



Australian Government
Professional Services Review

Professional Services Review

Annual Report
2021–22

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Professional Services Review

PO Box 74

Fyshwick ACT 2609

Telephone: 02 6120 9100

Internet: www.psr.gov.au

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Further information can be obtained from:

Executive Officer

Professional Services Review

Telephone: 02 6120 9100

Letter of transmittal

The Hon. Mark Butler 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 2022.

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



Dr Antonio Di Dio
Acting Director
Professional Services Review

19 October 2022

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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 that object through a process of review, undertaken in first instance by the Director of PSR who is a currently practising medical practitioner and which may involve practitioners being referred to a PSR Committee comprised of members of the same profession or, if applicable, medical speciality.

After a case is referred by the Chief Executive Medicare (or delegate), the Director conducts an initial review. If appropriate, and where the practitioner voluntarily acknowledges having engaged in inappropriate practice, the Director and practitioner may negotiate an agreed outcome to resolve the review without reference to a Committee.

Where PSR Committees are established, they are comprised of clinicians appointed by the Minister for Health and Aged Care to the PSR Panel. Before appointing a clinician to the PSR Panel, relevant professional organisations and associations (including, in the case of medical practitioners, the Australian Medical Association), are consulted.

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 may also refer these matters on to the appropriate authority.

Professional Services Review in 2021–22

COVID-19

The gradual easing of restrictions meant that PSR operations largely returned to normal by the end of June 2022. Director visits to practitioners under review were able to resume face-to-face, and PSR Committees resumed in person hearings.

The innovations that were generated during COVID-19 to facilitate virtual meetings were retained to afford greater flexibility. This meant that practitioners under review could secure a meeting with the Director regardless of the practice location as either in person, video or telephone conferences. As Director, I was again able to speak at conferences to engage with the professions, attending many conferences virtually and in person. PSR staff also retained flexible working arrangements allowing staff to work at home as required.

PSR proactively managed the potential mental health impacts of COVID-19 through staff communication and training.

Patient safety and fraud

This year saw concerning cases with patients being billed regularly for consultation services up to a year after their death, numerous non-contemporaneous entries into medical records written many years after the billed date of service (often following PSR requests to produce medical records), and concerns about billing for surgical services when the services were not mentioned on consent forms or hospital documentation. PSR also uncovered serious patient safety issues around harmful polypharmacy with risk for severe drug interactions and drug dependency.

PSR made referrals to regulatory bodies such as Ahpra and medical boards for potential patient safety concerns, major non-compliance with professional standards and fraud concerns, in respect of 22 practitioners.

Renewal of the PSR Panel and Determining Authority

A large body of work saw PSR renew the PSR Panel and Determining Authority membership, as the vast majority of members' appointments were due to expire in 2022.

PSR Panel members comprise the peer review Committees that determine if a person under review has engaged in inappropriate practice.

The Determining Authority determines the outcome for a practitioner when a peer review Committee makes a finding of inappropriate practice. It also performs an independent review of every agreement entered into between the Director and a person under review where the practitioner makes a voluntary acknowledgement of having engaged in inappropriate practice.

Following advertisements in national newspapers in July 2021, shortlisting of applicants occurred, and interviews were held throughout October and November 2021. Applicants progressing underwent social media screening, Ahpra checks and consultation with the Australian Medical Association (AMA) and the relevant Colleges, to confirm they were suitable peer reviewers. Names of potential appointees were then forwarded to the Minister for consideration.

At the end of this process, 109 members were appointed to the PSR Panel, including 43 as Deputy Directors and 15 members were appointed to the Determining Authority. Appointees included general practitioners, medical specialists, dentists, chiropractors, midwives, nurse practitioners and optometrists.

The outcome of the process is that the PSR Panel is more diverse than ever with over 41% of appointees being female and members appointed from every state and territory.

Review of PSR processes

In 2021–2022, PSR staff worked with the Department of Health and Aged Care and the AMA to support an independent review of PSR legislation and processes, focussing on the process of securing confidential settlement agreements under section 92 of the HIA. PSR has been keen to ensure greater transparency and education around the process and to see such agreements extend to employers or corporates under review.

Senior PSR staff met with Emeritus Professor Robin Creyke, who is conducting this review and provided a suite of information to assist with the review.

