

ESSA:
EXERCISE & SPORTS SCIENCE AUSTRALIA



**PRE-BUDGET
SUBMISSION
2020-2021**



Founded in 1991, Exercise & Sports Science Australia (ESSA) is the peak professional body and accrediting authority for over 7,000 university qualified and Accredited Exercise Physiologists, Exercise Scientists, Sports Scientists, and High Performance Managers.

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Introduction

Exercise & Sports Science Australia (ESSA) welcomes the opportunity to respond to the 2020-21 Pre-Budget Submission process.

ESSA is the peak professional body and accrediting authority for over 7,000 university qualified exercise professionals whose members include Accredited Exercise Physiologists (who design and deliver effective programs for people with chronic conditions, injuries or disabilities) and Accredited Exercise Scientists (who work to improve the health, fitness and well-being of the general population).

ESSA has addressed one single longstanding issue for our Accredited Exercise Physiologists in this submission – the issue of the goods and services tax (GST) on exercise physiology services.

Exercise physiology services have been included in Medicare since 2006 and despite former Treasurer Costello's assertions in 1999 that Medical services would be GST-free if they attracted a Medicare benefit, exercise physiology is subject to GST.

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Recommendations

Exercise & Sports Science Australia (ESSA) calls on the Australian Government to remove GST from exercise physiology by recognising:

- exercise physiology as an ‘other health service’ not defined as a medical service and adding it to the table of ‘other health services’ listed in Section 38-10(1)(c) of the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*ⁱ
- that exercise physiology services are performed by exercise physiologists as accredited service providers and recognised health professionals in that listed health service
- that exercise physiology services are generally accepted in the listed health profession of exercise physiology as being necessary for the appropriate treatment of the recipient (patient) of the supply
- Exercise & Sports Science Australia as the professional association with uniform national registration requirements for practitioners of exercise physiology so that members of ESSA will be considered to be recognised professionals for the purposes of Section 38-10(1)(b) of the *GST Act* which requires that the supplier of other health services be a recognised professional.

Overview

Exercise physiology is a highly respected and evidence based health profession, as demonstrated by the inclusion of exercise physiology services in the Medicare Benefits Schedule (MBS), Department of Veterans' Affairs (DVA), National Disability Insurance Scheme (NDIS), personal injury (work cover) schemes and private health insurance; and by the employment of exercise physiologists in public and private hospitals.

Exercise physiology services meet the Australian Taxation Office (ATO)’s criteria for listing as an ‘other health service’ not defined as medical services in respect to uniform national professional self-regulation of Accredited Exercise Physiologists (AEPs). A body of evidence outlined below demonstrates that exercise physiology services are clinically relevant. Yet despite meeting the ATO’s criteria, these services are not exempt from GST.

There are anomalies in GST in respect to exercise physiology and ‘other health services’ operating within national and state compensable schemes and across private health insurance funds.

The following Australian Health Practitioner Regulation Agency (AHPRA) regulated professions are exempt from GST:

- physiotherapy
- podiatry and
- occupational therapy.

Services provided by other self-regulating health professions, with full membership of National Alliance of Self-Regulating Health Professions (NASRHP) which provides a quality framework and benchmark standards for self-regulation and self-accreditation of practitioners, are exempt from GST:

- dietitians
- social workers
- audiologists and
- speech pathologists.

Professions outside NASRHP and AHPRA are also exempt from GST:

- acupuncture
- chiropody
- herbal medicine and
- naturopathy.

Businesses employing AEPs have a greater GST compliance burden than those delivering ‘other health services’.

Exempting exercise physiology from GST would not significantly change the complexity of the tax system, nor would it pose a major revenue risk for the Australian and state governments as the number of Accredited Exercise Physiologists (AEPs) is relatively small (5,810 as of 8 December, 2019ⁱⁱ compared to 32,119 registered physiotherapistsⁱⁱⁱ and 21,878 registered occupational therapists^{iv} as of September 2019).

The Australian Government is paying a minimum of \$4.19 million per annum in GST for exercise physiology services delivered through Department of Veterans' Affairs along with additional unknown GST expenses incurred through the National Disability Insurance Scheme and ComCare.

