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Rural councils put a GP access solution to Health Ministers

A Local Government Alliance proposes a Commonwealth Remote Practice Viability Payment so rural towns can keep a local GP without relying on council rates.

The Local Government Rural Health Funding Alliance, representing over 30 local governments from across Australia, has proposed a Commonwealth Remote Practice Viability Payment for general practices in small rural and remote communities, for Health Ministers to consider at their joint December meeting.

The proposal is set out in the Alliance's research paper, *Thin Market Rural GP Practices* (November 2026). It aligns with Schedule F of the 2026–31 National Health Reform Agreement Addendum, *Better Health Equity for Rural and Remote Communities*, which took effect on 1 July 2026.

On Monday 23 November, Alliance members presented the research to officials from the Department of Health, Disability and Ageing, including the Thin Markets Program, at the Shire of Lake Grace.

The research, drawn from interviews with practice owners and council data, found that in towns of fewer than 5,000 people there are not enough consultations (volume) to cover the fixed costs of a compliant practice. Existing Commonwealth and State incentives are activity-based or workforce-based, so they do not meet those fixed costs.

Seven of the Alliance councils contributed almost $1.7 million in cash from their annual rates in 2025–26, and more than $6 million a year once surgeries, housing and vehicles were counted. For the Shire of Narembeen, the cash contribution equals 16% of annual rates income. WALGA's 2025 General Practice Support Survey found 41 Western Australian local governments contributed $9.5 million in 2024–25, 91% of it from councils with fewer than 5,000 residents.

Kalbarri, a Midwest town of about 1,500 people, has been without a general practice since June, when its bulk-billed clinic closed citing financial viability. Residents have travelled to Northampton or Geraldton for appointments, a 300km round trip. The Shire of Northampton has since awarded a contract to restore the service to a private provider, with GP services due to resume in early January 2027. The Shire will be financially supporting the practice.

Shire of Lake Grace President Cr Len Armstrong said the Thin Market Rural GP Practice paper documented a consistent gap.

"Councils are funding general practice from the same rates that maintain roads and community facilities. The research shows that Medicare billing and existing government general practice programs do not make general practice viable in small population sizes and large geographical areas of service" Cr Armstrong said.

“The seven Alliance founding members generate $1.3billion in agriculture alone, every year. Yet our residents contribute to their local GP service three times - through the Medicare levy, the doctors consultation fee and now their council rates. This is not acceptable. A financial viability payment from the Commonwealth would give these practices a stable base and let us return rates to funding our core business and growing the local economy."

The proposed Commonwealth Remote Practice Viability Payment would be an ongoing, indexed annual block payment of up to $250,000 towards the fixed operating costs of general practices serving rural and remote communities of fewer than 5,000 people (typically Modified Monash 6 and 7s), with MM5 exceptions where the same thin market conditions apply.

It would cost between $16 million and $27 million a year nationally, covering 61 to 100 local governments.

“The Commonwealth already supports thin markets such as the Regional Pharmacy Maintenance Allowance, air travel subsidies and universal telecommunications” said Cr Kate O’Keeffe, Shire of Gnowangerup President.

“Our solution to the Commonwealth, as the steward of primary care, is well evidenced and should be delivered under the National Rural Health Reform Agreement”

“Schedule F of the Agreement commits all governments to improving access to services and developing flexible models and initiatives for health equity in rural and remote communities. Health Ministers are due to consider new approaches for rural and remote primary care at their joint Health Ministerial meeting in December, and we want them to discuss this”.

The Alliance has written to the Western Australian Minister for Health asking that the payment be put to Health Ministers, and has shared the research paper with national and state stakeholders ahead of the December meeting.

The Alliance does not advocate for any particular provider, supplier or service model. The payment would complement existing Commonwealth and State incentives for general practice but its point of difference is that it is not linked to volume.

Independent analysis by Econisis (January 2026) found that GP support in six shires in rural WA, returns $3.08 for every dollar spent, a net benefit of about $8.6 million over three years across health, productivity and workforce outcomes.

Councils in other states report similar costs. In New South Wales, Bogan Shire Council, with a population of 2,500, has operated Nyngan's only medical centre for nine years, with annual cash contributions of around $600,000. Rural Doctors Association of NSW president Dr Rachel Christmas told *The Medical Republic* in November that health services are not a council responsibility.

“Rural communities have always had to think outside the box” she said.

“The inequity is astonishing”.

“We’re needing place-based solutions, and not every country town is the same. The councils know their communities and know their towns, so they’re in a very good position for understanding what their town needs.”

However, she said the responsibility for maintaining health services did not rest with councils – “this is not their remit”.

“If [councils] are going to keep picking up the pieces and working collaboratively, they need to be funded to do so because otherwise they must take money from other services that they provide”. **ENDS**



Cr Roger Bilney, Nicole O’Neill, Alan George, Cr Holly Cusack, Cr Len Armstrong, Rebecca McCall, Martin Cuthbert, Cr Rachel Gibson, Cr Kate O’Keeffe, David Nicholson, Cr Paul Barrett (Absent Cr Bryan Close)