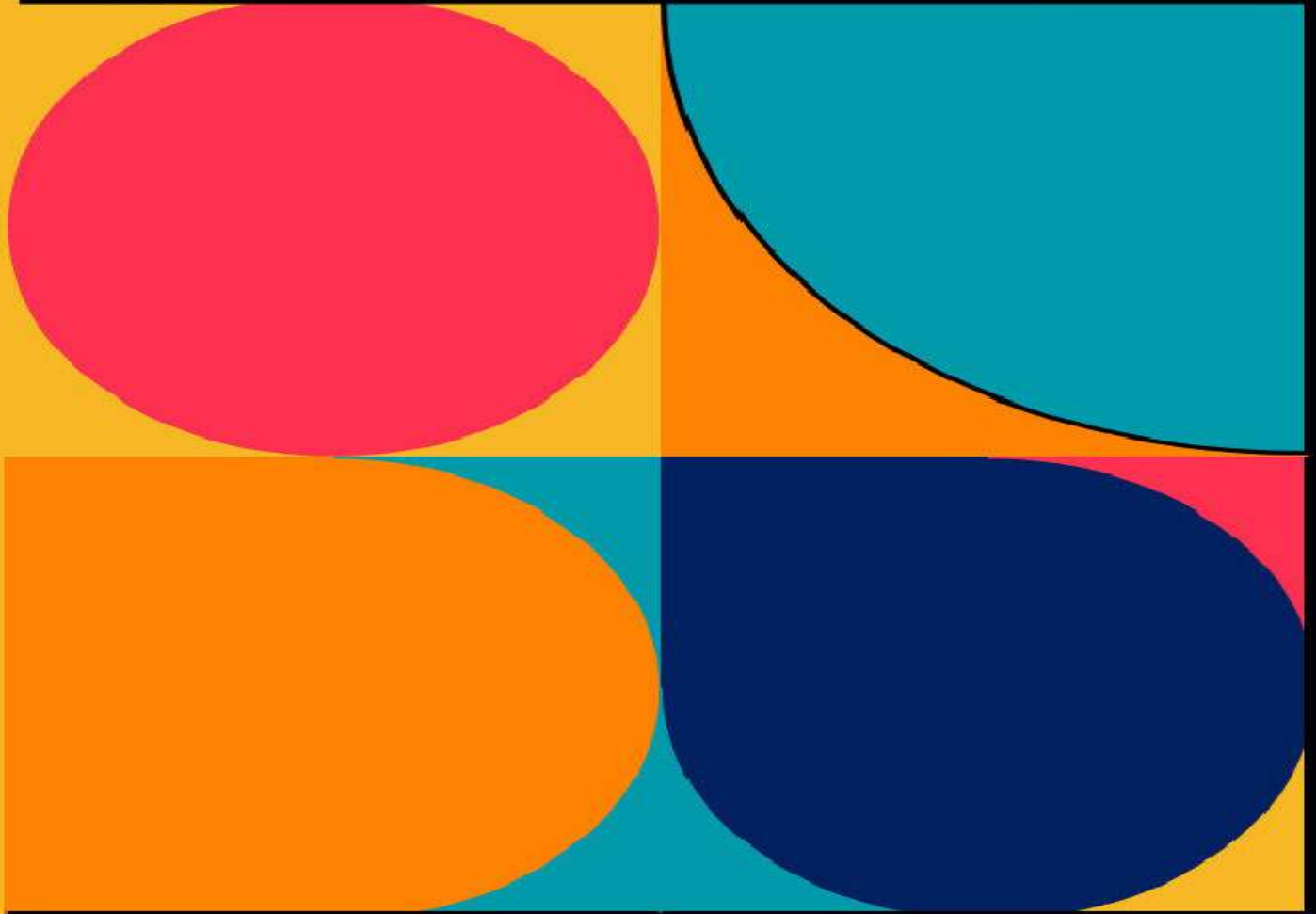


BEST PRACTICE

THE GP'S GUIDE TO BUSINESS



**A STRATEGIC APPROACH TO PRACTICE
OPTIMISATION, VALUATION, AND SUCCESSFUL EXIT**

DR BRUCE WILLETT AND KATE MARIE

Best Practice: The GP's Guide To Business

A strategic approach to practice optimisation, valuation, and successful exit.

Authors:

Dr Bruce Willett and Kate Marie

Publisher:

Medius Global, a trading name of iaso health Pty Ltd
20 Suvla St, East Ballina NSW 2478, Australia

www.mediusglobal.com.au

Contact: admin@mediusglobal.com.au

First published 2025

Copyright © 2025 Kate Marie and Bruce Willett

Legal disclaimer:

This book provides general information only and does not constitute professional medical, legal, financial or business advice. Readers should consult qualified professionals before making decisions about their general practice. The information is specific to the Australian healthcare system and current at the time of publication. Laws, regulations and market conditions may change and vary by state and territory. Every practice is unique. The authors make no guarantees about results and disclaim liability for any loss or damage arising from use of this information. This book is sold with the understanding that neither the authors nor publisher are engaged in rendering legal, accounting or other professional services.

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from the publisher.

ISBN: 978-0-9806339-5-5



Contents

Foreword	3
Executive summary	5
Introduction: Why now? Preparing for change – personally and professionally	8
Chapter 1: Are you ready to let go? The personal side of succession and sale	10
Chapter 2: Assessing your practice performance	15
Chapter 3: Financial optimisation strategies	19
Chapter 4: Understanding valuation in general practice	26
Chapter 5: Who are the buyers and what are they looking for?	34
Chapter 6: Exit readiness and the due diligence checklist	40
Chapter 7: Legal and tax essentials you can't afford to ignore	50
Chapter 8: Making a legacy move – wrapping up, letting go, and what's next	55
References	61
Authors	67

Foreword

The decision to write this guide to sustainable practice emerged from the realisation that despite practice ownership being one of the most significant financial decisions in a GP's career, there was no recent and comprehensive Australian-focused resource to guide them through the complex process of optimisation, valuation, and exit planning.

The research challenge

As we began developing this guide, we recognised that many GPs would navigate the practice sale process only once in their professional lifetime. This single opportunity carries enormous financial and emotional weight, yet the available guidance was fragmented, outdated or focused on overseas markets that don't reflect Australian regulatory and market realities.

To address this gap, we employed AI-powered deep research tools to systematically analyse the extensive body of literature, case studies, regulatory guidance, and market reports that inform modern practice transitions. The comprehensive reference list at the end of this book represents our commitment to evidence-based guidance, drawing from sources including:

- Australian Taxation Office rulings and compliance guidelines
- Royal Australian College of General Practitioners resources
- Industry reports from major accounting and legal firms
- Contemporary market analysis from healthcare consultancies
- Academic research on medical practice valuations
- Government policy documents affecting practice ownership

The human reality behind the numbers

Through our conversations about the practice sale process, Bruce and I consistently returned to a troubling observation: the experience is often torturous for sellers. GPs are clinical professionals, not commercial operators. They've spent decades focused on patient care, not business optimisation or exit strategies.

This creates a fundamental mismatch when they enter the practice sale market.

Sellers often find themselves:

- overwhelmed by unfamiliar commercial processes — due diligence, EBITDA calculations, and legal documentation that feels foreign after years of clinical focus
- confused by inconsistent market signals—where 'silly valuations' appear alongside standard multiples, making it difficult to set realistic expectations
- emotionally unprepared for the transition from practice owner to seller, with all the identity and legacy concerns this entails
- vulnerable to poor advice from advisors who may not understand the unique aspects of general practice ownership.

Our motivation: help bridge the knowledge gap

We recognised that GPs needed more than just valuation formulas or legal checklists. They needed a strategic framework that would help them:

1. Understand their starting point through proper performance benchmarking.
2. Optimise systematically using evidence-based strategies that actually work in Australian general practice.
3. Navigate valuation complexity with realistic expectations about what drives value in today's market.
4. Prepare comprehensively for a process that demands both emotional and operational readiness.

Our approach: comprehensive, practical, Australian

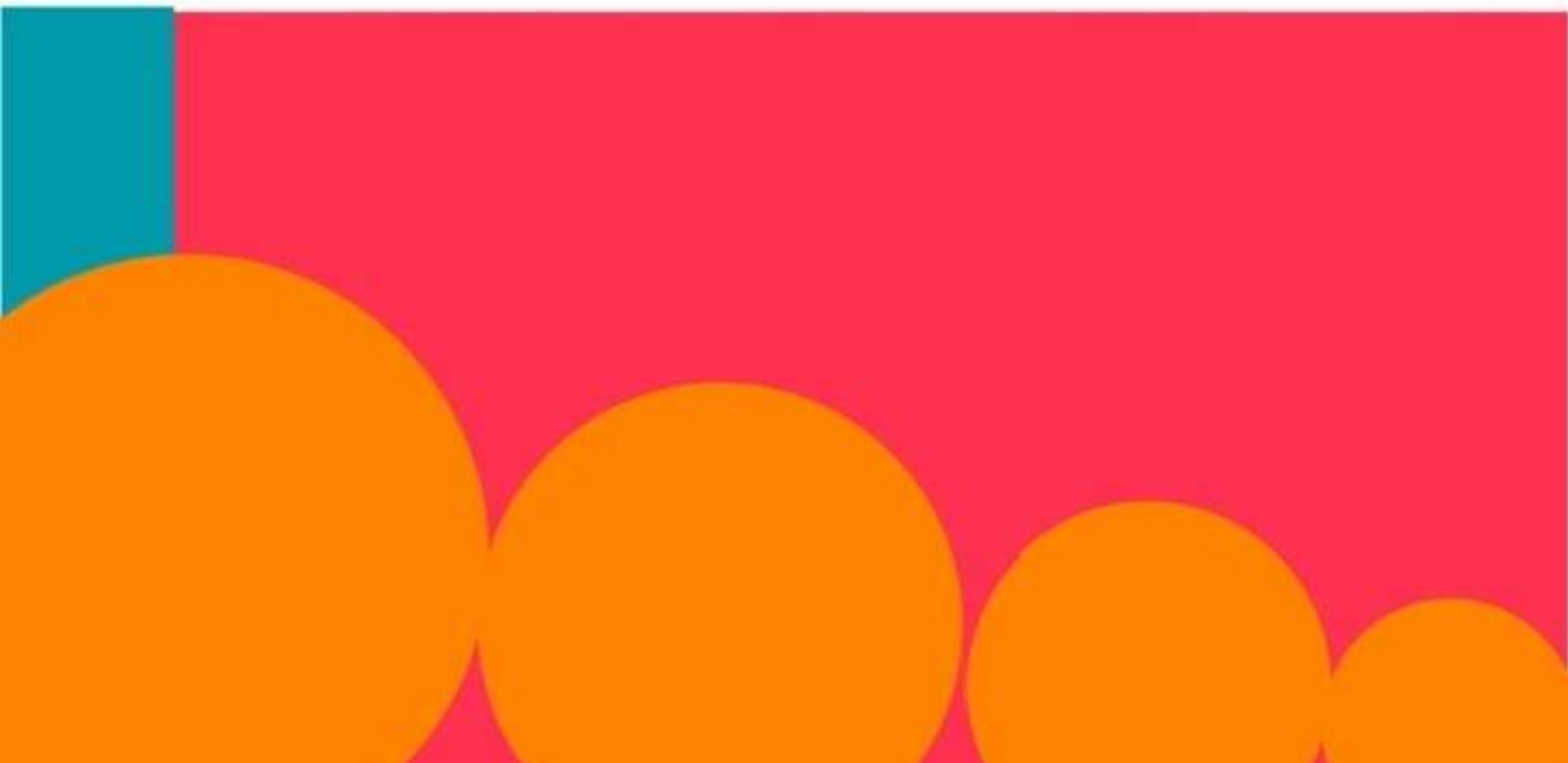
This book represents our attempt to create a resource that combines:

- rigorous research using the latest available data and regulatory guidance.
- practical application based on real-world experience in practice transitions.
- Australian context that reflects our unique healthcare system, tax environment, and regulatory landscape.
- emotional intelligence that acknowledges the personal dimension of practice ownership and transition.

We wanted to help GPs approach this once-in-a-career decision with confidence, armed with the knowledge and tools needed to optimise their practice, understand its true value, and execute a successful transition on their own terms.

The result is a guide that treats practice owners as intelligent professionals who deserve transparent, evidence-based guidance for one of the most important business decisions they'll ever make.

Executive summary



About this guide

Best practice: the GP's guide to business is a practical, Australian-focused roadmap for general practitioners (GPs) who want to assess, improve, and realise the value of their medical practice—whether for an imminent sale, future succession, or simply to maximise flexibility and control.

Why this guide matters now

- Over 60% of GP clinic owners are aged 45 and above, with many considering succession or exit in the next five years.
- Industry pressures are mounting: only 20.7% of GP clinics now bulk bill new adult patients without concessions. (down from 35.7% two years earlier), though 77.3% of all GP visits are still bulk billed operating costs are rising, and staff shortages persist.
- Buyers are more selective: corporate, investor, and peer buyers are scrutinising profitability, compliance, and risk more than ever.
- Valuation is nuanced: the serviced office model, payroll tax rulings, and changing patient loyalty mean goodwill is harder to defend and EBITDA is king.

