dpm

Financially empowering doctors



2026

MASTERING THE BUSINESS OF MEDICINE

BUSINESS OF MEDICINE

dpm Financially empowering doctors

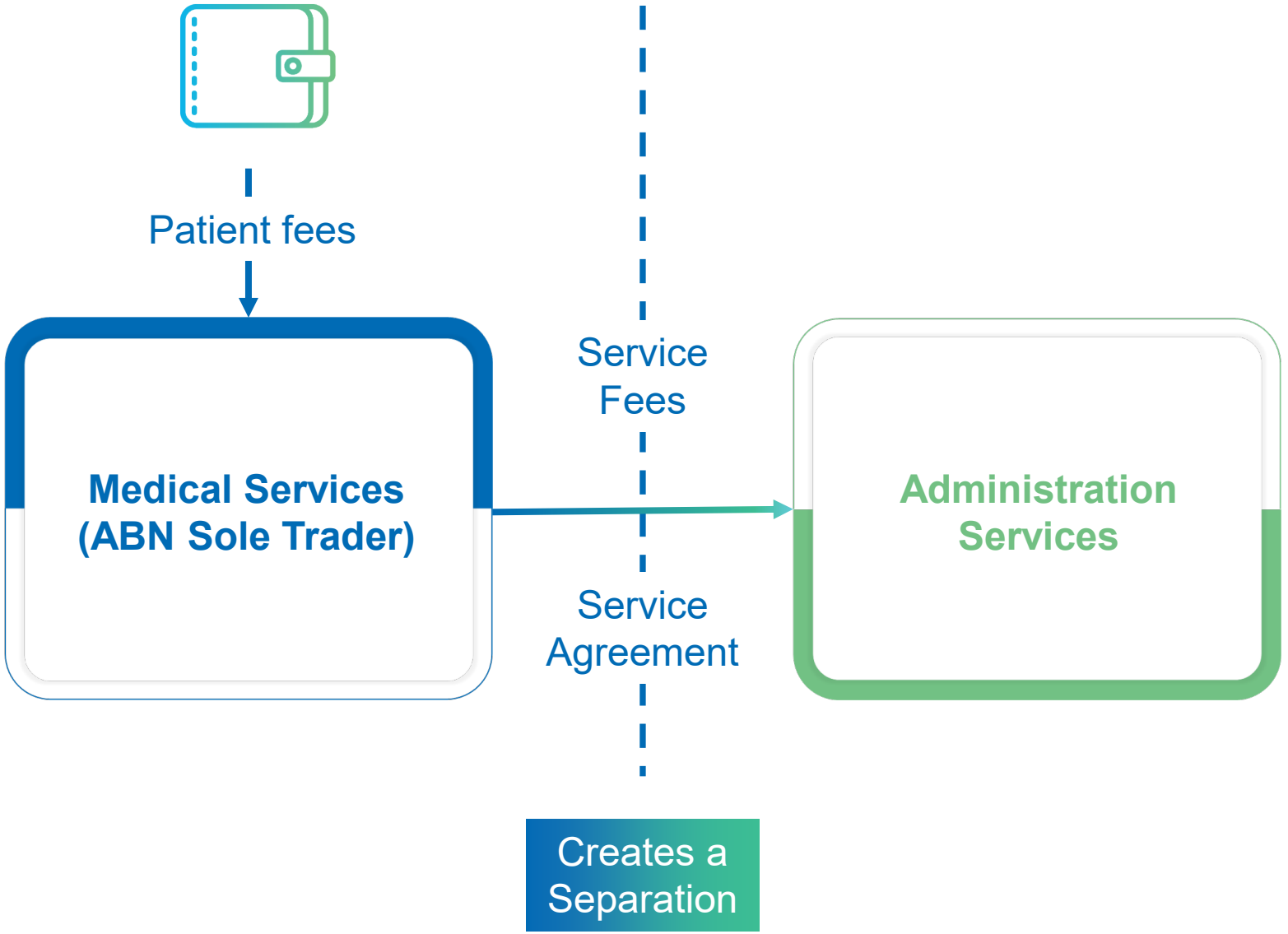
Private Practice Financials



Dino Miliotis
Tax Consultant

14th March

Private Income Structure



Private Practice Structure

Commercial reality rather than $$s justifies need/ability for structuring

- Employing staff
- Having a lease
- Use of material equipment and assets

Practice expenses covered by a service fee payable by the practitioner(s)