PSR expects the report will be published in the 2022–23 financial year and anticipates the report will provide PSR with an opportunity to further refine internal process while maintaining fairness, transparency and privacy.

Working collaboratively with regulators and the Department of Health and Aged Care

PSR worked with other regulators and the Department of Health and Aged Care to consider ways that information might be shared to enable greater protection of the public from harm, whilst minimising investigation stress to practitioners. This work is ongoing.

New premises

The current lease on the PSR premises is approaching expiry and work was undertaken to source a new premises that is suitable to PSR's needs including privacy and security requirements. The process to secure a new location is ongoing, however the current lease at the Brindabella Business Park has been extended to allow additional time.

Audit and Risk Committee

PSR saw renewal of its external Audit and Risk Committee with the retirement of long time Chair Ms Gayle Ginnane. I would like to acknowledge Ms Ginnane’s dedication and efforts to assist PSR address risk and compliance with whole of government and financial regulations. Mr Geoff Knuckey and Ms Rebecca Davies were appointed as Chair and Independent member respectively.

Retirement as Director

In January 2022, I wrote to advise the Minister of Health and Aged Care that I would be stepping down from the role of Director on 15 July 2022 to take up a new role as Dean of Medicine.

I have been in the role of Director for over five years and have been pleased at the progress of PSR. Highlights include:

- PSR ranking second out of 101 Australian Public Service Departments and Agencies in the 2021 APS Survey in the categories of engagement and innovation
- the expansion of compliance reviews to encompass employers and companies, including very large medical corporations
- the widening of compliance from a focus on general practice into other medical specialist categories, as well as midwives, nurse practitioners, chiropractors, optometrists, psychologists and dentists
- managing an increase in requests to review received from the Chief Executive Medicare from 81 in the year of my initial appointment in 2016–17, up to 126 in 2018–19 (though subsequently reducing due to COVID-19) while meeting all statutory timeline targets
- managing the regulation of multiple new telehealth items, whilst simultaneously addressing the logistics of managing a workforce in isolation from COVID-19, and introducing novel ways to conduct fair reviews and Committee hearings; and
- implementing and maintaining security, governance and staffing processes that ensure PSR is compliant with all external legislation, and remains proactive in privacy and security measures.

Conclusion

PSR achievements over the past five years and last twelve months come through a committed workforce who work together in effective teams, display flexibility, innovation and commitment to PSR and APS goals. I would especially like to acknowledge Mr Bruce Topperwien, Ms Linnet Lee, Ms Margaret Parker and Mr Andrew Shelley, the PSR Management team, for their thoughtful and intelligent advice and impressive work ethic.

I am pleased to advise that Dr Antonio Di Dio, who has been a longstanding PSR appointee having served as Committee member, Deputy Director, Determining Authority member and peer reviewer of Director stage general practice reviews, has been appointed as Acting Director of the Professional Services Review.

I would also like to acknowledge all PSR Deputy Directors and members of the Panel and Determining Authority. Without the dedication of these practitioners, PSR could not function.

Finally, I would like to acknowledge the cooperation and professionalism of the AMA, medical colleges and officers of the Department of Health and Aged Care, especially Ms Penny Shakespeare and Mr Daniel McCabe and with whom PSR liaises on a regular basis.

A handwritten signature in black ink, appearing to read 'Julie Quinlivan', with a long horizontal flourish extending to the right.

Professor Julie Quinlivan
Director of Professional Services Review

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 2021–22, PSR continued to work closely with key stakeholders to improve its operations. PSR stakeholders include the Department of Health and Aged Care, the AMA and other relevant professional organisations. During 2021–22, 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 30 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 benefits are provided to claimants 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 and further legislative changes are currently before the Parliament for consideration. Government and key stakeholders conducted comprehensive reviews in 1999 and 2006.

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 medicare, dental and pharmaceutical benefit services are being provided becomes more complex, and the rules underpinning the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Schedule (PBS) adapt to changing circumstances and technology, PSR is being asked to review and investigate a wider range of health professions, specialties, and corporate entities that 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.

