



Australian Government  
Professional Services Review

# PSR Annual Report

2020-21



# Professional Services Review Annual Report 2020–21

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# Letter of transmittal

The Hon. Greg Hunt MP  
Minister for Health and Aged Care  
Parliament House  
Canberra ACT 2600

Dear Minister

I am pleased to present to you the annual report of the Professional Services Review Agency for the year ended 30 June 2021.

The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which requires that I prepare and provide an annual report to you for presentation to the Parliament.

The report includes the agency's audited financial statements as required under section 43(4) of the PGPA Act.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that:

- the agency has prepared fraud risk assessments and fraud control plans
- the agency has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- I have taken all reasonable measures to appropriately deal with fraud relating to the agency.

Yours sincerely



Professor Julie Quinlivan  
Director of Professional Services Review

29 September 2021



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# Director's introduction

**The Professional Services Review Agency (PSR) was established in 1994. The part of the *Health Insurance Act 1973* (HIA) that establishes the PSR Scheme defines the basic purpose of the scheme as protecting 'patients and the community in general from the risks associated with inappropriate practice' and protecting 'the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice'.**

PSR achieves its purpose through the process of peer review. After an initial Director's review, if concerns are identified, the Director may refer a practitioner or an employer or corporate entity to a PSR Committee. PSR Committees are usually comprised of three clinicians appointed by the Minister for Health to the PSR Panel. Before appointing a clinician to the PSR Panel, the relevant Colleges (listed in the Regulations made under the HIA) and the Australian Medical Association (AMA) are consulted to ensure Panel members are suitable peer reviewers.

Legislation empowers PSR to require practitioners, and employers or corporate entities to provide a sample of clinical records to determine whether practice was inappropriate. Under the PSR Scheme, sanctions can be imposed on practitioners, or employers or corporate entities found to have engaged in inappropriate practice. Sanctions include repayment of Medicare benefits and disqualification from all or part of the Medicare or Pharmaceutical Benefits Scheme for up to three or five years.

If concerns regarding the health, conduct or performance of a practitioner become apparent during PSR investigations, legislation empowers the Director to refer such practitioners to relevant professional boards, and state and territory health complaints bodies, through the Australian Health Practitioner Regulation Agency (AHPRA). If concerns about major non-compliance or fraud emerge, the Director will also refer these matters on to the appropriate authority.

## Professional Services Review in 2020–21

### COVID-19

PSR operations were impacted by COVID-19 and the travel restrictions resulting from the pandemic meant that it was not possible to hold in-person meetings with practitioners under review. Telephone or video conferences were held instead. Likewise, several

planned Committee hearing dates were vacated due to travel restrictions. As the year progressed, PSR was able to resume some face to face Committee hearings and was also able to conduct some hearings using videoconferencing facilities. PSR was particularly innovative in organising videoconferencing meetings and Committees, and developed strategies to ensure patient privacy during meetings. PSR has been invited to share some of our innovations with other government agencies.

PSR established a weekly business continuity meeting when COVID-19 affected workplace performance to ensure the agency followed directions and restrictions as set by state and federal authorities, while maintaining required outputs. This process was very successful and each meeting was followed with a staff update email to ensure staff remained aware of agency decision-making.

The redeployment of some medical staff within the Department of Health meant that the number of referrals to PSR fell for the first time in several years. This reduction in new work enabled the agency to focus on finalising draft and final reports from existing Committees. It also enabled the agency to divert resources to enhancing privacy and record management.

## Agency performance in annual APS Employee Census

The agency was pleased to find that in the annual Australian Public Service (APS) Employee Census PSR was ranked second out of 101 APS departments and agencies in staff engagement and innovation. We also ranked 25<sup>th</sup> in staff wellbeing which was well above the APS median score. This outstanding performance is a reflection on all staff and team leaders who have worked hard to engage staff and foster innovation in the workplace during the ongoing pandemic and in the performance of our work, whilst striving to enhance staff wellbeing. For the fifth year in succession, no new workers compensation claims were instigated, reflecting the management focus on ensuring staff remain both physically and emotionally healthy in their work environment. The agency reported no instances of staff perception of bullying or harassment and workplace inclusivity rated extremely highly.

## Information management performance

The agency participated in the National Archives of Australia's mandatory *2020 Check-up PLUS survey* and were pleased to score well above benchmark compared to other departments and agencies. Our overall score of 4.08/5 was well above the median target of 3.41/5. This outcome reflects PSR's strong commitment to using technology well, to manage our information securely and streamline our business processes wherever possible.

## Patient safety and fraud

Once again, PSR maintained a focus on patient safety and practitioner fraud. Throughout the year, PSR made 9 referrals to regulatory bodies such as AHPRA and medical boards for potential patient safety concerns and made 22 referrals for major non-compliance with professional standards. Overall, 22 practitioners were referred.

## Telehealth

PSR finalised reviews in relation to telehealth during the year. The main concerns identified were billing consultations for text messages, a lack of clinical input, inadequate documentation, failing to meet item descriptors and a lack of clinical indication for services. In some cases, consultations were billed when practitioners rang patients to ask them to make an additional appointment to receive test results, get a flu vaccination, or a management plan.

Peer reviewers felt these administrative tasks were not medical, should be delegated to reception staff and that they were not consistent with a clinically indicated consultation service, particularly when no other medical information was documented in the service. Billing for sending a patient a text message was also considered a universal concern by peer reviewers.

## Recruitment of PSR Panel members

As a result of referrals in new areas or an expanded number of referrals within certain disciplines, PSR recruited new members to the PSR Panel. New panel members were appointed in the following disciplines:

- Cardiology
- Neonatal and Perinatal Medicine
- Nephrology
- Neurology
- Ophthalmology
- Oral and Maxillofacial Surgery
- Urology

In the 2021–22 financial year, PSR will be undertaking a bulk round of appointments to the PSR Panel. Planning and advertising for this has commenced.

## New role in review of hospital accommodation certification

In the 2021–22 budget, the government announced a new role for PSR in reviewing matters related to concerns over hospital accommodation certification. These concerns arise when a practitioner certifies that a patient requires hospital care rather than care in the community for conditions where the agreed standard of care is usually community management. Excessive practitioner hospital accommodation certification can increase the overall cost of care, which in turn, leads to rises in the cost of private healthcare.

PSR will work with the Department of Health and key stakeholders such as the AMA regarding appropriate next steps after the department-led consultation processes have occurred.



## Legislative amendments

PSR has worked with the Department of Health and stakeholders in relation to legislative reform to assist in the review of employer or corporate entities. The legislation in regard to corporate entity or employer reviews was drafted over 20 years ago and does not adequately align with modern large scale corporate medicine. This work is ongoing and stakeholder consultation continues.

As part of the review process, PSR will work with the department to conduct an administrative law review of PSR legislation and processes. This review should be held in the next financial year, pending COVID-19 restrictions.

## Accommodation and infrastructure

The agency commenced plans to manage the expiry of its current lease and also to upgrade its server environment and information technology security. The agency conducted a security review and a risk review and implemented recommended changes.

## Conclusion

As Director, I would like to acknowledge the professionalism and commitment of all PSR staff. I would also like to acknowledge the PSR Panel members. Without the dedication of these practitioners, PSR could not function.

Finally, I would also like to acknowledge the cooperation and professionalism of the officers of the Department of Health and Australian Medical Association with whom PSR liaises on a regular basis.



Professor Julie Quinlivan  
Director of Professional Services Review

# CASE STUDY ONE



Medicare referred a diagnostic radiologist to PSR who, for the period under review, was the highest provider of MBS item 63001 services rendered in association with MBS item 63049 services of all active diagnostic radiology specialists in Australia. The Director reviewed this practitioner's rendering of MBS items 104 and 105 (specialist attendance items) as well as diagnostic imaging items 55848, 63001, 63007, 63040, 63049, 63167, 63173, 63176 and 63129.

Following the review, which involved meeting with the practitioner and them being given opportunities to provide submissions, the Director had persisting concerns that:

- MBS item 104 and 105 services were billed in circumstances where the services were performed by other practitioners using the practitioner's provider number
- MBS item 104 and 105 were billed without there being an initiating referral for a specialist consultation or a record of a separate consultation having occurred
- MRI brain and spine items were consistently co-billed with other similar items where not all items were requested or otherwise clinically indicated and
- when MRI brain and spine items were co-billed, there was only one scan performed and report provided which did not separately address each of the clinical conditions relevant to each MBS item claimed.

The practitioner acknowledged having engaged in inappropriate practice in connection with providing these items of concern and requested a negotiated settlement. The practitioner agreed to repay \$538,413.70, to be disqualified from providing MBS item 104 and 105 services for 12 months and was reprimanded by the Director. The MBS online website's factsheet from May 2020 provides radiologists with relevant information relating to: 'Changes to MBS items and rules for diagnostic imaging services – radiologists co-claiming consultations'.

# 1. Agency overview

## The Professional Services Review Scheme

The high quality and integrity of Australia's health system is recognised internationally. Preventing inappropriate practice is crucial to maintaining the health system's reputation and to retain public confidence in the practitioners working within the health system. Preventing inappropriate practice also minimises financial losses to the community that result from inappropriate practice.

## About the Professional Services Review Agency

PSR operates as an independent agency within the Australian Government's Health portfolio, and reports directly to the Minister for Health. Together, the Director and staff form a statutory agency under the *Public Service Act 1999*.

To help guide its performance, PSR has defined its own values and behaviours, which are underpinned by the Australian Public Service (APS) Values. PSR's values and behaviours of being fair, transparent and professional address the unique aspects of its business and environment, and guide PSR in performing its role.

## Our stakeholders

During 2020–21, PSR continued to work closely with key stakeholders to improve its operations. PSR stakeholders include the Department of Health, the AMA and other relevant professional organisations. During 2020–21, PSR engaged with a broad range of stakeholders to provide information on the activities and outcomes of the PSR Scheme. Over the twelve-month period, PSR met with its stakeholders on over 45 occasions.

## Agency and scheme objectives

The role and functions of PSR are set out in Part VAA of the HIA, which establishes the PSR Scheme. Section 79A of the HIA states that:

The object of this Part is to protect the integrity of the Commonwealth Medicare benefits, dental benefits and pharmaceutical benefits programs and, in doing so:

1. *protect patients and the community in general from the risks associated with inappropriate practice; and*
2. *protect the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice.*

Section 81 of the HIA includes a definition of 'practitioner', which, together with the *Health Insurance (Professional Services Review – Allied Health and Others) Determination 2012*, lists the categories of medical, midwifery, nurse practitioner and allied health practitioners that are subject to review under Part VAA of the HIA.

## Agency outcome

Outcomes are the government's intended results, benefits or consequences for the Australian community. The government requires agencies such as PSR to use outcomes as a basis for budgeting, measuring performance and reporting. Annual funding is appropriated on an outcomes basis.

The Australian Government, through PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. PSR works with government, medical and allied health care regulatory bodies, and professional organisations to protect the integrity of the Medicare benefits, dental benefits and the pharmaceutical benefits programs.

**PSR outcome:** 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, Dental and Pharmaceutical Benefits schemes.

## PSR Agency delivery of outcome

The PSR Scheme safeguards the integrity of the Medicare benefits, dental benefits and pharmaceutical benefits programs from:

- inappropriate practice by ensuring that the Commonwealth-funded services delivered by practitioners are clinically relevant
- the consequences of inappropriate practice by ensuring that payments to claimants are made in accordance with the regulations for the Medicare benefits, dental benefits and pharmaceutical benefits programs.

The PSR Scheme has continued to evolve since its inception. Legislative amendments were made in 1997, 1999, 2002, 2006, 2012, 2018, 2019 and 2020 to strengthen the Professional Services Review process. Comprehensive reviews were conducted in 1999 and 2006 by government and key stakeholders.

PSR has a robust process of internal review and has acted on the recommendations from these (and other) reviews. It continues to prioritise its governance processes and build its capacity to deliver a rigorous peer review scheme that affords procedural fairness to practitioners, and meets the outcome of protecting the integrity of the Medicare, Dental and Pharmaceutical Benefits schemes.

## The future

As the context in which services are being provided becomes more complex, and the Medicare Benefits Schedule (MBS) adapts to changing circumstances and technology, PSR is being asked to review and investigate a wider range of health professions, specialties, and corporates who provide services. In addition, PSR's jurisdiction is to be expanded to include review of certification for hospital accommodation under the *Private Health Insurance (Benefit Requirements) Rules 2011*. PSR must retain the confidence of the professions and the community while demonstrating the organisational agility required to meet these changes and future challenges.



# CASE STUDY TWO



The Department of Health compliance team identified that a dentist billed Medicare for Child Dental Benefits Schedule (CDBS) items 88011, 88111, 88121 and 88161 in excess of 99% of all dentists active under the CDBS in Australia. They asked the Director PSR to review the practitioner's rendering of CDBS items 88011, 88111, 88121 and 88161.

Following a review, the Director had persisting concerns (aside from CDBS item 88011) that:

- not all services were clinically indicated. For example, the practitioner rendered CDBS item 88111 services in respect of patients as young as 27 or 30 months of age, where there was no documented prevalence of stains or plaque recorded and
- the practitioner's records were inadequate. For example, the records did not always include sufficient information to document procedures, such as the technique used in sealing fissures.

There was also a concern over the capacity of a clinician to adequately perform multiple dental procedures in very young children in a mobile facility when their parents were not present. For example, sometimes up to six procedures were billed on one occasion.

The practitioner made a voluntary admission of inappropriate practice and requested a negotiated settlement. The terms of the negotiated settlement (which was ratified by the Determining Authority) were that the practitioner agreed to repay \$200,000, was disqualified from providing CDBS item 88161 for six months, and was reprimanded by the Director.

## 2. Performance statement

This performance statement is prepared in accordance with paragraph 39(1)(a) of the **Public Governance, Performance and Accountability Act 2013** (PGPA Act) for the 2020–21 financial year and accurately presents PSR's performance in accordance with subsection 39(2) of the PGPA Act.

### Entity purpose

PSR's purpose is to protect the integrity of the Australian Government's Medicare, pharmaceutical benefits and dental benefits programs, and to safeguard the Australian public from the cost and risk of inappropriate practice. PSR is contributing to Outcome 4 of the Portfolio Budget Statements of the Australian Government's Health Portfolio.

The PSR Scheme is funded to ensure that requests by the Chief Executive Medicare to investigate suspected cases of inappropriate practice are reviewed and, if necessary, examined by a Committee of the practitioner's peers.

PSR's program aims to protect against inappropriate practice and maintain professional support for PSR.

### Protecting against inappropriate health care practice

During the 2020–21 reporting period, the PSR Director continued to:

- investigate referred health care professionals and employers or corporate entities
- refer matters to PSR Committees for investigation and negotiate agreements
- ensure behaviour that may be a threat to the life or health of patients, or that fails to meet professional standards was referred to the relevant professional bodies for appropriate action and
- counsel and reprimand referred health care professionals as required.

The PSR agency facilitated:

- the Director's investigations
- referrals to external bodies
- PSR Committee investigations, hearings and report writing processes and
- the Determining Authority in its role to determine sanctions for finalised Committee matters and consider ratification of negotiated agreements.

A summary of outcomes is provided in the 'Professional Services Review Agency performance' section of this report.

## Maintaining professional support for PSR

During 2020–21, the Director of PSR engaged with a broad range of stakeholders in relation to the PSR Scheme. These stakeholders included:

- Department of Health
- Department of Veterans' Affairs
- Digital Transformation Agency
- Health Care Compliance Commission
- Medical Council of NSW
- Office of the Minister for Health
- Private Healthcare Australia
- Australian College of Dermatologists
- Australian College of Nursing
- Australian Dental College
- Australian Medical Association
- Optometry Australia
- Royal Australasian College of Dental Surgeons
- Royal Australian College of General Practitioners
- Royal Australian College of Obstetricians and Gynaecologists
- Royal Australian College of Ophthalmologists
- Royal Australian College of Physicians
- Royal Australian College of Surgeons
- Royal College of Pathologists of Australasia
- Urological Society of Australia and New Zealand

## Professional Services Review Agency performance

The following sets out PSR's performance criteria and provides details of its results for activities undertaken during 2020–21. This included work on the 155 cases already on hand at the commencement of the reporting period, and the 73 cases that were received during 2020–21.

A total of 105 cases were brought to a conclusion. At the end of the reporting period, 123 cases had not been finalised and were in various stages of completion.

Table 1 compares PSR's case statistics for 2020–21 with those of the previous reporting period.

Table 1: PSR's case statistics, 2020–21 and 2019–20

| Action  | 2020–21 | 2019–20         |
|---|---------|-----------------|
| Requests received from Department of Health   | 73      | 126             |
| Requests by Department of Health to review a practitioner with a previous effective determination or negotiated agreement for a second or subsequent time | 4       | 4               |
| No further action   | 6       | 5               |
| Requests withdrawn or lapsed  | 0       | 0               |
| Referrals from the PSR Director to new PSR Committees   | 12      | 16 <sup>a</sup> |
| Committees in progress (at 30 June)   | 39      | 34              |
| Committee reports finalised   | 10      | 11              |
| Reports finding inappropriate practice  | 10      | 11              |
| Reports finding no inappropriate practice   | 0       | 0               |
| Committee matters indefinitely suspended  | 0       | 0               |
| Practitioners referred to medical boards/AHPRA (under ss 106XA or 106XB)  | 22      | 20              |
| Referrals to Chief Executive Medicare/regulatory authority for suspected fraud  | 1       | 3               |
| Negotiated agreements ratified and effective  | 90      | 78              |
| Final determinations made   | 10      | 15              |
| Final determinations effective  | 9       | 12              |
| Cases on hand at 30 June <sup>b</sup>   | 123     | 155             |

AHPRA = Australian Health Practitioner Regulation Agency; PSR = Professional Services Review

a = Excluding a matter remitted back to the Director by the Federal Court.

b = As PSR receives referrals from Chief Executive Medicare throughout the year, case data cannot be reconciled within a 12-month period.

## New referrals from the Chief Executive Medicare

The Chief Executive Medicare sent 73 requests in 2020–21. The average caseload over the prior 5 years for the agency was 99 cases, so in 2020–21 PSR experienced a reduction in referrals when compared to recent years. This was mainly due to COVID-19 related disruptions.

