lists 21 professions deemed to provide general health services to the community and includes professions such as physiotherapy, psychology, naturopathy, and herbal medicine. The Act, therefore, denies GST exemption to our member professions of exercise physiologists, podiatrists, orthotists and prosthetists, some diabetes educators, music therapists, psychotherapists and counsellors, art therapists and dance therapists.

Over the intervening quarter century, research has drawn attention to numerous evidence-based allied health interventions that are recognised by various bodies not referred to in the Act. AHPA members are recognised as important allied health professionals, providing services and support through Medicare, DVA, NDIS, workers' compensation schemes, and private health insurance. I emphasise our members are university-qualified practitioners providing government recognised, evidence-based healthcare services in many settings.

The GST legislation is outdated and has failed to include these additional allied health professions. Consumers expect and are under the assumption that all healthcare services are GST-exempt. Collecting GST on some healthcare services and not others creates doubt about the validity of some services, distorts consumer decision making and functions as a financial barrier to accessing healthcare services.

Government is also not excluded from this cost, for example, the Department of Veterans Affairs has to account for the payment of GST within its budget for the provision of services by our members. The provision of many allied health services under the NDIS is also becoming increasingly complicated by numerous GST determinations creating a patchwork of exemptions that means some providers can provide the same service GST-free to *some NDIS participants* and *not others*.

This leaves some NDIS participants unable to access services because their providers will not pay for services that attract GST.

Inefficiencies are also created in health service delivery as some services attract GST when they are provided outside the other exemption areas described in the legislation (e.g hospitals, aged care etc). In addition, some of the goods our members provide their patients are exempt from the GST but their professional services are not.

For allied healthcare businesses and consumers, GST inconsistencies add confusion and administrative burden by requiring different processes for similar services, while consumers are burdened with additional costs. For consumers, especially in rural and remote areas, this means less affordable health services that disproportionately affect those in greater need.

We advocate for an amendment to the Act to enshrine a principles-based approach to designate which health professions are exempt from collecting GST. Once adopted, this approach would ensure that coverage of health professions could be continually kept up to date

We understand that the GST administrative sub-committee was examining the GST status of other health services last year. However, no consultation regulatory impact statement has been released. We ask that you raise this issue at the next CFFR, seek endorsement for a principles-based approach for equity and efficiency reasons, and undertake to consult with us on the regulatory impacts of the operation of the Act.

Yours sincerely,



Bronwyn Morris – Donovan
AHPA CEO

About AHPA

Allied Health Professions Australia (AHPA) is a collegiate body consisting of 27 national allied health associations [members](#) and a further 12 affiliate [members](#). AHPA collectively represents over 150,000 practising allied health professionals who provide services across a range of health settings, as well as disability, aged care, education, justice, community services and more in Australia.