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 2021–22 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 1 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 2021–22 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 2021–22, the Director of PSR engaged with a broad range of stakeholders in relation to the PSR Scheme. These stakeholders included:

- Department of Health and Aged Care
- Department of Veterans' Affairs
- Digital Transformation Agency
- Health Care Complaints Commission
- Medical Council of NSW
- Office of the Minister for Health and Aged Care
- Private Healthcare Australia
- Australian College of Nursing
- Australian Dental College
- Australian Medical Association
- Optometry Australia
- Royal Australian College of General Practitioners
- Australian Chiropractors Association
- Australian College of Midwives
- Australian College of Dermatologists

Professional Services Review Agency performance

The following sets out PSR's performance criteria and provides details of its results for activities undertaken during 2021–22. This included work on the 123 cases already on hand at the commencement of the reporting period, and the 108 cases that were received during 2021–22.

A total of 77 cases were brought to a conclusion. At the end of the reporting period, 154 cases had not been finalised and were in various stages of completion.

Table 1 compares PSR's case statistics for 2021–22 with those of the previous reporting period.

Table 1: PSR's case statistics, 2021–22 and 2020–21

Action	2021–22	2020–21
Requests received from the Chief Executive Medicare	108	73
Requests by Chief Executive Medicare to review a practitioner with a previous effective determination or negotiated agreement for a second or subsequent time	9	4
No further action under (sections 88A, 91 or 106KE of the HIA)	6	6
Requests withdrawn or lapsed	0	0
Referrals from the PSR Director to new PSR Committees	15	12
Committees in progress (at 30 June)	32	39
Committee reports finalised	19	10
Reports finding inappropriate practice	18	10
Reports finding no inappropriate practice	1	0
Committee matters indefinitely suspended	0	0
Practitioners referred to medical boards/Ahpra (under sections 106XA or 106XB of the HIA)	22	22
Referrals to Chief Executive Medicare/regulatory authority for suspected fraud	3	1
Negotiated agreements ratified and effective	57	90
Final determinations made	13	10
Final determinations effective	13	9
Cases on hand at 30 June ¹	154	123

¹ as PSR receives referrals from Chief Executive Medicare throughout the year, case data cannot be reconciled within a 12-month period

New requests from the Chief Executive Medicare

The Chief Executive Medicare sent 108 requests in 2021–22. The average caseload over the prior five years for PSR was 98 cases.

In 2021–22, PSR completed 77 cases. Of these,

- in one matter a decision was made not to investigate,
- five matters were the subject of a decision by the Director to take no further action,
- 57 were negotiated agreements that were subsequently ratified by the Determining Authority (thereby becoming effective),
- one Committee report containing no findings of inappropriate practice and
- 13 final determinations by the Determining Authority that became effective during the reporting period.

Negotiated agreements and final determinations resulted in repayment orders totalling \$19,021,883.15 for the year.

During the reporting period, the Director referred 15 cases 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 section 91 of the HIA. The Director took no further action in five of the 77 cases completed in 2021–22.

The Director can also decide not to investigate a matter in circumstances where it does not appear there is a possibility that the person engaged in inappropriate practice in providing services during the review period. This Director made a decision not to investigate a matter in one of the 77 cases completed in 2021–2022.

Negotiated agreements

Under section 92 of the HIA, the Director and a person under review can enter into a negotiated agreement that must include acknowledgement by the practitioner that they have engaged in inappropriate practice. These agreements 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 2021–22, 57 negotiated agreements came into effect. Outcomes of these negotiated agreements included:

- repayment orders totalling \$12,473,607.95
- partial MBS disqualification in 40 cases
- full disqualification from the MBS in four cases.

The practitioners concerned included medical practitioners, dentists and optometrists. Repayments ranged from \$10,000 to \$800,000 with almost half of the agreements involving a repayment of \$200,000 or more.

PSR Panel and peer review Committees

Under subsection 93(1) of the HIA, the Director may establish a PSR Committee and refer a person² 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 2022, 9% practised in regional areas, and 8% practised in rural areas. Women comprised 41% of the PSR Panel, 18% were allied health professionals, 38% were general practitioners and 44% were other medical specialists.

During 2021–22, the Director established 15 PSR Committees. Of the persons under review referred to a PSR Committee, two were chiropractors, four were corporate entities, two were dentists, three were general practitioners, two were nurse practitioners and two were medical specialists.

At the end of the reporting period, 14 of the PSR Committees established in 2021–22 were still in progress and one was finalised with a finding of no inappropriate practice.

