

The General Manager  
Indirect Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam

RE: Exposure draft – GST Free Health Supplies

Thank you for the opportunity to provide comments on the recently released exposure draft of legislation relating to Third Party Procured GST Free Supplies.

Without seeking to comment on all the implications of the proposed amendments contained in the ED, we would like to address the following specific issues:

1. We request that s38-60(1) be amended to include statutory compensation schemes as defined in schedule 10 of the GST regs for example Workcover NSW. This issue has been raised by our taxation consultants PWC due to the particular operation of the scheme in NSW.
2. Paragraph 1.20 of the EM does not clearly define "Government Health Funding Arrangements", and therefore the scope of application of the proposed amendment is not clear from the single example provided. Further examples include:

Where a doctor is paid to attend a public patient in a public hospital for a fee it appears that the government agency (Hospital) would procure a GST Free Supply to an individual from a health care provider being the doctor as established in example 1.2. Currently the payment from the hospital to the doctor under a fee for service contract to treat a patient is a taxable supply subject to GST. Other arrangements may require a doctor to attend a hospital to see individual public patients as they seek treatment (sessions) which may also be a government health funding arrangement.

Further clarification and examples are necessary.

3. The EM example 1.2 is an implementation of a program to fund specified health services the EM needs to clarify by further examples as there are many applications such as pathology, radiology, payments to third schedule hospitals, nursing homes and other services provided to patients by health care providers procured by the hospital. Many of these transactions are currently taxable.

If it is not intended that the proposed subsection 38-60(3) extends to these transactions the EM will need to be clear on a number of definitions. It appears that the intention may have been to include the transactions in point 3 in light of the Henry Review for ease of administration, and considering the current scope of the proposed changes this would certainly reduce GST administration based on the first reading.

Yours faithfully

Sue Boss

Manager Taxation and Superannuation  
NSW Health  
Level 6  
73 Miller Street  
North Sydney NSW 2060  
02 9391 9176  
0457 520517  
Fridays 6337 4872