What this guide delivers

- **Emotional and strategic readiness:**
Helps you clarify your goals, assess your personal and professional readiness, and plan your exit on your own terms.
- **Performance benchmarking:**
Provides up-to-date, real-world KPIs for billings per hour, CCM percentage, wage ratios, DNA rates, and digital maturity—so you can diagnose operational gaps and highlight value.
- **Optimisation before exit:**
Outlines targeted strategies to increase maintainable EBITDA, including billing model evolution, CCM optimisation, cost control, and leveraging technology.

- **Valuation clarity:**
Demystifies how practices are valued in 2025, with a focus on normalised EBITDA, add-backs, and the impact of lease, workforce, and compliance factors.
- **Buyer insights:**
Breaks down the priorities and red flags for corporate, GP, investor, and hybrid buyers, so you can position your practice for the right audience.
- **Exit readiness and due diligence:**
Guides you through a 24-month timeline, with checklists for contracts, leases, financials, compliance, and transition planning to ensure a smooth, defensible, and profitable sale.
- **Legal and tax essentials:**
Explains the latest on CGT concessions, GST 'going concern' rules, payroll tax risks, and the critical legal documents buyers will demand.
- **Legacy and next steps:**
Supports you in planning a purposeful exit, protecting your legacy, and preparing for the next phase—whether that's retirement, consulting, or a new venture.

Who should use this guide

- GP clinic owners considering a sale or succession in the next 1–5 years
- Practice managers supporting transition and optimisation
- Financial and legal advisors working with GPs
- Medical corporates and investors assessing acquisitions
- GPs seeking strategic clarity—not just a valuation number

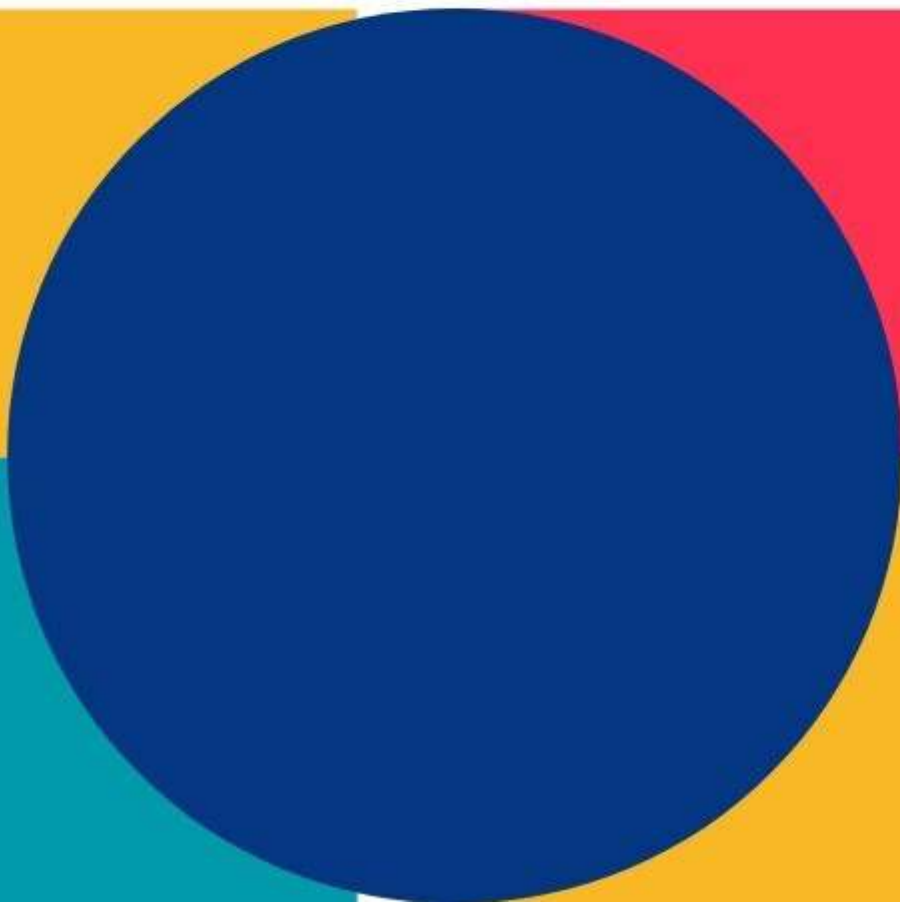
By the end of this guide, you will:

- know where your practice stands and how it compares to current benchmarks
- understand what drives value and risk in today's market
- have a clear, actionable plan to optimise performance and prepare for sale
- be equipped to navigate legal, tax, and compliance hurdles
- transition with confidence, protecting both your financial outcome and your legacy.

In a rapidly changing environment, the best outcomes go to owners who plan early, optimise smartly, and exit on their own terms. This guide gives you the tools to do just that.

Introduction:

**Preparing for
change, personally &
professionally**



Why act now

If you own a general practice, you've built more than a business—you've created a place of care for your community and security for your family. But the landscape is shifting fast:

- bulk-billing is in decline, operating costs are rising and staffing remains tight
- more than 60% of clinic owners are 45 + and eyeing succession
- buyers—especially corporates—have become more selective, and goodwill is harder to defend.

Selling (or simply stepping back) is therefore both financial and emotional:

- will staff and patients stay protected?
- can profitability improve before exit?
- how much is the practice truly worth—and when is the right time?

This guide gives Australian GP-owners practical answers—free of jargon—so you can:

1. Benchmark current performance with credible KPIs.
2. Lift maintainable EBITDA through small but targeted changes.
3. Understand valuation and buyer expectations in today's serviced-office model.
4. Navigate legal and tax traps early—especially CGT concessions and payroll tax exposure.
5. Plan a 24-month, step-by-step exit that preserves your legacy and your sanity.

Whether you aim to sell within 12 months or simply want options five years out, the strategies ahead will help you improve, protect and realise the value of the practice you've worked so hard to build.

The chapters ahead are structured around real Australian data and current market conditions. Each section provides actionable strategies you can implement whether you're planning to sell within 12 months or preparing for succession in the next five years.

Chapter 1: The personal side of succession & sale



Beyond the numbers

Selling your medical practice is not just a business decision—it's a life transition. And like most major transitions, it brings a mix of logic, emotion, and uncertainty.

While much of this book focuses on financial performance and operational strategy, this first chapter is about you.

1.1. Common concerns when considering a sale

Many GPs considering a sale aren't motivated by burnout or a clear retirement date. Instead, they describe growing concerns about:

- uncertainty about post-clinical life and purpose – ‘What will I do next?’
- guilt about leaving team and patients —‘Am I abandoning people who depend on me?’
- doubt about practice marketability —‘What if no one wants to buy it?’
- fear of regret or making the wrong decision —‘What if I sell and wish I hadn’t?’
- fatigue from operational challenges – constant staffing issues, regulatory complexity
- concern about changing healthcare landscape—billing models, income uncertainty

These are real and valid concerns. But clarity comes from taking stock.

1.2. How to assess your personal readiness

Before you even benchmark the business, work through this decision framework:

a. What is your end game?

Full retirement pathway:

- timeline: 6-12 months preparation
- considerations: complete financial planning, legacy arrangements
- transition: clean handover with minimal ongoing involvement.

Part-time clinical work pathway:

- timeline: 12-18 months preparation
- considerations: negotiating ongoing role, maintaining relationships
- transition: gradual reduction in ownership responsibilities.

Transition with mentoring pathway:

- timeline: 18 - 24 months preparation
- considerations: buyer compatibility, formal mentoring agreements
- transition: 1-2 years supporting new owner while stepping back.

b. How attached are you to the practice identity?

Many GPs have owned their practice for 10, 20 or even 30+ years. It's not just a workplace—it's a community hub, a source of professional pride, and part of your identity.

Identity evolution framework:

- current state: GP as practice owner and community leader
- transition phase: GP as mentor and knowledge transfer specialist
- future state: GP as clinician, advisor, or retiree with preserved legacy.

Remember: you're not erasing your contribution—you're handing it over to someone who can build on what you've created.

c. Have you involved your family and advisors?**Selling a business has major implications for:**

- retirement planning and lifestyle changes
- capital gains tax concessions and timing
- future income strategies and investment planning.

Essential conversations:

- your accountant (tax planning, CGT concessions)
- a financial planner (retirement income, investment strategy)
- your family (lifestyle changes, timing preferences)
- potential successors (if considering internal transition).

1.3. Signs you may be ready to sell

Use this assessment to gauge your readiness:

Emotional indicators:

- you're curious about your practice's value
- you feel more frustration than fulfilment in ownership
- you want to preserve the practice but not run it
- you've started thinking about 'what's next' regularly.

Practical indicators:

- you've started cutting back clinical hours
- staff are asking, 'How long will you keep going?'
- you want to realise value before market or energy decline
- you're ready to pass responsibility to someone else.

Financial indicators:

- you've invested years and want to convert that into retirement security
- the practice could benefit from fresh investment or energy
- market conditions seem favourable for sellers.

1.4. Planning your exit timeline

Even if you're not planning to sell for another 2–5 years, starting preparation now gives you options:

Years 3-5 out: initial contemplation

- family discussions about timing and goals
- informal practice performance review
- beginning to consider what post-sale life looks like.

Years 2-3 out: formal planning begins

- implement financial optimisation strategies
- address structural issues (leases, contracts, compliance)
- begin building relationships with potential successors.

Year 1-2 out: active preparation

- formal valuation and market assessment
- due diligence preparation and documentation
- potential buyer engagement and negotiation.

Months 6-12: execution phase

- contract negotiation and legal documentation
- transition planning and staff communication
- handover preparation and legacy protection.

Post-sale: integration and reflection

- supporting new owner during transition period
- processing the change and redefining purpose
- beginning new chapter with confidence.

1.5. Plan without committing

Starting exit planning doesn't mean you must sell. It means you're:

- creating options rather than being forced into decisions.
- maximising practice performance while you still own it.
- controlling the narrative rather than reacting to circumstances.
- building value systematically over time.

This approach serves both types of readers:

- GPs in active sale mode (next 12–24 months)
- GPs in early planning mode (3–5 years out)

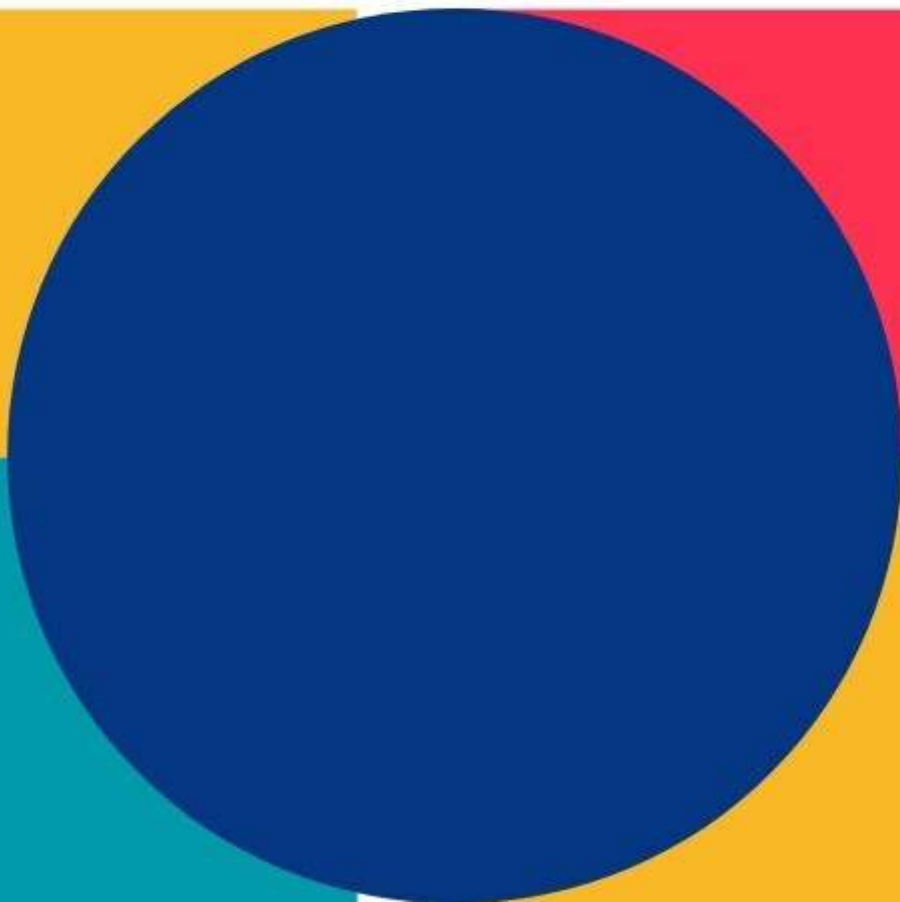
1.6. Immediate next steps

1. Reflect on your motivations using the framework above.
2. Assess your readiness with the checklist provided.
3. Begin conversations with family and key advisors.
4. Document your current baseline to track improvements over time.
5. Choose your timeline and begin appropriate preparation steps.

Wherever you sit in this journey, you're not alone—and you don't have to figure it all out at once.

Next: Chapter 2 will show you how to assess your practice's current performance with real benchmarks, giving you the foundation for all subsequent optimisation and sale preparation.

Chapter 2: Assessing your practice performance



Know your baseline

Before you can improve performance—or plan a sale—you need to understand how your practice is performing today.