Consumers with private health insurance are also paying GST on exercise physiology at a time when the Minister for Health, The Hon. Greg Hunt MP is focusing on insurance reforms to ensure the affordability of private health insurance^v and when in 2018-19, the average out-of-pocket fee to see a specialist reached a record high of \$83.77 and the average out-of-pocket fee to see a GP reached a nominal high of \$38.46^{vi}.

Compelling evidence supports the impact and cost-effectiveness of exercise physiologist led exercise interventions to prevent and manage obesity and chronic disease (outlined below). Investments in exercise physiology services reduce overall health costs for the general public and health system because of the reduced need to treat expensive diseases further downstream and allow Australians to live longer and better quality lives. Without improved access to exercise physiology services (and other prevention services like dietetics), the rates of obesity and chronic disease will continue to increase and result in an increasingly unsustainable burden on health care costs.

Recognising exercise physiology as an eligible GST-free health service will support broader universal access to an effective health care system, especially for those Australians at risk of, or living with, chronic and complex medical conditions or injuries.

The Issues around GST and Exercise Physiology - Why this Matters

History of Health Services in Goods and Services Tax (GST) Reform in Australia

In 1998, the White Paper on *Tax reform: not a new tax, a new tax system* released by the then Treasurer, the Honourable Peter Costello, M.P. outlined the Government's rationale for making most medical and hospital services GST-free:

“Applying taxes to health care would place the private health sector, with its heavier reliance on direct fees, at a competitive disadvantage with the public health system^{vii.}”

The Paper went on to state that:

“Medical services will be GST-free if they attract a Medicare benefit or are commonly used health services, listed by the Government. Examples of GST-free health services are:

Health services covered by Medicare:

- ♦ *general practitioner and specialist consultations; and*
- ♦ *diagnostic, surgical and therapeutic procedures (for example, ophthalmology, neurology, optometry, radiation oncology, anaesthetics, radiology, ultrasound etc.) and pathology.*

Other medical services that will be GST-free include:

- ♦ *hospital charges (accommodation etc.);*
- ♦ *dental services;*
- ♦ *optical;*
- ♦ *physiotherapy, chiropractic;*
- ♦ *speech therapy;*
- ♦ *occupational therapy;*
- ♦ *counselling services;*
- ♦ *home nursing;*
- ♦ *dietary services; and*
- ♦ *podiatry^{viii.}”*

The subsequent Vos Committee's *The Report of the Tax Consultative Committee* noted in its deliberations:

“For commonly used health services, the Committee considered whether any other services should be added to the list in ‘Tax Reform: not a new tax, a new tax system’. The Committee noted that the Government had listed health services that would generally be considered by the community to be mainstream rather than complementary or alternative, and have been available as a specialist service, with specific qualifications for some time. The Committee also noted that a large number of submissions argued persuasively that some services should be added to the list because they were strikingly similar in nature to services already included, such as podiatry and chiropody.

The Committee therefore restricted its consideration of GST-free health services to those which were either very similar in nature to those already nominated, or which the Committee considered fitted the general characteristics of the list proposed by the Government.....

Listed services must be clinically relevant and be of the type normally supplied in that profession. The practitioner must also be a member of a relevant professional body subject to State government professional registration or uniform national professional self-regulation^{ix}.

The Committee kept the majority of the services originally proposed by the Government and recommended additional listed services as below:

- osteopathy;
- chiropody;
- speech pathology;
- audiology, audiometry;
- ambulance;
- paramedical;
- nursing;
- aboriginal health services;
- social work services;
- pharmacy; and
- psychology.

Subsequent Senate deliberations with the Australian Greens in 1999 saw three other health services added: acupuncture, herbal medicine (including traditional Chinese herbal medicine) and naturopathy. The final 21 listed health services included in the *A New Tax System (Goods and Services Tax) Act 1999^x* are included in Table 1 below. Key points from Table 1 are as follows:

Services provided by other self-regulating health professions with full membership of National Alliance of Self-Regulating Health Professions (NASRHP) are exempt from GST:

- dietitians
- social workers
- audiologists and
- speech pathologists.

The following Australian Health Practitioner Regulation Agency (AHPRA) regulated professions are exempt from GST:

- physiotherapy
- podiatry and
- occupational therapy.

Professions outside NASRHP and AHPRA are also exempt from GST:

- acupuncture
- chiropody
- herbal medicine and
- naturopathy.

