

Victoria Pre-Budget Submission

2026-27



RACGP

About the RACGP

The RACGP is the voice of specialist General Practitioners (GPs) in our growing cities and throughout rural and remote Australia. For more than 60 years, we have supported the backbone of Australia's health system by setting the standards for education and practice and advocating for better health and wellbeing for all Australians.

As a national peak body representing over 50,000 members, the RACGP supports GPs across all stages of their careers — from medical students and GPs in training to experienced Fellows. We cultivate a stronger profession by helping GPs continue their professional development throughout their careers, developing resources and guidelines that support world-class healthcare delivery, and advocating for a sustainable and equitable general practice workforce.

In Victoria, there are 10,391 practising GPs working across 1,938 general practices, providing more than 45 million GP services each year to over 5.9 million Victorians. The RACGP also supports 944 GPs in training across the state — including 287 in inner metro, 264 in outer metro, and 393 in rural, regional, and remote areas — ensuring that high-quality general practice care is accessible across the full breadth of the Victorian community.

Patient-centred care is at the heart of every Australian general practice, and at the heart of everything we do.

Introduction

There has never been a more critical time for state governments to support our primary care system. A confluence of factors, including an aging population, an epidemic of chronic disease, and acute workforce shortages is placing an increasing burden on our hospitals and other parts of the tertiary health system.

Reducing this burden on hospitals requires investment in primary care. Properly resourced and well supported GPs keep Victorians healthy and out of hospital.

A strong general practice sector is key to addressing the current and future challenges facing patients, funders and providers, and the state. It is also the most cost-effective place to invest in healthcare, with evidence showing that every \$1 invested in primary care delivers \$1.60 in healthcare system benefits.¹ These benefits include reduced preventable hospitalisations, lower hospital readmission and emergency department presentations, and improved workforce productivity.

The proposals contained herein seek to help protect the long-term financial sustainability of general practice in Victoria, keep more people healthy and out of hospital, and ensure children and young people can access essential medicines.

¹ NSW Government. Lumos Evaluation: Report 2. Sydney: NSW Government October 22. Sydney (AU). 66p.

Summary of Funding Requests

The policy initiatives outlined below will improve the health of Victorians and reduce pressure on our hospital system. They strongly align with the Victorian Government's own vision for the health of Victorians and support the delivery of the strategic priorities outlined in the [Department of Health Strategic Plan 2023-27 \(2024 update\)](#).

Initiative	Rationale	Cost	Alignment with Victorian Government Priorities
1. Ensure the sustainability of General Practice by exempting contractor GPs from payroll tax liabilities	Without an exemption, many GP practices face significant financial strain from payroll tax rulings that treat contractor GPs as employees. A Victorian exemption, consistent with Queensland's model, would safeguard affordable care, support continuity of services in vulnerable communities, and maintain the sustainability of general practice as the backbone of the health system.	Public data on payroll tax collected from General Practice is not available. Costs to the state will be offset by improved health outcomes and diversion from tertiary healthcare	<i>Strategic Priority 7:</i> A safe and sustainable health, wellbeing and care system
2. Expand GP diagnosis and prescribing rights for ADHD	Enabling GPs to diagnose, initiate and continue psychostimulants for ADHD will reduce specialist bottlenecks, improve timely access to treatment and lower costs for patients, whilst alleviating pressure on public hospital outpatient waiting lists.	\$3.45 million over four years.	<i>Strategic Priority 1:</i> Keeping people healthy and safe in the community <i>Strategic Priority 3:</i> Keep innovating and improving care <i>Strategic Priority 7:</i> A safe and sustainable health, wellbeing and care system
3. Support GPs to expand access to Medication Assisted Treatment for Opioid Dependency <ul style="list-style-type: none"> • \$1,000 per annum payment for GPs supporting 5–10 patients • \$2,000 per annum payment for GPs supporting more than 10 patients • \$40,000 per annum payment for Mentorship program for 15 mentees per year 	This initiative will encourage both new and existing prescribers to initiate and retain patients requiring opioid dependency treatment. A scaled payment structure recognises varying levels of service and rewards GPs who take on higher caseloads, supporting long-term engagement and workforce growth in MATOD prescribing. A mentorship program will help new prescribers manage common concerns and issues faced in this sector.	\$5.36 million over four years.	<i>Strategic Priority 1:</i> Keeping people healthy and safe in the community <i>Strategic Priority 7:</i> A safe and sustainable health, wellbeing and care system
4. Reimburse foster carers for the cost of medicines required by the children in their care	Ensure vulnerable children and young people can access critical medicines	\$15.36 million over four years	<i>Strategic Priority 1:</i> Keeping people healthy and safe in the community