This chapter will help you:

- identify which financial and operational benchmarks matter most
- compare your practice against national and peer averages
- use these insights to diagnose underperformance or highlight value.

Whether you're considering selling or just want to increase profitability, this is your starting point.

2.1. Start with honest numbers, not assumptions

It's easy to feel that your practice is doing 'fine.' But without metrics, it's just a feeling.

Many practices:

- overestimate how well they're performing relative to peers
- underestimate hidden inefficiencies (e.g., staffing ratios, missed billing opportunities)
- have never calculated their actual billings per hour or staff cost as % of income.

Benchmarking makes the invisible visible.

2.2. Key performance metrics for general practice

Here are the most important metrics to assess, along with national benchmarks and tips on how to interpret them in context.

The metrics below aren't arbitrary targets and are drawn from real Australian practice data and reflect what buyers actually look for during due diligence. Practices that consistently track and improve these indicators typically see both stronger profitability and higher sale valuations. Understanding where you stand today gives you a clear roadmap for improvement, whether you're planning to sell in 12 months or 5 years.

Metric	Why important	Benchmark	Red flags	Action item
Billings per hour	This is a core productivity metric. It shows how efficiently clinicians are generating income.	Mixed: \$385/hr Bulk: \$372/hr	<\$350/hr	Review scheduling, fees, service mix
Staff wages % of billings	Staff costs are your largest controllable expense.	20-30%	>30% or <15%	Use RACGP toolkit to audit ratios
DNA rate	Missed appointments waste time and revenue.	3-5%	>5%	Implement SMS reminders, cancellation policies
CCM + Health assessments	CCM and health assessments offer both clinical and financial upside.	13% combined (CCM: 10.5%, HA: 2.6%)	<7%	Run MBS reports (965, 967, 70x series)
Appointment wait times	Long waits reduce patient satisfaction and can push people elsewhere.	Booking: ~2 days In-clinic: ~10 mins	>3 days booking >20 mins in-clinic	Optimise scheduling, review capacity
Online booking usage	Patients increasingly expect digital convenience.	>40% of appointments	<20%	Promote platform or switch systems

2.3. Don't forget context: metro vs rural

Practice performance benchmarks vary significantly between metropolitan and rural settings, and understanding these differences is crucial for accurate self-assessment and realistic sale expectations.

Metro practices: competitive but profitable

Metropolitan practices face higher operational costs but typically achieve stronger revenue per hour through reduced bulk billing rates and premium service offerings. The competitive environment drives innovation in patient experience and digital services.

Rural practices: community focus, different economics

Rural practices serve essential community roles but operate under different financial pressures. Higher bulk billing rates reflect community demographics and social obligations, whilst lower operational costs can maintain healthy margins.

Understanding your local context ensures you're optimising for the right metrics and attracting buyers who appreciate your practice's unique value proposition within its specific market conditions.

Practice type	Characteristics	Key considerations
Rural	Higher bulk billing rates Lower rent costs Limited GP/nurse access	Compare to rural peers Leverage community loyalty Consider rural incentives
Urban	Lower bulk billing rates Higher competition Digital expectations	Focus on convenience Benchmark against metro practices Invest in technology

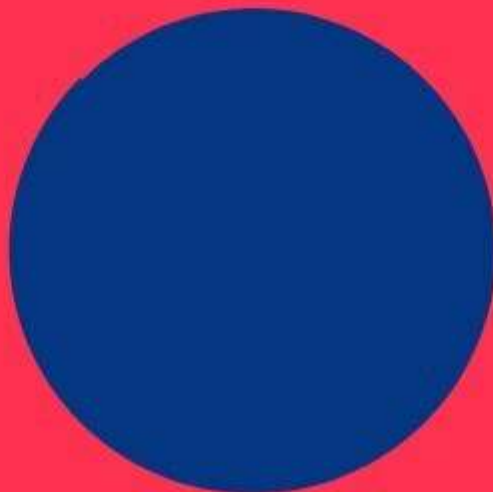
2.4. Quick self-assessment checklist

Use this checklist to quickly identify where your practice stands and which areas need immediate attention. Focus on the red flags first—these are deal-breakers that will either prevent a sale or significantly reduce your valuation. The goal isn't perfection across every metric, but rather ensuring you have no critical weaknesses that would concern potential buyers during their initial assessment.

Practice characteristics	Buyer perception	Valuation impact
Attractive to buyers	High billings per hour, controlled expenses, modern systems	Higher multiple
Red flags for buyers	Under-billing CCM, high admin costs, phone-only booking	Lower multiple, increased risk discount

Next: Chapter 3 covers how to turn these insights into action, with specific strategies to increase revenue, streamline expenses, and improve EBITDA before sale.

Chapter 3: Financial optimisation strategies



Know your metrics

You don't need to overhaul your practice to boost its value—just improve the right metrics.

This chapter focuses on increasing profitability and attractiveness to buyers through targeted improvements to revenue, expenses, staffing, and systems. Even modest changes made 12–24 months before a sale can significantly lift your valuation.

3.1. The goal: improve your maintainable EBITDA

Buyers don't value revenue—they value profitability. Specifically, they look at EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) as a measure of how much cash the business generates.

Key point: every \$10,000 increase in annual EBITDA could add \$30,000–\$50,000 to your sale price, depending on your valuation multiple.

Improving EBITDA means:

- raising income without proportionally increasing expenses, and/or
- reducing recurring costs without harming operations.

3.2. Revenue optimisation strategies

Billing model optimisation

Many practices leave significant revenue on the table by maintaining outdated billing approaches that no longer reflect their patient demographics or market position. Small adjustments to your billing model can deliver immediate cash flow improvements without requiring major operational changes.

Current status	Action required	Expected impact
Bulk billing >80%	Introduce mixed billing with gap fees (\$30-45 standard, \$60+ long consults)	10-15% revenue increase
Below market fees	Use Cleanbill/Cubiko to benchmark and adjust gradually	5-10% revenue increase
No fee structure	Implement time-based tiers with clear patient communication	Immediate revenue boost

Market context: Only 20.7% of GP clinics now bulk bill new adult patients without concessions (down from 35.7% two years earlier). Average gap fee is \$43 and rising 5-7% annually.

CCM and health assessment optimisation

Many clinics under-bill MBS items for chronic disease care, care planning, and health checks.

Current CCM %	Target	Action steps	Revenue potential
<7%	10.5%	Nurse-led care plan programs	\$50k+ annually
7-10%	13.0%	Proactive health assessments (45-49, 75+)	\$20-30k annually
>13%	Maintain	Focus on other revenue streams	-

Quick wins:

- use practice software to identify eligible patients
- schedule dedicated CCM sessions
- train nurses to coordinate care plans.

Diversified income streams

High-impact options:

- pathology provider lease: highest rate per square metre
- allied health rentals: psychologist, physio, dietitian
- visiting specialists: skin, women's health procedures
- occupational health: Pre-employment medicals, WorkCover.

Assessment questions:

- which rooms are unused during lunch/evenings/weekends?
- what services do local patients currently travel for?
- can existing GPs expand procedural offerings?

3.3. Cost optimisation strategies

a. Review rent and property structure

Rent is often one of the largest fixed costs. Buyers will look at your lease closely.

Checklist:

- Is your rent above market value?
- Are you leasing from a related entity? If so, document market value to avoid EBITDA penalties.
- Can you sublease part of the space?

Tip: If your lease expires soon, negotiate an extension before sale. Buyers prefer at least 5 years of lease certainty.

Market context and documentation requirements

Recent industry developments have highlighted the critical importance of properly documenting rent arrangements, particularly for pathology collection centres and other co-located services. Over 6,000 GP practices in Australia have co-located pathology services, with rental income typically representing the third-largest revenue source for practices. However, pathology companies have increasingly challenged rental rates, with some requesting up to 50% rent reductions.

Key documentation requirements:

- **Market value evidence:** obtain independent commercial property valuations to justify rental rates, especially for related-party arrangements.
- **Sublease agreements:** ensure all subletting arrangements (pathology, allied health, pharmacy) have formal written agreements that can be assigned to buyers.
- **Compliance with regulations:** under the Health Insurance Act, rent cannot be related to the number or value of pathology requests and must reflect fair market value.
- **Negotiation position:** contrary to feeling powerless, practice owners have significant negotiating strength - consider rent deferrals rather than permanent reductions if approached by tenants.

Buyer perspective

Well-documented, market-rate rental arrangements with secure tenants (especially pathology providers paying \$20,000-30,000+ annually per collection room) significantly enhance practice value. Conversely, above-market or poorly documented rent arrangements may be adjusted out of EBITDA calculations during valuation, reducing your sale price.

Action items before sale:

- document market rental rates for your area and property type
- ensure all sublease agreements are current and assignable
- if charging related-party rent, obtain independent valuation evidence
- consider extending high-value tenant agreements where possible to provide buyer certainty.

b. Leverage technology for efficiency

The right tools can save hours of staff time every week.

Investment	Cost saving	ROI timeline
Online booking system	0.5 FTE reception hours	6-12 months
Appointment reminders	Reduce 5% DNA rate	3-6 months
Digital forms	2-3 hours admin/week	6 months
Billing audit tools	Capture missed consultations	Immediate



c. Maximise nurse productivity

Revenue-generating activities:

- care plan coordination (items 965, 967)
- chronic disease clinics
- routine procedures (wound care, vaccinations, spirometry)
- health assessments.

Measurement: Track nurse-associated billings vs wages to ensure positive ROI.

d. Streamline admin costs

Target ratios:

- admin wages: $\leq 10-15\%$ of billings
- total non-GP wages: 20-30% of billings.

Review areas:

- software subscriptions (audit for duplicates)
- supplier contracts (medical supplies, cleaning, utilities)
- legacy IT costs (printers, leases, server maintenance).

Quick win: cut 5% in non-essential admin spend = \$10k+ annual EBITDA improvement.

3.4. Document your improvements

Implementation tracking

Document all improvements for buyer due diligence.

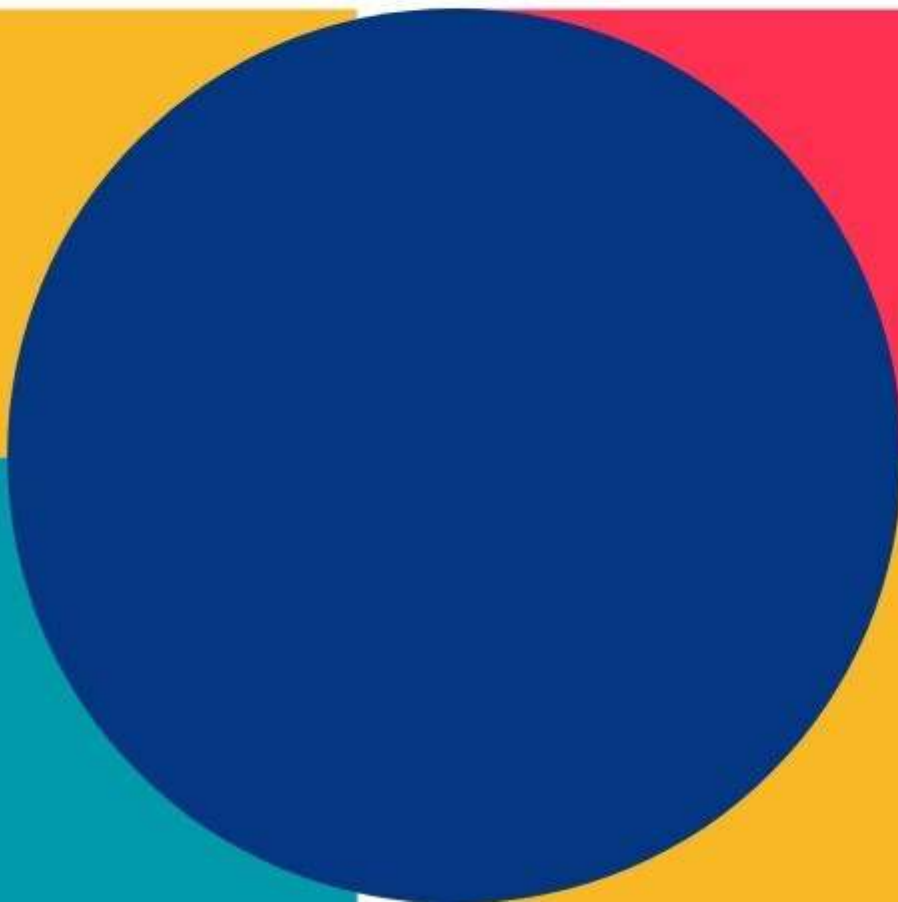
Example log entries:

- ‘Introduced private billing July 2024: average fee per consult increased 14%’
- ‘Implemented online booking: reduced reception costs by \$22,000 annually’
- ‘Launched CCM program: CCM billing increased from 5.2% to 11.1%’