Table 1: Comparison of Exercise Physiology with other Health Professions

Health profession	Current health services (not defined as a medical service) listed by the ATO as exempt from GST ^{xi}	National Registration & Accreditation Scheme (NRAS) administered by Australian Health Practitioner Regulation Agency (AHPRA) ^{xii}	Full members assessed by National Alliance of Self-Regulating Health Professions' Pool of Assessors & approved by the Board of Directors ^{xiii}	Allied : health professions considered in the Commonwealth's health workforce policy planning ^{xiv}	Eligible allied health & dental disciplines under the Dept. of Veterans' Affairs fee schedules ^{xv}	Allied health supports funded within the NDIS ^{xvi}
an Aboriginal or Torres Strait Islander health service	✓	✓	NO	✓	NO	✓
acupuncture	✓	NO	NO	✓	NO	NO
art therapy	NO	NO	NO	NO	NO	✓
audiology or audiometry	✓	NO	✓	✓	NO	✓
chiropody	✓	NO	NO	NO	NO	NO
chiropractic	✓	✓	NO	✓	✓	NO
counselling	NO	NO	NO	✓	NO	✓
dental	✓	✓	NO	NO	✓	NO
dental prosthetics	NO	NO	NO	NO	✓	NO
dietary	✓	NO	✓	✓	✓	✓
diabetes education	NO	NO	NO	NO	✓	NO
exercise physiology	NO	NO	✓	✓	✓	✓
herbal medicine (including traditional Chinese herbal medicine)	✓	✓ Chinese Medicine	NO	✓	NO	NO
Medical radiation practice	unknown	✓ Medical radiation	NO	✓	NO	NO
music therapy	NO		NO	✓		✓
naturopathy	✓	NO	NO	NO	NO	NO
neuropsychologists	unknown	NO	NO	NO	NO	NO
nursing	✓	✓	NO	NO	NO	NO
nutritionists	unknown	NO	NO	✓	NO	NO
occupational therapy	✓	✓	NO	✓	✓	✓
occupational therapy (mental health)	✓	✓	NO	✓	✓	NO
optometry	✓	✓	NO	✓	✓	NO
osteopathy	✓	✓	NO	✓	✓	NO
orthoptists	NO	NO	NO	NO	NO	✓
orthotic prosthetics	NO	NO	NO	NO	NO	✓
paramedical	✓	✓	NO	NO	NO	NO
pathologists	unknown	NO	NO	✓	NO	NO
perfusionists	NO	NO	NO	NO	NO	NO
pharmacy	✓	✓	NO	✓	NO	NO
physiotherapy	✓	✓	NO	✓	✓	✓
podiatry	✓	✓	NO	✓	✓	✓
clinical psychology	✓	✓	NO	✓	✓	NO
psychology	✓	✓	NO	✓	✓	✓
social work	✓	NO	NO	✓	NO	✓
social work (mental health)	✓	NO	NO	✓	✓	NO
speech pathology	✓	NO	✓	✓	✓	✓
speech therapy	✓	NO	NO	NO	NO	NO
sonographers	unknown	NO	NO	✓	NO	NO
visual aids	unknown	NO	NO	NO	NO	NO

History of Exercise Physiology in the Medicare Benefits Schedule

Exercise physiology services did not attract a Medicare benefit nor were these services commonly used health services in 1999 when the GST legislation was passed. The profession at the time was embryonic with the forerunner to Exercise & Sports Science Australia (ESSA), the Australian Association for Exercise and Sports Science (AAESS) established in 1991.

The first exercise physiology item was included in Medicare in January 2006 for Chronic Disease Management (CDM): Item 10953. Exercise physiology services for patients with type 2 diabetes, including assessment services (Item Code: 81110) and group exercise sessions (Item Code: 81115) became available on 1 May, 2007. The Aboriginal or Torres Strait Islanders service, Item Code: 81315 was introduced on 1 November, 2008.

From 2006 to 2012, the number of qualified AEPs increased 563% (approximately a 38% increase each year) from 351 AEPs to 2,327 AEPs^{xvii}. The number of exercise physiology CDM Item 10953 services increased by 614% from 2006 to 2012 with the largest rise (118%) occurring between 2006 and 2007^{xviii}. Between 2007 and 2012, CDM exercise physiology services increased 19–37% annually^{xix}.