Ensure the sustainability of General Practice by exempting contractor GPs from payroll tax liabilities

Victorian Government Priority: Department of Health Strategic Plan 2023-27 (2024 update) – *Strategic Priority 7 – A safe and sustainable health, wellbeing and care system*

Budget initiative

Proposed Budget Measures	Estimated investment required
Legislate a payroll tax exemption for contractor GPs in Victoria, consistent with Queensland’s exemption, to protect practice viability, maintain bulk billing, and prevent workforce attrition.	Public data on payroll tax collected from General Practice is not available. Costs to the state will be offset by improved health outcomes and diversion from tertiary healthcare

Issue

Victorian general practice is under immediate threat from payroll tax rulings that treat contractor GPs as employees. Most GPs are independent practitioners who rent rooms and share practice resources, yet the rulings expose practices to payroll tax bills reaching millions. With practices operating on margins of just 2–5%, this puts many at risk of closure.

HotDoc data suggests the impact could cost the state and taxpayers an extra \$1 billion. More than 4% of surveyed patients said they would go to an emergency department instead of a GP if out-of-pocket costs continue to rise.

While the RACGP welcomes the Victorian Government’s decision to exempt bulk-billed services, this helps only a small proportion of practices. Despite increased federal bulk-billing incentives, 87% of practices still do not intend to return to full bulk billing because Medicare rebates remain too low after years of underinvestment and the decade-long freeze. Many GPs lack confidence that the Commonwealth will fund general practice sustainably.

Practices serve different communities and face varying overheads—from staff wages to rent, council rates, consumables and equipment. Billing decisions must therefore remain at the practice level so they can stay viable.

For most Victorians, their practice will not be able to fully bulk bill and will likely need to raise fees. This will increase out-of-pocket costs and push more patients into already strained hospitals, emergency departments and urgent care centres.

For practices already operating on slim margins, this is a tipping point. Without reform, we will see:

- **Increased practice closures**, particularly in outer-metropolitan areas where patient volumes and margins are tight.
- **Fewer bulk billed consultations**, and increased out-of-pocket fees to cover costs, eroding access to affordable care.
- **Increased hospital burden**, as patients who can no longer access affordable GP care are pushed into already overstretched emergency departments, which will in turn increase the burden on the state budget.
- **Workforce flight**, as GPs and GPs in training choose to relocate to states with more favourable tax settings, such as Queensland which has already legislated a full exemption from payroll tax on GPs.
- **Destabilisation of the entire health system**, if general practice is weakened and cannot adequately play its role in providing long-term preventive care and management of chronic conditions, which keeps people healthy, and out of hospital.

Solution

The Victorian Government should legislate a **payroll tax exemption for contractor GPs**, bringing the state in line with Queensland. This reform will:

- **Protect access to affordable care** which is essential for healthy communities.
- **Ensure Victoria has the GP workforce it needs for the future** by keeping Victoria competitive and attracting more GPs from interstate.
- **Safeguard practice viability** ensuring this essential health service can grow and thrive for patients across Victoria.
- **Reduce pressure on hospitals**, as general practice is essential to keep people healthy and productive in communities.

This reform recognises the unique way general practice operates and the critical role it plays in keeping Victorians healthy and out of hospital. Sustaining local GP clinics means sustaining the communities they serve – ensuring working Victorians, families and children, and older people, can continue to access timely, affordable healthcare close to home.