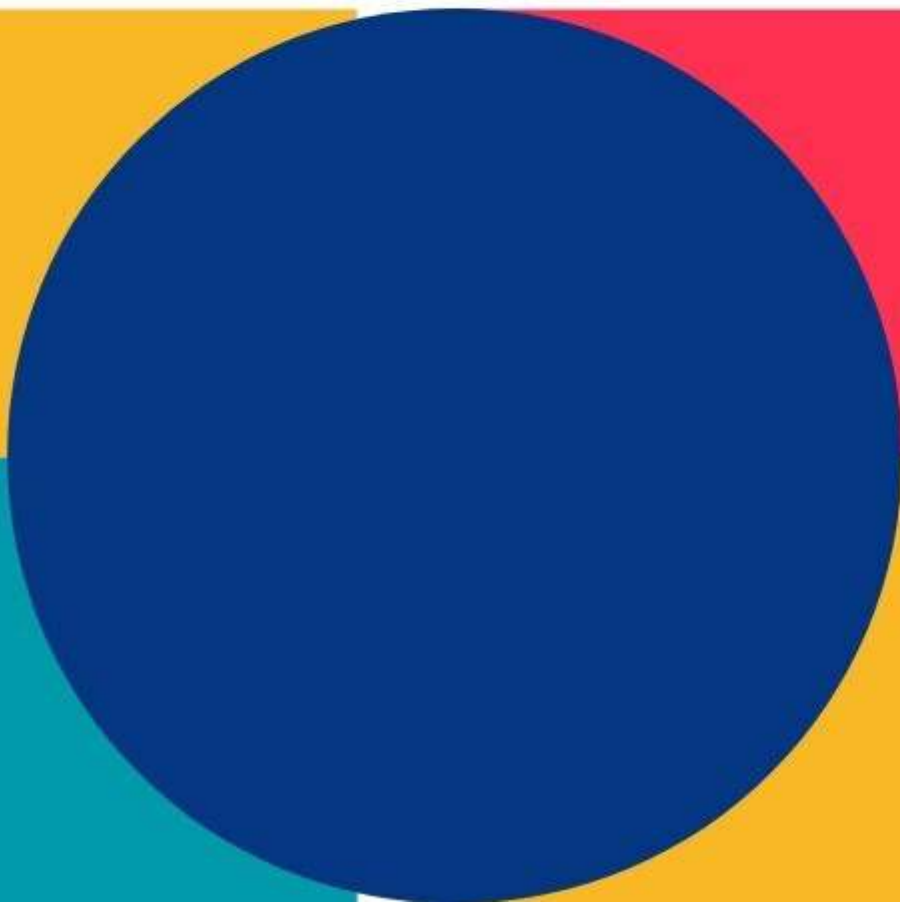
3.5. Key takeaway

Financial optimisation isn't about shortcuts—it's about running a smarter, more efficient practice that's valuable now and for whoever owns it next.

Next: Chapter 4 explores how these improvements translate into real-world valuation and why 'normalised' EBITDA is the language of buyers.



Chapter 4: Understanding valuation in general practice



How much is my practice worth?

You've built something valuable—but how do you define its worth?

Valuing a general practice isn't as simple as applying a revenue multiple or using a standard calculator. In today's market—especially under the 'serviced office' model—valuation is nuanced, buyer-specific, and often misunderstood.

This chapter demystifies how practices are valued, what buyers are really looking for, and how to present your financials in a way that maximises return.

4.1. Buyers don't buy businesses—they buy cash flow

The most common method for valuing a general practice is based on normalised EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation).

In plain terms, EBITDA shows:

- how much consistent operating profit the business generates
- how attractive the practice is to an investor or buyer
- how much risk or effort a new owner will take on.

Key point: think of EBITDA as 'what's left over after running the clinic'—not including finance or owner-specific decisions.

a. What is 'normalised' EBITDA?

Raw profit figures don't tell the whole story. Buyers want to see EBITDA normalised for:

- owner-specific expenses (e.g. private super, vehicle leases)
- one-off or discretionary costs (e.g. legal fees, marketing campaigns)
- related-party arrangements (e.g. rent paid to your own trust).

Common EBITDA add-backs

Add-back type	Example	Impact
Owner wage or super	Especially if above/below market rate	Adjusts to market replacement cost
Personal expenses	Car leases, family wages, private travel	Removes non-business costs
One-off costs	Legal settlements, equipment purchases, COVID grants	Eliminates non-recurring expenses
Related-party rent	Must reflect fair market rate	Prevents artificial profit manipulation
Redundant roles	Family admin job removed post-sale	Reflects true operational needs

Example calculation:

- raw EBITDA: \$200,000
- add back owner's above-market super: +\$25,000
- add back personal vehicle costs: +\$15,000
- add back one-off legal fees: +\$10,000
- **normalised EBITDA: \$250,000**

The key principle is presenting the 'true' earnings potential under new ownership.

b. What's a typical valuation multiple?

In the current Australian market, general practices are typically valued at 2.5× to 4.5× normalised EBITDA.

Higher multiples go to practices that are:

- well systemised
- have strong lease terms
- are in growth corridors
- have diversified income streams.

Key point: a practice with \$300,000 in clean, sustainable EBITDA may sell for \$900k–\$1.35M depending on buyer appetite and risk profile.

c. Factors affecting multiples

Higher multiples (4-5×):

- large practices with multiple GPs
- strong growth trajectory
- excellent location and demographics
- diversified revenue streams
- long-term lease security.

Lower multiples (2-3×):

- small or solo practices
- high owner dependency
- uncertain GP retention
- poor lease terms
- limited growth potential.

4.2. The serviced office model: where valuation gets nuanced

Many general practices operate under a 'serviced office' or facilities model, where the clinic provides the rooms, staff, systems and management, and GPs bill under their own provider numbers.

This affects valuation in several ways:

- you don't 'own' the patient base—patients are linked to their treating GP
- you don't control the providers—GPs may leave, and their departure affects continuity
- buyers focus more on retention risk and infrastructure quality than top-line billings alone.

Tip: a practice generating \$1M in billings means little if 80% comes from two GPs with no contracts or succession plan.

Legal clarification: service model ≠ contractor certainty

It's common to assume that if GPs bill under their own name and pay a service fee, they are 'contractors.'

However, under the ATO's Practical Compliance Guideline PCG 2023/2, classification depends on the true nature of the working relationship, not just the wording of the agreement.

Factors include:

- level of control the clinic has over hours, bookings, and service delivery
- whether the GP provides their own tools and bears risk
- their ability to work independently, delegate, or set their own fees
- financial and administrative dependency on the clinic.

Key point: misclassification can expose the practice to payroll tax audits, unpaid superannuation liabilities, and penalties—risks that materially impact valuation.

What to do:

- review your GP agreements with a specialist accountant or solicitor
- ensure every practitioner in the practice has signed the relevant contracts
- avoid boilerplate contractor language if your model resembles employment
- document agreements clearly, and ensure they align with how the relationship works in practice.
- Ensure GPs' working arrangements are consistent with their contracts. The best contract will not protect you if it does not reflect the actual working arrangements.

Buyers will scrutinise these risks and apply a discount if the structure appears unclear or non-compliant.

4.3. What buyers actually value

Understanding what drives buyer interest helps you focus your preparation efforts on the areas that truly matter. Buyers aren't just purchasing your patient list or equipment—they're investing in a sustainable business that can generate consistent returns without requiring their constant presence.

Red flags that reduce valuation:

- high owner dependency
- no GP/practitioner agreements
- related party rent with no documentation
- untidy or unaudited financials
- uncertainty around patient retention
- pending regulatory issues
- short-term lease arrangements.

4.4. When goodwill doesn't hold

In legacy models, GPs expected to sell 'goodwill'—the intangible value of patient relationships and practice reputation.

In the current landscape:

- buyers pay for profit, not nostalgia
- goodwill must be backed by systems and sustainability, not just presence
- loyalty is increasingly to providers, not practices.

Key point: if the practice walks out when you do, there is no goodwill. If the team and systems stay intact, value remains.

Building sustainable goodwill:

- develop strong practice brand and reputation
- implement robust patient retention systems
- create standardised care protocols
- maintain excellent staff continuity
- establish community presence beyond individual GPs.

4.5. How to present your practice for valuation

To maximise valuation:

- prepare at least 3 years of clean P&L and BAS statements
- clearly separate owner benefits vs business expenses
- create a summary spreadsheet showing adjusted EBITDA
- document GP service contracts, staff rosters, and lease terms
- list any non-operating assets or personal entitlements to exclude.

Buyer priority	What they're really looking for
Sustainable cash flow	Strong EBITDA over 2-3 years with consistent growth
Stability	Contracts in place, long lease, systems running smoothly
Risk management	Evidence of retention, governance, tax compliance
Scalability	Room for more providers or increased billings
Minimal owner reliance	Business can operate without you present

Valuation presentation checklist:

1. Financial documentation:

- last 3 years of accurate, reviewed financials
- monthly billing reports showing trends
- EBITDA reconciliation with clear add-backs.

2. Operational documentation:

- GP service agreements in place
- staff contracts and roster schedules
- lease agreement with fair market terms.

3. Performance evidence:

- consistent EBITDA over time
- demonstrable systems that reduce owner reliance
- evidence of patient retention and satisfaction.

4. Supporting materials:

- fee schedules and billing policies
- equipment lists and condition reports
- compliance certificates and accreditation.

4.6. Market context: Australian GP practice values

The Australian general practice market has shown resilience, with industry revenue reaching \$30.2 billion in 2025. However, valuation multiples have stabilised after the COVID-era peaks, with most transactions now falling within the 3-5× EBITDA range for well-run practices.

Current market drivers:

- ageing population increasing demand for GP services
- government investment in GP workforce (\$8.5 billion commitment)
- continued shift away from bulk billing (only 26% of clinics predominantly bulk bill)
- growing corporate interest in practice acquisitions.

4.7. Summary: value = profit + proof – risk

Your practice's value depends not just on what it earns, but how clearly and legally you can show it, and how much risk the buyer perceives.

The valuation formula:


- **Profit:** normalised EBITDA that reflects true earning capacity.
- **Proof:** clean documentation and transparent presentation.
- **Risk:** minimised through contracts, compliance, and systems.

You can't change the past—but with 12–24 months of focus, you can improve structure, performance, and presentation dramatically.

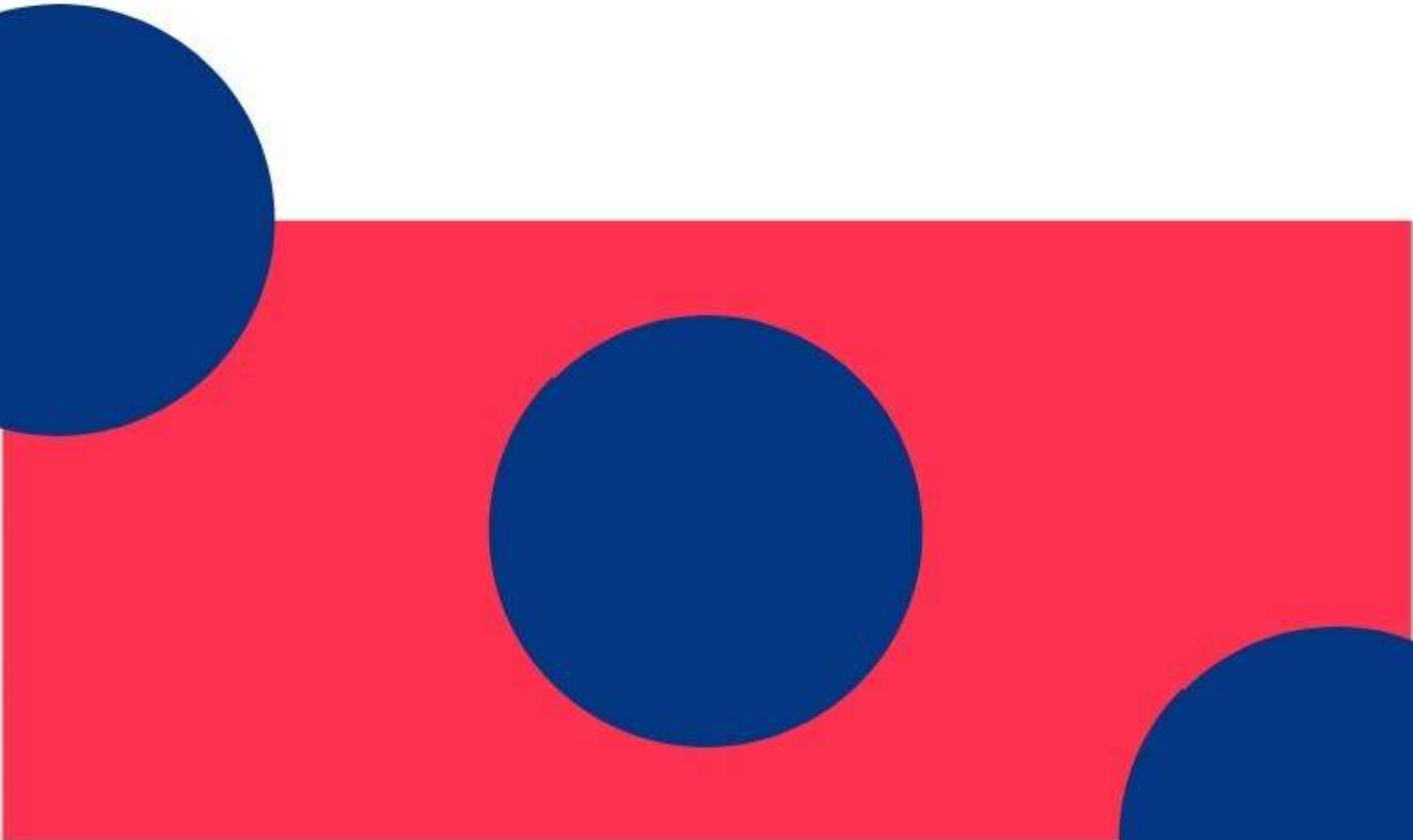
Next steps:

1. Calculate your current normalised EBITDA.
2. Identify and document all potential add-backs.
3. Review and strengthen GP agreements.
4. Prepare comprehensive financial documentation.
5. Address any compliance or structural risks.