In 2020–21, PSR completed 105 cases. Of these, 6 were the subject of a decision by the Director to take no further action, 90 were negotiated agreements that were subsequently ratified by the Determining Authority (thereby becoming effective), and 9 Committee final reports led to final determinations by the Determining Authority that became effective during the reporting period. Negotiated agreements and final determinations resulted in repayment orders totalling \$24,674,440 for the year.

During the reporting period, 12 cases were referred by the PSR Director to a Committee of peers.

## Cases in which no further action was taken

The Director can, after considering all the relevant material, decide to take no further action under s 91 of the HIA.

The Director took no further action in 6 of the 105 cases completed in 2020–21.

## Negotiated agreements

Under s 92 of the HIA, the Director and the practitioner under review can enter into a negotiated agreement which must include acknowledgement by the practitioner that they have engaged in inappropriate practice, and may include specified actions such as a reprimand, repayment of some or all of the Medicare or dental benefit received, and total or partial disqualification from participating in the MBS or PBS.

In 2020–21, 90 negotiated agreements became effective. Outcomes of these negotiated agreements included:

- repayment orders totalling \$21,194,062.70
- partial MBS disqualification in 72 cases and full disqualification (from both the MBS and PBS) in 4 cases.

The practitioners concerned included general practitioners, other medical practitioners, dentists, optometrists and specialists. Repayments ordered ranged from \$10,000 to \$1,500,000 with more than half of the agreements involving repayments of \$200,000 and above.



## PSR Panel and peer review Committees

Under s 93(1) of the HIA, the Director may establish a PSR Committee and refer a person<sup>1</sup> under review to the Committee for investigation. The Committee then determines whether the person has engaged in inappropriate practice in providing the services specified in the Director's referral.

Members of peer review Committees are drawn from practitioners who are members of the PSR Panel (Appendix 4).

The PSR Panel comprises health professionals from a range of professions, specialties, backgrounds and practice locations. At 30 June 2021, 11% practised in inner regional areas, and 4% practised in outer regional areas. Women comprised 42% of the PSR Panel, 14% were Allied Health Professionals, 38% were general practitioners and 48% were other medical specialists.

During 2020–21, the Director established 12 PSR Committees. Of the 12 practitioners referred to a PSR Committee, 7 were general practitioners, 2 were optometrists, and there was one specialist, one other medical practitioner and one dentist.

At the end of the reporting period, all of the PSR Committees established in 2020–21 were still in progress. Committee hearings were held for 20 cases during the 2020–21 financial year. Hearings for 3 cases had to be deferred in whole due to COVID-19 travel restrictions, with the timeframes and hearing days for numerous other cases also being impacted by the pandemic. Nevertheless, 10 Committee final reports were completed and 8 were sent to the Determining Authority.

## The Determining Authority

During 2020–21, 9 final determinations became effective. The directions made by the Determining Authority were:

- reprimand in 8 cases and counselling in 6 cases
- partial disqualification from Medicare benefits in 6 cases, for between 6 and 18 months
- full disqualification in one case from both the MBS and PBS for 36 months
- repayment of Medicare benefits, ranging from \$1,000 to \$997,384.70 (totalling \$3,480,383.19).

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<sup>1</sup> Under s 2C of the *Acts Interpretation Act 1901*, 'person' includes a body corporate.

## Re-referrals

In 2020–21 the Chief Executive Medicare made 4 requests to PSR to review practitioners who had previously been referred to PSR, and had a previous effective negotiated agreement or determination. At 30 June 2021, 3 of these cases were still under review and one had been finalised through a negotiated agreement.

## Referrals to medical boards and other authorities

The HIA requires the PSR Director to refer practitioners to appropriate bodies when a significant threat to the life or health of any other person is identified, or if the person under review has failed to comply with professional standards.

In 2020–21, the Director referred 22 practitioners to AHPRA, medical boards or other bodies. This is an increase in the number of referrals to external bodies compared to the previous financial year.

## Judicial review

Practitioners involved in the PSR process can seek judicial review in the Federal Court. Further detail relating to judicial review can be found in the 'Legal issues' section of the Performance Statement.

# Performance against Portfolio Budget Statements 2020–21

## Performance criteria

In 2020–21, PSR will maintain the deterrent effect of the PSR Scheme by continuing to refer cases of practitioners who may pose a threat to the life or health of any other person to regulatory bodies for further action. PSR will also refer any practitioner to the major non-compliance unit in the Department of Health, where a serious compliance concern is identified.

Table 2 outlines the quantitative key performance indicator specified for PSR in the Portfolio Budget Statements 2020–21.

Table 2: Protecting against inappropriate health care practice

| Quantitative performance criteria                         | 2020–21 Target  | 2020–21 Actual  |
|---|---|---|
| Total number of matters for review finalised <sup>a</sup> | 80% of the number of matters referred in the prior year | 83% of the number of matters referred in the prior year |

a This figure includes no further actions under s 91 of the HIA, negotiated agreements under s 92 of the HIA, final determinations resulting from a Committee hearing. The figure excludes cases considered indefinitely closed in abeyance.

In 2020–21, PSR finalised 105 matters, which exceeded the target of 101. This target was set in the 2020–21 Portfolio Budget statements and represents 80% of the 126 matters referred in the prior year.

PSR continued to act on referrals from the Chief Executive Medicare during 2020–21.

As in other years, submissions made by practitioners reviewed by PSR indicate that a great majority made positive changes to their practice as a result of the review process. In most cases reviewed during 2020–21, inappropriate practice involved inadequate clinical notes, failure to comply with the particular requirements of the MBS items billed to Medicare, or prescribing concerns. Practitioners who were reviewed frequently indicated that they accepted the need to change their practices and were able to demonstrate practical measures undertaken to achieve the required improvements. This was the case for practitioners who were referred to Committees under s 93 of the HIA, as well as practitioners who entered into voluntary agreements under s 92.

The AMA and other relevant organisations were consulted, as required by ss 84, 85 and s 106ZPB of the HIA, as part of the process of appointing the membership of the PSR Panel and PSR Deputy Directors.

## Director's Comments

### Reduction in referrals

Due to the diversion of medical practitioners in the Department of Health away from compliance activities and into COVID-19 related roles, there was a fall in the number of new referrals to PSR compared to recent years. The PSR does not instigate reviews into practitioners, it responds to requests to review from a delegate of the Chief Executive Medicare. The reduction in new referrals to PSR enabled staff to focus on finalising existing matters, and consequentially there was a high number of finalised matters including several Committee reports.

## Prescribing and instant prescriptions

PSR reviewed a number of practitioners in relation to prescribing concerns. The common items reviewed were second tier antibiotics and schedule 4 and 8 medications.

A new area of review concerned the provision of prescriptions via telehealth or instant prescription services. In one matter under review, there was a concern the doctor issuing prescriptions was not located in Australia. In another case, there was a concern that prescriptions of expensive medications that usually require a detailed patient history to determine patient eligibility were being prescribed after only brief interactions and a series of text messages.

This is an emerging area of concern in prescribing and PSR has fed concerns back to the Department.

## Radiology reviews

As a result of a decision by the Department of Health to review radiology services, PSR received a small number of referrals of radiologists. The two main areas reviewed were MBS Item 104 and co-billing of MRI items.

In regard to MBS item 104, the concerns arising from reviews included an absence of any contemporaneous documentation relating to the performance of a specialist consultation, and a lack of a valid referral requesting a specialist consultation. In most cases there was no supporting documentation for billed services at all. However, in the remaining cases there was documentation, but it was a common pasted sentence inserted into an imaging report and related to securing consent for co-billed imaging or procedural services.

The high levels of concern were fed back to the department who worked with stakeholders to review several MBS Items.

In regard to co-billing of MRI services, the key areas of concern were billing multiple MRI items for the same part of the body but documenting they were for different indications.

In one case, a practitioner repeatedly billed three or four MRI of the brain following a single request for brain imaging. For example, the practitioner received a single request for an MRI of the brain from a neurologist to monitor the progress of a patient with known multiple sclerosis on medication, and the MBS was billed for four separate MRIs of the brain that was made up of:

- MRI brain for brain tumour
- MRI brain for ischaemic metabolic or toxic encephalopathy
- MRI brain for stroke and
- MRI brain for demyelinating disease.

The co-billing concerns were also observed in spine imaging where a single request for an MRI of the lumbar spine by an orthopaedic surgeon was billed to the MBS as three separate MRI scans of the spine for different indications, this being:

- MRI spine one or two levels for radiculopathy
- MRI spine one or two levels for spinal canal stenosis and
- MRI spine one or two levels for myelopathy.

The agency and Department of Health are working with stakeholders to address these concerns.

## Skin medicine

PSR received a small number of referrals related to skin medicine. The main concerns were over inadequate documentation, absent consent in the medical records and identical text across and between multiple patient files. Another area of concern was flap repairs being performed when there were concerns they may not have always been clinically indicated.

PSR reviews tried to incorporate education of practitioners under review to improve standards of documentation, risk assessment, consent and consideration of all appropriate modes of management in relevant situations.

## Child dental benefits scheme and other practitioners

The PSR also reviewed the activities of dental practitioners, nurse practitioners, optometrists and chiropractors.

One area of concern identified related to the use of the Child Dental Benefits Scheme (CDBS). The PSR identified that vans were being sent to childcare centres and primary schools where dental therapists, often with limited supervision, were billing multiple procedures on children as young as 2 years, usually when their parents were not present. Services were billed using the dentist's provider number (and the dentist was paid to allow the use of their number), in situations where the dentist provided inadequate clinical input into the services billed using their provider number. Sometimes fluoride treatments were administered in children under 5 years of age with normal teeth, when this is not recommended by Australian guidelines. Children with identified pathology were often not systematically followed up to ensure definitive treatment occurred.

PSR met with the Australian Dental Association and separately with the Department of Health to discuss the identified concerns and the Association is actively engaged in ensuring that the CDBS funds are spent on clinically indicated services and that children can be linked into a community dentist who can provide holistic care.



## General practitioner reviews

The common items reviewed remained level B, C and D consultation services both in-hours, after-hours and via telehealth. Also reviewed were chronic disease management items, health assessments, ordering of pathology and prescribing. General practitioners continue to make up the majority of the referrals to PSR, with 55% of the 73 referrals being for general practitioners.

## Fraud detection

PSR continued to identify a small number of practitioners who billed for services with no documentation to support the billed services, or where documents had been altered after the onset of the PSR review. Several PSR Committees identified amended medical records. Other serious concerns were observed when practitioners billed for long days of minimum timed consultations before untimed consultations were taken into consideration. In the new referrals during the year, one practitioner billed for counselling and consultation services to patients who were deceased. Another practitioner billed for consultation and GP management plan services for patients who were not in Australia at the time, and another practitioner billed for health assessments and consultation services for patients who were inpatients at a hospital in another town at the time of service. These activities raise a concern over fraud and the matters are referred back to the Department of Health to decide if additional intervention is indicated, other than consideration of inappropriate practice. In clear cases of falsified records, direct referrals are made to the Australian Federal Police.

## Legal issues

Persons involved in the PSR process may seek judicial review in the Federal Court.

In *National Home Doctor Service v Director of PSR* [2020] FCA 1016, the Federal Court dismissed an application to have the Director's ongoing review of the corporation's conduct declared invalid by virtue of the operation of s 94 of the HIA. Under section 94, if the Director has not taken action under s 91, 92 or 93 of the HIA in relation to a review within 12 months, the Director is deemed to have made a decision to take no further action. NHDS argued that as action taken by the Director in July 2019 under s 93 of the HIA (to set up and refer NHDS to a Committee to investigate whether NHDS engaged in inappropriate practice) was subsequently set aside by the Court in April 2020, and it was more than 12 months since the Director had commenced her review, the Director was deemed to have made a decision to take no further action and prevented from resuming her review. In denying the application, the Court held that s 94 required only that the Director take the requisite action in fact, and although the Director's decision to set up and refer NHDS to a Committee was subsequently set aside on legal grounds, this did not have the same effect as the Director having not acted at all.

In *Norouzi v Director of PSR* [2020] FCA 1524, the Federal Court allowed an application by a medical practitioner to set aside a final determination of the Determining Authority, in part, and remitted the matter to the Determining Authority to reconsider the practitioner's submissions regarding the amount of the repayment. While the Court found that the Authority's determination was not unreasonable, it found that the Authority had not adequately addressed all of the practitioner's submissions. The Court dismissed an application to extend time to allow the practitioner to challenge the decision of the PSR Committee noting, amongst other things, the limited merits of the intended substantive application and that the practitioner had delayed, without reasonable cause, in challenging the report of the Committee until he had seen the final determination of the Determining Authority.

In *I-MED Radiology Network Ltd v Director of PSR* [2020] FCA 1645, the Federal Court dismissed an application by two related I-MED companies seeking to set aside a request from the Chief Executive Medicare to the Director PSR to review the provision of services by the two companies on the basis that they did not 'provide services' and therefore were not capable of being referred. Under the HIA, a corporation 'provides services' if they are rendered or initiated by a practitioner employed or otherwise engaged by the corporation. The Court found I-MED had the evidentiary burden of establishing that it did not employ or otherwise engage practitioners and, in turn, that it did not 'provide services' but failed to do so and therefore refrained from deciding whether 'provides services' needed to be objectively determined as a fact before the Chief Executive Medicare and the Director could exercise their powers. Justice Logan observed that the Director need only have a 'concern' that the requisite relationship between practitioner and corporate entity may have existed before referring the corporate entity to be investigated by a Committee.

The Court also rejected I-MED's call to set aside Notices to Produce under s 89B of the HIA issued by the Director to each of the I-MED companies, concluding that the notices were issued, and sought information, in line with the Director's statutory function (i.e. in undertaking a review). In so finding, the Court noted:

- the scope of the Director's review was not limited to the reasons (or particular practitioners) identified by the Chief Executive Medicare in requesting the Director undertake a review
- the Director was entitled to make enquiries (including by issuing notices) to identify practitioners who may have been employed or otherwise engaged by the I-MED companies and may have engaged in inappropriate practice as an initial step in her review
- the Notices were otherwise sufficiently clear as to the documentation to be produced, and the time for compliance (30 days) was not unreasonable.

In *Hamor v Commonwealth of Australia* [2020] FCA 1748, the Federal Court dismissed an application by a Respiratory and Sleep Physician for judicial review of a draft report and final report of a PSR Committee, which had found that he had engaged in inappropriate practice in connection with rendering home sleep studies (MBS Item 12250). Dr Hamor alleged that the Committee's decision-making was affected by a

reasonable apprehension of bias, and that the Committee had misconstrued its statutory task. The Court rejected both grounds. The Court noted that the transcript of the PSR Committee hearing indicated that the Committee was seeking to discharge its role conscientiously by investigating Dr Hamor's provision of services in the wider context of the overall treatment of the relevant patients, as well as by giving detailed attention to Dr Hamor's provision of services to the sample cases. The transcript indicates that Dr Hamor was given many opportunities to comment on the relevance or correctness of the Committee's concerns over a two day hearing, which could not reasonably be considered to indicate the formation of any inappropriate fixed or final view. Subsequently, Dr Hamor was given an opportunity to make written submissions and to respond to the preliminary findings in the Committee's draft report. The Court held that the Committee had not misconstrued MBS Item 12250, when it held that the general body of the specialty would expect that the sleep physician would have a role in supervising the technicians and scorers in order to ensure an appropriate quality of service provision, and that a detailed and reliable patient history should be available to the physician before commencing the home sleep investigation.

In *Yoong v Chief Executive of Medicare & Director of PSR* [2021] FCA 701, the Federal Court dismissed an application from a general practitioner for judicial review of a decision of the delegate of the Chief Executive Medicare (CEM) to request the Director of PSR to review his provision of services. He also challenged the decision of the Director to conduct the review. The question was whether Dr Yoong was owed procedural fairness by the delegate of the CEM, and if so, whether this had been adequately provided. The Court dismissed Dr Yoong's application, finding that the requisite process had been properly complied with by both the CEM and the Director of PSR and that Dr Yoong had not been treated unfairly.

## Summary

In 2020–21, PSR has successfully managed its workload despite the continued disruptions caused by COVID-19 and simultaneously achieved all qualitative key performance indicators. The APS Employee Census ranked the PSR 2nd of 101 departments and agencies in staff engagement and innovation and 25th in staff wellbeing. This outcome, in the middle of a pandemic, with its consequent stresses, reflects the high calibre, hardworking, committed workers within the agency, strong collaboration with stakeholders and a willingness to be rapidly flexible with work processes.

PSR now tackles reviews in many professional areas including complex and litigious corporate reviews and reviews relating to a broad spectrum of clinicians. This has been done without compromising the standard of work outputs and with a continuous quality assurance and innovation mindset.

As Director, I would also like to thank our key stakeholders including the Department of Health, Australian Medical Association and College Chairs for continuing to work with PSR and assist us to identify suitable peer reviewers for our Panel membership.

# CASE STUDY THREE



On 7 January 2021, a final determination came into effect regarding a general practitioner. It determined that the practitioner should:

- be reprimanded and counselled by the Director
- repay \$997,384.71 to the Commonwealth and
- be disqualified from rendering Medicare Benefit Schedule (MBS) items 36, 2713, 703, 721, 723, 5040 and 5049 services for a period of 12 months.

The directions followed from a final report of a PSR Peer Review Committee, which made findings that the practitioner had engaged in inappropriate practice in connection with services provided as MBS items 23, 36, 703, 721, 723, 2713, 5020, 5028, 5040, 5049 and in the prescribing of Pharmaceutical Benefit Schedule (PBS) item 2622B.

The Committee was concerned by the practitioner's standard of medical record keeping across all reviewed services. The reviewed records were often dangerously deficient in failing to record critical clinical information. The inadequate record-keeping was not an aberration that only arose on busy days, but reflected the practitioner's usual practice. The records were not merely below the standard expected from the practitioner's peers, but were so deficient the Committee considered they gave rise to actual clinical risk to patients.