Without action, more practices will close, patient fees will rise, and constituents across Victoria will lose access to the trusted GPs who are the cornerstone of their local health system.

Impact

- Prevents practice closures and workforce attrition.
- Protects affordable care for patients.
- Better access to general practice care reduces pressure on hospitals and emergency departments.

Cost

Data regarding the collection of payroll tax from general practice is not currently made public. The State Revenue Office (SRO) and Department of Treasury and Finance (DTF) will need to advise on impact to the state budget. However, the cost of this reform would be cancelled out by the significant savings from reducing costs to state hospitals and emergency departments.

Expand GP diagnosis and prescribing rights for ADHD

Victorian Government Priority: Department of Health Strategic Plan 2023-27 (2024 update) – Strategic Priority 1 – Keeping people healthy and safe in the community; Strategic Priority 3 - Keep innovating and improving care; Strategic Priority 7 - A safe and sustainable health, wellbeing and care system

Budget initiative

Proposed Budget Measures	Estimated investment required
Enable appropriately trained GPs to initiate stimulant prescribing for ADHD treatment, improving access to care for Victorians, reducing costs, and health inequities.	<p>An initial pilot program can be scaled to fit government priorities.</p> <p>Indicative costs to establish a pilot and train 200 GPs annually are \$3.45 million over four years.</p>

Issue

Demand for ADHD diagnosis and treatment is surging in Victoria, especially among adolescents and adults. Patients currently face wait times of up to 12 months and assessment costs of up to \$2,000.

Specialist GPs are often the first point of contact for patients with ADHD. They shoulder the responsibility for medication initiation, dosage management, and diagnosing psychiatrists routinely hand back ongoing care to GPs and do not oversee medication management in favour of providing one-off assessments to the majority of ADHD patients in Victoria. Despite this central role they play in ADHD management, prescribing rules unnecessarily limit their role, requiring diagnosis and medication initiation by psychiatrists or paediatricians.

This not only delays access to care it also increases inequity, particularly for rural and regional patients who cannot easily access specialists, and disadvantaged Victorians who cannot afford the costs.

Victoria is lagging behind when it comes to reforming ADHD prescribing rules to increase access to care.

In Queensland, GPs have been safely initiating and continuing stimulant medications to patients aged 4 to 18 years since 2017. Queensland and most other states including Western Australia, New South Wales, South Australia, and the Australian Capital Territory are introducing reforms and pilots to allow GPs to diagnose and initiate treatment for both children and adults.

The impact of inaction on Victorians is significant. Untreated ADHD disrupts family life, hinders focus, organisation, and impulse control, resulting in difficulties in education, relationships and productivity. [Studies have demonstrated](#) a potential reduction in the average life span for untreated and unrecognised ADHD individuals of up to 13 years.

Solution

Expand the role of GPs in ADHD diagnosis and management and increase access to care for patients by:

- Reforming state laws for medicines to allow GPs to initiate and continue psychostimulants.
- Funding a pilot training and mentorship program to ensure GPs have the tools to effectively diagnose and manage patients with ADHD.

This will improve access to timely and affordable care, improve health, wellbeing and productivity for Victorians living with ADHD, and reduce pressure on specialist services, as well as state hospitals, which will have a positive flow on effect to the state budget.

It is important that the relevant medical colleges contribute to ADHD reform in Victoria. The RACGP has been working with the Royal Australian and New Zealand College of Psychiatrists (RANZCP) nationally, as well as RANZCP's Victorian branch. We strongly encourage a continuing collaborative approach in Victoria.

Western Australia and South Australia have both commenced pilot programs this year to train approximately 100 GPs each, to initiate and prescribe medication to treat ADHD. Both programs have received an overwhelming level of interest from local GPs eager to tackle this significant public health issue. Expressions of interest in the programs have reached over 200 in South Australia and 400 in Western Australia.

Impact

- Cuts significant wait times and financial barriers for ADHD care.
- Improves health, wellbeing and productivity for patients, especially in rural areas.
- Reduces pressure on overstretched psychiatrists and public outpatient clinics.