Next: Chapter 5 explores the different types of buyers and what each values most in a practice acquisition.



**Chapter 5:
Who are the buyers &
what are they looking
for?**



Know your market

There is no ‘standard buyer’ for a general practice anymore. Understanding who might buy your clinic—and what they value—helps you make better decisions about how to prepare, position, and present your business. Whether you’re aiming for maximum price, cultural fit, or minimal disruption, knowing your audience is key.

This chapter breaks down the major buyer types, what drives their decision-making, and how you can appeal to each.

5.1. Corporate and group buyers

Who they are:

Structured acquirers—often ASX-listed companies or private equity-backed roll-up groups (e.g., Sonic (IPN), ForHealth).

What they’re looking for:

- strong EBITDA (typically >\$300k)
- well-documented operations (financials, agreements, compliance)
- multi-GP clinics in metro or growth regions
- digital maturity and systemisation
- low reliance on the outgoing owner.

Their lens:

- view your practice as a bolt-on asset in a broader portfolio
- valuation is based on profitability, operational risk, and growth upside
- mostly seek majority ownership and full control.

How to attract them:

- clean, normalised EBITDA over 2–3 years
- solid service agreements in place for all providers
- at least 5+ years left on lease
- minimal owner clinical involvement (or clear exit strategy)
- no payroll tax or super issues.

Red flags:

- poor documentation
- underlying compliance risk
- revenue dependency on a retiring GP
- regional locations with GP shortages.

Key point: for corporates, it's less about heart—and more about margin, maturity, and scale.

5.2. GP peers or successors

Who they are:

Individual doctors, often associates or peers, who want to buy into or take over a practice.

What they're looking for:

- stability and continuity
- positive workplace culture
- room for professional growth and income security
- lifestyle flexibility (e.g., part-time work, leadership opportunity).

Their lens:

- emotional as well as financial—they may have worked in or admired your clinic
- more likely to accept a phased transition or vendor support
- may value goodwill more than investors do.

How to attract them:

- offer staged succession (e.g., 50% now, 50% later)
- present a clean, profitable practice that doesn't require a total rebuild
- highlight supportive staff and community reputation
- be open to mentoring or transition support.

Red flags:

- owner doing all the work with no plan to reduce hours
- staff culture issues
- poor digital systems or outdated facilities.

What they'll ask themselves: 'Will I be happy here in five years?' This is often more important to a peer buyer than EBITDA multiples.

5.3. Investor groups and private equity

Who they are:

Financial buyers—less involved in operations, more focused on return.

What they're looking for:

- reliable, growing cash flow
- evidence of margin growth
- room for scaling or centralisation
- good risk/reward balance.

Their lens:

- numbers-first: assess based on financial return, not relationships
- want full transparency on EBITDA, payroll tax risk, and service models
- often seek multiple site acquisitions or roll-ups.

How to attract them:

- strong, clearly documented financials
- growth potential (new rooms, services, digital upsell)
- passive ownership model (non-clinical owner possible)
- consistent governance and performance metrics.

Red flags:

- unclear GP classification or pending tax disputes
- inconsistent profit
- owner-dependence or fragile workforce.

Key point: they buy the spreadsheet and not the story. Make sure yours adds up.

5.4. Mixed/hybrid buyers

Who they are:

Combinations—e.g., a GP-led group backed by investors, or a corporate with flexible equity arrangements.

What they're looking for:

- practices with growth potential and stable foundations
- operational maturity with room for cultural alignment
- optionality around seller involvement.

Their lens:

- flexible; may allow you to stay on short-term or transition out
- will explore different deal structures (equity rollover, earn-out).

How to attract them:

- show performance and purpose
- be transparent about your goals (exit now vs staged transition)
- have a clean structure with clear contracts and compliant models.

5.5. What affects buyer interest most?

Understanding what drives buyer decisions helps you focus your preparation efforts where they'll have the biggest impact on your sale price and timeline. These factors consistently influence whether buyers see your practice as a safe investment or a risky proposition requiring significant discounts. Each element below can make or break a deal, so addressing weaknesses early gives you time to strengthen your position before entering negotiations.

These factors consistently influence whether buyers see your practice as a safe investment or a risky proposition requiring significant discounts. Each element below can make or break a deal, so addressing weaknesses early gives you time to strengthen your position before entering negotiations.

Factor	Why it matters
EBITDA clarity	Determines starting value
Lease length	Risk control—short leases lower value
GP retention risk	If they leave, value drops
Compliance and payroll tax	Risk = discount or withdrawal
Owner dependency	Can the business run without you?
Transition plan	A smooth handover retains value
Location and growth	Metro, regional hub, or underserved area impacts demand



Positioning tips: tailor your preparation

Your preparation strategy should align with your target buyer type to maximise appeal and minimise wasted effort. Focus your improvements on what matters most to your likely purchaser rather than trying to satisfy every possible buyer category.

Different buyers prioritise different strengths, so understanding their motivations helps you present your practice in the most compelling light during negotiations.

If you want to sell to...	Focus on...
Corporate group	EBITDA strength, contract compliance, lease terms
GP peer	Culture, succession timeline, reputation
Investor	Financial metrics, systems, scalability
Mixed buyer	Flexibility, clean books, clarity on your role

5.6. Summary: know your buyer, shape your story

The best sale outcomes happen when you:

- understand who you're targeting
- prepare the business accordingly
- present a compelling, clean, and low-risk opportunity.

This isn't about changing your practice for everyone—it's about aligning with the right buyer and guiding them through a smooth transition.

Next: Chapter 6 covers the complex legal landscape of practice sales, from CGT concessions to payroll tax risks that can derail your exit strategy.

Chapter 6: Exit readiness & the due diligence checklist



Prepare for scrutiny

Selling your practice isn't just about finding a buyer—it's about making the process smooth, defensible, and as profitable as possible.

Many sales fall over—or result in deep discounts—because the seller wasn't prepared. They underestimated the work involved or failed to present a clean, low-risk business.

This chapter will help you:

- understand what buyers expect
- know what documents and decisions to prepare in advance
- plan your timeline for a stress-free, maximised exit.

Note: selling is not just a transaction. It's a handover of care, trust, and reputation.

A successful exit plan addresses the emotional as well as operational transition—for you, your team, and your patients.

6.1. The ideal exit timeline: work backwards from the goal

A successful practice sale or transition takes time. If you want to sell at a strong valuation, start preparing 18–24 months out.

Timeframe	Key focus	Key documents to prepare	Notes/action items
18–24 months	Optimise revenue, reduce expenses, clean up contracts and books	Initial performance benchmarks List of all contracts and agreements Lease review and renewal options	Begin financial and operational improvements; address any major risks early
12–18 months	Confirm valuation range, update service agreements, renew lease	Practice valuation/appraisal Updated GP and staff agreements Lease extension/renewal documents	Engage accountant/valuer; start informal buyer discussions if appropriate
6–12 months	Engage advisors, create sale pack, begin discreet buyer discussions	Sale information memorandum Due diligence folder (financials, contracts, compliance) Staff and patient communication plan draft	Prepare for buyer Q&A; ensure all documentation is up to date
3–6 months	Enter due diligence, negotiate terms, plan staff/patient communication	Finalised due diligence pack Draft sale contract Transition/handover plan	Notify key staff under confidentiality; plan announcement timeline
0–3 months	Finalise contracts, handover, transition out or phase back role	Executed sale contract Settlement statement Handover checklist Regulatory notifications	Complete staff and patient communications; support buyer transition

Key point: trying to exit in 3–6 months with no preparation usually means a rushed, discounted deal.

Exit planning isn't just financial—it's reputational and relational

Before even entering a deal, you need to decide:

- do you want to leave completely, or stay on part-time?
- will staff stay if you go? Have you talked to key team members?
- what will happen to your role in the community?
- do you want your name and brand retained—or retired?

6.2. Due diligence: what buyers will ask for

Due diligence is where deals succeed or fail. This is when potential buyers move beyond your sales pitch and marketing materials to examine the reality of your practice operations. They'll scrutinise every aspect of your business with forensic detail, looking for risks that could derail their investment or justify a lower price.

Buyers approach due diligence with a simple mindset: what could go wrong after they take over? They're not just verifying your financial claims, they're stress-testing your entire operation. Can your staff be retained? Will your lease transfer smoothly? Are there hidden compliance issues that could trigger penalties or operational disruption?

The practices that sail through due diligence are those where owners have prepared comprehensive documentation well before going to market. Missing documents, incomplete records, or inconsistent information signal poor business management and create doubt about everything else you've presented. Conversely, organised, transparent documentation builds buyer confidence and often justifies premium pricing.

Most importantly, due diligence isn't a one-way examination. It's your opportunity to demonstrate the quality of your business systems and management approach. Buyers who see well-organised, complete records gain confidence that you've run a professional operation they can trust and build upon.

The table below outlines exactly what buyers will request and why each category matters to their decision-making process.

Area	Key documents/actions
Financials	3 years P&Ls, BAS, adjusted EBITDA, GP billing reports, major expenses list
Workforce	Signed GP/allied health agreements, staff contracts, roster history, payroll structure
Premises	Lease agreement, rent schedule, related-party disclosures, floor plan
Legal & compliance	ASIC registration, ATO status, tax compliance evidence, privacy/data policies
Systems & software	PMS/billing licences, online booking/reminder tools, workflow docs
Performance data	Billing model breakdown, CCM/HA %, GP utilisation, waitlist/new patient data

Buyers want transparency. If any of this is missing, incomplete, or unclear—they may walk away or push price down.

Checklist: are you exit-ready?

Exit-readiness means more than tidy books. Scan this list to confirm your practice, paperwork and team can withstand a buyer's close inspection.

Item	Status	Notes/action items
Normalised EBITDA calculated with accountant	Y/N	
Clean 3-year financials available	Y/N	
All GP and staff agreements up to date	Y/N	
Lease term >3 years with option to renew	Y/N	
No unresolved tax or payroll issues	Y/N	
Digital systems documented and transferable	Y/N	
Patient communications strategy planned	Y/N	
Succession plan or handover structure in place	Y/N	

6.3. Planning for transition and communication

Best practice steps for a smooth transition

A well-managed transition is essential to protect staff morale, patient trust, and the goodwill you have built. Poor communication or rushed handovers can undermine the value of your practice and create unnecessary anxiety for your team and patients.

a. Communicate with your team early

Once sale terms are secured and contracts are signed (but before public announcement), inform your staff directly and confidentially. This prevents rumours and reassures your team that their roles and the practice's future are being considered.

b. Frame the change as continuity, not disruption

Present the transition as an evolution of the practice:

'The practice is evolving, not ending. Our commitment to patient care and community remains unchanged.'

c. Prepare onboarding and handover materials

Develop clear onboarding documents for the incoming owner, including:

- practice operations manual
- key contacts and supplier lists
- staff roles and responsibilities
- patient communication templates
- arrange for a structured handover period, including joint meetings with key staff and, where appropriate, introductions to patients and community partners.

d. Plan staff and patient communications

Draft clear, positive messages for both staff and patients.

- for staff: address job security and continuity.
- for patients: emphasise ongoing care and introduce the new owner or clinical team.

Outline the schedule for notifications (e.g., letters, signage, website updates) and include key milestones for each communication step.

e. Offer transition support

- If possible, remain involved on a part-time or advisory basis for a defined period. This helps maintain cultural continuity and reassures both staff and patients during the changeover.

6.4. Transition and handover plan: what to include

Prepare a written transition and handover plan that covers the following:

Timeline for staff and patient communications:

- specify when and how staff will be informed
- outline the schedule for patient notifications
- include key milestones for each communication step.

Key contacts for the buyer post-settlement:

- list names and contact details for outgoing owner(s), practice manager, and key staff
- identify who will be available for questions or support during the transition period
- provide a summary of external contacts (e.g., IT support, suppliers, landlord, accountant).

List of ongoing obligations:

- regulatory notifications (e.g., Medicare, PHN, AHPRA, state health authority)
- accreditation handover (e.g., AGPAL/QPA documentation, upcoming audits)
- transfer of service contracts and supplier agreements
- finalisation of payroll, superannuation, and tax reporting up to settlement date
- any agreed post-settlement support or training for the new owner.

Key responsibilities for outgoing and incoming owners:

- clearly define who is responsible for each aspect of the transition and handover.

Points of contact for staff and patients during the transition:

- ensure everyone knows who to approach with questions or concerns.

Tip: documenting these elements in a clear, step-by-step plan will help ensure a smooth transition, reduce confusion, and protect the value and reputation of your practice during the handover.

Legacy is preserved through how you exit—not just what you built. A thoughtful, transparent transition process not only protects your practice's value but also supports your team and community through change.

