

PROFESSIONAL SERVICES REVIEW

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Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The role and functions of the Professional Services Review (PSR) are set out in Part VAA of the *Health Insurance Act 1973*. The PSR is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*.

For a full outline of the PSR's Strategic Direction, refer page 400 of the *Health Portfolio Budget Statements 2020–21*.

1.2 ENTITY RESOURCE STATEMENT

The Entity Resource Statement details the resourcing for the PSR at Additional Estimates (AEs). Table 1.1 outlines the total resourcing available from all sources for the 2020-21 Budget year, including variations through Appropriation Bills (No. 3) and (No. 4), special appropriations and special accounts.

Table 1.1: PSR Resource Statement – Additional Estimates for 2020-21 as at Additional Estimates February 2021

	2019-20 Actual available appropriation \$'000	2020-21 Estimate as at Budget \$'000	2020-21 Proposed Additional Estimate \$'000	2020-21 Total estimate at AEs \$'000
DEPARTMENTAL				
Prior year appropriation available	1,382	3,377	-	3,377
Annual appropriations				
Ordinary annual services ^(a)				
Departmental appropriation	8,616	8,529	718	9,247
s74 retained revenue receipts ^(b)	-	-	-	-
Departmental Capital Budget ^(c)	29	274	-	274
Other services ^(d)				
Equity injection	-	-	-	-
Total departmental annual appropriations	8,645	8,803	718	9,521
Total departmental resourcing	10,027	12,180	718	12,898
Total resourcing for PSR	10,027	12,180	718	12,898
	Actual 2019-20			Budget 2020-21
Average staffing level (number)	26			28

All figures are GST exclusive.

^(a) *Appropriation Act (No. 1) 2020-21*, *Appropriation Bill (No. 3) 2020-21*, and associated Bills.

^(b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

^(c) Departmental Capital Budgets are not separately identified in *Appropriation Bill (No. 1)* and form part of ordinary annual services items. Refer to the PSR's Table 3.6: Departmental Capital Budget Statement for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

^(d) *Appropriation Act (No. 2) 2020-21*, *Appropriation Bill (No. 4) 2020-21* and associated Bills.

1.3 ENTITY MEASURES

Table 1.2 summarises new Government measures taken since the 2020-21 Budget.

Table 1.2: PSR Measures since the 2020-21 Budget

Program	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Guaranteeing Medicare - improving access to appropriate services ^(a)				
Professional Services Review				
Departmental payments	1.1	-	-	-
Total payments	-	-	-	-

^(a) Funding for this measure has already been provided for by the Government.

1.4 ADDITIONAL ESTIMATES, RESOURCING AND VARIATIONS TO OUTCOMES

The following table details the changes to the resourcing for the PSR at Additional Estimates, by Outcome. Table 1.3 details the Additional Estimates resulting from new measures since the 2020-21 Budget in Appropriation Bills (No. 3) and (No. 4).

Table 1.3: Additional Estimates and Variations to Outcomes from Measures and Other Variations since the 2020-21 Budget

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme				
Changes to departmental appropriations				
Appropriation Bill (No. 3)				
Measure - Guaranteeing Medicare - improving access to appropriate services	718	2,652	4,641	5,722
Price parameter adjustments ^(a)	-	-	(13)	-
Total	718	2,652	4,628	5,722

^(a) See explanation in Portfolio Glossary.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for the PSR through Appropriation Bills (No. 3) and (No. 4).

Table 1.4: Appropriation Bill (No. 3) 2020-21

	2019-20 Available ^(a) \$'000	2020-21 Budget \$'000	2020-21 Revised \$'000	Additional estimates \$'000	Reduced estimate \$'000
Departmental					
Outcome 1					
Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme	8,645	8,803	9,521	718	-
Total Appropriation Bill (No. 3) departmental	8,645	8,803	9,521	718	-

^(a) The 2019-20 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation + Advance to the Finance Minister - section 51 withholdings - administrative quarantines +/- Machinery of Government transfers.

Table 1.5: Appropriation Bill (No. 4) 2020-21

This table is not applicable to the PSR in 2020-21.