In addition, the Committee was concerned with the practitioner's compliance with MBS requirements and the level of clinical input provided into services. The Committee found in relation to the Health Assessment, General Practitioner Management Plan (GPMP) and Team Care Arrangement (TCA) services that the documents were often unmodified templates containing incorrect information and not providing clinical benefit to the patient. Across many of the consultation services the Committee found the services did not involve sufficient clinical content to justify the relevant time requirements.

With regards to the prescribing of oxycodone 5mg tablets the Committee was concerned this medication was prescribed to drug dependent patients without any appropriate management plan in place.

The Determining Authority's repayment direction of \$997,384.71 and disqualification period of 12 months from MBS item 36, 2713, 703, 721, 723, 5040 and 5049 services reflected the very serious degree of inappropriate practice found by the Committee in their lengthy final report.

# 3. Management and accountability

## Structure and organisation

The Director of PSR is an independent statutory officer appointed by the Minister for Health under s 83 of the HIA. PSR is a listed entity for the purposes of the PGPA Act, and the Director is prescribed as the agency's chief executive (accountable authority).

Professor Julie Quinlivan commenced an appointment for three years as Director on 13 February 2017. In May 2020, Professor Quinlivan was reappointed for a further three years.

## Corporate governance and business planning

Overall accountability for PSR rests with the Director, who has primary authority and legal responsibility for the agency. The PSR Executive Officer, Mr Bruce Topperwien, reports to the Director. He is the Senior Executive Service (SES) officer responsible for the administrative management of the agency and also fulfils the role of General Counsel.

During 2020–21, there were no significant instances of non-compliance with the finance law.

In 2020–21, PSR reviewed its Corporate Plan and progressed the staffing of positions following two workforce planning sessions with senior management and a review of its organisational structure.

The PSR Corporate Plan is publicly available on the PSR website. During 2020–21, PSR used this Corporate Plan as the basis for its performance reporting framework.

**Table 3: Five key performance indicators from the Professional Services Review Corporate Plan 2020–21**

| <b>Key Performance Indicators</b> |  | <b>Outcome</b>   |
|-----------------------------------|--|--|
| <b>1</b>                          | 80% of Committees will finalise their investigations within 24 months of commencing investigation.                     | In 2020–21, 10 investigations were completed, with 100% finalised within 24 months of the committee commencing their investigation.                      |
| <b>2</b>                          | The Director has made a decision under s 91, s 92 or s 93 within 12 months in all cases.                               | During 2020–21, the Director made a decision under s 91, s 92 or s 93 within 12 months in all cases.   |
| <b>3</b>                          | The Determining Authority makes a decision on 100% of s 92 agreements.   | In 2020–21, the Determining Authority made a decision on all s 92 agreements.  |
| <b>4</b>                          | In 80% of cases, the Determining Authority issues its final determination within 6 months of receiving a final report. | In 2020–21, the Determining Authority made 9 Final Determinations <sup>1</sup> , of which 7 were finalised in 6 months. This represents 78% <sup>2</sup> |
| <b>5</b>                          | PSR will consult with the relevant professional bodies on behalf of the Minister in respect of every appointment.      | PSR consulted with the relevant professional bodies on behalf of the Minister regarding 22 appointments, and 12 medical professionals not yet appointed. |

1 This excludes one matter that was remitted back to the Determining Authority for a revised Final Determination following an application for judicial review by the practitioner.

2 The two Determinations that were not finalised within 6 months exceeded the target due to timing of meetings and other unplanned delays.

# Agency structure

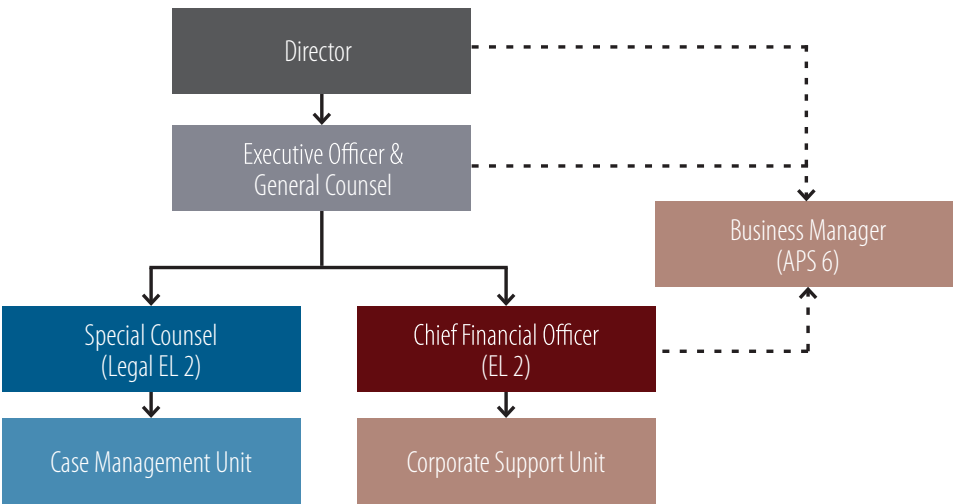
PSR’s current structure (Figure 1) is consistent with prior years. A review of the organisational structure in 2020–21 improved reporting lines for each of the business units. This structure continues to provide for:

- a Case Management Unit, (managed by the Special Counsel), to manage the referrals from the Provider Benefits Integrity Division in the Department of Health through the Director’s Review stage as well as through Committee and Determining Authority processes
- an integrated Corporate Support Unit that reports to the Chief Financial Officer, and is responsible for budget and financial reporting, payroll, human resources, security and property management, ICT and information management, coordination of ministerial appointments, and overall governance
- a Business Manager, who supports the PSR executive team, coordinates administrative tasks across the agency and manages communications, media and parliamentary functions
- the Executive Officer who also fulfils the role of General Counsel.

The Case Management Unit at the end of 2020–21 had four Legal EL 2 Principal Legal Officers, three Legal EL 1 Senior Legal Officers and five Legal APS 6 Legal Officers who are also Case Managers.

Document preparation and management for Director reviews and PSR Committee hearings are provided by an administrative team comprising of four APS 4 case officers. This team is supported by senior records management staff.

Figure 1: Professional Services Review organisational chart, 2020–21





## Portfolio shared services arrangements

As an extra small agency, PSR does not have the resources or capacity to employ staff required to provide all of the specialist services that the agency may need from time to time. The ability to access specialist advice and services from the Department of Health under portfolio shared services arrangements has enabled PSR to manage a range of corporate support functions more efficiently.

PSR accesses human resources and payroll services, including ad-hoc advice from the Department of Health.

## Executive management team

The PSR executive management team consists of the Director, the Executive Officer (and General Counsel), the Special Counsel and the Chief Financial Officer.

The executive management team meet monthly, and at other intervals as required. Standing agenda items at executive management team meetings include:

- reports from the Director, the Executive Officer, the Special Counsel, and the Chief Financial Officer
- reports on case activities, budget and financial reporting, risk management, internal audit, procurement and contracting, human resources, workplace health and safety, security, information management, and
- reports on information and communications technology, noting the executive management team's dual role as members of the Information and Communications Technology and Information Management Governance Committee.

In providing leadership for the agency, the executive management team promotes the core principles of good public sector governance, including accountability, transparency, integrity, efficiency and risk management.

Given the small size of PSR, the executive management team undertakes a variety of functions that might be performed by specialist committees in larger organisations.

## Identifying and managing risk

In prior years, PSR invested in the development of a robust risk management framework. In June 2021, PSR reviewed its Risk Management Plan, and conducted a risk assessment of its activities, covering both strategic and operational risks in planning for the financial year ahead. This exercise was facilitated by a focus group with senior management and an agency wide risk awareness training.

The PSR Risk Management Plan summarises the strategic risk context and operational risk assessment for the agency. The risk assessment was based on a methodology that recognises inherent risk and control effectiveness, and outlines key mitigation strategies to be implemented, and roles and responsibilities for monitoring and reviewing risks. It also identified and prioritised further opportunities for improvement in risk management, taking into account both the maturity of the agency's risk management practices, and its capacity for developing and implementing further change. Progress against the 2020–21 Risk Action Plan was monitored and actioned throughout the year.

The focus group also provided an opportunity for the agency to consider any risks or compliance issues in the context of developing PSR's annual Internal Audit Plan. The Internal Audit Plan includes provision for additional audits should circumstances change during the year.

PSR reports on the Internal Audit Plan and provides regular updates on the status of audit recommendations at each Audit and Risk Committee meeting.

The Audit and Risk Committee provides a level of oversight with respect to risk management and internal controls. However, primary responsibility for managing risk and internal controls rests with PSR management.

## Fraud control

Training on fraud awareness is conducted every two years. PSR's most recent fraud awareness training was held in March 2021, which involved all staff. A focus group with the executive management team was also facilitated to review the fraud risk assessment and the Fraud Control Plan (the Plan). The Plan was developed to ensure PSR has effective systems and processes in place to manage its fraud risks. The Plan complies with the Commonwealth Fraud Control Framework under the PGPA Act, and is consistent with PSR's Risk Management Plan and Accountable Authority Instructions.

Fraud control is a standing agenda item at PSR's management meetings, and Audit and Risk Committee meetings.

## External scrutiny

A summary of the 2020-21 Federal Court litigation is discussed under the Director's comments in Chapter 2: Performance Statement. PSR was not subject to any other external scrutiny in 2020–21.

## Audit and Risk Committee

The PSR Audit and Risk Committee is established by the PSR Director under s 45(1) of the PGPA Act. It provides independent advice on the agency's governance arrangements, risk management framework, internal control and compliance framework, and financial statement responsibilities.

During 2020–21, the PSR Audit and Risk Committee consisted of an independent chair, an independent member, and the agency's Executive Officer who is also the General Counsel. During the year, the role of independent chair was occupied by Ms Gayle Ginnane. Ms Ginnane has extensive experience in the public sector at a senior executive level, and was previously the CEO of the Private Health Insurance Administration Council. Ms Ginnane also has over 10 years' experience as a director on a number of boards in government and the private sector.

PSR's independent member, Mr Paul Groenewegen, has extensive experience in executive and consulting roles, working with corporates, not-for-profits and government. Mr Groenewegen has a strong background in governance practice, strategy development and implementation, financial management, compliance and risk activities and government operations involving regulation and policy. Mr Groenewegen is an active participant in the governance operations of a number of entities, including roles as chair and independent member on audit and risk committees in government and private sector organisations.

The internal member of PSR's Audit and Risk Committee is Mr Bruce Topperwien, who is the agency's Executive Officer and General Counsel, and is also PSR's Senior Executive Service (SES) employee. Mr Topperwien has previously been a Senior Executive Lawyer with the Department of Veterans' Affairs, and a manager, member, and senior executive on Commonwealth tribunals.

PSR's participating observers included representatives from the Australian National Audit Office, and PwC Australia, who are currently PSR's internal auditors.

In 2020–21, the Audit and Risk Committee met on four occasions. In addition, the chair reported regularly to the Director of PSR. During 2020–21, Ms Ginnane was remunerated a total of \$7,700 (GST inclusive), while Mr Groenewegen was remunerated a total of \$5,800 (no GST). Mr Topperwien, as a SES employee was remunerated under an individual agreement in accordance with s 24 of the *Public Service Act 1999*, and consistent with the Department of Health's SES Performance and Remuneration Framework and practices for SES employees.

During the course of the year, the PSR Internal Audit Plan included a range of audits that focused on governance, internal controls, and compliance. The audits included reviews of PSR's corporate performance reporting, a privacy review and the commencement of the annual key controls review. The Internal Audit Plan also included facilitation of the agency's fraud awareness training and fraud risk assessment.

PSR's Audit and Risk Committee Charter can be found at: <https://www.psr.gov.au/publications-and-resources/governance-and-corporate-documents>

## Ethical standards

PSR recognises its responsibilities as part of the APS. As a statutory agency, PSR is committed to the APS Values and the Code of Conduct outlined in the *Public Service Act 1999*. In addition, to help guide its performance, PSR has defined its own values and behaviours, which are underpinned by the APS Values. PSR's values and behaviours – fair, transparent and professional – address the unique aspects of our business and environment, and guide us in how we conduct ourselves in performing our role.

To PSR, being fair means:

- providing procedural fairness in the operation of the PSR Scheme
- using a consistent approach to arrive at timely, justifiable decisions
- delivering an effective and impartial PSR Scheme
- explaining the process to stakeholders.

To PSR, being transparent means:

- accurately informing practitioners of their rights and responsibilities
- accurately informing practitioners of PSR's powers, responsibilities and intentions
- proactively sharing information about the scheme, our outcomes and our activities
- providing defensible reasons for outcomes.

To PSR, being professional means:

- complying with Commonwealth legislative requirements and expectations
- being accountable for our actions and decisions
- protecting the privacy and confidentiality of the information we receive, use and create
- operating with integrity and honesty
- treating all people with courtesy and respect
- using time and resources effectively.

## Management of human resources

PSR staff are covered by PSR's 2016–19 Enterprise Agreement, which came into effect in February 2017. A Determination under subsection 24(1) of the *Public Service Act 1999* was approved by the Director of PSR on 3 February 2020.

PSR has developed a culture where staff are treated fairly, equitably and with respect. PSR is committed to maintaining a work environment that encourages and supports all employees in raising concerns about unacceptable behaviour, is free from bullying and harassment, and provides protection to employees who report instances of suspected

breaches of the Code of Conduct. Agency guidance for managing alleged breaches of the Code of Conduct outline how allegations will be managed and are available to all employees via the PSR intranet.

## Australian Public Service staff

Staff employed by PSR, with the exception of the Director, are employed under the *Public Service Act 1999*.

At 30 June 2021, PSR had 27 APS staff. Given PSR's role as a regulatory agency, PSR has a number of specialist Legal EL 2 positions, despite its small agency size. These positions are filled by senior lawyers with extensive administrative law experience. They have specific responsibility for managing PSR cases, and providing legal advice to the Director and PSR Committees.

Tables 4 and 5 provide details of staff numbers.

**Table 4: PSR Australian Public Service staff at 30 June 2021**

| Classification | Male     | Female    | Ongoing employment | Non-ongoing employment | Full time | Part time | Total     |
|----------------|----------|-----------|--------------------|------------------------|-----------|-----------|-----------|
| SES Band       | 1        | 0         | 1                  | 0                      | 1         | 0         | 1         |
| Legal/EL 2     | 1        | 5         | 6                  | 0                      | 5         | 1         | 6         |
| Legal/EL 1     | 0        | 4         | 4                  | 0                      | 3         | 1         | 4         |
| Legal/APS 6    | 5        | 3         | 7                  | 1                      | 8         | 0         | 8         |
| APS 5          | 0        | 5         | 5                  | 0                      | 3         | 2         | 5         |
| APS 4          | 1        | 2         | 2                  | 1                      | 2         | 1         | 3         |
| <b>Total</b>   | <b>8</b> | <b>19</b> | <b>25</b>          | <b>2</b>               | <b>22</b> | <b>5</b>  | <b>27</b> |

APS = Australian Public Service; EL = Executive Level; SES = Senior Executive Service

**Table 5: PSR FTE at 30 June 2021**

| Staff                                   | 30 June 2021 | 30 June 2020 |
|---|--------------|--------------|
| Full Time Equivalent (FTE) <sup>2</sup> | 25.77        | 24.64        |

2 Excludes Director of PSR, Statutory Appointment

## Enterprise agreement

At 30 June 2021, the majority of PSR's staff were based in the ACT, with one employee in NSW. There were nine employees who did not speak English as their first language and 44% had parents who did not speak English as their first language. PSR had no employees who identified as Aboriginal or Torres Strait Islander, and one employee with an identified disability.

During 2020–21 PSR recruited one non-ongoing employee, and five ongoing employees. Three ongoing employees left PSR through resignation, one employee commenced maternity leave and one employee took a temporary transfer.

Table 6 outlines the PSR salary ranges for the levels of staff at 30 June 2021.

**Table 6: Current PSR salary ranges**

| Classification | Minimum (\$) | Maximum (\$) |
|----------------|--------------|--------------|
| APS 4          | 67,691       | 72,671       |
| APS 5          | 73,653       | 77,901       |
| APS 6          | 81,588       | 95,846       |
| Legal APS 6    | 83,412       | 92,040       |
| EL 1           | 103,089      | 115,107      |
| Legal EL 1     | 106,963      | 126,843      |
| EL 2           | 115,485      | 142,816      |
| Legal EL 2     | 138,721      | 149,859      |

APS = Australian Public Service; EL = Executive Level

Note: Salary ranges are from the Public Service (Subsection 24(1) – Professional Services Review Non-SES Employees) Determination 2020.

## Non-salary benefits

PSR provided non-salary benefits to attract and retain capable staff. In 2020–21, benefits included:

- allowance for mobile phones for relevant personnel
- home internet access to PSR's ICT network
- paid car parking for all employees
- professional memberships

## Performance pay

During 2020–21, PSR awarded performance pay to executive and senior management level employees who satisfied certain performance conditions specified by individual flexibility agreements.

Table 7 provides details of employees by classification, who received performance pay relating to the PDS cycle ending 30 June 2021. The total amount paid was \$62,103.

**Table 7: Performance pay to PSR employees**

| Classification         | Employees | Total Paid (\$) | Average (\$) | Minimum (\$) | Maximum (\$) |
|------------------------|-----------|-----------------|--------------|--------------|--------------|
| SES Band 1/ Legal/EL 2 | 4         | 62,103          | 12,421       | 1,715        | 18,866       |

## Key Management Personnel (KMP)

During the reporting period ending 30 June 2021, PSR had six KMP executives. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of PSR, directly or indirectly, including any director (whether executive or otherwise) of PSR. PSR has determined the key management personnel to be those occupying the roles of Director, Executive Officer, Special Counsel, and the Chief Financial Officer. Their names and tenure as a KMP during the reporting period ending 30 June 2021 are summarised in Table 8 below:

**Table 8: 2020–21 Key Management Personnel**

| Position title                             | Name                         | Term as KMP   |
|--|------------------------------|---|
| Director of PSR<br>(Accountable Authority) | Professor Julie Quinlivan    | Full year   |
| Acting Director PSR                        | Dr David Rankin <sup>1</sup> | Appointed for two periods:<br>5 October–16 October 2020<br>16 November–27 November 2020 |
| Executive Officer and General Counsel      | Bruce Topperwien             | Full year   |
| Special Counsel                            | Andrew Shelley               | 1 July 2020–30 May 2021   |
|  | Margaret Parker              | 31 May 2021–30 June 2021  |
| Chief Financial Officer                    | Linnet Lee                   | Full year   |

<sup>1</sup> The Acting Director was appointed during the period the Director was on leave.



