

2024-25 Pre-Budget Submission

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EXERCISE & SPORTS SCIENCE AUSTRALIA

2024-25 PRE-BUDGET SUBMISSION

The Hon. Stephen Jones, MP
Assistant Treasurer and Minister for Financial Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
PreBudgetSubmissions@treasury.gov.au

Dear Minister,

Thank you for the opportunity to provide a response to the Federal Government's 2024-25 Pre-Budget Submission.

Exercise & Sports Science Australia (ESSA) is the peak professional association for exercise and sports science professionals in Australia, representing more than 11,000 members comprising university qualified Accredited Exercise Physiologists, Accredited Sports Scientists, Accredited High-Performance Managers and Accredited Exercise Scientists.

Accredited Exercise Physiologists (AEPs) provide significant health benefits to many Australians yet remain a major allied health service not granted GST exemption. ESSA is seeking the Australian Government adopt a leadership role, and with the states and territories, include AEPs as an exempt allied health service under the GST Act. The budgetary impact of this exemption has been assessed by the Parliamentary Budget Office and is considered a negligible impact of about \$1million.

ESSA has briefed several Members of Parliament and Senators, including the Treasurer's office, raising awareness about the disparity of the current legislation, and is requesting the Government amend the GST Act to include AEPs as 'Other Health Services', and therefore entitled to GST exemption. The legislation can only be amended after consideration and endorsement by the Council on Federal Financial Relations – a body that consists of all state and territory treasurers, in addition to the Federal Treasurer, who chairs the council. Hence, our request for the Australian Government's leadership to support this proposal.

The introduction of a GST exemption for exercise physiologists will benefit consumers, practitioners, regulators and administrators, reducing the complexity and burden of the current system, while ensuring equitable access to health care for all Australians.

We welcome the opportunity to provide further detail or meet with Treasury officials to elaborate on the content of our submission. Please contact ESSA Policy & Advocacy Manager Judy Powell on 07 3171 9688 or at Policy@essa.org.au for further information.

Yours sincerely



Judy Powell
Policy & Advocacy Manager
Exercise & Sports Science Australia

1.0 ABOUT ACCREDITED EXERCISE PHYSIOLOGISTS

Accredited Exercise Physiologists (AEPs) play a crucial role in promoting physical health, managing chronic physical and mental health conditions, and improving overall wellbeing through personalised exercise programs and expert guidance. They are university degree qualified allied health professionals who provide clinical exercise interventions aimed at primary and secondary prevention; managing acute, sub-acute and chronic disease or injury; and assist in restoring optimal physical function, health and wellness.

Exercise physiology is a recognised and funded profession under compensable schemes such as Medicare Benefit Services (MBS), Department of Veteran Affairs (DVA), the National Disability Insurance Scheme (NDIS), private health insurers, and state and territory-based workers' compensation schemes. There are more than 8,000 AEPs in Australia.

2.0 BACKGROUND

In 2021, the Board of Treasurers endorsed a proposal for GST exemption of health services, which would include GST-free status for AEPs. Despite the unanimous agreement of all state and territory treasurers, the legislation could only be amended after consideration and endorsement by the Council on Federal Financial Relations – a body that consists of all state and territory treasurers, in addition to the Federal Treasurer, who chairs the council.

On 8 February 2022, the Victorian Treasurer advised ESSA that the endorsement could be passed in 2022, but this has subsequently not occurred. In late 2022, ESSA received advice that the GST Administrative Sub-Committee had been examining 'other health services' and that once again required state and territory treasurers' approval. This approval would trigger the release of a Regulatory Impact Statement and would be another step closer to amended legislation. Advice from Northern Territory Treasurer confirmed after Covid-19 delays, that the GST exemption issue was back on track, and advice from the Victorian Department of Treasury and Finance advised the proposal currently sits with the Federal Treasurer.

A recent letter of response from the Federal Treasurer Jim Chalmers on 5 July 2023, to Dr Sophie Scamps MP writing on behalf of an AEP constituent, confirmed: "There are aspects of exercise physiology services which have GST exemptions. To meet the requirements to be GST-free under section 38-10 of the GST Act, exercise physiology would need to be performed by a recognised health professional and be recognised by that health profession as being necessary for the treatment of the recipient."

3.0 CURRENT SITUATION

ESSA has been working on behalf of its members to make AEP services more affordable by removing GST. The GST, when introduced in 1999, incorporated exemptions for various healthcare services including [21 allied health services](#). In 2006, exercise physiology services were recognised allied health services under the Medicare Benefits Scheme, therefore meeting all the requirements for GST exemption in the legislation.

Other comparable allied health professions that deliver physical therapies, such as osteopathy, chiropractic, and physiotherapy, are eligible under legislation to claim through Private Health Insurance and are exempt from GST. In contrast to this, herbal medicine and naturopathy have the GST exemption, but are excluded from receiving private health insurance subsidies. Exercise Physiology services are eligible under legislation to claim through private health insurance.

Exercise physiology is one of a handful of professions delivering chronic disease management services that still attracts GST for most services. Refer to Appendix A, which shows the summary of services that are taxable and those that are not taxable, plus an example from the [Australian Tax Office Website](#). This demonstrates the complexity, leading to confusion with practitioners, regulators, consumers, and administrators. The administrative burden created through this process is a cost to all involved in the system and a barrier to access to health care services.