By way of comparison, there was a 33% increase in allied health payments (across all Items 10950–10970) and a 36% increase in Items 721 to 732 (for general practitioners to manage chronic or terminal medical conditions) payments over the period 2012-2013 to 2014-2015^{xx}. Growth in Item 10953 exercise physiology services continues with a 24.3% increase between 2016-2017 (279,323 services) and 2018-2019 (347,225 services)^{xxi}.

Exercise Physiology as a Commonly Used (Mainstream) Health Service

The most recent annual figures for exercise physiology services within Medicare are shown in Table 2 below:

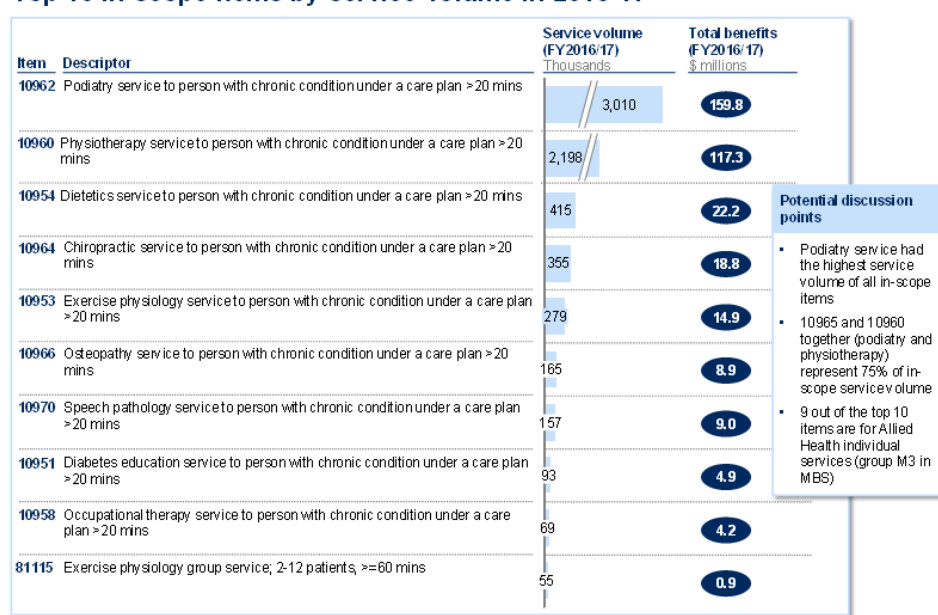
Table 2: Total Medicare Benefits Schedule paid & service volume in 2018-2019 Financial Year^{xxii}

AREA	ITEM NUMBER	DESCRIPTION	MBS BENEFIT	TOTAL MBS BENEFIT PAID 2018-2019 FY	Medicare Service Volume
Chronic Disease Management (CDM)	10953	Exercise physiology- Individual service	\$53.80	\$18,596,025	347,225
Type 2 diabetes	81110	Exercise Physiology – Assessment for group services	\$69.00	\$804,715	11,850
Type 2 diabetes	81115	Exercise Physiology – Group services	\$17.20	\$1,097,845	64,561
Aboriginal Health Services	81315	Exercise physiology health service	\$53.80	\$192,459	3,634
			Total	\$20,691,044	427,270

In respect to other allied health Medicare items, the exercise physiology Item 10953 was in the top 5 in-scope items for 2016-2017 as per Table 3 below by service volume out of 26 MBS Items reviewed by the Allied Health Reference Group as part of the Medicare Benefits Schedule Review. A second exercise physiology item (8115) was listed in the top 10 in-scope items by service volume; and exercise physiology and dietetics were the only two allied health services to have two in-scope items in the top 10.

Table 3: Top 10 in-scope items by service volume 2016-2017^{xxiii}

Top 10 in-scope items by service volume in 2016-17



SOURCE: MBS data, 2011/12 – 2016-17

Once Medicare subsidised services are fully utilised, patients then get charged GST for any additional private services needed to complete their treatments. Anecdotal evidence provided to ESSA suggests that many patients simply stop treatment once Medicare benefits are used which compounds these conditions and in some cases, results in hospital admissions that could have been prevented.