In the notes to the financial statements for the period ending 30 June 2021, PSR disclosed the following KMP expenses:

| <b>Note 10: Key management personnel remuneration for the reporting period</b> | <b>2021</b>      |
|--|------------------|
| Short-term benefits  |                  |
| Salary   | 857,294          |
| Performance bonuses  | 45,619           |
| Other <sup>2</sup>   | 42,939           |
| Annual leave   | 58,461           |
| Total short-term employee benefits   | 1,004,313        |
| Post-employment benefits   |                  |
| Superannuation   | 113,809          |
| Total post-employment benefits   | 113,809          |
| Other long-term benefits   |                  |
| Long-service leave   | 23,830           |
| Total other long-term benefits   | 23,830           |
| Termination benefits   | -                |
| <b>Total</b>   | <b>1,141,952</b> |

2 Includes Executive vehicle allowance, car parking and mobile allowance.

Note 10 above has been disaggregated in Table 9.

## Senior Executive remuneration

PSR's Senior Executive Service (SES) employee is remunerated under an individual agreement in accordance with s 24 of the *Public Service Act 1999*. The Director of PSR has authority to approve s 24 agreements, which is consistent with the Department of Health's SES Performance and Remuneration Framework and practices for SES employees. During 2020–21, PSR adhered to the Australian Government's direction to pause remuneration increases for SES officers.

During the reporting period, PSR had one SES employee who was also a KMP, and holds the title of Executive Officer and General Counsel. Details of PSR's SES remuneration are included in Table 9.

Table 9: KMP Remuneration

| Name                      | Position title                                     | Short-term benefits |               |                               | Post - employment benefits | Other long-term benefits | Termination benefits | Total remuneration |
|---------------------------|--|---------------------|---------------|-------------------------------|----------------------------|--------------------------|----------------------|--------------------|
|                           |  | Base salary         | Bonuses       | Other benefits and allowances |                            |                          |                      |                    |
| Professor Julie Quinlivan | Director PSR (Accountable Authority) <sup>4</sup>  | 346,132             | -             | 21,659                        | 22,122                     | 8,809                    | -                    | 398,722            |
| Dr David Rankin           | Acting Director PSR <sup>3,4</sup>                 | 22,041              | -             | 345                           | 4,286                      | -                        | -                    | 26,672             |
| Bruce Topperwien          | Executive Officer and General Counsel <sup>5</sup> | 187,723             | 14,017        | 45,134                        | 36,869                     | 6,985                    | -                    | 290,728            |
| Andrew Shelley            | Special Counsel <sup>6</sup>                       | 140,449             | 18,866        | 15,586                        | 23,974                     | 4,485                    | -                    | 203,360            |
| Margaret Parker           | Special Counsel <sup>6</sup>                       | 15,123              | 1,715         | 1,941                         | 2,219                      | 883                      | -                    | 21,881             |
| Linnet Lee                | Chief Financial Officer <sup>6</sup>               | 145,826             | 11,021        | 16,735                        | 24,338                     | 2,668                    | -                    | 200,588            |
| <b>Total</b>              |  | <b>857,294</b>      | <b>45,619</b> | <b>101,400</b>                | <b>113,809</b>             | <b>23,830</b>            | <b>-</b>             | <b>1,141,952</b>   |

<sup>3</sup> The Acting Director was appointed for part of the year during the period the Director was on leave.

<sup>4</sup> Remunerated under the Remuneration Tribunal Determination for Full-Time Office Holders.

<sup>5</sup> Remunerated under a s 24 agreement under the *Public Service Act 1999*.

<sup>6</sup> Remunerated under Individual Flexibility Arrangements (IFAs), which includes car parking, performance bonuses linked to annual performance ratings, and pay rises in line with the agency's current Enterprise Agreement. IFAs are determined by the Director (Accountable Authority).

## Other highly paid staff (OHPS)

During 2020–21 PSR did not have employees who met the threshold for other highly paid staff. There were no employees whose total remuneration was \$230,000 or more, who were not KMP or SES employees.

## Holders of full-time and part-time public office

The Director of PSR is a holder of full-time public office whose remuneration and allowances are set annually by the Remuneration Tribunal. PSR Panel and Determining Authority members are holders of part-time public office. The Remuneration Tribunal also sets their remuneration and allowances on an annual basis.

Panel members and deputy directors who are appointed to specific PSR Committees are paid in accordance with the Remuneration Tribunal rates and allowances.

Table 10 shows the number of statutory appointments to PSR by practice location and gender.

**Table 10: Statutory Appointment Holders as at 30 June 2021**

| Location                     | Male | Female | Total |
|------------------------------|------|--------|-------|
| Australian Capital Territory | 7    | 4      | 11    |
| New South Wales              | 23   | 27     | 50    |
| Northern Territory           | 0    | 2      | 2     |
| Queensland                   | 20   | 3      | 23    |
| South Australia              | 5    | 8      | 13    |
| Tasmania                     | 3    | 3      | 6     |
| Victoria                     | 25   | 10     | 35    |
| Western Australia            | 7    | 6      | 13    |
| Total                        | 90   | 63     | 153   |

A full list of statutory appointment holders is available at Appendix 4.

## Training and development

PSR employees, in consultation with their managers, identify their training and development needs through individual development plans made under the organisation's Performance Development Scheme. As a result of this consultation, PSR employees accessed a range of learning and development opportunities during

2020–21, including external courses and workshops in areas including leadership and management, security, work health and safety, law, finance, risk, and records management. Online training events and resources were utilised more than in prior years, due to COVID-19.

PSR also established a PSR Learnhub site, to provide all staff with access to existing Commonwealth resources for mandatory training topics.

PSR allocates a portion of its annual departmental expenditure to training and development during the financial year.

## Work health and safety

PSR is committed to protecting the health, safety and welfare of its employees, contractors and visitors.

PSR undertook a number of health and safety initiatives in 2020–21, including:

- workstation assessments for new and existing employees
- provision of required modifications following workstation assessments
- complying with Comcare requirements for COVID-19 infrastructure and personnel management
- regular involvement in COVID-19 business continuity planning and monitoring
- onsite influenza vaccinations offered for all employees and immediate family members
- access to the employee assistance program for employees and their immediate families and
- continued workplace flexibility, to support staff to work remotely and safely.

PSR's health and safety representative (HSR) is responsible for monitoring workplace hazards. The HSR and human resources officer conduct workplace inspections and report their findings to the Health and Safety Committee for action. Employees can also raise any health and safety issues with the health and safety representative.

## Disability reporting mechanisms

The National Disability Strategy 2010–2020, set out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society.

The Australian Government Department of Social Services is currently working with stakeholders to develop the new National Disability Strategy, due for release in the second half of 2021.

## Accommodation

PSR entered into a 5 year lease of its premises at Brindabella Business Park during 2017–18. As part of lease negotiations, PSR made modifications to the premises to improve the needs of the agency as it managed increased referrals.

Further minor modifications were completed in 2020–21 to accommodate additional staff and consultants. This was necessary, in order to better manage the agency's workload and to optimise use of its office space.

# CASE STUDY FOUR



On 2 December 2020, a final determination came into effect regarding a general practitioner. It directed that the practitioner:

- be reprimanded and counselled by the Director
- repay \$589,204.42 to the Commonwealth and
- be fully disqualified from rendering Medicare Benefit Schedule (MBS) items for a period of 3 years.

The directions followed from a final report of a PSR Peer Review Committee, which concluded that the practitioner engaged in inappropriate practice in connection with services provided as MBS items 23, 36, 44, 705, 721, 723, 732, 2525, 2713, 2715 and 30192 and in the prescribing of Pharmaceutical Benefit Schedule (PBS) items 2622B and 3162K.

The Committee was concerned that across many of the reviewed services the patient was not present on the date of service. In addition, the Committee was concerned there were no contemporaneous medical records related to many of the services under review.

Across all of the reviewed MBS services the Committee was concerned with the practitioner's compliance with MBS requirements. They were particularly concerned that:

- minimum time requirements were not met
- clinical input provided into each service was inadequate and
- contemporaneous medical records (when present) were insufficient.

The Committee found in relation to the General Practitioner Management Plan (GPMP), Team Care Arrangement (TCA) and GPMP and TCA review services (MBS items 721, 723 and 732) that not all patients were eligible for the services, the clinical input into the service was inadequate and the medical record was inadequate. In many cases no contemporaneous documents were present. In relation to the MBS item 30192 services the Committee considered there was no evidence to support that cryotherapy was performed on the date of service.

With regards to the prescribing of oxycodone 5mg tablets (2622B) and diazepam 5mg tablets (3162K) the Committee was concerned about the clinical input in relation to the management of patients to whom these drugs were prescribed. In addition, the Committee was concerned about the practitioner's practice of forward-dating prescriptions and that the record-keeping reflecting why the medications were prescribed was inadequate.

The Determining Authority's repayment direction of \$589,204.42 and the disqualification period of three years from all Medicare rebated services reflects the extremely serious degree of inappropriate practice found by the Committee.

# 4. Financial performance

PSR's departmental appropriation for 2020–21 was \$9,521,000, which includes \$274,000 for a departmental capital budget.

Departmental expenses at 30 June 2021 were \$8,176,170 (excluding GST).

A resource summary of PSR's departmental expenses is provided at Appendix 1. Further information on PSR's financial performance is available in the audited financial statements and accompanying notes at Appendix 2.

## Purchasing

In 2020–21, PSR sourced goods and services in accordance with the principles set out in the Commonwealth Procurement Rules.

Purchase of goods and services during the year reflect mandatory guidelines and focused on:

- value for money
- encouraging competition
- efficient, effective and ethical use of Australian Government resources
- accountability and transparency
- compliance with other Australian Government policies.

Air travel management services have been outsourced to QBT. PSR requires the 'lowest practical fare' when procuring air travel for employees and statutory office holders.

## Asset management

Management of physical assets is not a significant part of PSR's operations. A departmental capital budget has been developed to ensure that there are sufficient funds to replace assets, as required.

PSR maintains an asset register and conducts an annual asset stocktake, in accordance with accounting standards and better practice asset management.



## Consultants

PSR engages consultants where it lacks specialist expertise, or when independent research, review or assessment is required. Consultants are typically engaged to:

- investigate or diagnose a defined issue or problem
- carry out defined reviews or evaluations, or
- provide independent advice, information or creative solutions to assist with the agency's decision making.

Before engaging consultants, PSR takes into consideration the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related Rules, including the Commonwealth Procurement Rules.

During 2020–21, PSR engaged 12 consultants with a total value of \$173,261\*, under s 90 of the HIA, to assist with the performance of the functions, duties and powers of the Director. Four of the 12 consultancy contracts were ongoing contracts (totalling \$127,274\*). Three out of the 4 ongoing contracts were for services provided by Dr D Brand, Dr A Di Dio, and Janaki Pty Ltd and represented 5% or more of total consultant expenditure. The other 8 consultancy contracts represent new contracts in specialist areas and were entered into during the financial year (totalling \$45,986\*). PSR relies on peer expertise to assist with Director stage reviews and some clinicians are engaged under a labour hire consultancy for this purpose.

PSR spent a cumulative amount of \$94,554\* on eight new consultancies during 2020–21 to provide professional, independent and expert advice to PSR.

In addition, PSR incurred expenditure of \$936,054\* in relation to contracts for the provision of legal services from Clayton Utz, Sparke Helmore, Maddocks, and the Australian Government Solicitor. During the year, PSR entered into one new contract for legal services with Lawyerbank in the amount of \$61,050\*.

PSR also spent \$215,138\* on contractors with Agora Consulting to backfill key positions that became vacant during the year.

Annual reports contain information about actual expenditure on reportable and non-reportable consultancy contracts for consultancies. Information on the value of reportable and non-reportable consultancy contracts is available on the AusTender website.

## Australian National Audit Office access clauses

During 2020–21, PSR had no contracts over the value of \$100,000 (GST inclusive) that did not provide for the Auditor-General to have access to the contractor's premises.

\* figures inclusive of GST

## Exempt contracts

In 2020–21, PSR had no contracts over the value of \$10,000 (GST inclusive) that were exempt from being published on AusTender on the basis that to do so would disclose exempt matters under the *Freedom of Information Act 1982*.

## Procurement initiatives to support small business

PSR supports small business participation in the Australian Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

PSR recognises the importance of ensuring that small businesses are paid on time.

The results of the Australian Government's 'Pay On-Time Survey – Performance report 2020' (including PSR's payments to small businesses) are available on the Treasury website.

PSR applies procurement practices that are consistent with the Commonwealth Procurement Rules and the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 (GST inclusive) that do not unfairly discriminate against small and medium enterprises. PSR recognises the importance of timely payments to small businesses, and ensures that key financial systems and processes are robust to facilitate these payments.

## Indigenous Procurement Policy

The Australian Government's Indigenous Procurement Policy is in place to stimulate Indigenous business and economic development by providing Indigenous Australians with more opportunities to participate in the economy. It aims to have 3% of eligible procurements awarded to Indigenous enterprises by the 2027–28 financial year.

During the reporting year, PSR paid \$7,561 (GST inclusive) to 2 suppliers who fall under this policy.

## Advertising and market research

PSR did not undertake any advertising campaigns during 2020–21.

## Grants programs

PSR does not administer any grants programs.

## Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires that PSR reports its contribution to ecologically sustainable development.

PSR's small size and specific role limit its opportunities to contribute to ecologically sustainable development. However, PSR endeavours to reduce its energy costs by using energy efficient light bulbs and sensor light technology. PSR also encourages ecologically sustainable practices, such as paper, plastic and aluminium recycling and has implemented systems and processes to encourage reliance on electronic records in preference to paper.

## Publications

PSR produced two publications in 2020–21:

- Annual report 2019–20
- PSR Committee Handbook

# Appendix 1

## Professional Services Review's resource statement and outcome summary 2020–21

Table 11: Resource statement, 2020–21

| Resource                              |   | Actual available appropriations for 2020–21 (\$'000)(a) | Payments made in 2020–21 (\$'000)(b) | Balance remaining (\$'000)(a–b) |
|---------------------------------------|---|---|--------------------------------------|---------------------------------|
| Ordinary Annual Services <sup>a</sup> | Departmental appropriation <sup>b</sup> | 10,025  | 9,115                                | 910                             |
| Other services                        | Departmental non-operating              | -   | -                                    | -                               |
|                                       | Equity injections                       | -   | -                                    | -                               |
|                                       | Previous year's outputs                 | -   | -                                    | -                               |
|                                       | Total other services                    | -   | -                                    | -                               |
|                                       | Total resourcing and payments           | 10,025  | 9,115                                | 910                             |

Note: All figures are GST exclusive.

a Appropriation Acts (No. 1) 2020–21.

b Includes an amount of \$274,000 for the Departmental Capital Budget.

Table 12: Resource summary, Outcome 1<sup>a</sup>

|  | [A]<br>Budget<br>2020–21<br>(\$'000) | [B]<br>Actual<br>expenses<br>2020–21<br>(\$'000) | [A - B]<br>Variation<br>(\$'000) |
|--|--------------------------------------|--|----------------------------------|
| Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme |                                      |  |                                  |
| Departmental outputs   | 9,247                                | 8,176  | 1,071                            |
| Average staffing level (number)  | 28                                   | 26   | 2                                |

a 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.

# Appendix 2

## Financial statements

Independent Auditor's Report

Statement by Accountable Authority and Chief Financial Officer

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Cash flow statement

Overview

Note 1: Expenses

Note 2: Income

Note 3: Financial assets

Note 4: Non-financial assets

Note 5: Payables and Interest Bearing Liabilities

Note 6: Provisions

Note 7: Appropriations

Note 8: Cash Flow Reconciliation

Note 9: Employee Provisions

Note 10: Key Management Personnel Remuneration

Note 11: Related Party Disclosures

Note 12: Contingent Assets and Liabilities

Note 13: Financial Instruments

Note 14: Fair Value Measurement

Note 15: Aggregate Assets and Liabilities



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Health and Aged Care

#### Opinion

In my opinion, the financial statements of the Professional Services Review (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Director is also responsible for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rahul Tejani  
Executive Director  
Delegate of the Auditor-General

Canberra  
24 September 2021



## STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42 (2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Professional Services Review will be able to pay its debts as and when they fall due.



