



Medical
Deans

A U S T R A L I A A N D
N E W Z E A L A N D

Pre-Budget Submission 2026-27

January 2026

EXECUTIVE SUMMARY

The 25 university medical schools represented by Medical Deans Australia and New Zealand (Medical Deans) are committed to recruiting and training the graduate medical workforce needed by Australian communities.

Medical Deans is in ongoing discussions with the Government's Ministerial and Departmental offices for the Health, Disability and Ageing, and Education portfolios about proposed reforms to support a graduate medical workforce better aligned with community needs. This submission outlines four proposals for consideration as part of the Government's 2026-27 Budget process.

1. Increase quality training for medical students in community-based medical services

Two proposals aim to help grow the medical workforce in underserved areas by providing more quality training opportunities for students in primary care and community-based health services:

- (a) **General Practice Incentive Teaching Payment:** Increase the PIP (Teaching) Payment and reform the scheme to support multidisciplinary training of medical students.

Projected additional annual cost range: \$51.4m – \$60.2m

- (b) **Urgent Care Clinics and Medicare Mental Health Centres:** Offer incentives (modelled on the proposed PIP reforms) to enable UCCs and MMHCs to provide clinical training placements for medical students.

Projected annual cost range: \$2.69m – \$4.69m

2. Enhance equity measures for medical students

The other two proposals are equity measures directed toward students from lower-SES backgrounds or limited financial means, to support the recruitment and retention of diverse medical student cohorts that reflect the diversity of Australian communities:

- (a) **Lower-SES Needs Based Funding:** As the majority of entry medical degrees are now postgraduate programs, extend the Government's Needs Based Funding for lower-SES medical students to include both postgraduate and undergraduate medical students.

- (b) **Prac Payments for medical students:** Help ensure medicine is a profession open to all by extending the Commonwealth Prac Payments currently available to students of nursing, midwifery and social work to include medical students.

Medical Deans thanks the Government for this opportunity to submit our policy proposals as part of the 2026-27 Budget process. We see this as an important opportunity to build on the general practice-focused training package released by the Albanese Government in 2025, and particularly timely as the Government considers the recommendations of reviews including the General Practice Incentives Expert Advisory Panel Report, the Working Better for Medicare Review Report, and the Scope of Practice Review Final Report.

If you have questions or would like to discuss the issues raised in this submission, please contact **Professor Michelle Leech (President)** and **Professor Kirsty Forrest (Vice President)** via email president@medicaldeans.org.au.



Proposal 1(a)

General Practice Incentive Teaching Payment: Increase the PIP (Teaching) Payment and reform the scheme to support multidisciplinary training of medical students.

Providing quality clinical placements for medical students in general practice exposes these students to GP role models and the potential benefits of choosing a career as a GP.

The majority of Medical Deans' member schools report difficulty, often increasing, in sourcing sufficient GP placements for their students. The most commonly cited barrier to growing student placements is the financial incentive provided to GPs through the PIP (Teaching) Payment, which has not been increased for over a decade. The current rate of \$200 per teaching session (for a minimum of three hours per session) does not adequately compensate practices for income lost due to teaching.

The pressure on these scarce GP teaching spots will increase in 2026 and beyond, as the Government's package of 400 new clinical rotations for prevocational doctors in general practice (which Medical Deans strongly supports) comes on stream.

(i) PIP rate of payment

Medical Deans proposes addressing this issue through a revised PIP teaching rate. We recommend that the new payment include:

- increased base rate payment for income lost
- compensation for administration costs
- a small training payment to acknowledge the value of the service.

Table 1: PIP rate of payment

Component	What	Cost
<i>Income replacement (base rate)</i>	Reduction from an average 4 patients per hour to 3 patients per hour	\$300.00 per session (\$100 per hour x 3 hours)
<i>Administration</i>	10% of base rate	\$30.00 per session
<i>Break even</i>		
<i>Training payment</i>	20% of base rate	\$60.00 per session (i.e. \$20 per hour for training)
Total		\$390.00 per session

- *Regular process of review:* the Department of Health, Disability and Ageing to review the base rate of payment (income replacement) for the PIP every two years, based on the average cost of a GP appointment. The other two percentage components would remain constant.
- *Retain rural loadings:* scale PIP payments to continue the current practice of applying rural loadings.



Indicative cost to Government

In 2023, the Government spent \$45.1 million on PIP (Teaching) Payments.¹ This equated to 225,500 teaching sessions, or approximately 12 teaching sessions for each student enrolled in an Australian medical school.²

To provide an indicative cost to Government of increasing the PIP payment, we projected an annual cost range based on increases of 10%, 15% and 20% in the number of PIP sessions. This equates to a total annual cost of between \$96.5 million and \$105.3 million, depending on take-up rate.