Committee hearings were held for 12 cases during the 2021–22 financial year. Hearings for a number of cases had to be deferred due to COVID-19 travel restrictions, with both timeframes and hearing days being impacted by the pandemic. Nevertheless, 19 Committee final reports were completed within the financial year, and 20 reports were sent to the Determining Authority.

2 Under section 2C of the *Acts Interpretation Act 1901*, 'person' includes a body corporate.

The Determining Authority

During 2021–22, 13 final determinations became effective. The directions made by the Determining Authority were:

- reprimand in all cases and counselling in 12 cases
- partial disqualification from Medicare benefits in ten cases, for between three and 18 months
- full disqualification in one case from both the MBS and PBS for 18 months
- repayment of medicare benefits, ranging from \$187,622.50 to \$1,959,719 (totalling \$6,548,275.20).

Re-referrals

In 2021–22, the Chief Executive Medicare made 13 requests to PSR to review practitioners who had previously been referred to PSR, nine of whom had had a previous effective negotiated agreement or determination. At 30 June 2022, 12 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 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. These concerns may be identified by the Director, or by a Committee or the Determining Authority, who then refer them to the Director for referring on.

In 2021–22, the Director made the following referrals to Ahpra, medical boards or other bodies:

- 13 referrals under s106XA due to concerns over patient safety
- 22 referrals under s106XB due to concerns relating to non-compliance with professional standards
- two referrals under s89A due to suspected fraud

A total of 22 practitioners were referred to external bodies for review.

This is an increase in the total number of concerns referred compared to the previous financial year, however the number of practitioners referred was one fewer than in 2020–21.

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 2021–22

Performance criteria

In 2021–22, PSR maintained 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 and Aged Care, where a serious compliance concern is identified.

Table 2 outlines the quantitative key performance indicator specified for PSR in the Portfolio Budget Statements 2021–22.

Table 2: Protecting against inappropriate health care practice

Quantitative performance criteria	2021–22 Target	2021–22 Actual
Total number of matters for review finalised ³	80% of the number of matters referred in the prior year	104% of the number of matters referred in the prior year

In 2021–22, PSR finalised 76 matters, which exceeded the number of requests received the previous year, and the target of 59. This target was set in the 2021–22 Portfolio Budget statements and represents 80% of the 73 matters referred in the prior year.

PSR continued to act on requests from the Chief Executive Medicare during 2021–22.

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 2021–22, inappropriate practice involved inadequate clinical notes, failure to comply with the particular requirements of the MBS items, or prescribing concerns. Frequently practitioners who were reviewed 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 section 93 of the HIA, as well as practitioners who entered into voluntary agreements under section 92.

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

³ This figure includes no further actions under section 91 of the HIA, negotiated agreements under section 92 of the HIA, final determinations resulting from a Committee hearing. The figure excludes cases considered indefinitely closed in abeyance.

Table 3 provides a summary on PSR's outcomes against the key performance indicators from the 2021–22 Corporate Plan.

Table 3: Performance against PSR key performance indicators

Key Performance Indicators	Outcome	KPI Target met?
1 PSR will provide support to assist Committees to complete 80% of their investigations within 24 ⁴ months of commencing their investigation.	In 2021–22, 19 Committee investigations were completed, with 100% finalised within 24 months of the Committee commencing their investigation.	Yes.
2 The Director has made a decision under either section 91, 92 or 93 within the statutory timeframe in all cases.	During 2021–22, the Director made a decision under section 91, 92 or 93 within the statutory timeframe in all cases.	Yes.
3 The Director will submit 100% of section 92 agreements with sufficient notice to the Determining Authority, to enable the Determining Authority to ratify or not ratify agreements entered into between the Director and the person under review.	In 2021–22, the Determining Authority made a decision on all section 92 agreements within the statutory timeframe.	Yes.
4 PSR will assist the Determining Authority to issue its final determination within 9 ⁴ months of receiving a final report in 80% of cases.	In 2021–22, the Determining Authority made 13 final determinations, of which all were finalised within nine months.	Yes.
5 PSR will consult with the relevant professional bodies on behalf of the Minister in respect of every proposed appointment.	PSR consulted with the relevant professional bodies on behalf of the Minister regarding 184 appointments, and five medical professionals not yet appointed.	Yes.