6.5. Common reasons sales fall over or are discounted

A successful practice sale depends on more than just finding a willing buyer. The following pitfalls are the most frequent causes of failed or heavily discounted sales in Australian general practice. Use this checklist to identify and address risks before going to market.

Common reasons sales fall over or are discounted:

- missing or outdated staff/service agreements
- unclear lease terms or short lease horizon
- unresolved tax or payroll issues
- incomplete financials or lack of add-back documentation
- poor communication with staff or patients
- overreliance on the outgoing owner
- inadequate documentation of key contracts
- failure to address regulatory or compliance issues.

Tip: addressing these pitfalls early not only protects your sale price but also ensures a smoother, less stressful transition for you, your team, and your patients.

Common pitfalls in GP practice sales

Pitfall	Why it matters	How to avoid or fix it
Missing or outdated staff/service agreements	Buyers need assurance that GPs and staff will stay post-sale. Lack of up-to-date contracts creates uncertainty about workforce stability and exposes the buyer to legal and operational risk.	Ensure all GPs, nurses, and admin staff have current, signed agreements with clear terms, notice periods, and (where appropriate) restraints of trade. Update any expired or informal arrangements before listing.
Unclear lease terms or short lease horizon	A lease with less than 3-5 years remaining, or ambiguous terms, makes buyers nervous about relocation risk and future rent increases. This can lead to price reductions or failed deals.	Negotiate a lease extension or renewal option before sale. Document all terms clearly, including rent reviews and assignment rights. Provide evidence of market rent if leasing from a related party.
Unresolved tax or payroll issues	Outstanding GST, CGT, or payroll tax liabilities can derail a sale or result in price holdbacks, indemnities, or even legal disputes. Buyers will walk away from unclear or risky tax positions.	Conduct a pre-sale tax health check with your accountant. Resolve any ATO or state revenue office queries. Document payroll tax compliance, especially for contractor GPs. Disclose and address any known issues up front.
Incomplete financials or lack of add-back documentation	Buyers and their advisors need at least 3 years of clean, reviewed financials and a clear reconciliation of normalised EBITDA. Missing, messy, or unaudited accounts raise red flags and can lead to heavy discounts or failed due diligence.	Prepare a full due diligence pack: 3 years of P&L, BAS, and balance sheets, with all owner benefits and one-off costs clearly identified. Provide supporting evidence for all add-backs. Engage your accountant early to ensure accuracy and transparency.
Poor communication with staff or patients	Mishandling the announcement of a sale can trigger staff departures, patient attrition, and loss of goodwill undermining the value of the business and potentially causing the deal to collapse.	Develop a transition and communication plan. Inform key staff confidentially after terms are agreed but before public announcement. Frame the sale as continuity, not disruption. Prepare patient communications that reassure about ongoing care and introduce the new owner.
Overreliance on the outgoing owner	If the practice's revenue or operations depend heavily on the selling GP, buyers will see high risk and may discount the price or walk away.	Reduce owner clinical hours in the lead-up to sale. Delegate management tasks. Document systems and processes. Involve other GPs in leadership roles.
Inadequate documentation of key contracts	Missing or non-transferable contracts (e.g., pathology, allied health, equipment leases) can delay settlement or reduce value.	Ensure all key contracts are current, assignable, and included in the due diligence pack.

Pitfall	Why it matters	How to avoid or fix it
Failure to address regulatory or compliance issues	Unresolved accreditation, privacy, or legal issues can halt a sale or result in post-settlement disputes.	Complete all required accreditations, resolve any open complaints, and document compliance with privacy and employment laws.

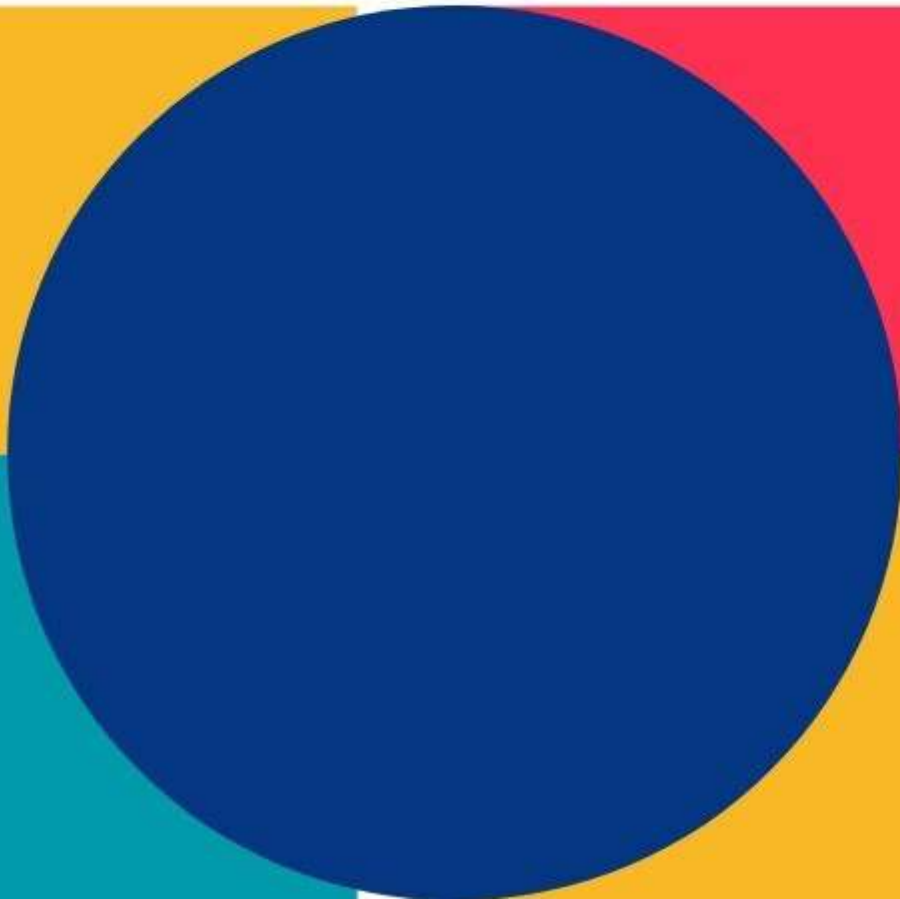
Summary: exit readiness is about clarity, not perfection

You don't need to have everything perfect—but you do need to be prepared. The more questions you answer upfront, the fewer surprises later. And the better your business looks, the stronger your negotiating position becomes.

Next: Chapter 7 explores the legal structures, tax implications, and compliance requirements that can make or break your sale outcome.



Chapter 7: **Legal & tax essentials you can't afford to ignore**



Protect your interests

A profitable, well-run practice can still lose significant value if legal or tax structures are not correct. Legal and tax issues are among the most common reasons practice sales stall, fall through, or result in lower-than-expected payouts. Buyers and their advisors will scrutinise every aspect of your setup—so early preparation is essential.

This chapter covers the key legal and tax factors that influence general practice valuation and sale success in Australia.

7.1. Business structure and sale type: asset vs share sale

There are two main ways to sell a practice:

a. Asset sale

What it is: you sell the business assets only (equipment, lease rights, goodwill, etc.), and the buyer sets up a new entity to take over operations. Your company or trust remains in place and keeps its legal/tax history. Asset sales are preferred so as to minimise risk for the buyer by ensuring that any past liabilities, compliance issues, or tax exposures of the seller's entity do not transfer with the business. This protects the buyer from unknown problems and simplifies due diligence.

Pros:

- simpler for the buyer
- you retain control of historical liabilities
- more common with GP clinics.

Cons:

- may require novation of leases, contracts, and provider numbers
- GST may apply unless the 'going concern' exemption is met.

b. Share sale

What it is: the buyer purchases your company (with its ABN, staff, systems, and liabilities) and there is no change to contracts or provider numbers. Share sales are rare in general practice unless there is a clear advantage for both parties. The legal and financial risks for buyers are usually too high, so almost all GP practice transactions are concluded as asset sales, unless special circumstances dictate otherwise.

Pros:

- seamless transfer for staff and patients
- can be easier for continuity (e.g. PMS software, banking).

Cons:

- buyer assumes all legal/tax history—riskier for them
- heavier due diligence required
- less common unless you have robust corporate governance.

Tip: consult your accountant and lawyer early to determine the best structure for your exit

7.2. Capital Gains Tax (CGT) – and how to reduce it

Selling a practice can trigger a capital gain, especially if your business is held in a trust or company. The ATO provides small business CGT concessions that can dramatically reduce (or even eliminate) the tax payable, but eligibility depends on your total net worth and business structure.

Key small business CGT concessions

- 15-year exemption: If you're 55+, retiring, and have owned the business for more than 15 years, you may be able to sell CGT-free.
- 50% active asset reduction: Reduces the taxable gain by half.
- Retirement exemption: Up to \$500,000 per person can be contributed to superannuation tax-free.
- Small business rollover: Defers tax if reinvesting in another business asset.

Important: these rules are complex. Engage a tax specialist at least 1–2 years before sale to ensure you can arrange your affairs to maximise available concessions

7.3. GST and the 'going concern' exemption

A business sale normally includes GST, but you may qualify for the GST-free sale of a going concern if:

- both seller and buyer are registered for GST
- the business is operational at the time of transfer
- all things necessary for operation (e.g. lease, systems, staff) are transferred
- the sale contract specifically states the sale is of a going concern.

Tip: confirm eligibility with your advisor and ensure the contract includes the correct language to trigger the exemption.

7.4. Payroll tax: ensure you understand your exposure and risk

Payroll tax has become a major risk for GP practices, especially with recent ATO and state revenue office rulings

Even GPs working under service agreements may be deemed employees for payroll tax if:

- the practice controls their billing
- if they are required to work set hours
- there is no real independence.

Practices previously thought exempt may now face backdated liabilities, fines, and interest.

- buyers will ask if you've had a payroll tax audit or ruling
- unclear GP engagement = valuation risk = discount or walk-away
- some buyers will require a legal opinion or indemnity in sale contracts.

What this means for sale:

- buyers will ask if you've had a payroll tax audit or ruling
- unclear GP engagement = valuation risk = discount or walk-away
- some buyers will require a legal opinion or indemnity in sale contracts.

Action: do not assume your structure is safe just because it is common. Review your GP agreements and payroll tax exposure with a specialist before going to market.

7.5. Employee entitlements: get your house in order before sale

Employee entitlements (such as annual, personal, and long service leave) are a key legal issue for any GP practice sale. Sellers and buyers usually negotiate how these balances are treated, with purchase price adjustments reflecting the value of entitlements being transferred.

What this means for sale:

- Buyers expect up-to-date records of all accrued entitlements. Sloppy or unclear documentation will lead to increased scrutiny, delays, or even a reduced sale price.
- The buyer generally assumes responsibility for outstanding leave and will seek a deduction from the purchase price to cover these liabilities.
- Any dispute or lack of clarity over entitlements can delay completion, trigger protracted negotiations, or cause a buyer to walk away.

Action: regularly review and reconcile all staff leave balances and accrued entitlements. Maintain clear, well-organised records and ensure your accounts distinguish employee entitlements from other liabilities. Have reconciled and documented figures before preparing for sale and resolve any discrepancies well in advance. Use external advisors where needed to ensure full compliance and a clean transition at handover.

7.5. Key legal documents to review or prepare

Document	Why this is important
GP service agreements	Defines commercial relationship; must reflect actual practice
Employee contracts	Required for all staff; must include entitlements
Lease and subleases	Affects valuation, transferability, and location security
PMS, billing, and tech licences	Must be transferrable or re-assignable
ASIC structure and trustee docs	Needed for share or trust-based sale
Compliance policies	Privacy, data, and workplace safety rules buyers may request

Buyers may request to see or verify every one of these.

Summary: prepare your foundations early

Legal and tax compliance isn't optional—it's a valuation driver and a deal filter. The earlier you review your risks, the more time you have to correct, strengthen, and protect the value of your sale.

- use a specialist legal and tax advisor
- prepare clean, signed, and up-to-date contracts
- be proactive about payroll tax and ATO guidance (e.g. PCG 2023/2)
- document your structure and intentions clearly.

Early, thorough preparation is the best way to avoid costly surprises and maximise your practice's value at sale.

Next: Chapter 8 addresses the emotional journey of letting go and the practical steps for moving confidently into your post-practice life.

Chapter 8: Beyond the sale



Your next chapter

You didn't just run a business. You built a place of care, connection, and contribution. Whether your practice was big or small, whether you're stepping away now or preparing for a sale in the next few years, what comes next is more than a transaction—it's a legacy decision.

This chapter helps you frame your exit with intention, protect what matters most, and prepare mentally and practically for the next phase of your life.

8.1. You are not your ABN

Many GPs, especially long-time practice owners have spent decades pouring energy, identity, and purpose into their clinic. It's more than work. It's your community, your colleagues, and often your second home.

Letting go is never just about money:

- identity shift: 'who am I when I'm not running this place?'
- continuity: 'will the team stay? Will patients still be cared for?'
- values: 'does the buyer share the same standard of care?'
- freedom: 'what do I want to do next?'