Cost

\$3.45 million over four years. Annual estimated costs:

- Project management lead: \$115,000
- Participant payments: \$472,000
- Workshop costs: \$275,000

Support GPs to expand access to Medication Assisted Treatment for Opioid Dependency

Victorian Government Priority: Department of Health Strategic Plan 2023-27 (2024 update) – *Strategic Priority 7* – A safe and sustainable health, wellbeing and care system

Budget initiative

Introduce scaled financial incentives for GPs who prescribe Medication Assisted Treatment for Opioid Dependency (MATOD), alongside a mentorship program to encourage new prescribers, expand workforce participation and increase access to treatment across Victoria.

Proposed Budget Measures	Estimated investment required
Scaled incentive payments – to encourage increased prescribing. <ul style="list-style-type: none"> • \$1,000 per annum payment for GPs supporting 5–10 patients • \$2,000 per annum payment for GPs supporting more than 10 patients Mentorship program – to bridge the gap between MATOD training and real-world practice. <ul style="list-style-type: none"> • \$40,000 per annum payment for 15 mentees 	\$5.36 million over four years.

Issue

Opioids are the most common cause of drug-induced deaths in Australia, accounting for almost 1,500 hospitalisations per annum. This crisis costs the state around \$16 billion per annum in lost productivity, as well as criminal justice and healthcare costs.

MATOD is a lifesaving treatment for Victorians living with opioid dependency, and an essential tool to reduce overdose deaths, improve quality of life, reduce crime and hospitalisations. MATOD is also an important aspect of the Victorian Government’s harm minimisation approach to alcohol and other drugs.

Research from the Australian Institute of Criminology, shows that MATOD can reduce recidivism rates by up to 25 per cent. To be most effective and achieve these results, MATOD needs to be provided in general practice, where patients receive holistic, ongoing care, including physical, mental health, and preventive care. When patients engage with MATOD outside of a general practice setting and for a short period of time it has limited impact on reducing recidivism.

Unfortunately, access to MATOD remains patchy across Victoria, particularly in rural and outer suburban areas. While 2024 [NOPSAD data](#) shows there are 1,264 pharmacotherapy prescribers in Victoria, not all are active or based in a general practice setting, and some regions – especially in rural Victoria – have no local GP prescribers at all, creating significant access gaps. Meanwhile, 14,788 patients were recorded as requiring MATOD in Victoria on a single snapshot day in 2024, underscoring the scale of unmet need.

The Victorian Government has taken steps to address this, including funding free MATOD training for GPs. To date, 2,793 GPs have completed the training, with a further 413 currently undertaking it. While training targets have been met, prescribing remains modest. This is due to lack of Medicare funding for MATOD patients who require longer consultations and complex care, as well as stigma and regulatory concerns around Safescript.

The small number of dedicated GPs who do prescribe are not adequately remunerated and often carry large caseloads – which poses a significant risk to continuity of care should these clinicians retire or fall ill, with flow on effects to state hospitals and emergency departments, as well as criminal justice.

To address the barriers and increase access to care for patients, the system needs targeted financial incentives to help address the lack of Medicare remuneration and encourage prescribing. We also recommend funding mentoring for GPs who do MATOD training to bridge the gap between training, and real-world practice, and grow the workforce of GPs specialising in addiction medicine.

With over 10,000 practising GPs in Victoria, engaging just 10% of the GP workforce to become MATOD prescribers would expand support to 6,000+ patients.

Solution

Incentive payments – to encourage increased prescribing

Fund scaled incentive payments for GPs who support patients requiring Medication Assisted Treatment for Opioid Dependency (MATOD), to encourage increased prescribing.

- **\$1,000 per annum payment** for GPs supporting **5–10 patients**
- **\$2,000 per annum payment** for GPs supporting **more than 10 patients**

Mentorship program – to bridge the gap between MATOD training and real-world practice.

- \$40,000 per annum for 15 mentees per year.