4 Timeframe extended in light of COVID-19

Director's Comments

Referrals and diversity back to pre-COVID-19 levels

After a reduction in referrals to the Director in 2020–2021 due to Department of Health and Aged Care medical officers being diverted to COVID-19-related activities, the requests sent by delegates of the Chief Executive Medicare to the Director were restored to approximately pre-COVID-19 levels. This volume is twice the historical number of requests received across the PSR Scheme history.

The new requests involved a wide variety of practitioners including the disciplines of psychology, orthopaedics and pathology not previously referred to PSR.

In addition to requests to review general practitioners and other medical practitioners, there were requests to review dentists, optometrists, chiropractors, nurse practitioners and a variety of other specialist medical practitioners including neurologists, haematologists, radiologists, ENT surgeons, oral and maxillofacial surgeons, obstetrician and gynaecologists, cardiologists and endocrinologists.

Telehealth and COVID-19 consultations

The Director received a number of requests to review practitioners who had engaged in high volumes of telehealth or in-person services related to COVID-19 testing and vaccinations. In some cases, the Director made a decision to take no further action under section 91 of the HIA (meaning the review was dismissed) as the practitioners had adequate clinical notes that supported telehealth consultations and billing was appropriate (often MBS items 3 and 23) to the content of the COVID-19-related service.

In general, telehealth services related to brief and standard consultations were largely deemed appropriate by peers. However, telehealth telephone services for longer consultations (level C and D) and services such as chronic disease management, health assessments and mental health services were less likely to be found to be appropriate by peer reviewers. One concerning trend was for many notes to be identical entries across multiple patients and dates of service, with no unique features. This raised concerns over the veracity of the records.

Prescribing concerns

The Director and Committee's reviewed a number of practitioners in relation to prescribing concerns. These include both medical and nurse practitioners.

There was a concerning trend of a lack of clinical input around the issue of some prescriptions. The emergence of "scripts on demand" services was noted to be associated with poor medical history, no examination, no investigation, and no documentation of

discussion of overall safe patient management. Sometimes expensive medications with strict authority restrictions were prescribed with absent or minimal clinical input.

Prescribing of some expensive and heavily subsidised PBS medications was also reviewed. Some PBS subsidies represent many thousands of dollars per individual prescription. These medications have carefully considered restrictions and requirements for patient eligibility. Sometimes, prescribers were not adhering to these restrictions and requirements.

The PBS is a valuable service funded by the Commonwealth to make expensive lifesaving medication available to the public. Clinical committees carefully consider eligibility to provide equity in healthcare and maintain an affordable system. Failing to adhere to prescribing restrictions at a systematic level undermines the PBS.

Skin medicine

As in recent years, the Director again received requests to review practitioners engaged in skin medicine. The main concerns identified were similar to those found in previous years and were:

- inadequate documentation,
- poor clinical input,
- no consent for interventional procedures, and
- identical text pasted across multiple patient consultations and between multiple different patient files.

Another persisting area of concern was skin flap repairs being performed when they may not have always been clinically indicated and where less invasive management options were not offered to patients.

A final area of concern is the performance of significant skin surgery by practitioners with no formal qualifications in either general practice, surgery or dermatology.

Chiropractors and imaging services

A new area of concern to emerge this year was the ordering of diagnostic imaging in chiropractic services. Clinicians should always be mindful that X-rays cause exposure to radiation, and every X ray request should be clinically indicated to either confirm a diagnosis or progress management. Imaging should be confined to the body part identified by history and examination. Imaging is not a substitute for a history and examination. Finally, undertaking multiple X-rays for screening purposes, or at each visit, may cause patient harm.

It is also important that practitioners avoid any conflicts of interest and avoid situations where they may receive direct or indirect remuneration for performing imaging, or indeed any other procedure.

General practitioner reviews

The common items reviewed were level B, C and D consultations in rooms (MBS Items 23, 36 and 44) and chronic disease management items (MBS items 721, 723 and 732) and their equivalent telephone consultation items. Video consultations of these equivalent items did not feature as a concern in PSR reviews. PSR also reviewed health assessments, ordering of pathology and radiology, and prescribing.