Provides benefits including

- Asset protection
- Tax minimisation

Working in private practice or a clinic

Options…



Continue in an established practice

- **Pros**: typically pay a % service fee or sessional fee, do not have overhead/fixed expenses, limited involvement in operations, can walk away at any time
- **Cons**: no control on operations (unless have bought into practice), some uncertainty



Start your own practice

- **Pros**: have direct control on how things are set up and done, build (and own) a business that has a value and can be sold
- **Cons**: incur set up costs, put in place systems and processes, pay for overheads as well as variable expenses

Setting up your own practice

dpm Financially empowering doctors

When is a good time?

Tipping points

- ✓ When your service fee expense paid to third party is greater than the expenses to run own practice
- ✓ Want greater control over operational side of practice
- ✓ Want to create your own “brand” for a practice (build goodwill)

Set up costs

- ✓ **Accounting Fees** – Consulting and advice on structure, set up of practice, assistance with financial calculations, setup of accounting software
- ✓ **Legal fees** – Entity establishments, agreements/contracts
- ✓ **Fit-out** – Includes interior of premises, purchase of equipment and furniture

Practice Expenses

dpm

Overhead/Fixed expenses

- Rent/interest on mortgage
- Staff – practice manager, receptionist
- I.T. costs – practice software, server costs, website hosting
- Telephone and Internet
- Advertising
- Insurance (general business, public liability etc.)
- Land Tax and rates
- Utilities (supply charges)



Variable expenses

- Drugs, dressings and supplies
- Nursing staff
- Stationery, office consumables, printing and postage
- Repairs & Maintenance
- Utilities (usage charges)

Private Practice Example – Service Entity

Description	Monthly Amount	Annual Amount
Service Fee Income (35% on gross patient fees)	$ 20,000	$ 240,000
Overhead Expenses		
- Rent	3,000	36,000
- Land tax and rates	750	9,000
- Salaries & Wages + super (Admin)	8,333	100,000
- Telephone and Internet	250	3,000
- Advertising	100	1,200
- Insurance	200	2,400
- I.T.	500	6,000
Total Overheads	$ 13,133	$ 157,600
Variable Expenses		
- Drugs, dressings & Supplies	800	9,600
- Printing, Office consumables	200	2,400
- Salaries & Wages + super (Nurse)	2,917	35,000
Total Variable Expenses	$ 3,917	$ 47,000
Net Profit	$ 2,950	$ 35,400

Planning for the site

Scope out potential sites

- Location, location, location
- What is included in the lease? Parking?
- Are you liable for the “statutory outgoings”? (Probably)
- Does the lease have a “make good clause”? (i.e. demolish fit-out)
- Seek advice – property advisory & legal advice



Consider scalability and future proofing

- Does your structure allow for this (higher cost in short-term may be lower cost long-term)?
- Does the clinic site provide flexibility (e.g. other practitioners joining)?
- How is your lease structured? Do you have ability to extend?

Preparing for the future

Financially empowering doctors



Get an understanding of initial costs

- Do you have the cash?
- Will you borrow from the bank?



Have a buffer

- 3-6 months of expenses
- Things may not go according to plan



Consider how you pay for expenses going forward

- Cash vs. debt
- How do you expand or buy new equipment?



Succession planning

- What is your exit strategy?

General information

Every effort has been made to offer the most current, correct and clearly expressed information possible within this presentation. Nonetheless, inadvertent errors can occur and applicable laws, rules and regulations may change.

The information contained in this presentation is of general nature only and is not intended to serve as advice. No warranty is given in relation to the accuracy or reliability of any information

The audience should not act or fail to act on the basis of the information contained herein. The audience are encouraged to contact their DPM Consultant for advice concerning specific matters before making a decision

Questions

dpm Financially empowering doctors