Section 2: Revisions to Outcomes and Planned Performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1

A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes

Budgeted Expenses for the PSR

Table 2.1.1: Budgeted Expenses and Resources for the PSR

	2019-20 Actual \$'000	2020-21 Revised Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	8,300	8,914	10,869	12,640	13,992
Expenses not requiring appropriation in the Budget year ^(b)	630	671	679	699	702
Operating deficit (surplus)	(372)	-	-	-	-
Total for Program 1.1	8,558	9,585	11,548	13,339	14,694
Total expenses for Outcome 1	8,558	9,585	11,548	13,339	14,694

	2019-20	2020-21
Average staffing level (number)	26	28

^(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill (No. 1))' and 'Revenue from independent sources (s74)'.
^(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Planned Performance for the PSR

There have been no changes to performance information for the PSR since the 2020-21 Budget which require new or modified performance criteria. Refer page 405 of the *Health Portfolio Budget Statements 2020–21* for current performance information.

Section 3: Special Account Flows and Budgeted Financial Statements

3.1 SPECIAL ACCOUNT FLOWS

Estimates of Special Account Flows

Table 3.1 is not applicable to the Professional Services Review (PSR) as it does not manage any special accounts.

3.2 BUDGETED FINANCIAL STATEMENTS

An analysis of the PSR budgeted financial statements for 2020-21 is provided below.

3.2.1 Analysis of Budgeted Financial Statements

Departmental Resources

Comprehensive Income Statement

The PSR is anticipating a break-even position for the Budget and forward years. The Budget year and forward years have been adjusted for unfunded depreciation and amortisation expenses.

Balance Sheet

The PSR's net assets are expected to remain relatively stable over the forward years.

3.2.2 Budgeted Financial Statements

Table 3.2: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2019-20 Actual	2020-21 Revised Budget	2021-22 Forward estimate	2022-23 Forward estimate	2023-24 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	3,562	4,181	4,838	5,041	5,128
Supplier expenses	4,330	4,765	6,068	7,630	8,898
Depreciation and amortisation	653	632	638	656	658
Interest on RoU	9	5	2	10	8
Other expenses	4	2	2	2	2
Total expenses	8,558	9,585	11,548	13,339	14,694
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	8	-	-	-	-
Total revenue	8	-	-	-	-
Gains					
Other	37	39	41	43	44
Total gains	37	39	41	43	44
Total own-source income	45	39	41	43	44
Net cost of (contribution by) services	8,513	9,546	11,507	13,296	14,650
Revenue from Government	8,616	9,247	11,210	12,972	14,324
Surplus (deficit)	103	(299)	(297)	(324)	(326)
Surplus (deficit) attributable to the Australian Government	103	(299)	(297)	(324)	(326)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	(60)	-	-	-	-
Total other comprehensive income	(60)	-	-	-	-
Total other comprehensive income attributable to the Australian Government	43	(299)	(297)	(324)	(326)
Note: Reconciliation of comprehensive income attributable to the agency					
	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Total comprehensive income (loss) attributable to the Australian Government	43	(299)	(297)	(324)	(326)
plus non-appropriated expenses					
depreciation and amortisation expenses	321	300	306	324	326
plus depreciation and amortisation expenses for RoU	332	332	332	332	332
less lease principal repayments	(324)	(333)	(341)	(332)	(332)
Total comprehensive income (loss) attributable to the agency	372	-	-	-	-

RoU = Right-of-Use asset

Table 3.3: Budgeted Departmental Balance Sheet (as at 30 June)

	2019-20 Actual	2020-21 Revised Budget	2021-22 Forward estimate	2022-23 Forward estimate	2023-24 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	73	73	73	73	73
Receivables	3,334	3,033	3,060	3,074	3,076
Total financial assets	3,407	3,106	3,133	3,147	3,149
Non-financial assets					
Land and buildings	914	503	1,825	1,421	997
Property, plant and equipment	260	387	399	348	334
Intangibles	385	316	292	541	548
Other	61	61	62	63	63
Total non-financial assets	1,620	1,267	2,578	2,373	1,942
Total assets	5,027	4,373	5,711	5,520	5,091
LIABILITIES					
Payables					
Suppliers	875	429	400	400	400
Other payables	105	105	117	130	130
Total payables	980	534	517	530	530
Interest bearing liabilities					
Leases	674	341	1,723	1,391	1,059
Total interest bearing liabilities	674	341	1,723	1,391	1,059
Provisions					
Employees	867	1,014	1,028	1,028	1,028
Other provisions	102	100	102	104	106
Total provisions	969	1,114	1,130	1,132	1,134
Total liabilities	2,623	1,989	3,370	3,053	2,723
Net assets	2,404	2,384	2,341	2,467	2,368
EQUITY					
Contributed equity	1,737	2,011	2,236	2,686	2,913
Reserves	782	782	787	787	787
Retained surpluses or (accumulated deficits)	(115)	(409)	(682)	(1,006)	(1,332)
Total equity	2,404	2,384	2,341	2,467	2,368