Because exercise physiology is not exempt from GST, exercise physiology services provided by the Australian Government under the Department of Veterans' Affairs (DVA) and National Disability Insurance Scheme (NDIS); and through ComCare are not exempt from GST. This means the Australian Government incurs a GST liability on those services (more details on the DVA liability below).

From 2007, exercise physiology services have formed an integral part of musculoskeletal services provided to eligible veterans, partners, and war widow(er)s under Department of Veterans' Affairs (DVA) benefits. Table 4 below highlights the growth in DVA exercise physiology expenditure, services and patients between 2011-12 and 2016-17 and a comparison of all services across musculoskeletal service providers.

Physiotherapy, exercise physiology and podiatry incur the largest expenditure and provide the highest number of services to the largest numbers of patients. This table also highlights the GST liability of DVA of \$4.19 million for the 2016-17 financial year which provided revenue for distribution to the states and territories.

Table 4: Summary of DVA Musculoskeletal Services per Musculoskeletal Provider Group 2011-12 & 2016-17^{xxiv}

	Osteopathy	Chiropractic	Occupational Therapy	Podiatry	Exercise Physiology	Physiotherapy
<i>Total expenditure:</i>	<i>(millions)</i>	<i>(millions)</i>	<i>(millions)</i>	<i>(millions)</i>	<i>(millions)</i>	<i>(millions)</i>
2011-12	\$1.3	\$7.1	\$17.3	\$44.4	\$17.5	\$65.3
2016-17	\$2.1	\$8.7	\$21.7	\$41.4	\$41.9	\$81.3
Change %	+62%	+23%	+25%	-7%	+139%	+25%
<i>Total services:</i>						
2011-12	21,756	117,245	207,916	695,271	294,830	1,092,109
2016-17	33,108	136,580	229,484	597,489	653,152	1,304,636
Change %	+52%	+16%	+10%	-14%	+122%	+19%
<i>Total patients:</i>						
2011-12	1,864	9,383	43,364	103,637	7,603	55,748
2016-17	2,328	9,120	39,598	75,152	16,005	54,214
Change %	+25%	-3%	-9%	-27%	+111%	-3%

Since exercise physiology services were included in the National Disability Insurance Scheme (NDIS) on 1 July 2016, some 2,557 approved providers (exercise physiologists and personal trainers) have registered in the Exercise Physiology and Physical Wellbeing Group^{xxv}. No figures are available on exercise physiology expenditure, services and clients within the NDIS.

Exercise physiologists are registered to receive funding for services from ComCare, state personal injury schemes and Private Health Insurance providers.

In 2018-2019, the Victorian Transport Accident Commission^{xxvi} paid \$2,108,603 GST inclusive in exercise physiology treatments incurring a GST liability of \$210,800.

Table 5 outlines WorkCover Queensland benefits and GST liability paid on exercise physiology services over the last three financial years.

Table 5: WorkCover Queensland Benefits/GST liability 2016-2017, 2017-2018 & 2018-2019^{xxvii}

Year	Amount paid in benefits (excl GST)	GST Liability	Growth in benefits over previous year
2016-2017	\$4,307,155	\$430,715	16% increase
2017-2018	\$5,913,528	\$591,353	37% increase
2018-2019	\$8,221,514	\$822,151	39% increase

WorkCover Western Australia (WA) made \$40 million in allied health service payments in 2018-19^{xxviii}. Physiotherapy services and exercise therapy each accounted for 36% of the total allied health service payments (\$14,400,000 per service type), followed by occupational therapy at 14% (\$5,600,000). The maximum GST liability for the broader exercise therapy code used by AEPs and other allied health professionals in 2018-19 is estimated as \$1,440,000 (given no separate figures for exercise physiology services are available). From 1 November 2019, separate codes have been established in WorkCover WA for Exercise Based Programs delivered by Exercise Physiologists^{xxix}.

As a result of its inclusion in Medicare, DVA, the NDIS, and State Workers' Compensation schemes, the exercise physiology profession has grown to the extent that exercise physiology items are now commonly used health services and their usage is equivalent or higher than many other health services which are exempt from GST. This growth also highlights the positive impact the profession is having in the health system within the constraints of the added cost of the GST applied to most exercise physiology services outside of Medicare.