Specialist reviews

The most frequent items reviewed were MBS items 132 and 133. Common concerns were that consultations did not meet the minimum time requirements and did not generate a management plan of significant complexity with the contents contained in the MBS item descriptor and the relevant associated note in the MBS (AN.0.23). In most cases, the practitioner addressed a standard specialist appointment and issued a letter to the referring doctor, which did not meet the requirements of these MBS items. Practitioners are reminded that MBS item 132 and 133 are restricted to complex patients and a management plan compliant with the relevant associated note is required.

Surgical operations

PSR conducted reviews into several different surgical specialties. One emerging concern was the practice of some surgeons to “add on” additional item numbers to the principal surgical item in their billings. For example, in one case a surgeon billed for extraction of wisdom teeth and then simultaneously billed for osteotomy with transposition of blood vessels and nerve and bone grafts, repairs of fistulas and debriding of contaminated wounds as part of the wisdom teeth extraction despite these items not being mentioned in medical records, letters to referring practitioners, consent forms or hospital theatre records. A review of pre-operative films and letters identified routine impacted wisdom teeth.

Practitioners are reminded that the most relevant item should be billed. Where a listed service is also a component of a more comprehensive service covered by another item, the benefit for the latter service will cover the former. Further, every item billed requires consent, there needs to be clear documentation that each procedure billed was clinically indicated, and the operative and hospital records should document that the additional procedures were performed.

It is a particular concern if patients are systematically billed for extra items that are not mentioned in medical records, listed on consent forms, mentioned in letters back to referring practitioners or within hospital documentation.

Fraud detection and medical documentation

PSR continued to identify cases of suspected fraud. This is outlined in more detail in the Director's introduction. Key concerns were billing deceased patients, non-contemporaneous notes and billing for surgical procedures where there was no consent or other paperwork to support the billed procedure had occurred. However, fraud was a concern in only a small number of cases.

The major concerns identified related to lack of clinical input and extremely poor documentation. When practitioners are very busy, documentation in records can become poor and this can risk patient safety.

There is a need for practitioners to balance their workload to ensure there is sufficient time to ensure documentation in patient records remains accurate and able to safely ensure continuity of care. The stresses of COVID-19 may have aggravated workload demands on practitioners. The reliance on electronic autofill in some entries may also aggravate the risk of poor documentation that does not reflect the content of a consultation.

Legal issues

Persons involved in the PSR process may seek judicial review in the Federal Court. The following are the significant decisions handed down by the Federal Court in 2021–22 in which PSR entities were parties.

In *Amir v Director of PSR* [2022] FCAFC 44, a Full Bench of the Federal Court dismissed an appeal from a single judge of the Federal Court that had held that while the Director might form a preliminary view about whether to conduct a review, even a strongly held view, it is not until the Director has irrevocably decided whether or not to do so, that there is a 'decision' for the purposes of the HIA. The Court held that the decision was made when a letter was given to Dr Amir stating that the Director had made the decision on that day.

In *Karmakar v Minister for Health and Others* [2021] FCA 916, the Federal Court dismissed challenges to each stage of the PSR process. The Court noted that, at no stage was there any unfairness. The Court endorsed the PSR Committee's approach in investigating Dr Karmakar's conduct in connection with providing services, in taking into account all the matters put to the Committee by Dr Karmakar, and in the assistance given to Dr Karmakar by PSR to help her understand the process. The Court rejected a challenge to the Constitutional validity of section 106ZR of the HIA that had been made on the ground that it was invalid because it was said to unreasonably burden political communications. The Court also noted that the purpose of the section is to protect the identity of the person under review and to protect the privacy of their patients. It did not prevent Dr Karmakar from presenting evidence at the Committee hearing.

In *Kew v Director of PSR* [2021] FCA 1607, the Federal Court upheld the PSR Committee's finding of inappropriate practice in relation to the billing of consultation items in conjunction with procedural items. The Court held the Committee's reasoning was consistent with the definition in the HIA of 'clinically relevant service', which turns on whether the treatment rendered 'is generally accepted in the [medical profession] as being necessary'. The Court also endorsed the Committee's position that where the service provided was, in reality, an 'essential element of' or 'part of' the procedural service that was performed and billed, then there was no other separately billable service.

Summary

In 2021–22, PSR has successfully resumed pre-COVID-19 workloads, with a further expansion in the diversity of referrals into new professional disciplines. Telehealth and COVID-19-related services, and a renewed focus on prescribing were key features of the year's workload.