**Professor Julie Quinlivan**  
Director, Accountable Authority  
Professional Services Review

24 September 2021



**Linnet Lee**  
Chief Financial Officer  
Professional Services Review

24 September 2021

**STATEMENT OF COMPREHENSIVE INCOME***for the period ended 30 June 2021*

|   | Notes | 2021<br>\$       | 2020<br>\$       | Original<br>Budget 2021<br>\$ |
|---|-------|------------------|------------------|-------------------------------|
| <b>NET COST OF SERVICES</b>   |       |                  |                  |                               |
| <b>Expenses</b>   |       |                  |                  |                               |
| Employee benefits   | 1A    | 3,649,206        | 3,561,912        | 3,673,000                     |
| Supplier expenses   | 1B    | 3,854,917        | 4,330,029        | 4,555,000                     |
| Depreciation and amortisation   | 4A    | 661,544          | 652,451          | 632,000                       |
| Finance costs   | 1C    | 5,174            | 8,960            | 7,000                         |
| Impairment of assets  | 1D    | 2,045            | -                | -                             |
| Losses from disposal of assets  | 1E    | 3,284            | 4,159            | -                             |
| <b>Total expenses</b>   |       | <b>8,176,170</b> | <b>8,557,511</b> | <b>8,867,000</b>              |
| <b>Own-Source Income</b>  |       |                  |                  |                               |
| <b>Own-source revenue</b>   |       |                  |                  |                               |
| Rendering of services   | 2A    | 124,626          | -                | -                             |
| Other revenue   | 2B    | 37,000           | 37,000           | 39,000                        |
| <b>Total own-source revenue</b>   |       | <b>161,626</b>   | <b>37,000</b>    | <b>39,000</b>                 |
| <b>Gains</b>  |       |                  |                  |                               |
| Other gains   | 2C    | 2,000            | 7,500            | -                             |
| <b>Total gains</b>  |       | <b>2,000</b>     | <b>7,500</b>     | <b>-</b>                      |
| <b>Total own-source income</b>  |       | <b>163,626</b>   | <b>44,500</b>    | <b>39,000</b>                 |
| <b>Net cost of services</b>   |       | <b>8,012,544</b> | <b>8,513,011</b> | <b>8,828,000</b>              |
| Revenue from Government - departmental appropriations                           | 2D    | 9,247,000        | 8,616,000        | 8,529,000                     |
| <b>Surplus (Deficit) attributable to the Australian Government</b>              |       | <b>1,234,456</b> | <b>102,989</b>   | <b>(299,000)</b>              |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                  |                  |                               |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |       |                  |                  |                               |
| Changes in asset revaluation surplus  |       | 68,382           | (60,130)         | -                             |
| <b>Total other comprehensive income</b>   |       | <b>68,382</b>    | <b>(60,130)</b>  | <b>-</b>                      |
| <b>Total comprehensive income attributable to the Australian Government</b>     |       | <b>1,302,838</b> | <b>42,859</b>    | <b>(299,000)</b>              |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2021

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### Budget Variances Commentary

#### Statement of Comprehensive Income

Supplier expenses were \$700K (15%) lower than budget. The variance was due to COVID, with a reduction in committee hearings due to travel restrictions.

Finance costs were lower than budget by \$2K. The variance was due to the unwinding discount on the makegood which was overestimated at the time of budget.

Impairment of assets was higher than budget by \$2K and represents a decline in the fair value of an asset after a revaluation was conducted at 30 June. At the time of budget, movements in asset carrying amounts from valuation could not be estimated, and were not likely to be significant.

Losses from disposal of assets were higher than budget by \$3K. The variance was due to disposal of obsolete software. These assets would not have been identified for disposal at the time of budget.

Rendering of services were higher than budget by \$125K and represents costs awarded in favour of PSR for litigation cases before the Federal Court, which could not be determined at the time of budget.

An increase in other gains of \$2K represents a reversal of prior year allowance for credit losses which has been recovered from the debtor.

At 30 June, PSR undertook a revaluation of its assets. At the time of budget, movements in asset carrying amounts from the valuation could not be estimated, and were not likely to be significant. The valuation resulted in fair value movements greater than 10% and increased the asset revaluation reserve by \$68K.

The year end surplus was higher than budget due to the decrease in supplier expenses explained above, and funding of \$718K received under the *Guaranteeing Medicare - improving access to appropriate services* measure. The measure was underspent due to delays in progressing committee hearings as a result of travel restrictions. PSR also received \$125K in settlement fees for litigation cases that were awarded in favour of PSR.

**STATEMENT OF FINANCIAL POSITION***as at 30 June 2021*

|   |       | 2021             | 2020             | Original<br>Budget 2021 |
|---|-------|------------------|------------------|-------------------------|
|   | Notes | \$               | \$               | \$                      |
| <b>ASSETS</b>                                 |       |                  |                  |                         |
| <b>Financial Assets</b>                       |       |                  |                  |                         |
| Cash and cash equivalents                     | 3A    | 79,000           | 73,178           | 73,000                  |
| Trade and other receivables                   | 3B    | 4,348,424        | 3,333,653        | 3,033,000               |
| <b>Total financial assets</b>                 |       | <b>4,427,424</b> | <b>3,406,831</b> | <b>3,106,000</b>        |
| <b>Non-Financial Assets</b>                   |       |                  |                  |                         |
| Buildings                                     | 4A    | 547,230          | 914,583          | 503,000                 |
| Plant and equipment                           | 4A    | 379,852          | 259,600          | 387,000                 |
| Intangibles                                   | 4A    | 327,884          | 385,499          | 316,000                 |
| Other non-financial assets                    | 4B    | 214,033          | 60,602           | 61,000                  |
| <b>Total non-financial assets<sup>1</sup></b> |       | <b>1,468,999</b> | <b>1,620,284</b> | <b>1,267,000</b>        |
| <b>Total assets</b>                           |       | <b>5,896,423</b> | <b>5,027,115</b> | <b>4,373,000</b>        |
| <b>LIABILITIES</b>                            |       |                  |                  |                         |
| <b>Payables</b>                               |       |                  |                  |                         |
| Suppliers                                     | 5A    | 233,266          | 875,445          | 434,000                 |
| Other payables                                | 5B    | 126,198          | 104,804          | 105,000                 |
| <b>Total payables</b>                         |       | <b>359,464</b>   | <b>980,249</b>   | <b>539,000</b>          |
| <b>Interest bearing liabilities</b>           |       |                  |                  |                         |
| Leases  | 5C    | 348,304          | 673,533          | 341,000                 |
| <b>Total interest bearing liabilities</b>     |       | <b>348,304</b>   | <b>673,533</b>   | <b>341,000</b>          |
| <b>Provisions</b>                             |       |                  |                  |                         |
| Employee provisions                           | 9     | 1,105,285        | 866,801          | 1,014,000               |
| Provision for restoration obligations         | 6     | 102,000          | 102,000          | 100,000                 |
| <b>Total provisions</b>                       |       | <b>1,207,285</b> | <b>968,801</b>   | <b>1,114,000</b>        |
| <b>Total liabilities</b>                      |       | <b>1,915,053</b> | <b>2,622,583</b> | <b>1,994,000</b>        |
| <b>Net assets</b>                             |       | <b>3,981,370</b> | <b>2,404,532</b> | <b>2,379,000</b>        |
| <b>EQUITY</b>                                 |       |                  |                  |                         |
| Contributed equity                            |       | 2,011,497        | 1,737,497        | 2,011,000               |
| Reserves                                      |       | 850,784          | 782,402          | 782,000                 |
| Retained surplus/(Accumulated deficit)        |       | 1,119,089        | (115,367)        | (414,000)               |
| <b>Total equity</b>                           |       | <b>3,981,370</b> | <b>2,404,532</b> | <b>2,379,000</b>        |

The above statement should be read in conjunction with the accompanying notes.

1. Right-of-use assets are included in Buildings.

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

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### Budget Variances Commentary

#### Statement of Financial Position

Trade and other receivables were higher than budget by \$1,315K (43%). The variance is partially represented by \$718K in appropriation revenue relating to the *Guaranteeing Medicare - Improving access to appropriate services* measure which was announced in late 2020-21, and received under *Appropriation Act No. 3*. Due to travel restrictions, there was also an underspend in supplier expenses, resulting in a higher appropriation receivable at year end.

Other non-financial assets were higher than budget by \$153K. The variance represents prepayments of software licences, not forecasted at the time of budget.

Supplier payables were lower than budget by \$201K (46%). The budget assumes a higher balance than actual figures based on anticipated increases in case referrals. Due to ongoing travel restrictions and the impact of COVID, referrals, committee hearings and case activities have been delayed.

Other payables were higher than budget by \$21K (20%). The variance relates to performance pay, in which budget was based on prior year estimates.

The movement in retained surplus was due to the reasons outlined in the Budget Variances Commentary - Statement of Comprehensive Income.

**STATEMENT OF CHANGES IN EQUITY***for the period ended 30 June 2021*

|  | 2021             | 2020             | Original<br>Budget 2021 |
|--|------------------|------------------|-------------------------|
| Notes  | \$               | \$               | \$                      |
| <b>CONTRIBUTED EQUITY</b>                    |                  |                  |                         |
| <b>Opening balance</b>                       |                  |                  |                         |
| Balance carried forward from previous period | 1,737,497        | 1,708,497        | 1,737,000               |
| <b>Opening balance</b>                       | <b>1,737,497</b> | <b>1,708,497</b> | <b>1,737,000</b>        |
| <b>Transactions with owners</b>              |                  |                  |                         |
| <b>Contributions by owners</b>               |                  |                  |                         |
| Departmental capital budget                  | 274,000          | 29,000           | 274,000                 |
| <b>Total transactions with owners</b>        | <b>274,000</b>   | <b>29,000</b>    | <b>274,000</b>          |
| <b>Closing balance as at 30 June</b>         | <b>2,011,497</b> | <b>1,737,497</b> | <b>2,011,000</b>        |
| <b>RETAINED EARNINGS</b>                     |                  |                  |                         |
| <b>Opening balance</b>                       |                  |                  |                         |
| Balance carried forward from previous period | (115,367)        | (293,974)        | (115,000)               |
| Adjustment on initial application of AASB 16 | -                | 75,618           | -                       |
| <b>Opening balance</b>                       | <b>(115,367)</b> | <b>(218,356)</b> | <b>(115,000)</b>        |
| <b>Comprehensive income</b>                  |                  |                  |                         |
| Surplus/(Deficit) for the period             | 1,234,456        | 102,989          | (299,000)               |
| <b>Total comprehensive income</b>            | <b>1,234,456</b> | <b>102,989</b>   | <b>(299,000)</b>        |
| <b>Closing balance as at 30 June</b>         | <b>1,119,089</b> | <b>(115,367)</b> | <b>(414,000)</b>        |
| <b>ASSET REVALUATION RESERVE</b>             |                  |                  |                         |
| <b>Opening balance</b>                       |                  |                  |                         |
| Balance carried forward from previous period | 782,402          | 842,532          | 782,000                 |
| <b>Opening balance</b>                       | <b>782,402</b>   | <b>842,532</b>   | <b>782,000</b>          |
| <b>Comprehensive income</b>                  |                  |                  |                         |
| Other comprehensive income                   | 68,382           | (60,130)         | -                       |
| <b>Total comprehensive income</b>            | <b>68,382</b>    | <b>(60,130)</b>  | <b>-</b>                |
| <b>Closing balance as at 30 June</b>         | <b>850,784</b>   | <b>782,402</b>   | <b>782,000</b>          |

## STATEMENT OF CHANGES IN EQUITY (Continued)

for the period ended 30 June 2021

|  | Notes | 2021<br>\$       | 2020<br>\$       | Original<br>Budget 2021<br>\$ |
|--|-------|------------------|------------------|-------------------------------|
| <b>TOTAL EQUITY</b>                          |       |                  |                  |                               |
| Balance carried forward from previous period |       | 2,404,532        | 2,257,055        | 2,404,000                     |
| Adjustment on initial application of AASB 16 |       | -                | 75,618           | -                             |
| <b>Opening balance</b>                       |       | <b>2,404,532</b> | <b>2,332,673</b> | <b>2,404,000</b>              |
| <b>Comprehensive income</b>                  |       |                  |                  |                               |
| Surplus (Deficit) for the period             |       | 1,234,456        | 102,989          | (299,000)                     |
| Other comprehensive income                   |       | 68,382           | (60,130)         | -                             |
| <b>Total comprehensive income</b>            |       | <b>1,302,838</b> | <b>42,859</b>    | <b>(299,000)</b>              |
| <b>Transactions with owners</b>              |       |                  |                  |                               |
| <b>Contributions by owners</b>               |       |                  |                  |                               |
| Departmental capital budget                  |       | 274,000          | 29,000           | 274,000                       |
| <b>Total transactions with owners</b>        |       | <b>274,000</b>   | <b>29,000</b>    | <b>274,000</b>                |
| <b>Closing balance as at 30 June</b>         |       | <b>3,981,370</b> | <b>2,404,532</b> | <b>2,379,000</b>              |

The above statement should be read in conjunction with the accompanying notes.

### Budget Variances Commentary

#### Statement of Changes in Equity

Total comprehensive income has increased by approximately \$1.6m. The variance is represented by an increase of \$1.5m in the agency's anticipated surplus, and an increase in the asset revaluation reserve of \$68k, after an asset valuation was conducted on the agency's leasehold improvements and plant and equipment at 30 June 2021.

**CASH FLOW STATEMENT***for the period ended 30 June 2021*

|   | 2021             | 2020             | Original<br>Budget 2021 |
|---|------------------|------------------|-------------------------|
| Notes   | \$               | \$               | \$                      |
| <b>OPERATING ACTIVITIES</b>   |                  |                  |                         |
| <b>Cash received</b>  |                  |                  |                         |
| Appropriations  | 8,440,778        | 7,935,586        | 8,830,000               |
| Sale of goods and rendering of services                             | 124,626          | -                | -                       |
| Net GST received  | 297,793          | 280,284          | 352,000                 |
| <b>Total cash received</b>  | <b>8,863,197</b> | <b>8,215,870</b> | <b>9,182,000</b>        |
| <b>Cash used</b>  |                  |                  |                         |
| Employees   | 3,389,328        | 3,437,788        | 3,526,000               |
| Suppliers   | 4,926,967        | 4,027,593        | 5,313,000               |
| Interest payments on lease liabilities                              | 4,940            | 8,057            | 5,000                   |
| Section 74 receipts transferred to OPA                              | 190,901          | 352,229          | -                       |
| <b>Total cash used</b>  | <b>8,512,136</b> | <b>7,825,667</b> | <b>8,844,000</b>        |
| <b>Net cash from/(used by) operating activities</b>                 | <b>8 351,061</b> | <b>390,203</b>   | <b>338,000</b>          |
| <b>INVESTING ACTIVITIES</b>   |                  |                  |                         |
| <b>Cash used</b>  |                  |                  |                         |
| Purchase of property, plant and equipment                           | 241,855          | 43,486           | 242,000                 |
| Purchase of intangibles   | 37,624           | 57,087           | 37,000                  |
| <b>Total cash used</b>  | <b>279,479</b>   | <b>100,573</b>   | <b>279,000</b>          |
| <b>Net cash (used by) investing activities</b>                      | <b>(279,479)</b> | <b>(100,573)</b> | <b>(279,000)</b>        |
| <b>FINANCING ACTIVITIES</b>   |                  |                  |                         |
| <b>Cash received</b>  |                  |                  |                         |
| Contributed equity - Departmental capital budget                    | 274,000          | 29,000           | 274,000                 |
| <b>Total cash received</b>  | <b>274,000</b>   | <b>29,000</b>    | <b>274,000</b>          |
| <b>Cash used</b>  |                  |                  |                         |
| Principle payments of lease liabilities                             | 339,760          | 324,377          | 333,000                 |
| <b>Total cash used</b>  | <b>339,760</b>   | <b>324,377</b>   | <b>333,000</b>          |
| <b>Net cash (used by) financing activities</b>                      | <b>(65,760)</b>  | <b>(295,377)</b> | <b>(59,000)</b>         |
| <b>Net increase/(decrease) in cash held</b>                         | <b>5,822</b>     | <b>(5,747)</b>   | <b>-</b>                |
| Cash and cash equivalents at the beginning of the reporting period  | 73,178           | 78,925           | 73,000                  |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>3A 79,000</b> | <b>73,178</b>    | <b>73,000</b>           |

The above statement should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT***for the period ended 30 June 2021***Budget Variances Commentary****Cash Flow Statement**

Cash from rendering of services represents \$125K in settlement fees for litigation cases that were awarded in favour of PSR. Settlement could not be forecasted at the time of budget.

Net GST received was lower than budget by \$54K (15%). The budget had forecasted a higher supplier payables and therefore a higher GST receivable at year end.

Section 74 receipts were higher than budget, as the budget did not take into consideration GST refunds or transfers of leave liabilities that were returned to consolidated revenue during the year.



## Overview

### Objectives of the Professional Services Review

Professional Services Review (PSR) is an Australian Government controlled entity. The objective of PSR is to investigate suspected cases of inappropriate practice by health practitioners on request from the Chief Executive Medicare.

PSR has one outcome:

Outcome 1: A reduction of the risks to patients and costs to the Australian Government of inappropriate clinical practice, including through investigating health services claimed under the Medicare and Pharmaceutical Benefits Schemes.

The continued existence of the entity in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for PSR administration and programs.

PSR activities contributing toward this outcome are classified as Departmental activities. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by PSR in its own right.

### Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Certain comparative amounts have been reclassified to comply with current year's presentation. There are minor changes to Note 10.

## Overview

### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

### Accounting Judgements and Estimates

PSR has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements is taken to be the depreciated replacement cost as determined by an independent valuer. Make good was determined by taking into consideration the lease term, consumer price index, and the Australian Government Bond rate.
- The liability for long service leave has been determined by reference to the shorthand model provided by Department of Finance as per the FRR and Commonwealth Agency Financial Statement Guide. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities with the next accounting period.

## Overview

### Transactions with the Government as Owner

#### Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

### Taxation / Competitive Neutrality

PSR is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

### Events After the Reporting Period

No events occurred after the balance date that would alter or influence PSR's financial statements and notes.

### Explanation of major budget variances

AASB 1055: Budgetary Reporting requires explanations of major variances between the original budget as presented in the 2020-21 PBS. The variance commentary that appears in the face statements should be read in the context of the following:

1. The original budget was prepared before the 2020-21 final outcome could be known. As a result, the opening balance of the Statement of Financial Position was estimated and in some cases, variances between the 2020-21 outcome and budget estimates can be partly attributed to unanticipated movement in prior year figures.
2. PSR considers that major variances are those greater than 10% of the original estimate. Variances below this threshold are not included unless considered significant by their nature. Variances relating to cash flows are a result of factors detailed under expenses, own source income, assets or liabilities. Unless otherwise individually significant or unusual, no additional commentary has been included.

**Financial Performance**

This section analyses the financial performance of PSR for the year ended 2021

**Note 1: Expenses**

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b><u>Note 1A: Employee Benefits</u></b> |                  |                  |
| Wages and salaries                       | 2,852,920        | 2,631,957        |
| Superannuation                           |                  |                  |
| Defined contribution plans               | 369,847          | 358,245          |
| Defined benefit plans                    | 70,841           | 68,658           |
| Leave and other entitlements             | 355,598          | 503,052          |
| <b>Total employee benefits</b>           | <b>3,649,206</b> | <b>3,561,912</b> |

**Accounting Policy**

Accounting policies for employee related expenses are contained in Note 9.