The emotional curve of closing a chapter

Stage	What it looks like
Realisation	'I can't or don't want to keep doing this forever.'
Hesitation	'But what if I regret selling?'
Exploration	'How do I do this well?'
Commitment	'This is the right decision. Let's do it right.'
Transition	'I'm mentoring, handing over, stepping back.'
Reflection	'That chapter is done—and I'm proud of it.'

There's no right way to exit. But doing it with intention gives you peace of mind, and control.

8.2. Protecting your legacy

Legacy doesn't mean holding on, it means handing over with care.

To protect what you've built:

- choose a buyer whose values align with yours
- stay on briefly if it helps maintain staff and patient trust
- leave behind clean systems, structured handover notes, and a culture of quality
- thank your team and community for being part of the journey.

'It's not the building they'll remember—it's the way you made them feel cared for.'

Practical tips:

- communicate openly with staff and patients about the transition
- document key processes and contacts for the new owner
- offer mentoring or advisory support during the handover period.

8.3. What comes next for you?

Selling the practice frees up time, energy, and possibility. What will you do with it?

Some common post-exit paths:

- part-time locum or consulting work
- mentoring younger GPs or owners
- board or advisory roles
- advocacy or policy contribution
- creative or travel pursuits
- early retirement or transition to new industries.

Plan this as seriously as you plan the sale. A good next chapter requires just as much clarity.

8.4. Governance as a second career

Stepping away from practice ownership is not just about closing a chapter. For many GPs, it is an opening; an opportunity to leverage years of clinical and business experience at the highest level. Clinicians with years in general practice are turning to board roles in health, community, and business sectors as a practical and rewarding next step. There is tangible demand for doctors on boards: regulatory reforms in aged care, primary health, and not-for-profit sectors are driving organisations to seek directors who understand clinical risk, quality, and community needs; areas where ex-GP owners have deep insights.

Why boards need clinician voices

Boards shape strategy, oversee risk, and hold organisations accountable for outcomes. Boards without clinical insight risk missing vital warning signs. Research shows that medical directors on boards lift quality ratings, reduce patient deaths, and prompt sharper questions about care and safety. In aged care, the government now mandates that boards include directors with clinical experience to oversee quality. Boards value clinicians for their ethical judgement, patient-centred approach, skill with data, and practical grasp of frontline operations. This reputation carries weight beyond health. Former GPs now serve on boards in education, sport, research, the arts, and business. Their perspective brings cognitive diversity and credibility, helping boards keep community trust front and centre.

You already have the skills

General practice fosters the exact mindset that boards seek, as years of navigating risk, uncertainty, and complex decisions develop all the qualities a good board needs. Strong directors use judgement, hold high ethical standards, listen well, and collaborate. This overlaps with what makes a good GP: problem solving, communication, integrity, and leadership. Running a practice involves managing budgets, overseeing staff, complying with regulations, and building a community presence - all skills that are transferable to governance work. If you've served on a hospital committee, college council, or quality and safety group, you've already started building your governance CV. Boards also value the network reach and credibility that GPs often bring, especially in engaging stakeholders or influencing policy.

From decision-maker to steward

Moving from running a practice to serving on a board requires genuine adjustment. It asks you to move from hands-on problem solving to strategic oversight. Unlike clinical work, where you act on your own authority, governance is collective. Directors ask questions, test strategy, and work by consensus. You consult others, weigh the evidence, and often need to accept messy or uncertain outcomes that can't be fixed right away. It takes restraint to refrain from jumping into management issues; good directors empower others and support the executive team, all while keeping their eyes on the big picture. That transition can feel uncomfortable at first, but most GPs adapt quickly with the right mindset and training. Building trust with new board colleagues is a process, and credibility comes from listening, contributing thoughtfully, and demonstrating respect for boundaries.

Entry points and first steps

There is no central clearinghouse for board roles. Most appointments (up to 80%) happen through networks, reputation, and targeted approaches. The best place to begin is by leveraging existing contacts. Let peers, community leaders, and your financial or legal advisors know you are interested in governance work. Volunteering for committees, whether at the local hospital, college, charity, or service organisation, is often the first step.

These roles expose you to how boards operate and give you practical evidence of your governance capacity. Formal training can accelerate your confidence; courses from the Australian Institute of Company Directors or the Governance Institute are now considered a 'gold standard'. They are often required or recommended for board candidates. Industry portals, professional networks, and board listing sites also advertise opportunities for those ready to apply.

Making the move as part of your transition plan

Adding governance as a future option doesn't lock in a single direction. It creates flexibility and professional relevance, especially if you are not ready for full retirement. For some, directorship is a way to maintain influence, contribute to health policy, or give back to the sector without returning to daily clinical work. For others, it is a chance to branch out: many ex-GPs now sit on boards far outside the health system, drawn by the challenge of new industries.

If selling your practice or stepping back, consider building board readiness into your two- to three-year plan. Complete governance training, refresh your CV to highlight leadership and committee work, and start networking early. Taking these steps helps you move smoothly into life after a sale and makes you more valuable as an advisor and leader. When you take on board roles by choice, you find purpose and keep your connection to the sector beyond practice ownership.

8.5. Leave on your own terms

Too many practice owners leave because of burnout, illness, or financial pressure. The best exits happen when you lead the timeline; not when the timeline leads you.

This book has given you the tools to:

- assess your practice performance
- optimise financial and operational levers
- understand how valuation works
- prepare legally, structurally, and emotionally
- choose the right buyer
- transition confidently into your next chapter.

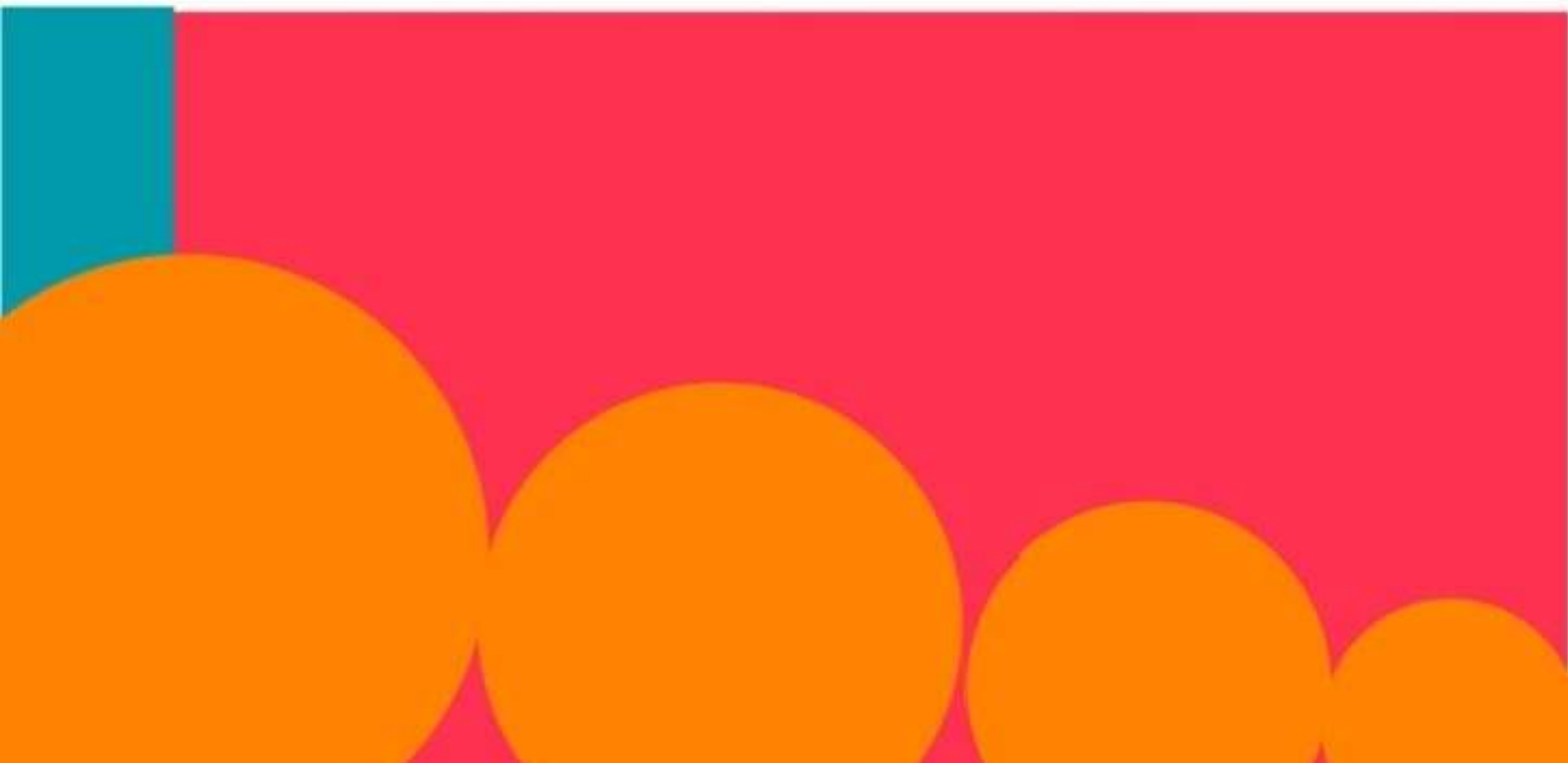
Final thoughts


The sale of your practice isn't the end of your story. It's the handover of a business, but also of trust, culture, and continuity.

Whether you built it over 5 years or 25, the fact that you're reading this guide means you care. About doing it well, about protecting value, and about honouring the work. You've done the hard work. Now it's time to do the smart work and finish strong.

Don't wait for burnout or urgency to force the decision. Plan your exit with purpose and protect the legacy you worked so hard to build.

References





ANZ–Melbourne Institute Health Sector Report: General Practice Trends (2022) – Economic analysis of GP sector trends in funding, Medicare, and practice viability. (Provides context on underfunding of general practice and the financial pressures leading to changes in billing practices.)

ATO Legal Database – GSTR 2002/5: Supply of a going concern.

Australian GP Alliance – General Practice and Payroll Tax.

Australian Taxation Office - Practical Compliance Guideline PCG 2023/2: Classifying workers as employees or independent contractors – ATO compliance approach. Critical guidance on GP contractor classification affecting practice valuations and risk assessment.

Australian Taxation Office – Accrued leave & Termination Payment (tax treatment of unused leave payouts as lump sums, concessional tax) and ATO ID 2012/47 (confirming no assessable income arises when purchase price is adjusted for assumed leave liabilities).

Australian Taxation Office – Advanced guide to capital gains tax concessions for small business. Official ATO guide to the 15-year exemption, 50% active asset reduction, retirement exemption, and rollover relief for small business CGT.

Business.gov.au – Manage employees when you sell or close your business (explaining obligations to finalise payments and how some entitlements transfer to the new owner by negotiation).

Cleanbill 2025 Blue Report: National GP Listings – Survey of bulk billing and fees in Australian GP clinics (Cleanbill Pty Ltd, Jan 2025). (Notably reports bulk billing rates falling to ~20.7% and average out-of-pocket fees around \$43).

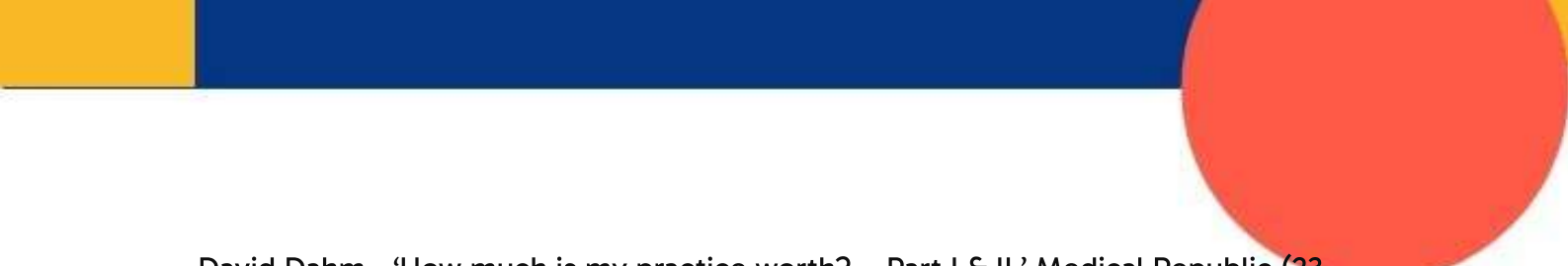
CommBank GP Insights Report 2023–24 – Commonwealth Bank report on general practice trends and outlook. *(Based on a survey of 204 practices; highlights 78% seeing higher costs, 72% constrained by staff shortages, rising tech investment, etc.)

Corestone – Buying a Medical Practice in NSW: Legal Requirements.

Cubiko Touchstone General Practice Industry Report (2023) – Benchmarking report aggregating data from 811 Australian practices. *(Contains metrics on billings/hour, bulk billing rates, CCM usage, wait times, etc.).

Curve Accountants - ‘Buying or Selling a Medical Practice – How Do You Calculate The Value?’ (January 2023). Practical guidance on goodwill calculations and market value determination for medical practices.

DBA Lawyers – New ATO guidance on employee/contractor distinction.



David Dahm - 'How much is my practice worth? – Part I & II.' Medical Republic (23 Feb & 23 Mar 2021). Expert articles explaining practice valuation formulas (EBITDA×multiple), factors influencing multiples, and the importance of financial literacy and succession planning for GP owners.