Table 3.4: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2020-21)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	(115)	782	1,737	2,404
Opening balance adjustment	-	-	-	-
Surplus (deficit) for the period	(294)	-	-	(294)
Capital budget - Bill 1 (DCB)	-	-	274	274
Estimated closing balance as at 30 June 2021				
	(409)	782	2,011	2,384

DCB = Departmental Capital Budget

Table 3.5: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2019-20 Actual \$'000	2020-21 Revised Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,936	9,548	11,183	12,958	14,322
Net GST received	280	352	387	426	469
Total cash received	8,216	9,900	11,570	13,384	14,791
Cash used					
Employees	3,438	4,034	4,812	5,028	5,128
Suppliers	4,028	5,523	6,415	8,014	9,323
Interest payments on lease liability	8	5	2	10	8
Cash to the OPA	352	-	-	-	-
Total cash used	7,826	9,562	11,229	13,052	14,459
Net cash from (or used by) operating activities	390	338	341	332	332
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	101	279	225	450	227
Total cash used	101	279	225	450	227
Net cash from (or used by) investing activities	(101)	(279)	(225)	(450)	(227)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	29	274	225	450	227
Total cash received	29	274	225	450	227
Cash used					
Lease principal repayments	324	333	341	332	332
Total cash used	324	333	341	332	332
Net cash from (or used by) financing activities	(295)	(59)	(116)	118	(105)
Net increase (or decrease) in cash held	(6)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	79	73	73	73	73
Cash and cash equivalents at the end of the reporting period	73	73	73	73	73

DCB = Departmental Capital Budget

OPA = Official Public Account

Table 3.6: Departmental Capital Budget Statement (for the period ended 30 June)

	2019-20 Actual	2020-21 Revised Budget	2021-22 Forward estimate	2022-23 Forward estimate	2023-24 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	274	225	450	227
Total capital appropriations	29	274	225	450	227
Total new capital appropriations represented by:					
Purchase of non-financial assets	29	274	225	450	227
Total items	29	274	225	450	227
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - DCB ^(a)	57	274	225	450	227
Funded internally from departmental resources	61	5	-	-	-
Total acquisitions of non-financial assets	118	279	225	450	227
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	101	279	225	450	227
Total cash used to acquire assets	101	279	225	450	227

DCB = Departmental Capital Budget

^(a) Does not include annual finance lease costs. Includes purchases from current and previous years' DCB.

Table 3.7: Statement of Asset Movements (Budget year 2020-21)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020				
Gross book value	222	260	607	1,089
Gross book value - RoU	1,023	-	-	1,023
Accumulated depreciation/amortisation and impairment	-	-	(221)	(221)
Accumulated depreciation/amortisation and impairment - RoU	(332)	-	-	(332)
Opening net book balance	913	260	386	1,559
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	29	213	37	279
By purchase - RoU	-	-	-	-
Total additions	29	213	37	279
Other movements				
Depreciation/amortisation expense	(107)	(86)	(107)	(300)
Depreciation/amortisation expense - RoU	(332)	-	-	(332)
Total other movements	(439)	(86)	(107)	(632)
As at 30 June 2021				
Gross book value	251	473	644	1,368
Gross book value - RoU	1,023	-	-	1,023
Accumulated depreciation/amortisation and impairment	(107)	(86)	(328)	(521)
Accumulated depreciation/amortisation and impairment - RoU	(664)	-	-	(664)
Closing net book balance	503	387	316	1,206

RoU = Right-of-Use asset