**Note 1B: Suppliers****Goods and services supplied or rendered**

|  |                  |                  |
|--|------------------|------------------|
| Legal expenses                                       | 906,459          | 988,487          |
| Case related fees                                    | 857,084          | 680,380          |
| Other case related expenses                          | 653,861          | 1,108,632        |
| Consultant fees                                      | 318,146          | 502,067          |
| Contractor expenses                                  | 386,751          | 438,553          |
| Telephone and internet                               | 95,831           | 77,697           |
| Recruitment expenses                                 | 6,414            | 21,971           |
| Other expenses                                       | 522,189          | 405,106          |
| <b>Total goods and services supplied or rendered</b> | <b>3,746,735</b> | <b>4,222,893</b> |

**Other suppliers**

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Workers compensation expenses | 108,182          | 107,136          |
| <b>Total other suppliers</b>  | <b>108,182</b>   | <b>107,136</b>   |
| <b>Total suppliers</b>        | <b>3,854,917</b> | <b>4,330,029</b> |

## Financial Performance

This section analyses the financial performance of PSR for the year ended 2021

### Note 1: Expenses

|                                      | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
|                                      | \$           | \$           |
| <b><u>Note 1C: Finance Costs</u></b> |              |              |
| Interest on lease liabilities        | 4,940        | 8,057        |
| Unwinding of discount                | 234          | 903          |
| <b>Total finance costs</b>           | <b>5,174</b> | <b>8,960</b> |

### Accounting Policy

#### Borrowing Costs

All borrowing costs are expensed as incurred.

### **Note 1D: Write-Down and Impairment of Assets**

|  |              |          |
|--|--------------|----------|
| Revaluation decrement - plant and equipment      | 2,045        | -        |
| <b>Total write-down and impairment of assets</b> | <b>2,045</b> | <b>-</b> |

### **Note 1E: Losses on Disposal of Assets**

|   |              |              |
|---|--------------|--------------|
| Disposal of property, plant and equipment | 3,284        | 4,159        |
| <b>Total losses on disposal of assets</b> | <b>3,284</b> | <b>4,159</b> |

**Financial Performance**

This section analyses the financial performance of PSR for the year ended 2021

**Note 2: Income**

|  | 2021 | 2020 |
|--|------|------|
|  | \$   | \$   |

**Own-Source Revenue****Note 2A: Rendering of Services**

|                                    |                |          |
|------------------------------------|----------------|----------|
| Settlement from litigations        | 124,626        | -        |
| <b>Total rendering of services</b> | <b>124,626</b> | <b>-</b> |

**Accounting Policy****Revenue**

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the entity.

**Note 2B: Other Revenue**

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Resources received free of charge | 37,000        | 37,000        |
| <b>Total other revenue</b>        | <b>37,000</b> | <b>37,000</b> |

**Accounting Policy****Resources Received Free of Charge**

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated.

Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

## Financial Performance

This section analyses the financial performance of PSR for the year ended 2021

### Note 2: Income

|  | 2021 | 2020 |
|--|------|------|
|  | \$   | \$   |

#### Gains

##### Note 2C: Other Gains

|   |              |              |
|---|--------------|--------------|
| Reversal of impairment on trade and other receivables | 2,000        | 7,500        |
| <b>Total other gains</b>                              | <b>2,000</b> | <b>7,500</b> |

#### Revenue from Government

##### Note 2D: Revenue from Government

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Appropriations                       |                  |                  |
| Departmental appropriations          | 9,247,000        | 8,616,000        |
| <b>Total revenue from Government</b> | <b>9,247,000</b> | <b>8,616,000</b> |

#### Accounting Policy

##### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 3: Financial Assets

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>Note 3A: Cash and Cash Equivalents</b> |               |               |
| Cash on hand or on deposit                | 79,000        | 73,178        |
| <b>Total cash and cash equivalents</b>    | <b>79,000</b> | <b>73,178</b> |

#### Accounting Policy

##### Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand.

### Note 3B: Trade and Other Receivables

#### Good and services receivables

|   |              |              |
|---|--------------|--------------|
| Settlement from litigations and leave transfers | 4,500        | 6,500        |
| <b>Total goods and services receivables</b>     | <b>4,500</b> | <b>6,500</b> |

#### Appropriations receivable

|  |                  |                  |
|--|------------------|------------------|
| Existing programs                      | 4,201,796        | 3,294,161        |
| Departmental capital budget            | 12,198           | 9,976            |
| <b>Total appropriations receivable</b> | <b>4,213,993</b> | <b>3,304,137</b> |

#### Other receivables

|  |                  |                  |
|--|------------------|------------------|
| GST receivable from the Australian Taxation Office | 45,164           | 29,516           |
| Other  | 89,267           | -                |
| <b>Total other receivables</b>                     | <b>134,431</b>   | <b>29,516</b>    |
| <b>Total trade and other receivables (gross)</b>   | <b>4,352,924</b> | <b>3,340,153</b> |

#### Less impairment loss allowance

|  |                  |                  |
|--|------------------|------------------|
| Goods and services                             | (4,500)          | (6,500)          |
| <b>Total impairment loss allowance</b>         | <b>(4,500)</b>   | <b>(6,500)</b>   |
| <b>Total trade and other receivables (net)</b> | <b>4,348,424</b> | <b>3,333,653</b> |

#### Accounting Policy

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment loss allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

##### Impairment of Financial Assets

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.



## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 4: Non-Financial Assets

Note 4A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles for 2021

|   | Buildings      | Plant & equipment | Computer software | Total            |
|---|----------------|-------------------|-------------------|------------------|
|   | \$             | \$                | \$                | \$               |
| <b>As at 1 July 2020</b>  |                |                   |                   |                  |
| Gross book value  | 1,246,289      | 259,600           | 607,209           | 2,113,098        |
| Accumulated depreciation, amortisation and impairment                       | (331,706)      | -                 | (221,710)         | (553,416)        |
| <b>Net book value as at 1 July 2020</b>                                     | <b>914,583</b> | <b>259,600</b>    | <b>385,499</b>    | <b>1,559,682</b> |
| <b>Additions</b>  |                |                   |                   |                  |
| Purchase  | 10,569         | 214,056           | 10,192            | 234,817          |
| Internally developed  | -              | -                 | 44,660            | 44,660           |
| Revaluations and impairments recognised in other comprehensive income       | 55,444         | 12,704            | -                 | 68,148           |
| Revaluations recognised in net cost of services                             | -              | (2,045)           | -                 | (2,045)          |
| Reversal of revaluation previously recognised in other comprehensive income | -              | -                 | -                 | -                |
| Other movements   | 14,531         | -                 | -                 | 14,531           |
| Reversal of impairments recognised in net cost of services                  | -              | -                 | -                 | -                |
| Depreciation and amortisation   | (108,824)      | (104,463)         | (109,184)         | (322,471)        |
| Depreciation on right-of-use assets   | (339,073)      | -                 | -                 | (339,073)        |
| Disposals   | -              | -                 | -                 | -                |
| Other   | -              | -                 | (3,284)           | (3,284)          |
| <b>Net book value as at 30 June 2021</b>                                    | <b>547,230</b> | <b>379,852</b>    | <b>327,883</b>    | <b>1,254,965</b> |
| <b>Net book value as at 30 June 2021 represented by</b>                     |                |                   |                   |                  |
| Gross book value  | 1,219,749      | 401,255           | 644,833           | 2,265,837        |
| Accumulated depreciation and impairment                                     | (672,519)      | (21,403)          | (316,950)         | (1,010,872)      |
| <b>Net book value as at 30 June 2021</b>                                    | <b>547,230</b> | <b>379,852</b>    | <b>327,883</b>    | <b>1,254,965</b> |

The carrying amount for buildings of \$547,230 (2020: \$914,583) and plant and equipment of \$379,852 (2020: \$259,600) were included in the valuation figures above. No indicators of impairment were found for property, plant and equipment.

No other property, plant and equipment, or intangible assets are expected to be sold or disposed of within the next 12 months.

### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 4. At 30 June 2021, an independent valuer, B&A Valuers, conducted a valuation of PSR's leasehold improvements and property, plant & equipment.

### Contractual commitments for the acquisition of property, plant, equipment and intangible assets

No contractual commitments were entered into for property, plant and equipment at 30 June 2021 (2020: \$0).

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 4: Non-Financial Assets

#### Accounting Policy

##### Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

##### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for individual purchases costing less than \$1,000, which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by PSR where there exists an obligation to restore the property to its original condition. These costs are included in the value of PSR's leasehold improvements with a corresponding provision for the 'make good' recognised.

##### Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 4: Non-Financial Assets

#### Accounting Policy

##### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to PSR using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

|                        | 2021          | 2020          |
|------------------------|---------------|---------------|
| Leasehold improvements | Lease term    | Lease term    |
| Plant and equipment    | 3 to 10 years | 3 to 10 years |

##### Impairment

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

##### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

##### Intangibles

PSR's intangibles comprise of purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of PSR's software are 4 to 10 years (2020: 4 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

**Financial Position**

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

**Note 4: Non-Financial Assets**

|   | 2021           | 2020   |
|---|----------------|--------|
|   | \$             | \$     |
| <b><u>Note 4B: Other Non-Financial Assets</u></b> |                |        |
| Prepayments                                       | <b>214,033</b> | 60,602 |
| <b>Total other non-financial assets</b>           | <b>214,033</b> | 60,602 |

No indicators of impairment were found for other non-financial assets.

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 5: Payables and Interest Bearing Liabilities

|                              | 2021           | 2020    |
|------------------------------|----------------|---------|
|                              | \$             | \$      |
| <b>Note 5A: Suppliers</b>    |                |         |
| Trade creditors and accruals | <b>233,266</b> | 875,445 |
| <b>Total suppliers</b>       | <b>233,266</b> | 875,445 |

Settlement is made within 20 days.

### Note 5B: Other Payables

|                             |                |         |
|-----------------------------|----------------|---------|
| Wages and salaries          | <b>117,503</b> | 98,349  |
| Superannuation              | <b>8,695</b>   | 6,455   |
| <b>Total other payables</b> | <b>126,198</b> | 104,804 |

Settlement is made within 30 days.

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 5: Payables and Interest Bearing Liabilities

|   | 2021           | 2020    |
|---|----------------|---------|
|   | \$             | \$      |
| <b><u>Note 5C: Interest bearing liabilities</u></b> |                |         |
| Leases liabilities                                  | <b>348,304</b> | 673,533 |
| <b>Total interest bearing liabilities</b>           | <b>348,304</b> | 673,533 |

Total cash outflow for leases for the year was \$339,760 (2020: \$324,377).

### Maturity analysis - contractual undiscounted cash flows

|                      |                |                |
|----------------------|----------------|----------------|
| Within 1 year        | 339,760        | 324,377        |
| Between 1 to 5 years | -              | 673,533        |
| <b>Total leases</b>  | <b>339,760</b> | <b>997,910</b> |

PSR in its capacity as lessee has a leasing arrangement with the Capital Airport Group Pty Ltd for lease premises and car parking at the Canberra Airport. The lease is for five years from 1 August 2017 and includes variable lease payments subject to movements in CPI.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 4A and 5C.

### Accounting Policy

For all new contracts entered into, PSR considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the entity's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

## Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

### Note 6: Provisions

|  | 2021           | 2020    |
|--|----------------|---------|
|  | \$             | \$      |
| <b>Note 6: Provision for restoration obligations</b> |                |         |
| Make good obligation                                 | <b>102,000</b> | 102,000 |
| <b>Total provision for restoration obligations</b>   | <b>102,000</b> | 102,000 |

|                                    | Provision for restoration |
|------------------------------------|---------------------------|
|                                    | \$                        |
| <b>Carrying amount 1 July 2020</b> | <b>102,000</b>            |
| Finance cost - unwinding discount  | 234                       |
| Amounts reversed                   | (234)                     |
| <b>Closing balance 2021</b>        | <b>102,000</b>            |

PSR currently has an agreement for the leasing of premises which include provisions requiring PSR to restore the premises to its original condition at the conclusion of the lease. PSR has made a provision to reflect the present value of this obligation.

## Funding

This section identifies PSR's funding structure

### Note 7: Appropriations

#### 7A: Annual Appropriations ('Recoverable GST exclusive')

##### Annual Appropriations for 2021

|                             | Annual<br>Appropriation <sup>1</sup><br>\$ | Adjustment to<br>appropriation <sup>2</sup><br>\$ | Total appropriation<br>\$ | Appropriation applied in<br>2021<br>(current and prior years)<br>\$ | Variance <sup>3</sup><br>\$ |
|-----------------------------|--|---|---------------------------|---|-----------------------------|
| <b>DEPARTMENTAL</b>         |  |   |                           |   |                             |
| Ordinary annual services    | 9,247,000                                  | 190,901   | 9,437,901                 | (8,498,429)   | 939,472                     |
| Capital Budget <sup>4</sup> | 274,000                                    | -   | 274,000                   | (271,779)   | 2,221                       |
| <b>Total departmental</b>   | <b>9,521,000</b>                           | <b>190,901</b>                                    | <b>9,711,901</b>          | <b>(8,770,208)</b>  | <b>941,693</b>              |

Notes:

1. In 2020-21, PSR received \$8,803,000 under Appropriation Bill (No. 1), and \$718,000 under Appropriation Bill (No. 3).
2. Adjustment includes PGPA Act section 74 receipts.
3. Departmental appropriations were under drawn by \$939,472. The variance was due to delayed expenditure on the Guaranteeing Medicare - improving access to appropriate services measure (\$718,000). Committee hearings and associated travel were also affected by COVID and resulted in this variance.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Payments made on non-financial assets include purchases of assets, and expenditure on assets which have been capitalised.



Funding

This section identifies PSR's funding structure

Note 7: Appropriations

7A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2020

|                             | Annual Appropriation <sup>1</sup><br>\$ | Adjustment to<br>appropriation <sup>2</sup><br>\$ | Total appropriation<br>\$ | Appropriation applied in<br>2020<br>(current and prior years)<br>\$ | Variance <sup>3</sup><br>\$ |
|-----------------------------|---|---|---------------------------|---|-----------------------------|
| DEPARTMENTAL                |   |   |                           |   |                             |
| Ordinary annual services    | 8,616,000                               | 80,891  | 8,696,891                 | (7,551,006)   | 1,145,885                   |
| Capital Budget <sup>4</sup> | 29,000                                  | -   | 29,000                    | (100,574)   | (71,574)                    |
| Total departmental          | 8,645,000                               | 80,891  | 8,725,891                 | (7,651,580)   | 1,074,311                   |

Notes:

- In 2019-20, PSR received \$8,645,00 under Appropriation Bill (No. 1) 2019-20.
- Adjustment includes PGPA Act section 74 receipts.
- Departmental appropriations were under drawn by \$1,145,885. The variance was due to approximately \$841K in supplier payables at year end. Committee hearings also ceased in March 2020 due to travel restrictions.
- Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Payments made on non-financial assets include purchases of assets, and expenditure on assets which have been capitalised.

**Funding**

This section identifies PSR's funding structure

**Note 7: Appropriations****7B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

|                                   | <b>2021</b>      | <b>2020</b> |
|-----------------------------------|------------------|-------------|
| <b>Authority</b>                  | <b>\$</b>        | <b>\$</b>   |
| <b>DEPARTMENTAL</b>               |                  |             |
| Appropriation Act (No. 1) 2019-20 | <b>9,976</b>     | 3,304,137   |
| Appropriation Act (No. 1) 2020-21 | <b>3,486,017</b> | -           |
| Appropriation Act (No. 3) 2020-21 | <b>718,000</b>   |             |
| Cash balance                      | <b>79,000</b>    | 73,178      |
| <b>Total</b>                      | <b>4,292,993</b> | 3,377,315   |

The cash balance of \$79,000 represents unspent departmental appropriation from Appropriation Act (No.1) 2020-21; (2020: \$73,178 from Appropriation Act (No.1) 2019-20). Unspent departmental appropriation also includes a departmental capital budget of \$9,976 (2020: \$9,976).

## Funding

This section identifies PSR's funding structure

### Note 8: Cash Flow Reconciliation

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement</b> |                |                |
| <b>Cash and cash equivalents as per:</b>   |                |                |
| Cash flow statement  | 79,000         | 73,178         |
| Statement of financial position  | 79,000         | 73,178         |
| <b>Discrepancy</b>   | -              | -              |
| <b>Reconciliation of net cost of services to net cash from/ (used by) operating activities:</b>                  |                |                |
| Net cost of services   | (8,012,544)    | (8,513,011)    |
| Add revenue from Government  | 9,247,000      | 8,616,000      |
| <b>Adjustments for non-cash items</b>  |                |                |
| Depreciation / amortisation  | 661,544        | 652,451        |
| Net write down of non-financial assets   | 2,045          | -              |
| Reversal of impairment on trade and other receivables  | (2,000)        | (7,500)        |
| Loss on disposal of assets   | 3,284          | 4,159          |
| Finance costs - Unwinding of discount  | 234            | 903            |
| <b>Changes in assets / liabilities</b>   |                |                |
| (Increase) / decrease in net receivables   | (1,012,771)    | (1,035,267)    |
| (Increase) / decrease in prepayments   | (153,431)      | (34,271)       |
| Increase / (decrease) in employee provisions   | 238,484        | 77,287         |
| Increase / (decrease) in supplier payables   | (642,178)      | 568,666        |
| Increase / (decrease) in other payables  | 21,394         | 60,786         |
| <b>Net cash from/ (used by) operating activities</b>   | <b>351,061</b> | <b>390,203</b> |

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

### Note 9: Employee Provisions

|                                    | 2021<br>\$       | 2020<br>\$     |
|------------------------------------|------------------|----------------|
| <b>Note 9: Employee Provisions</b> |                  |                |
| Leave                              | <u>1,105,285</u> | <u>866,801</u> |
| <b>Total employee provisions</b>   | <u>1,105,285</u> | <u>866,801</u> |

### Accounting Policy

#### Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period.