Uniform National Registration Requirements

Exercise physiology is a self-regulated profession and its accreditation system for exercise physiology was first implemented over 20 years ago in 1996 by ESSA's forerunner AAESS. Accreditation requirements include a defined Code of Professional Conduct and Ethical Practice which cover professional practice expectations, first aid and cardiopulmonary resuscitation (CPR), professional indemnity insurance and continuing professional development.

The scope of Accredited Exercise Physiology (AEP) practice includes functional testing; clinical exercise prescription and supervision; physical activity education and counselling; and outcomes analysis to prevent or manage chronic disease or injury, and assist in restoring optimal physical function, health, and wellness^{xxx}.

Accredited Exercise Physiologists also follow the National Code of Conduct for Health Care Workers and currently work alongside, and in collaboration with, general practitioners (GPs) and specialist medical practitioners, diabetes educators, dietitians, psychologists, physiotherapists and many other health/allied health professionals.

To further strengthen its accreditation processes, in 2008 ESSA became a founding member of an alliance established under the auspices of Allied Health Professions Australia. This alliance later transitioned into National Alliance of Self Regulating Health Professions (NASRHP) to support member organisations of self-regulating health professions. NASRHP's transition to a formal independent body providing a quality framework for these professions was supported by seed funding by the Australian Government Department of Health.

In February 2018, as a peak professional body, ESSA gained its full NASRHP membership meeting all of the NASRHP membership standards and application requirements to self-regulate and accredit practitioners within the profession (Category 1 and 2) at a 100% level.

The NASRHP accrediting system for exercise physiologists and other health professionals (including dietitians, social workers, audiologists and speech pathologists) mirrors the professional standards of the 15 health professions regulated by the Australian Health Practitioner Regulation Agency (AHPRA).

Red Tape and Competitive Disadvantages

Researchers have found that 58% of internal compliance costs of Australian businesses were due to GST compliance costs^{xxxii}. Businesses delivering exercise physiology services face a greater burden of regulation in meeting their GST compliance costs than those businesses delivering GST free exempt health services.

Exercise physiologists working in NDIS have experienced huge challenges when plan managers have assumed that exercise physiology is a GST free supply under the NDIS and have refused to pay the GST portion of exercise physiology invoices. Only persistent lobbying by ESSA to the both the ATO and the National Disability Insurance Agency (NDIA) to update resources and information has alleviated most of these concerns. The ATO now has an *Example: Supply of when exercise physiology is not GST-free* on its website^{xxxii} and the NDIA recently featured exercise physiology in an article *Tax Office requirements for GST-free NDIS supports* in its 2 December, 2019 newsletter^{xxxiii}.

Exercise physiology services delivered through the private health sector are at a competitive disadvantage. Australians can access GST free exercise physiology (EP) services in the following circumstances outlined in a flyer prepared for ESSA members in conjunction with the ATO^{xxxiv}:

- EP Services charged to an NDIS participant who is a resident in a residential care facility
- EP Services charged to patients as part of GST-free hospital treatment
- EP Services charged to an Australian government agency (e.g. DVA or a government-operated hospital), an insurer or a compulsory third party scheme operator, where it is part of GST-free hospital treatment
- EP Services charged to a residential care facility that is operated by an Australian government agency, an insurer or a compulsory third party scheme operator, where it is part of GST-free residential care that they supply to their residents.

Some ESSA members are dual qualified (physiotherapy/exercise physiology and dietetics/exercise physiology) and many exercise physiologists work in multi-disciplinary allied health or health practices. In these cases, there is a requirement for two sets of collection systems – one for those health services that are GST exempt and one for exercise physiology services which are not. Australian and state government agencies and private health insurers also are required to restructure the way they do business to ensure they meet their GST exercise physiology obligations.

Cost to Remove GST on Exercise physiology Services

ESSA is aware a costing has been completed by the Parliamentary Budget Office as to the impact on revenue should GST be removed from exercise physiology services.

According to a 2006 Cochrane review^{xxxv}, exercise has been found to be an effective weight loss intervention for overweight or obesity, particularly when combined with dietary change. The cost of not removing GST on exercise physiology services contributes to the burden of future additional costs associated with obesity as identified in a 2015 PwC Australia report^{xxxvi} on obesity. The report found that without further action to curb the growth in obesity, that there will be a total of \$87.7 billion in additional costs accumulated across the ten years to 2025. This figure was based on total costs for eleven evidence-based areas relating to the costs of obesity in Australia in 2011-12 which were estimated to be \$8.6 billion (in 2014-15 dollars), made up of \$3.8 billion in direct costs and \$4.8 billion in indirect costs.