Deloitte & Cornerstone General Practitioner Workforce Report 2022 – Detailed workforce modelling for Australian general practice. (Projects shortages, age distribution of GPs, and implications for practice ownership and consolidation.)

Department of Health Australia - Pathology compliance (2025). Australian Government Department of Health. Guidelines on Health Insurance Act requirements for pathology collection centre rents and prohibited practices.

Department of Health and Aged Care - Supply and Demand Study: General Practitioners in Australia (August 2024). Comprehensive analysis of GP workforce trends affecting practice demand and valuations.

Dundas Lawyers – The GST going concern exemption explained.

Fair Work Act 2009 (Cth) – Sections 311–316 (definition of transfer of business and preservation of employee service).

Fair Work Ombudsman – Employee entitlements on a transfer of business (outlining which entitlements a new owner must recognise or may choose not to) and related Fair Work Act provisions.

Findex – Selling a Medical Practice in Australia: Key Considerations and Steps. Practical guide outlining the due diligence process, document preparation, transition planning, and compliance requirements for medical practice sales in Australia.

Gale Academic - 'Medical Practice Valuations in Australia: A Commentary' (July 2017). Academic exploration of various valuation approaches for private medical practices in the Australian healthcare sector.

General Practitioners of Australia - 'Pathology Rentals' position paper. Industry perspective on pathology rental arrangements and free market principles.

Grant Thornton – Small Business CGT Concessions eligibility for selling your business. Explanation of eligibility criteria and examples for small business CGT concessions.

Hall & Wilcox – Sale of business: the GST 'going concern' exemption.

Health and Life - 'How much is my practice worth?' Evidence-based medical & allied health accounting & practice advisory. Practical guide to the EBITDA approach and future maintainable earnings methodology for practice valuations.

Health Insurance Act 1973 (Cth) - Part IIBA Prohibited Practices provisions.
Legislative framework governing pathology collection centre rental arrangements and market value requirements.

Holding Redlich – Update: Medical centres and payroll tax.

HotDoc ‘The Changing Landscape of General Practice’ White Paper (2023) – Survey of patient and practice technology use. *(Covers the rise of online bookings, telehealth adoption, and patient engagement trends in post-pandemic general practice.)

HWL Ebsworth Lawyers – Ten Top Tips for Buying a Medical Practice. Due diligence essentials from a buyer's perspective, including asset lists, staff contracts, lease terms, and privacy obligations.

K&L Gates, ‘Payroll Tax and Related Developments for Health Practices’ (2023). *(Legal briefing on recent payroll tax cases like Thomas & Naaz and state revenue office approaches, outlining contractor vs employee tests for medical practices.)

LegalVision – Adjusting Employee Entitlements in a Business Sale (typical market practice on purchase price adjustments for annual, personal and long service leave in small business sales).

LinkedIn Professional Analysis - ‘What's Your Medical Practice Really Worth? Valuing a medical practice in Australia’ (May 2025). Contemporary analysis of key factors influencing GP practice valuations including profitability, patient demographics, and market positioning.

Lloyds Brokers - ‘How Valuation Multiples Vary By Industry’ (March 2025). Australian market analysis of EBITDA valuation multiples across industries, including healthcare sector benchmarks ranging from 4-6× EBITDA.

Medical Republic - ‘Are pathology rents going down down down?’ (2024). Survey data on pathology rent reduction requests affecting GP practices.

Medical Republic - ‘Changing pathology business model means a lot less GP rent income’ (17 April 2025). Analysis of pathology companies shifting away from co-located collection centres and impact on GP practice rental income.

Medical Republic - ‘Path labs are demanding 50% rent cuts’ (2020). Report on major pathology companies requesting 50% rental reductions from GP practices during COVID-19 period.

Medical Rooms Online – Selling your medical Practice? Your Accountant says this. Overview of asset vs share sale structures, tax implications, and pre-sale restructuring for medical practices in Australia.



MinterEllison – Medical practices and payroll tax: the current state of play

Murray Nankivell - 'The ATO's updated guidance on employee / contractor distinction' (January 2025). Analysis of PCG 2023/2 implications for GP practices and valuation considerations.

Murray Nankivell – The ATO's updated guidance on employee / contractor distinction. Explanation of ATO PCG 2023/2, risk categories, and the importance of written agreements for GP contractor classification.

newsGP/RACGP - 'Rent reduction push putting practices under major financial strain'. Coverage of Healius and Australian Clinical Labs requesting 50% rent reductions and regulatory compliance issues.

Nitschke Nancarrow – Top 7 Mistakes Doctors Make When Selling a Medical Practice. Expert advice on common pitfalls, including lack of preparation, missing documentation, and transition missteps that can derail or discount a sale.

NSW Revenue, Thomas and Naaz Pty Ltd v Chief Commissioner of Revenue – Case law (2021) and NSW Payroll Tax Amendment (2022). (Legal precedent that payments to contracted GPs were subject to payroll tax, prompting widespread concern and policy responses in NSW/Qld.)

Panetta McGrath Lawyers - 'A Guide to Pathology Collection Centre Leasing Factsheet' (July 2020). Legal guidance on compliance with Health Insurance Act rent provisions and 20% above market value limits.


Physicians Practice - 'Medical practice valuations' (May 2024). Detailed explanation of EBITDA methodology, valuation multiples, and factors influencing practice valuations in healthcare.

Piper Health - 'Determining the value of your medical practice' (February 2025). Comprehensive guide covering Future Maintainable Earnings (FME) calculations and capitalisation rate applications for medical practice valuations.

PM Lawyers – Top 10 Mistakes To Avoid When Selling a Medical Practice. Legal perspective on the importance of readiness, written contracts, and methodical preparation for a successful practice sale.

Privacy and Management of Health Information – 'Sale or closure of a practice' (RACGP guidelines, 2023). *(Explains obligations for notifying patients and handling health records when a practice is sold or closed, under the Privacy Act and APP guidelines.)

Prosperity Advisers - 'What is your practice worth?' Insights (November 2024). Analysis of factors considered in GP practice valuations and guidance on improving practice value before sale.



Prosperity Advisers GP Industry Benchmark Report (April 2024) – Analysis of general practice financial trends. *(Summarises CommBank GP Insights survey data: cost pressures, staffing shortages, billing model changes; includes case studies and tax insights.)

RACGP - General Practice Business Toolkit. Official guidance on practice assessment, financial management, and business evaluation for GP practice owners.

RACGP General Practice Business Toolkit – Modules on practice finances, closing a practice, and templates for succession planning (2019). *(Royal Australian College of General Practitioners resource guiding business aspects of running and selling a practice.)

RACGP General Practice Business Toolkit: Comprehensive resource for practice exit planning, due diligence checklists, document templates, and transition planning for Australian general practices.

RACGP General Practice: Health of the Nation 2024 – Annual report with statistics on GP workforce, bulk billing, patient access and practice trends (RACGP, 2024)

RECLUDO – The Road to Readiness: 10 Keys to Maximizing Business Value & Ensuring a Seamless Exit. Strategic framework for exit readiness, value enhancement, and transition planning for business owners, including medical practices.

Sprintlaw – Employee Entitlements on Sale of Business (overview of which entitlements carry over, and tax/employer obligations on final pay).

Tolevsky Partners - ‘Doctors Guide To Starting a Practice - Part 2’ (January 2025). Analysis of practice goodwill valuation, Future Maintainable Earnings calculations, and valuation multiples for different practice types.

Webb Martin Consulting - ‘Workers classification for super guarantee (SG) purposes’ (December 2024). Explanation of PCG 2023/2 risk zones and compliance requirements affecting practice valuations.

William Buck - ‘GP Practices and Pathology Rents’ (2025). Analysis of Department of Health enforcement actions and compliance requirements for pathology rental arrangements.

William Buck - ‘Survival guide to rent control for pathology centres’. Analysis of government rent control measures and impact on GP practice profitability.

William Buck – When it comes time to think about selling your practice.

You Legal – What You Need to Know About Selling Your Practice.

Authors

Dr Bruce Willett

Bruce has over three decades of experience in general practice, combining exceptional patient care with transformative leadership across the Australian healthcare sector. He has been a general practitioner since 1989 and was a successful practice owner, having established his first practice in Thorneside and later building Victoria Point Surgery in Brisbane's south into a thriving business.

Bruce's leadership extends beyond clinical practice through his distinguished service with The Royal Australian College of General Practitioners (RACGP). He served as RACGP Vice President from July 2020 until November 2023 and was Queensland Faculty Chair from October 2016 until November 2023. His advocacy work has been instrumental in shaping general practice policy, including leading successful negotiations for payroll tax exemptions in Queensland and guiding the transition of GP training programs back to the RACGP.

He has been an RACGP examiner since 1994 and continues as a GP supervisor, training registrars.

His educational leadership includes helping establish the GPs@Parliament program in Queensland, which has been replicated across Australia.

As Chair of General Practice Supervisors Australia (GPSA), Bruce demonstrated his commitment to medical education and supporting the next generation of GPs.

Bruce's advocacy efforts have focused on addressing the underfunding of Medicare, supporting voluntary patient enrolment for complex chronic disease management, and maintaining fee-for-service as the mainstay of healthcare funding.

Recently, Bruce received the Rose-Hunt Award, the RACGP's highest accolade, recognising his significant contributions to general practice advocacy and education. The award acknowledged his role in galvanising opposition to proposed payroll tax changes affecting general practice and his leadership during challenging periods for the profession.

Bruce's expertise in practice management and healthcare policy has led to his appointment as Clinical Director at Cubiko, where he continues to influence the sector through data-driven insights and strategic guidance.

Kate Marie

Kate has over 40 years of experience in publishing, specialising in health, medical and wellness sectors. Her expertise spans strategic business development, sales and marketing management, and digital technology innovation. She has developed digital platforms to enhance education and engagement, managed mergers and acquisitions, and established new ventures within healthcare.

Kate has focused on identifying unmet needs in healthcare and addressing them through innovative communication strategies and technology solutions. Recently, she has pivoted towards using personal data and digital technologies for 'healthy longevity', aiming to create positive social change and long-term growth in health and wellness businesses.

Drawing on her co-authored (with Prof Merlin Thomas) best-selling health guide, 'Fast Living, Slow Ageing', and her work on the slow ageing platform, she empowers individuals with personalised, data-driven lifestyle programs to improve health, prevent chronic disease and extend lifespan.

She created the SLOW ageing brand, providing information on disease prevention, health risk indicators and research on age-related decline.

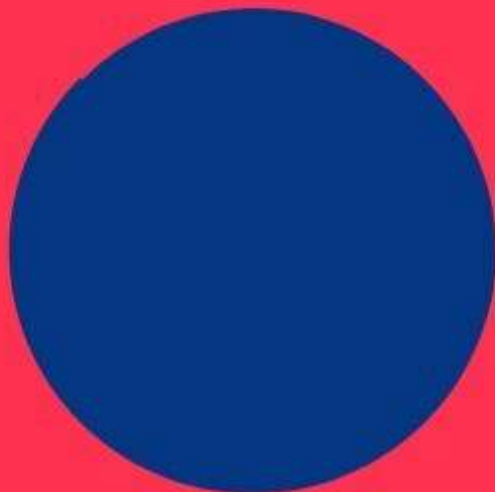
Kate is passionate about improving healthcare systems and collaborates with businesses, non-profits and education companies to drive positive industry change. Throughout her career, she has worked with prominent Australian medical and health organisations in GP training, medical centre acquisition, publishing and digital health solutions.

Contributors

A special thanks to the people who contributed their knowledge to the project:

- Nicole Brown, Partner, Cutcher & Neale
- Dr Brenda Murrison, Founder, Brecken Health
- Dr Chris Mitchell, GP industry consultant
- Mark Donato, Consultant, Final Twenty
- The team at Cubiko

Back cover



Best practice: the GP's guide to business

A strategic approach to practice optimisation, valuation, and successful exit.

Over 60% of GP clinic owners are aged 45 and above, with many considering succession or exit in the next five years. With bulk-billing rates declining and operating costs rising, the window for profitable practice sales is narrowing rapidly. This comprehensive guide provides the strategic framework Australian GPs need to assess, optimise, and realise maximum value from their practice—whether planning to exit in 12 months or 5 years. Written by experienced practitioners, this evidence-based resource addresses the critical gap in Australian-focused guidance for practice succession planning.

Inside, you'll discover:

- how to benchmark your practice performance against real Australian data
- proven strategies to increase maintainable EBITDA before sale
- what buyers actually value in today's market – and common red flags that kill deals
- essential legal and tax considerations, including CGT concessions and payroll tax risks
- a complete 24-month exit timeline with due diligence checklists

Don't wait until burnout or market pressure forces your hand. Take control of your practice's future and exit on your own terms.

Authors

Dr Bruce Willett has over 30 years' experience in general practice, combining exceptional patient care with transformative leadership. Former RACGP Vice President and Rose-Hunt Award recipient, he now serves as Clinical Director at Cubiko with extensive experience in practice ownership and succession planning.

Kate Marie has 40 years' experience in publishing, specialising in health and medical sectors. Co-author of the bestselling *Fast Living, Slow Ageing*, she has worked with prominent Australian medical organisations in GP training and practice development.

ISBN: 978-0-9806339-5-5