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

### Note 9: Employee Provisions

#### Accounting Policy

##### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of PSR is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including PSR employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the shorthand model provided by Department of Finance as per the FRR and Commonwealth Agency Financial Statement Guide. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

##### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

##### Superannuation

PSR's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

PSR makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. PSR accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

### Note 10: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of PSR, directly or indirectly, including any director (whether executive or otherwise) of PSR. PSR has determined the key management personnel to be the Director of PSR, Executive Officer, Special Counsel, and the Chief Finance Officer. Key management personnel remuneration is reported in the table below:

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | \$               |
| Short-term employee benefits  | 1,004,313        | 1,029,711        |
| Post-employment benefits  | 113,809          | 111,528          |
| Other long-term employee benefits                                       | 23,830           | 39,309           |
| <b>Total key management personnel remuneration expenses<sup>1</sup></b> | <b>1,141,952</b> | <b>1,180,548</b> |

The total number of key management personnel included in the above table represents 6 individuals (2020: 5 individuals). During the reporting period, 2 of the 6 individuals were on acting arrangements.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

### Note 11: Related Party Disclosures

#### Related party relationships:

PSR is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

#### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

The entity transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums. These are not considered individually significant to warrant separate disclosure as related party transactions (2020: nil).

Refer to Note 9 Employee Provisions for details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed (2020: nil).

## Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

### Note 12: Contingent Assets and Liabilities

#### Quantifiable Contingencies

At 30 June 2021, PSR did not have any quantifiable contingencies (2020: nil).

#### Unquantifiable Contingencies

PSR is currently involved in litigation cases before the Federal Court which may result in costs awarded for or against PSR. PSR has been advised by its solicitors that the amounts cannot be reliably estimated. No further disclosure has been made on the grounds that it can be expected to seriously prejudice the outcome of the litigation (2020: nil).

#### **Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.



## Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

### Note 13: Financial Instruments

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Note 13A: Categories of Financial Instruments</b>    |                |                |
| <b>Financial Assets under AASB 9</b>                    |                |                |
| <b>Financial assets at amortised cost</b>               |                |                |
| Cash and cash equivalents                               | 79,000         | 73,178         |
| Trade and other receivables                             | 4,500          | 6,500          |
| <b>Total financial assets at amortised cost</b>         | <b>83,500</b>  | <b>79,678</b>  |
| <b>Total financial assets</b>                           | <b>83,500</b>  | <b>79,678</b>  |
| <b>Financial Liabilities</b>                            |                |                |
| <b>Financial liabilities measured at amortised cost</b> |                |                |
| Payables - Suppliers                                    | 233,266        | 875,445        |
| <b>Total financial liabilities</b>                      | <b>233,266</b> | <b>875,445</b> |

## Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

### Note 13: Financial Instruments

#### Accounting Policy

##### Financial Assets

PSR classifies its financial assets as financial assets measured at amortised cost.

The classification depends on both PSR's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when PSR becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

##### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

##### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

##### Financial Liabilities

PSR classifies its financial liabilities as financial liabilities at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'.

##### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

### Note 14: Fair Value Measurement

#### Accounting Policy

##### Fair Value Measurement

PSR deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

### Note 14: Fair Value Measurements

|   | Fair value measurements at the end of the reporting period |                |
|---|--|----------------|
|   | 2021   | 2020           |
|   | \$   | \$             |
| <b>Non-financial assets</b>   |  |                |
| Leasehold improvements  | 173,000  | 223,000        |
| Other property, plant and equipment   | 284,000  | 259,600        |
| <b>Total non-financial assets</b>   | <b>457,000</b>   | <b>482,600</b> |
| <b>Total fair value measurements of assets in the statement of financial position</b> | <b>457,000</b>   | <b>482,600</b> |

1. No change in valuation technique occurred during the period

2. Recurring level 3 fair value measurements reconciliation - valuation process

PSR procured valuation services from B&A Valuers and relied on valuation models provided by B&A Valuers. PSR tests the procedures of the valuation model once every 12 months. B&A Valuers has provided written assurance to PSR that the model developed is in compliance with AASB 13.

## Other information

### Note 15: Aggregate Assets and Liabilities

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 15: Aggregate Assets and Liabilities</b> |                  |                  |
| <b>Assets expected to be recovered in:</b>       |                  |                  |
| <b>No more than 12 months</b>                    |                  |                  |
| Cash and cash equivalents                        | 79,000           | 73,178           |
| Trade and other receivables                      | 4,348,425        | 3,333,653        |
| Other non-financial assets                       | 135,846          | 59,266           |
| <b>Total no more than 12 months</b>              | <b>4,563,271</b> | <b>3,466,097</b> |
| <b>More than 12 months</b>                       |                  |                  |
| Leasehold Improvements                           | 547,230          | 914,583          |
| Plant and equipment                              | 379,852          | 259,600          |
| Computer software                                | 327,883          | 385,499          |
| Other non-financial assets                       | 78,187           | 1,336            |
| <b>Total more than 12 months</b>                 | <b>1,333,152</b> | <b>1,561,018</b> |
| <b>Total assets</b>                              | <b>5,896,423</b> | <b>5,027,115</b> |
| <b>Liabilities expected to be settled in:</b>    |                  |                  |
| <b>No more than 12 months</b>                    |                  |                  |
| Suppliers  | 233,266          | 875,445          |
| Other payables                                   | 126,198          | 104,804          |
| Leases   | 348,304          | 332,584          |
| Employee provisions                              | 244,179          | 179,779          |
| <b>Total no more than 12 months</b>              | <b>951,947</b>   | <b>1,492,612</b> |
| <b>More than 12 months</b>                       |                  |                  |
| Leases   | -                | 340,949          |
| Employee provisions                              | 861,106          | 687,022          |
| Provision for restoration obligations            | 102,000          | 102,000          |
| <b>Total more than 12 months</b>                 | <b>963,106</b>   | <b>1,129,971</b> |
| <b>Total liabilities</b>                         | <b>1,915,053</b> | <b>2,622,583</b> |

# Appendix 3

## Freedom of information statement

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display, on its website, a plan showing what information it published in accordance with the IPS requirements.

Information on PSR's IPS can be accessed via the PSR website.

### **Contact Officer**

All freedom of information requests should be directed to:

FOI@psr.gov.au

Freedom of Information Coordinator  
Professional Services Review  
PO Box 74 Fyshwick ACT 2609

# Appendix 4

## Statutory Appointments

| Title     | First Name | Last Name     | Latest Appointment | Expires          | Type                    |
|-----------|------------|---------------|--------------------|------------------|-------------------------|
| Professor | Julie      | Quinlivan     | 15 May 2021        | 13 February 2023 | Director, PSR           |
| Ms        | Katerina   | Angelopoulos  | 30 May 2020        | 30 June 2022     | Determining Authority   |
| A/Prof    | Mark       | Arnold        | 12 September 2018  | 29 May 2022      | Panel                   |
| Dr        | Caroline   | Badam         | 29 January 2020    | 31 March 2024    | Panel                   |
| Professor | Nadia      | Badawi        | 15 July 2020       | 31 March 2024    | Panel                   |
| Dr        | Michael    | Badham        | 30 May 2020        | 30 June 2022     | Determining Authority   |
| Dr        | Michael    | Badham        | 25 January 2019    | 29 May 2022      | Panel                   |
| Dr        | Robert     | Bailey        | 25 January 2019    | 29 May 2022      | Panel                   |
| Professor | Peter      | Barlis        | 15 July 2020       | 31 March 2024    | Panel                   |
| Dr        | Annette    | Barratt       | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Richard    | Barry         | 19 October 2017    | 29 May 2022      | Panel                   |
| Professor | Hugh       | Bartholomeusz | 29 January 2020    | 31 March 2024    | Panel                   |
| A/Prof    | Kevin      | Bell          | 5 October 2017     | 29 May 2022      | Panel                   |
| Dr        | Sara       | Booth-Mason   | 29 January 2020    | 31 March 2024    | Panel                   |
| Dr        | Kerrie     | Bradbury      | 30 May 2017        | 29 May 2022      | Panel                   |
| A/Prof    | Andrew     | Brooks        | 16 March 2021      | 28 February 2026 | Panel                   |
| Dr        | Kathryn    | Brotchie      | 26 March 2018      | 29 May 2022      | Panel                   |
| Dr        | Stephen    | Brough        | 16 March 2021      | 28 February 2026 | Panel                   |
| A/Prof    | Celia      | Chen          | 13 May 2021        | 28 February 2026 | Panel                   |
| Dr        | Peter      | Cheung        | 30 May 2017        | 29 May 2022      | Panel                   |

| Title     | First Name | Last Name | Latest Appointment | Expires       | Type                    |
|-----------|------------|-----------|--------------------|---------------|-------------------------|
| Dr        | Eleanor    | Chew      | 26 March 2018      | 29 May 2022   | Panel – Deputy Director |
| Dr        | Weng       | Chin      | 1 April 2019       | 31 March 2024 | Panel                   |
| Dr        | Yan        | Chow      | 1 April 2019       | 31 March 2024 | Panel                   |
| Dr        | Helen      | Chriss    | 30 May 2017        | 29 May 2022   | Panel                   |
| Dr        | Rachel     | Christmas | 1 April 2019       | 31 March 2024 | Panel                   |
| Dr        | Antonio    | Cocchiaro | 30 May 2017        | 29 May 2022   | Panel                   |
| Professor | Paul       | Colditz   | 15 July 2020       | 31 March 2024 | Panel                   |
| Dr        | Debra      | Coleman   | 19 October 2017    | 29 May 2022   | Panel                   |
| Professor | Alan       | Cooper    | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Dr        | John       | Cosson    | 15 July 2020       | 31 March 2024 | Panel                   |
| Dr        | Heather    | Coventry  | 12 September 2018  | 29 May 2022   | Panel                   |
| Dr        | Marcela    | Cox       | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Ms        | Dianne     | Crellin   | 15 November 2017   | 29 May 2022   | Panel                   |
| Dr        | Marjorie   | Cross     | 30 May 2017        | 29 May 2022   | Panel                   |
| Dr        | Nicholas   | Demediuk  | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Dr        | Antonio    | Di Dio    | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Dr        | Thomas     | Douch     | 30 May 2017        | 29 May 2022   | Panel                   |
| Ms        | Jane       | Duffy     | 30 May 2017        | 29 May 2022   | Panel                   |
| Dr        | Stephen    | Dunn      | 30 May 2017        | 29 May 2022   | Panel                   |
| Ms        | Marijke    | Eastagh   | 8 October 2018     | 29 May 2022   | Panel                   |
| Dr        | Pathma     | Edge      | 25 January 2019    | 29 May 2022   | Panel – Deputy Director |
| Dr        | Stewart    | Einfeld   | 29 January 2020    | 31 March 2024 | Panel                   |
| Mrs       | Esther     | Euripidou | 30 May 2017        | 29 May 2022   | Panel                   |
| Dr        | Timothy    | Flanagan  | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Dr        | Karen      | Flegg     | 30 May 2020        | 30 June 2022  | Determining Authority   |
| Dr        | Karen      | Flegg     | 30 May 2017        | 29 May 2022   | Panel – Deputy Director |
| Dr        | Howard     | Galloway  | 5 October 2017     | 29 May 2022   | Panel                   |

| Title     | First Name | Last Name    | Latest Appointment | Expires          | Type                        |
|-----------|------------|--------------|--------------------|------------------|-----------------------------|
| Dr        | Stuart     | Game         | 30 May 2017        | 29 May 2022      | Panel                       |
| Dr        | Alison     | Garvin       | 25 January 2019    | 29 May 2022      | Panel                       |
| A/Prof    | Kurt       | Gebauer      | 29 January 2020    | 31 March 2024    | Panel                       |
| Professor | John       | Gibson       | 12 September 2018  | 29 May 2022      | Panel                       |
| Professor | Gerard     | Gill         | 30 May 2017        | 29 May 2022      | Panel                       |
| Dr        | Nicole     | Goh          | 25 January 2019    | 29 May 2022      | Panel                       |
| Dr        | Nicole     | Gorddard     | 29 January 2020    | 31 March 2024    | Panel                       |
| Professor | John       | Grigg        | 19 October 2017    | 29 May 2022      | Panel                       |
| Professor | Ronald     | Grunstein    | 13 December 2016   | 12 December 2021 | Panel                       |
| A/Prof    | John       | Gullotta     | 30 May 2017        | 29 May 2022      | Panel                       |
| Dr        | Peter      | Habersberger | 29 January 2020    | 31 March 2024    | Panel                       |
| Dr        | Kerry      | Harris       | 30 May 2017        | 29 May 2022      | Panel                       |
| Dr        | Matthew    | Hawthorne    | 15 July 2020       | 31 March 2024    | Panel                       |
| Dr        | Peter      | Heathcote    | 16 March 2021      | 28 February 2026 | Panel – Deputy Director     |
| Professor | William    | Heddle       | 15 July 2020       | 31 March 2024    | Panel                       |
| Dr        | Charlotte  | Hespe        | 30 May 2017        | 29 May 2022      | Panel                       |
| Professor | Peter      | Hewett       | 1 April 2019       | 31 March 2024    | Panel                       |
| Dr        | Kian Yong  | Ho           | 29 January 2020    | 31 March 2024    | Panel                       |
| Dr        | Alan       | Hodgson      | 30 May 2017        | 29 May 2022      | Panel                       |
| Dr        | Charles    | Howse        | 12 September 2018  | 29 May 2022      | Panel – Deputy Director     |
| Dr        | Michael    | Hurley       | 30 May 2017        | 29 May 2022      | Panel – Deputy Director     |
| Dr        | Cathy      | Hutton       | 12 September 2018  | 29 May 2022      | Panel                       |
| Dr        | Elspeth    | Hutton       | 16 March 2021      | 28 February 2026 | Panel                       |
| A/Prof    | Aniello    | Iannuzzi     | 30 May 2020        | 30 June 2022     | Determining Authority Chair |
| Dr        | Gerard     | Ingham       | 30 May 2017        | 29 May 2022      | Panel – Deputy Director     |
| Dr        | Fiona      | Joske        | 29 January 2020    | 31 March 2024    | Panel                       |



| Title     | First Name | Last Name      | Latest Appointment | Expires          | Type                    |
|-----------|------------|----------------|--------------------|------------------|-------------------------|
| A/Prof    | Rajeev     | Jyoti          | 5 October 2017     | 29 May 2022      | Panel                   |
| Dr        | Glynn      | Kelly          | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Jennifer   | Kendrick       | 30 May 2017        | 29 May 2022      | Panel                   |
| Professor | Allan      | Kermode        | 16 March 2021      | 28 February 2026 | Panel – Deputy Director |
| Mr        | John       | Kilmartin      | 30 May 2020        | 30 June 2022     | Determining Authority   |
| Dr        | Heather    | Knox Kairaitis | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Lana       | Kossoff        | 29 January 2020    | 31 March 2024    | Panel                   |
| A/Prof    | Vicki      | Kotsirilos     | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Alan       | Leeb           | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Peter      | Lorenz         | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Caroline   | Luke           | 25 January 2019    | 29 May 2022      | Panel                   |
| Dr        | Peter      | Lynch          | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Mr        | Stuart     | Macfarlane     | 30 May 2020        | 30 June 2022     | Determining Authority   |
| Mr        | Stuart     | Macfarlane     | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Gavin      | Mackie         | 5 October 2017     | 29 May 2022      | Panel                   |
| Dr        | Peter      | Maguire        | 15 August 2017     | 29 May 2022      | Panel                   |
| Dr        | Lawrence   | Malisano       | 20 January 2020    | 31 March 2024    | Panel – Deputy Director |
| Dr        | Linda      | Mann           | 30 May 2017        | 29 May 2022      | Panel                   |
| Ms        | Donna      | Mansell        | 24 July 2018       | 29 May 2022      | Panel – Deputy Director |
| Dr        | Mona       | Marabani       | 1 April 2019       | 31 March 2024    | Panel                   |
| Dr        | Geoff      | Markov         | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Elizabeth  | McCusker       | 16 March 2021      | 28 February 2026 | Panel                   |
| Ms        | Susan      | McDonald       | 30 May 2020        | 30 June 2022     | Determining Authority   |
| Professor | Susan      | McDonald       | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Mark       | McEwan         | 25 January 2019    | 29 May 2022      | Panel                   |
| Dr        | Cathy      | McGuckin       | 29 January 2020    | 31 March 2024    | Panel                   |
| Dr        | Rodney     | McMahon        | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |

| Title     | First Name  | Last Name  | Latest Appointment | Expires          | Type                    |
|-----------|-------------|------------|--------------------|------------------|-------------------------|
| A/Prof    | Solomon     | Menahem    | 15 July 2020       | 31 March 2024    | Panel                   |
| Dr        | Robert      | Menz       | 29 January 2020    | 31 March 2024    | Panel                   |
| Dr        | Suzanne     | Miau       | 26 March 2018      | 29 May 2022      | Panel – Deputy Director |
| Dr        | Wayne       | Minter     | 25 January 2019    | 29 May 2022      | Panel – Deputy Director |
| Dr        | Rakesh      | Mohindra   | 30 May 2017        | 29 May 2022      | Panel                   |
| Ms        | Suzanne     | Morey      | 15 November 2017   | 29 May 2022      | Panel – Deputy Director |
| Dr        | Gregory     | Morris     | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Brian       | Morton     | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Mr        | Paul        | Murdoch    | 30 May 2020        | 30 June 2022     | Determining Authority   |
| Dr        | Robyn       | Napier     | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Professor | Matthew     | Naughton   | 13 December 2016   | 12 December 2021 | Panel                   |
| Dr        | Cullen      | O’Gorman   | 15 July 2020       | 31 March 2024    | Panel                   |
| Dr        | Mark        | Overton    | 12 September 2018  | 29 May 2022      | Panel – Deputy Director |
| Dr        | Emma        | Palfreyman | 25 January 2019    | 29 May 2022      | Panel                   |
| Ms        | Melissa     | Pearce     | 24 July 2018       | 29 May 2022      | Panel – Deputy Director |
| Dr        | Russell     | Pearson    | 30 May 2017        | 29 May 2022      | Panel                   |
| A/Prof    | Neil        | Peppitt    | 30 May 2020        | 30 June 2022     | Determining Authority   |
| A/Prof    | Neil        | Peppitt    | 30 May 2017        | 29 May 2022      | Panel                   |
| A/Prof    | Christopher | Perry      | 19 October 2017    | 29 May 2022      | Panel                   |
| Dr        | Carolyn     | Petersons  | 29 January 2020    | 31 March 2024    | Panel                   |
| Dr        | Angela      | Pierce     | 29 November 2018   | 29 May 2022      | Panel                   |
| Dr        | Scott       | Preston    | 29 January 2020    | 31 March 2024    | Panel                   |
| Dr        | Susanna     | Proudman   | 1 April 2019       | 31 March 2024    | Panel                   |
| Dr        | Catherine   | Reid       | 25 June 2018       | 29 May 2022      | Panel – Deputy Director |
| Dr        | David       | Rivett     | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Carolyn     | Ross       | 29 January 2020    | 31 March 2024    | Panel                   |
| Ms        | Yvonne      | Rowling    | 30 May 2020        | 30 June 2022     | Determining Authority   |