The projected *additional* annual cost to Government would be between \$51.4 million and \$60.2 million (see table below).

Table 2: Projected indicative cost to Government

Number of teaching sessions in 2023	225,000
Additional number of teaching sessions with new PIP	
• assume 10% more sessions	22,500
• assume 15%	33,750
• assume 20%	45,000
Projected total number of teaching sessions	247,500 – 270,000
Total Annual Cost of PIP teaching sessions	\$96.5m - \$105.3m
Cost of PIP in 2023	\$45.1 million
Projected indicative additional annual cost to Government	\$51.4m - \$60.2m

(ii) Eligibility to teach³

The eligibility requirements for the PIP Teaching Payment⁴ as they are currently written can and do act as a constraint on who can teach students in different learning scenarios within the training session. Medical Deans proposes the following changes to the eligibility requirements to support multidisciplinary training:

- *GP to direct*: Replace the eligibility requirement that a GP “give” the teaching session with a requirement that a GP “direct” the teaching session:
 - allowing students to spend some time with other health professionals in the practice (e.g. nurses, allied health, practice managers), as appropriate, while still under the overall direction of the GP supervisor
 - making clear that sessions outside the practice (e.g. in aged care) are eligible, providing the GP delivering the medical service is with the student.

¹ Review of General Practice Incentives Expert Advisory Panel Report to the Australian Government, 30 September 2024, p. 70

² 18,359 students were enrolled in Australian medical schools across all year levels in 2023. Data sourced from the Medical Deans Data Dashboard

³ Also remove from the guidelines the following outdated reference under ‘Ineligible teaching sessions’: “if the supervising GP is paid for teaching activities through other Australian Government funded teaching programs, such as the John Flynn Placement Program”.

⁴<https://www.practiceassist.com.au/PracticeAssist/media/ResourceLibrary/Practice%20Incentives%20Program/PIP-Teaching-Payment-Fact-Sheet-V3-200812.pdf>



- *Registrars*: Remove the reference to “registrars” under the category ‘Ineligible teaching sessions’ and make clear that registrars can be involved in teaching medical students in general practice.

Proposal 1(b)

Urgent Care Clinics and Medicare Mental Health Centres: Offer incentives (modelled on the proposed PIP reforms) for Urgent Care Clinics and Medicare Mental Health Centres to provide clinical training placements for medical students.

The introduction and expansion of Urgent Care Clinics (UCCs) and Medicare Mental Health Centres (MMHCs) provide an untapped opportunity to train our future doctors in community-based healthcare settings – where most healthcare services are delivered. Critically, this is also an opportunity to invest in ensuring a flow of future doctors to staff these facilities.

UCCs have become an important feature of Australia’s healthcare system, with their value to patients reflected in the Government’s 2025-26 Budget commitment of \$657.9 million to fund an additional 50 clinics. UCCs, existing between general practice and emergency medicine, can be a fertile learning site through the undifferentiated patient presentations, generalist scope, and multidisciplinary teamwork featured in this model.

Similarly, the MMHCs being delivered by the Government provide an important training opportunity. One in five Australians experience a mental illness each year⁵, and over 70% of GPs report mental health as the most common reason for patient visits⁶. These statistics demonstrate the increasing importance of treating and managing mental health in community-based health services rather than acute care. Providing training placements for medical students in MMHCs would help prepare our future doctors to treat and manage a wide range of mental health presentations. Currently, however, training in these centres includes psychology students but not medical students.

While the staffing composition of the MMHC model is not mandated, doctors are rarely included. The Government committed in its 2025 Budget to invest in ten psychiatry training posts (including ten psychiatry supervisors) in specific MMHCs, and we recommend that, at a minimum, these ten centres provide clinical training opportunities for medical students. We also support medical student placements in the other centres, as the multidisciplinary teams in this model will be well placed to supervise medical student learning in this underserved area of healthcare.

Funding incentives are needed to realise these valuable community-based training opportunities for medical students. To accommodate diverse business models for UCCs and MMHCs, the teaching funding model needs to be flexible and not administratively burdensome. We recommend using the PIP (Teaching) Payment [reformed, as in the proposal above] as the template for UCC/MMHC teaching payments. The key features would be:

- Payments of \$390 to the UCC or MMHC for each 3-hour session a medical student spends working and learning in the centre
- Multidisciplinary supervision – students to be supervised by doctors, nurses, and allied health staff (e.g., psychologists in MMHCs)

⁵ AIHW: <https://www.aihw.gov.au/mental-health/overview/prevalence-and-impact-of-mental-illness>

⁶ Royal Australian College of General Practitioners (2025) *General Practice Health of the Nation 2025*, East Melbourne, Vic <https://www.racgp.org.au/FSDEDEV/media/documents/Health-of-the-Nation-2025.pdf> [accessed 4 December 2025]



- Medical supervisors expected to participate in regular professional development opportunities freely provided by universities to ensure good practice supervision.