The cost of removing GST on exercise physiology services will be more than offset by the reduction in downstream health care costs.

Inequity

When GST was introduced in July 2000, consumers were promised that their health care expenses would remain free from GST. This is clearly not the case for consumers paying full private fees and subsidised non-Medicare fees for exercise physiology services in 2019.

For those Australians who cannot afford private health insurance or cannot access exercise physiology services via GST free hospital treatments or GST free residential facilities or a compensable scheme, they pay more for private exercise physiology services because of the GST impost.

The burden of GST impacts more on those in lower socio-economic status (SES) groups who are at greater risk of poor health and have higher rates of chronic illness and all-cause mortality^{xxxvii}. Australian adults aged 18-64 in lower SES groups also exercise less as shown by the decrease in physical activity participation as socio-economic disadvantage increases^{xxxviii}.

Exercise Physiology's role in Broader Government Agendas

Physical activity and nutrition have been recognised as important risk factors in preventing disease across all stages of life and have featured in a topic-specific consultation workshop (attended by ESSA) to inform the development of the National Preventive Health Strategy, a 10-year Strategy to better balance treatment and prevention. The Strategy also forms part of the third pillar for mental health and preventive health as outlined in Australia's Long Term National Health Plan^{xxxix}.

Motivating and inspiring people to participate in regular physical activity is a strategy within one proposed priority (enabling active living) within The Council of Australian Governments (COAG) Health Council's Consultation Paper^{xl} on developing a national obesity strategy.

In 2011, the Productivity Commission's Inquiry *Caring for Older Australians*^{xli} identified an increased preference amongst older Australians, to remain living independently in their own home for as long as possible. This preference has been demonstrated as the demand for home care packages continues to grow.

As of 31 December 2018, the Department of Health indicated there were 93,331 people on a home care package (HCP), an increase of 15,413 people (19.8%) over the previous year. The data also revealed that 126,732 people were on the national queue awaiting HCPs at their approved levels^{xlii}.

For community dwelling adults, progressive resistance strength training is an effective intervention to increase muscle strength and has a powerful outcome in relation to prolonged independent living and a reduction in care needs^{xliii}. Reablement as the starting point for individuals referred for home care within the aged care system reduces the call for home care services over time and ensures that all older Australians have the opportunity to enjoy better physical health and to live independently for longer in their own homes regardless of age, level of disease or disability^{xliv}. Exercise physiologists are experts in providing progressive resistance strength training for older adults and play an important role in delivering reablement services.

Exercise is significant in the Australian Government's commitment to reducing inactivity amongst Australians by 15% by 2030 in *Sport 2030*^{xlv}, the comprehensive plan to reshape Australian sport and build a healthier, more physically active nation. ESSA's Accredited Exercise Physiologists and Accredited Exercise Scientists are supporting the Government to reach its inactivity target via a project that subsidises those over the age of 65 to be more active, more often in group exercise sessions via a \$1,838 million Sport Australia *Move It AUS – Better Ageing* grant.

The delivery of exercise physiology services supports the vision of the National Strategic Framework for Chronic Conditions: *"All Australians live healthier lives through effective prevention and management of chronic conditions"*^{xlvi}.

Exercise Physiology as an Clinically Relevant and Cost Effective Treatment of Patients

Exercise physiology is a highly respected, evidence based allied health profession. Research confirms that Accredited Exercise Physiologists are effective in getting people with chronic conditions to exercise. A NSW lifestyle intervention^{xlvii} provided six sessions (an initial assessment, four individual consultations with a dually qualified dietitian and exercise physiologist, and a final assessment) and aimed to modify behaviours to improve physical activity in GP referred patients with a mental illness. The study showed that cardiovascular fitness, muscular endurance, and psychological well-being improved in 80% of those who completed the program.

Another study in Western Australia showed that more than 95% of patients who completed a formal healthy lifestyle exercise program co-ordinated by an exercise physiologist with a range of individual, group, and team exercises over 30 minutes to one hour per day in a forensic mental health facility, self-reported the program was helpful in improving fitness, physical well-being and mood^{xlviii}.