This approach will help grow the MATOD prescriber workforce across Victoria and will complement the government's existing investment in MATOD training.

Impact

- Expands the prescriber base and grows Victoria's addiction medicine workforce.
- Improve patient access to care, health outcomes, and productivity.
- Reduces hospitalisations, deaths, and justice system costs.

With **10,300 practising GPs**, even a modest increase in MATOD participation – **3% to 4% of the workforce** – would bring **310–410 new or returning prescribers** into the system.

This uptake is realistic because:

- training is already funded and readily available,
- stigma and uncertainty are the main barriers,
- incentives directly address these barriers.

Cost

\$1.34 million per year (\$5.36 million over four years).

Funding allocation	Detail summary	4-Year Cost
GP incentive payments	Scenario: 350 GPs participate annually <ul style="list-style-type: none"> 175 GPs supporting 5–10 patients × \$1,000 = \$175,000 175 GPs supporting >10 patients × \$2,000 = \$350,000 Annual prescriber incentive total: \$525,000 If uptake grows to 500 GPs: Annual cost of up to \$900,000.	\$2.1–3.6 million
Mentor program	<ul style="list-style-type: none"> \$40,000 per year for 15 mentees Over four years: \$160,000 	\$0.16 million
Admin, audit & evaluation	To run the incentives, verify activity, monitor safety, and track outcomes, reasonable administrative funding is required: <ul style="list-style-type: none"> \$400,000 per year for program administration Over four years: \$1.6 million 	\$1.6 million
Total Estimated Cost		\$5.36 million

Supporting foster carers for the cost of medicines

Victorian Government Priority: Department of Health Strategic Plan 2023-27 (2024 update) – *Strategic Priority 7 – A safe and sustainable health, wellbeing and care system*

Budget initiative

Proposed Budget Measures	Estimated investment required
Fund a dedicated reimbursement program covering foster and kinship carers' out-of-pocket medicine costs, ensuring vulnerable children access the treatments they need.	\$15.36 million over four years

Issue

Children in out-of-home care have some of the highest rates of physical and mental health needs in Victoria. Many require ongoing treatment for chronic conditions, infections, or acute health episodes and Aboriginal children are overrepresented in this cohort. Yet carers often pay out-of-pocket for essential medicines, despite already receiving the lowest Care Allowance in Australia.

Victoria has the lowest Care Allowance of any state in Australia, and this has recently been lowered further. A Victorian carer of a child up to seven years of age receives \$218 per week to cover general household, education and health expenses. By comparison, a carer in New South Wales receives \$318 per week for a child the same age. The Care Allowance has only increased 2% in the past two years despite CPI running at more than 6% meaning the true value of the allowance has declined substantially.

[Victoria currently has the highest foster carer exit rate of any state in Australia](#) with twice the number of carers leaving the Child Protection system as being recruited. The [Foster Care Association of Victoria believes](#) a significant contributor to this is the low Care Allowance which is a significant financial burden for carers.

Foster and kinship carers often have to pay out-of-pocket for prescriptions, particularly when children are not yet on a Medicare card or when the required medications fall outside existing supports. This creates inequity in access to timely treatment and places additional financial stress on carers.

Medicines commonly prescribed for this population include stimulants for ADHD, selective serotonin reuptake inhibitors (SSRIs) for anxiety and depression, melatonin for sleep cycle regulation, and risperidone for behaviour disorders in autism. These medicines improve behavioural problems, impulsivity, attention deficits, hyperactivity and mood. Without them, children can suffer adverse outcomes, including school attendance, reduced academic performance, behavioural disturbances, family and home disruption, and long-term impacts on education, employment and relationships.

Solution

Reimburse foster and kinship carers for the cost of GP or paediatrician-prescribed medicines (including Schedule 4 and Schedule 8).

Impact

- Ensures vulnerable children receive timely, essential medicines.
- Reduces preventable hospitalisations.
- Supports foster carer retention and system stability.

Cost

\$3.84 million annually (\$15.36 million over four years) based on:

- ~\$300 per child for ~12,800 children in foster and kinship care.