Indicative cost to Government

The availability of clinical learning opportunities will vary between sites. The indicative costings in the table below assume various percentages of UCCs and MMHCs participating in the scheme, resulting in projected costs of between \$2.65 million and \$4.69million in 2026-27

This investment would result in between 20,000 and 35,000 additional clinical placement hours for medical students per year in community-based health services.

Table 3: Projected indicative cost range to Government in 2026-27

Number of UCCs		137
	<i>Assume 40% of sites</i>	<i>Assume 60% of sites</i>
UCCs participating in teaching	55	82
Number of MMHCs		61
	<i>Assume sites with medical supervision</i>	<i>Assume 50% of sites</i>
MMHCs participating in teaching	10	31
Number of students per site		2
Sessions per site		
<i>2 sessions per week per student for 26 weeks</i>		104
Total sessions per year	6760	11752
Placement hours	20,280	35,256
Indicative cost (@\$390 per session)	\$2,600,000	\$4,600,000
CPD sessions per year		
Assume 1 supervisor per site	130	226
Cost of CPD sessions (@\$390 per session)	\$51,000	\$88,000
Total projected annual cost	\$2,650,000	\$4,690,000

Proposal 2(a)

Lower-SES Needs Based Funding: *As the majority of entry medical degrees are now postgraduate programs, extend the Government’s Needs-Based Funding program for lower-SES medical students to include both postgraduate and undergraduate medical students.*

The Government’s new Needs-Based Funding (NBF) program – providing funding to universities to support Aboriginal and Torres Strait Islander students, rural and regional students, and students from lower SES backgrounds – is a welcome and positive step toward improving access and equity in tertiary study.

In its current form, however, the program risks excluding the majority of lower-SES students enrolled in medicine. This is because NBF funding for lower-SES students is provided for undergraduate programs only,⁷ whereas the majority of entry medical degrees in Australia are postgraduate programs (although some universities still offer undergraduate entry). Medical students in both streams face comparable financial pressures and barriers to completion: notably, 58.1% of final-year medical students in 2024 reported receiving Centrelink support (e.g. Austudy).⁸

⁷ Note that NBF for Indigenous and rural students extends to postgraduate students as well as undergraduate; it is only NBF for lower-SES that does not cover postgraduate students.

⁸ Medical Deans Australia and New Zealand (2025) *MSOD National Data Report 2025*, Sydney, Australia.



Medical schools are deeply committed to selecting students who reflect the diversity of our communities. We are proud that admission rates for Aboriginal and Torres Strait Islander students, and those from regional and rural backgrounds, are now at population parity. We are also focused on growing the number of entrants from lower SES backgrounds.

Financial challenges affect postgraduate and undergraduate medical students alike. Extending NBF eligibility to include all medical students – regardless of entry pathway – would ensure financial support reaches those most in need, thereby achieving the stated aim of strengthening the diversity of the medical workforce. We urge the Government to support lower SES students in both postgraduate and undergraduate medical programs.

Proposal 2(b)

Prac Payments for medical students: *Help ensure medicine is a profession open to all by extending the Commonwealth Prac Payment currently available to students of nursing, midwifery and social work to include medical students.*

The introduction of the Commonwealth Prac Payment for those studying nursing, midwifery, and social work was a very welcome development, and Medical Deans and the Australian Medical Students Association (AMSA) continue to call for medical students to be included in this scheme.

All health profession education programs require students to undertake extensive clinical placements which are rarely compatible with part-time work. Medical students have the highest placement requirements of any health professional program, with most courses requiring full-time placement for the entirety of the final two years – making students' ability to support themselves particularly challenging.

We are seeing an increasing proportion of students from a diverse range of backgrounds, including lower SES, First Nations, rural backgrounds, and first in family to go to university. It is vital that cost-of-living support is available to these and other medical students that may need financial assistance to complete their clinical placement requirements.

We urge the Government to make an important contribution to the ongoing recruitment and retention of a diversity of future doctors by extending the Commonwealth Prac Payment to include medical students. As in the current scheme, eligibility for Prac Payments for medical students would be needs based.⁹ Medical Deans is very willing to work with the Government to cost and pilot an effective system of Prac Payments for medical students. We look forward to discussing this critical issue further with the Departments of Health and Education in the coming weeks.

***Medical Deans Australia and New Zealand
January 2026***

⁹ <https://www.education.gov.au/commonwealth-prac-payment-cpp/students#toc-eligibility-criteria>
Pre-Budget Submission 2026-27, Medical Deans Australia and New Zealand



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