Of significance are the benefits of AEPs in providing more complete and effective multi-disciplinary care through translating exercise advice given by GPs in primary care^{xlix}.

Qualified exercise therapists in prescribing exercise delivery at preferred intensities and providing supportive psychosocial interventions through motivational education and support have generated positive outcomes in a range of psychological, social and physiological (i.e. Rated Perceived Exertion and Heart Rate scores) among depressed women who are largely sedentaryⁱ.

Two Australian randomised controlled trials (RCTs) compared various settings for interventions and found beneficial effects were greater when exercise was supervised by an exercise physiologist. The first studyⁱⁱ found that individually tailored program of 16 sessions with an exercise physiologist weekly (in person or by telephone) for post-surgery breast cancer patients, then tapering to monthly over eight months resulted in

- individuals experiencing a clinically meaningful change in quality of life
- significant differences between the face-to-face and telephone groups compared with the usual-care group for aerobic fitness
- all values being statistically significantly different for strength and endurance.

The second RCTⁱⁱⁱ found 16 x 15–30 minute telephone calls over eight months with an exercise physiologist for patients with invasive breast cancer resulted in

- a clinically meaningful quality of life and upper body function changes from baseline levels to 12 months post-surgery.

One of the first studies of exercise physiology coaching in Australia by AEPs under real world conditions under the CDM Medicare items confirmed positive benefits for sedentary patients referred by GPs^{liii}. Patients attended five face-to-face or one face-to-face and four telephone consultations over 12 weeks. The control group received usual care from GPs and a generic health promotion brochure on physical activity. This study used an objective assessment of physical activity using a pedometer unlike self-reporting measures used in eight previous RCTs analysed in a systematic review^{liv}.

The study confirmed that the effect of coaching persisted at 12 months in intervention groups after one to five consultations (an average of 4.4). Intervention groups were more active than control groups by 1,002 steps per day.

Researchers extrapolated from the Hunter Community Study^{lv} and estimated if the effect is linear, they could expect an extra 1,000 steps to result in one-third less of a bed day of hospital admission over the subsequent 5 years. This equated to savings of \$450 to \$533 based on 2013 hospital daily bed costs of \$1,350 to \$1,600. The study confirmed the cost of the AEP intervention offered value for money compared to the average cost of a single hospital admission for heart failure or chronic obstructive pulmonary disease without any other complications in 2011-2012 was around \$5,500^{lvi}.

A 2015 Deloitte Access Economics report *Value of Accredited Exercise Physiologists in Australia (Summary)* commissioned by ESSA outlines a summary of the benefits and costs for a number of chronic conditions, due to interventions by AEPs in Table 1 below:

Table 6: Benefit Cost Ratio and Annual Savings per Person in Health System Expenditure from Accredited Exercise Physiologists' interventions^{lvii}

Condition	Benefit Cost Ratio (benefit is shown to the health system and savings in productivity versus the cost of AEP interventions)	Annual savings per person in health system expenditure
Pre-diabetes	6.0	\$1,977
Type 2 diabetes	8.8	\$5,107
Mental illness (depression)	2.7	\$10,062 (per case averted through exercise) \$2,239 (for people still in recovery at one year follow up)
Cardiovascular disease	6.2	\$11,847
Chronic back pain	14.6	Research not available
Osteoarthritis	4.0	Research not available
Rheumatic diseases	4.2	Research not available

Summary

The preceding discussion presents a comprehensive case to remove GST from exercise physiology services. The figures noted above demonstrate that exercise physiology services are mainstream services rather than complementary or alternative. Accredited Exercise Physiologists are recognised health professionals within multiple compensable schemes and across private health insurance. ESSA has undisputed credentials as a professional association with uniform national registration requirements for exercise physiology practitioners that are equivalent to or exceed the registration requirements of practitioners delivering 'other health services'.

There is strong a body of evidence which demonstrates that exercise physiology services are clinically relevant. Consumers pay more for private exercise physiology services. Businesses delivering exercise physiology services face a greater burden of regulation in meeting their GST compliance costs. Exercise physiology services can assist the Government to meet its broader health agenda through prevention. The cost of removing GST from exercise physiology services will be offset by Australian Government's GST liabilities and a reduction in downstream health and aged care expenditure.

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