| Title     | First Name | Last Name      | Latest Appointment | Expires          | Type                    |
|-----------|------------|----------------|--------------------|------------------|-------------------------|
| Dr        | Shaun      | Rudd           | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | William    | Ryman          | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Leon       | Shapero        | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Rashmi     | Sharma         | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Katherine  | Smartt         | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | David      | Smith          | 30 May 2020        | 30 June 2022     | Panel – Deputy Director |
| Dr        | Thomas     | Snow           | 5 October 2017     | 29 May 2022      | Panel                   |
| Mr        | David      | Southgate      | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Ben        | Steinberg      | 30 May 2017        | 29 May 2022      | Panel                   |
| Dr        | Margaret   | Stellingwerff  | 30 May 2017        | 29 May 2022      | Panel                   |
| Professor | Stephen    | Stuckey        | 5 October 2017     | 29 May 2022      | Panel                   |
| Dr        | Anita      | Tandon         | 13 May 2021        | 28 February 2026 | Panel                   |
| Dr        | Marietta   | Taylor         | 29 November 2018   | 29 May 2022      | Panel                   |
| Professor | John       | Thompson       | 1 April 2019       | 31 March 2024    | Panel – Deputy Director |
| Professor | Kenneth    | Thomson        | 5 October 2017     | 29 May 2022      | Panel                   |
| A/Prof    | Susan      | Tomlinson      | 15 July 2020       | 31 March 2024    | Panel                   |
| Dr        | Neil       | Vallance       | 19 October 2017    | 29 May 2022      | Panel                   |
| Dr        | Nedra      | Vanden Driesen | 19 October 2017    | 29 May 2022      | Panel                   |
| A/Prof    | Francis    | Varghese       | 23 November 2016   | 22 November 2021 | Panel                   |
| Dr        | Martine    | Walker         | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Ingrid     | Wangel         | 30 May 2017        | 29 May 2022      | Panel                   |
| Ms        | Cheryl     | White          | 15 November 2017   | 29 May 2022      | Panel                   |
| Dr        | Colin      | Whitewood      | 20 January 2020    | 31 March 2024    | Panel                   |
| A/Prof    | Richard    | Widmer         | 1 April 2019       | 31 March 2024    | Panel                   |
| Dr        | David      | Wiesenfeld     | 13 May 2021        | 28 February 2026 | Panel                   |
| Dr        | Morgan     | Windsor        | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |
| Dr        | Felicity   | Wivell         | 30 May 2017        | 29 May 2022      | Panel – Deputy Director |

| Title     | First Name | Last Name | Latest Appointment | Expires       | Type  |
|-----------|------------|-----------|--------------------|---------------|-------|
| Dr        | Caroline   | Wright    | 2 May 2019         | 31 March 2024 | Panel |
| Dr        | Daniel     | Xu        | 30 May 2017        | 29 May 2022   | Panel |
| A/Prof    | Brendon    | Yee       | 19 October 2017    | 29 May 2022   | Panel |
| Dr        | Guan       | Yeo       | 30 May 2017        | 29 May 2022   | Panel |
| Professor | Desmond    | Yip       | 20 January 2020    | 31 March 2024 | Panel |

# Glossary

**AHPRA** means the Australian Health Practitioner Regulation Agency.

**AMA** means the Australian Medical Association.

**APS** means the Australian Public Service.

**Committee** means a Professional Services Review Committee comprising at least three practitioners appointed under s 93 of the HIA.

**Committee member** means a member of a PSR Committee, who must be a current PSR Panel member.

**Deputy Director** means a deputy director of PSR appointed under s 85 of the HIA who serves as the chair of a Committee.

**Determining Authority** means the independent statutory body established under s 106Q of the HIA.

**Director** means the Director of PSR appointed under s 83 of the HIA.

**Draft determination** means the draft document detailing what action is proposed to be taken in a case, as required by s 106T of the HIA.

**Draft report** means the preliminary findings of a Committee following a hearing, as required by s 106KD of the HIA.

**Final determination** means the final document detailing what action will be taken in a case, as required by s 106TA of the HIA.

**GP** means general practitioner.

**HIA** means the *Health Insurance Act 1973*.

**Inappropriate practice** is defined under s 82 of the HIA as conduct in connection with rendering or initiating services that a Committee of the practitioner's peers could reasonably conclude was unacceptable to the general body of their profession.

**IT** means information technology.

**MBS** means the Medicare Benefits Schedule.

**Medicare** means the Medicare program administered by Services Australia and the Department of Health.

**Medicare services** means services provided by a practitioner that generated a Medicare benefit.

**Minister** means the Australian Government Minister for Health.

**Negotiated agreement** means a written agreement made under s 92 of the HIA.

**Panel** means the Professional Services Review Panel established under subsection 84(1) of the HIA, members of which are available for appointment to a Committee.

**Panel member** means a practitioner appointed under subsection 84(2) of the HIA.

**PBS** means the Pharmaceutical Benefits Scheme.

**Peers** means the members of the PSR Panel who are appointed to represent the general body of their profession.

**PGPA Act** means the *Public Governance, Performance and Accountability Act 2013*.

**Practitioner** means a health professional who can access the Medicare and Pharmaceutical Benefits schemes, and includes a:

- medical practitioner
- dental practitioner
- optometrist
- midwife
- nurse practitioner
- chiropractor
- physiotherapist
- podiatrist
- osteopath.

**PSR** means Professional Services Review.

**Ratify** means to authorise or approve. This term is used when the Determining Authority is deciding whether an agreement with the Director will come into effect.

**Sanction** means a direction from a range of directions specified in s 106U of the HIA.

# List of requirements

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

| PGPA Rule Reference | Part of Report                         | Description  | Requirement | Page Number |
|---------------------|--|--|-------------|-------------|
| <b>17AD(g)</b>      | <b>Letter of transmittal</b>           |  |             |             |
| 17AI                |  | A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report. | Mandatory   | iii         |
| <b>17AD(h)</b>      | <b>Aids to access</b>                  |  |             |             |
| 17AJ(a)             |  | Table of contents.   | Mandatory   | v–vii       |
| 17AJ(b)             |  | Alphabetical index.  | Mandatory   | 100–103     |
| 17AJ(c)             |  | Glossary of abbreviations and acronyms.  | Mandatory   | 91          |
| 17AJ(d)             |  | List of requirements.  | Mandatory   | 93          |
| 17AJ(e)             |  | Details of contact officer.  | Mandatory   | 83          |
| 17AJ(f)             |  | Entity's website address.  | Mandatory   | ii          |
| 17AJ(g)             |  | Electronic address of report.  | Mandatory   | ii          |
| <b>17AD(a)</b>      | <b>Review by accountable authority</b> |  |             |             |
| 17AD(a)             |  | A review by the accountable authority of the entity.   | Mandatory   | 1–4         |
| <b>17AD(b)</b>      | <b>Overview of the entity</b>          |  |             |             |
| 17AE(1)(a)(i)       |  | A description of the role and functions of the entity.   | Mandatory   | 6–8         |
| 17AE(1)(a)(ii)      |  | A description of the organisational structure of the entity.   | Mandatory   | 23–25       |
| 17AE(1)(a)(iii)     |  | A description of the outcomes and programmes administered by the entity.   | Mandatory   | 7–8         |
| 17AE(1)(a)(iv)      |  | A description of the purposes of the entity as included in corporate plan.   | Mandatory   | 10–11       |
| 17AE(1)(aa)(i)      |  | Name of the accountable authority or each member of the accountable authority.   | Mandatory   | 32          |

| PGPA Rule Reference                                    | Part of Report | Description   | Requirement                     | Page Number |
|--|----------------|---|---------------------------------|-------------|
| 17AE(1)(aa)(ii)  |                | Position title of the accountable authority or each member of the accountable authority.  | Mandatory                       | 32          |
| 17AE(1)(aa)(iii)                                       |                | Period as the accountable authority or member of the accountable authority within the reporting period.   | Mandatory                       | 32          |
| 17AE(1)(b)   |                | An outline of the structure of the portfolio of the entity.   | Portfolio departments mandatory | 23–25       |
| 17AE(2)  |                | Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.  | If applicable, Mandatory        | N/A         |
| <b>17AD(c) Report on the Performance of the entity</b> |                |   |                                 |             |
| <i>Annual performance Statements</i>                   |                |   |                                 |             |
| 17AD(c)(i); 16F  |                | Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.  | Mandatory                       | 10–21       |
| <b>17AD(c)(ii) Report on Financial Performance</b>     |                |   |                                 |             |
| 17AF(1)(a)   |                | A discussion and analysis of the entity's financial performance.  | Mandatory                       | 39–42       |
| 17AF(1)(b)   |                | A table summarising the total resources and total payments of the entity.   | Mandatory                       | 43          |
| 17AF(2)  |                | If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results. | If applicable, Mandatory.       | N/A         |
| <b>17AD(d) Management and Accountability</b>           |                |   |                                 |             |
| <i>Corporate Governance</i>                            |                |   |                                 |             |
| 17AG(2)(a)   |                | Information on compliance with section 10 (fraud systems)   | Mandatory                       | 27          |
| 17AG(2)(b)(i)  |                | A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.  | Mandatory                       | iii         |



| PGPA Rule Reference             | Part of Report | Description   | Requirement              | Page Number |
|---------------------------------|----------------|---|--------------------------|-------------|
| 17AG(2)(b)(ii)                  |                | A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place. | Mandatory                | iii         |
| 17AG(2)(b)(iii)                 |                | A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.  | Mandatory                | iii         |
| 17AG(2)(c)                      |                | An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.  | Mandatory                | 23–25       |
| 17AG(2)(d) – (e)                |                | A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.   | If applicable, Mandatory | N/A         |
| <b><i>Audit Committee</i></b>   |                |   |                          |             |
| 17AG(2A)(a)                     |                | A direct electronic address of the charter determining the functions of the entity's audit committee.   | Mandatory                | 28          |
| 17AG(2A)(b)                     |                | The name of each member of the entity's audit committee.  | Mandatory                | 28          |
| 17AG(2A)(c)                     |                | The qualifications, knowledge, skills or experience of each member of the entity's audit committee.   | Mandatory                | 28          |
| 17AG(2A)(d)                     |                | Information about the attendance of each member of the entity's audit committee at committee meetings.  | Mandatory                | 28          |
| 17AG(2A)(e)                     |                | The remuneration of each member of the entity's audit committee.  | Mandatory                | 28          |
| <b><i>External Scrutiny</i></b> |                |   |                          |             |
| 17AG(3)                         |                | Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.  | Mandatory                | 27          |
| 17AG(3)(a)                      |                | Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.  | If applicable, Mandatory | N/A         |
| 17AG(3)(b)                      |                | Information on any reports on operations of the entity by the AuditorGeneral (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.   | If applicable, Mandatory | N/A         |
| 17AG(3)(c)                      |                | Information on any capability reviews on the entity that were released during the period.   | If applicable, Mandatory | N/A         |

| PGPA Rule Reference                  | Part of Report | Description  | Requirement              | Page Number |
|--------------------------------------|----------------|--|--------------------------|-------------|
| <b>Management of Human Resources</b> |                |  |                          |             |
| 17AG(4)(a)                           |                | An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.   | Mandatory                | 29–30       |
| 17AG(4)(aa)                          |                | Statistics on the entity's employees on an ongoing and nonongoing basis, including the following:<br>(a) statistics on fulltime employees;<br>(b) statistics on parttime employees;<br>(c) statistics on gender;<br>(d) statistics on staff location.  | Mandatory                | 30          |
| 17AG(4)(b)                           |                | Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following:<br>· Statistics on staffing classification level;<br>· Statistics on fulltime employees;<br>· Statistics on parttime employees;<br>· Statistics on gender;<br>· Statistics on staff location;<br>· Statistics on employees who identify as Indigenous. | Mandatory                | 30–31       |
| 17AG(4)(c)                           |                | Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .   | Mandatory                | 31          |
| 17AG(4)(c)(i)                        |                | Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).  | Mandatory                | 31          |
| 17AG(4)(c)(ii)                       |                | The salary ranges available for APS employees by classification level.   | Mandatory                | 31          |
| 17AG(4)(c)(iii)                      |                | A description of nonsalary benefits provided to employees.   | Mandatory                | 31          |
| 17AG(4)(d)(i)                        |                | Information on the number of employees at each classification level who received performance pay.  | If applicable, Mandatory | 32          |
| 17AG(4)(d)(ii)                       |                | Information on aggregate amounts of performance pay at each classification level.  | If applicable, Mandatory | 32          |
| 17AG(4)(d)(iii)                      |                | Information on the average amount of performance payment, and range of such payments, at each classification level.  | If applicable, Mandatory | 32          |
| 17AG(4)(d)(iv)                       |                | Information on aggregate amount of performance payments.   | If applicable, Mandatory | 32          |

| PGPA Rule Reference                                | Part of Report | Description   | Requirement              | Page Number |
|--|----------------|---|--------------------------|-------------|
| <b><i>Assets Management</i></b>                    |                |   |                          |             |
| 17AG(5)  |                | An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.  | If applicable, mandatory | 39          |
| <b><i>Purchasing</i></b>                           |                |   |                          |             |
| 17AG(6)  |                | An assessment of entity performance against the Commonwealth Procurement Rules.   | Mandatory                | 39          |
| <b><i>Reportable consultancy contracts</i></b>     |                |   |                          |             |
| 17AG(7)(a)   |                | A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).     | Mandatory                | 40–41       |
| 17AG(7)(b)   |                | A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".   | Mandatory                | 40          |
| 17AG(7)(c)   |                | A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.  | Mandatory                | 40          |
| 17AG(7)(d)   |                | A statement that "Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."   | Mandatory                | 40          |
| <b><i>Reportable non-consultancy contracts</i></b> |                |   |                          |             |
| 17AG(7A)(a)  |                | A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST). | Mandatory                | 40          |

| PGPA Rule Reference   | Part of Report  | Description  | Requirement              | Page Number |
|---|---|--|--------------------------|-------------|
| 17AG(7A)(b)   |   | A statement that “Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”  | Mandatory                | 40          |
| <b>17AD(daa)</b>  | <b><i>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</i></b> |  |                          |             |
| 17AGA   |   | Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.  | Mandatory                | N/A         |
| <b><i>Australian National Audit Office Access Clauses</i></b> |   |  |                          |             |
| 17AG(8)   |   | If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.   | If applicable, Mandatory | 40          |
| <b><i>Exempt contracts</i></b>                                |   |  |                          |             |
| 17AG(9)   |   | If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters. | If applicable, Mandatory | 41          |
| <b><i>Small business</i></b>                                  |   |  |                          |             |
| 17AG(10)(a)   |   | A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”  | Mandatory                | 41          |
| 17AG(10)(b)   |   | An outline of the ways in which the procurement practices of the entity support small and medium enterprises.  | Mandatory                | 41          |

| PGPA Rule Reference           | Part of Report                     | Description  | Requirement              | Page Number |
|-------------------------------|------------------------------------|--|--------------------------|-------------|
| 17AG(10)(c)                   |                                    | If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”  | If applicable, Mandatory | 41          |
| <b>Financial Statements</b>   |                                    |  |                          |             |
| 17AD(e)                       |                                    | Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.   | Mandatory                | 44–82       |
| <b>Executive Remuneration</b> |                                    |  |                          |             |
| 17AD(da)                      |                                    | Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.   | Mandatory                | 33          |
| <b>17AD(f)</b>                | <b>Other Mandatory Information</b> |  |                          |             |
| 17AH(1)(a)(i)                 |                                    | If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.” | If applicable, Mandatory | 41          |
| 17AH(1)(a)(ii)                |                                    | If the entity did not conduct advertising campaigns, a statement to that effect.   | If applicable, Mandatory | 41          |
| 17AH(1)(b)                    |                                    | A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”  | If applicable, Mandatory | N/A         |
| 17AH(1)(c)                    |                                    | Outline of mechanisms of disability reporting, including reference to website for further information.   | Mandatory                | 36          |
| 17AH(1)(d)                    |                                    | Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.  | Mandatory                | 83          |
| 17AH(1)(e)                    |                                    | Correction of material errors in previous annual report.   | If applicable, mandatory | N/A         |
| 17AH(2)                       |                                    | Information required by other legislation.   | Mandatory                | 42          |

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| 9     | 752   | 63173 | 45809 | 71099 | 63176 | 55840 |
| 9     | 2089Y | 43    | 91801 | 91810 | 2622B | 44    |
| 9     | 34    | 92210 | 92216 | 3132W | 104   | 91804 |
| 9     | 133   | 92116 | 92128 | 8525Q | 160   | 92117 |
| 9     | 199   | 92026 | 92070 | 8865N | 225   | 92027 |
| 9     | 594   | 92057 | 92101 | 599   | 92058 | 92102 |
| 9     | 92120 | 92132 | 715   | 92121 | 92133 | 721   |
| 9     | 21    | 37008 | 739   | 11027 | 37218 | 834   |
| 9     | 41647 | 2715  | 13703 | 41764 | 2717  | 13706 |
| 9     | 92    | 45451 | 5060  | 30196 | 45563 | 10913 |
| 9     | 92    | 63    | 73    | 45809 | 71099 | 63176 |