GST exemption for AEPs requires across-the-board agreement from state and territory treasurers – which was endorsed in 2021 by the (former) Board of Treasurers.

4.0 SUMMARY OF RECOMMENDATIONS

Recommendation 1: The Federal Treasurer advance through the Council on Federal Financial Relations the GST exemption for Accredited Exercise Physiologists.

Recommendation 2: Exempt Accredited Exercise Physiologists from GST through the amendment of the ‘A New Tax System (Goods and Services Tax) Act 1999’.

5.0 CONCLUSION

ESSA looks forward to progressing its work to amend the GST Act to exempt Accredited Exercise Physiologists from paying GST, in line with other comparable allied health professionals.

Practitioners, regulators, and administrators will benefit with reduced complexity in the system leading to reduced administrative burden and cost, whilst consumers benefit through equitable access to health care.

ESSA thanks the Department of Treasury for enabling it to progress its work on behalf of its members through the opportunity to respond to the 2024-25 Pre-Budget submission process and would welcome any opportunity to discuss the matter further with Treasury officials.

ESSA gives permission for this submission to be published in full.

6.0 APPENDIX A

Summary of GST on typical Exercise Physiology services

Taxable Services	GST-free Services
<ul style="list-style-type: none"> EP Services charged to another business entity # (e.g. contract services such as where an EP is contracted to provide services to an Approved Provider of Home Care Package services) 	<ul style="list-style-type: none"> EP Services charged to patients where a Medicare benefit is payable to the patient for the EP Services (whether bulk-billed or charged directly to a client who claim Medicare rebates)
<ul style="list-style-type: none"> EP Services charged within a workers compensation system (e.g. SIRA, iCARE, TAC). 	<ul style="list-style-type: none"> EP Services included as part of residential care supplied to residents and charged to an Australian government agency, an insurer or third party scheme operator*.
<ul style="list-style-type: none"> EP Services charged to the Department of Veterans' Affairs (DVA) except where it is part of GST-free hospital treatment* <i>Note: This is invoiced through Recipient Created Tax Invoice (RCTI) – required for each provider number</i> 	<ul style="list-style-type: none"> EP Services charged to patients as part of GST-free hospital treatment*
<ul style="list-style-type: none"> EP Services charged within private health insurance schemes 	<ul style="list-style-type: none"> EP Services included as part of GST-free hospital treatment supplied to patients and charged to an Australian government agency (e.g. DVA), an insurer or a compulsory third party scheme operator*.
<ul style="list-style-type: none"> EP Services charged to an NDIS participant other than where the EP service is listed as a GST-free service in the next column. GST cannot be charged separately on top of NDIS support pricing limits. 	<ul style="list-style-type: none"> EP Services charged to an NDIS participant who is a resident in a residential Care facility *** (provided these THREE other requirements to be GST-free are met: <ul style="list-style-type: none"> ➤ the NDIS participant has an NDIS plan in effect ➤ the supply is of reasonable and necessary supports that are specified in the participant's NDIS plan there is a written agreement between the supplier and the NDIS participant (or another person) **). EP Services delivered to participants below the age of 7 years, provided the three other requirements listed above are met.
<ul style="list-style-type: none"> EP Services charged to a resident in their residential care facility (other than an NDIS participant) where no Medicare benefit is payable for the service. 	
<ul style="list-style-type: none"> EP treatment and consultations for general clients. 	

#In some limited cases, the other business entity can on-supply your services GST-free to patients, but this does not make EP Services GST-free when charged to the other business entity.

*EP providers must speak with the hospital/residential aged care facility for confirmation on whether the services fall under these requirements.

** More information on ATO requirements for NDIS supports is available in the [exercise physiology example](#) on the ATO website.

*** This includes exercise physiology services supplied to NDIS participants who are residents of a residential care facility where the service is provided at place other than at the residential care facility itself (e.g. at a pool or gym). A residential care facility includes a disability accommodation facility that, in addition to accommodation, provides other types of support, including assistance with day-to-day living, intensive forms of care, and assistance towards independent living, to disabled residents.

Example: supply of when exercise physiology is not GST-free

Bernie, a participant in the NDIS, has a NDIS plan that specifies that he requires exercise physiology on a fortnightly basis. Bernie lives at home and attends Health Co, a clinic (not a hospital), to receive the service. No Medicare benefit is payable for the service.

The supply of exercise physiology services to Bernie satisfies the first 3 elements in that:

- he is a NDIS participant
- exercise physiology is a reasonable and necessary support specified in his plan
- there is a written agreement between Bernie and Health Co.

However, the fourth requirement is not satisfied because the supply of exercise physiology services is not covered by the NDIS Determination. This is because:

- Table 1 of the NDIS Determination does not cover exercise physiology services.
- Under Table 2, item 4 lists behavioural and therapeutic supports which includes exercise physiology, but this service is not covered by one of the 3 other determinations unless it is supplied in a residential care facility. The supply to Bernie is provided at Health Co's clinic.

However, a supply of exercise physiology services to Bernie can be GST-free, regardless of whether it is made to an NDIS participant, if:

- there is a Medicare benefit payable for the service made to Bernie (see [medical services](#))
- the exercise physiology therapy service is supplied as part of GST-free hospital treatment (see [hospital treatment](#)).