As the Director during the reporting period⁵, I would also like to thank our key stakeholders including the Department of Health and Aged Care, the AMA and College Chairs.

5 Dr Antonio Di Dio was appointed as Acting Director following Professor Quinlivan's retirement.

3. Management and accountability

Structure and organisation

The Director is an independent statutory officer appointed by the Minister for Health and Aged Care under section 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.

In March 2022, Professor Quinlivan provided her resignation to the Minister for Health and Aged Care, with her appointment term concluding on 15 July 2022.

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. Mr Topperwien is the Senior Executive Service (SES) officer responsible for the administrative management of the agency and fulfils the role of General Counsel.

During 2021–22, there were no significant instances of non-compliance with the finance law.

In 2021–22, PSR reviewed its Corporate Plan and progressed the recruitment of positions following continuous workforce planning sessions with senior management and a review of its organisational structure.

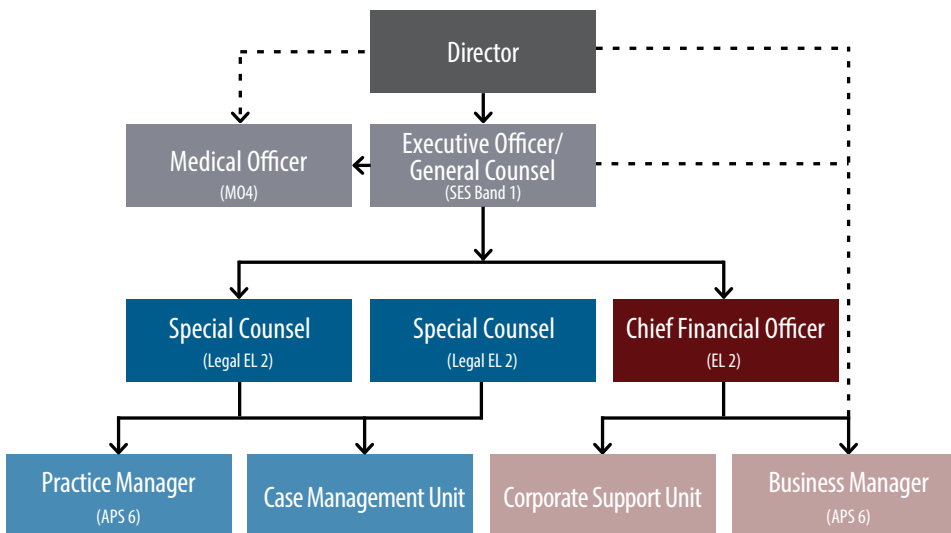
The PSR Corporate Plan is publicly available on the PSR website. During 2021–22, PSR referred to this Corporate Plan as the basis for its performance reporting framework. Performance against PSR's 2021–22 key performance indicators is reported under chapter 2 Performance Statement.

Agency Structure

PSR's current structure (Figure 1) is consistent with prior years. This structure continues to provide for:

- a case management unit, (managed by the Special Counsel), to manage the requests from the Chief Executive Medicare through the Director's Review stage as well as through Committee and Determining Authority processes. Document preparation for Director Reviews and PSR Committee hearings are managed by an administrative team within the case management unit.
- an integrated corporate support unit that reports to the Chief Financial Officer, and is responsible for budget and financial reporting, payroll, human resources and recruitment, security and property management, ICT and information management, procurement, ministerial submissions, risk management, audit and compliance.
- a business manager and a practice manager, who support the PSR executive management team, coordinates administrative tasks across PSR and manages communications, media and parliamentary functions
- the Executive Officer who also fulfils the role of General Counsel.

Figure 1: Professional Services Review organisational chart, 2021–22



Portfolio shared services arrangements

As an extra small agency with limited resources, PSR achieves productivity benefits through the agency's ongoing service level agreement with the Department of Health and Aged Care. This includes the delivery of payroll services, ICT desktop applications for payroll and human resources, and other corporate support activities that include services offered by the Employee Assistance Program and access to the Department's protected network.

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 and audit, procurement and contracts, human resources, workplace health and safety, security, information management, fraud control and business continuity planning
- 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 PSR, 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.

External scrutiny

A summary of the 2021–22 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 2021–22.

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.

Identifying and managing risk

In prior years, PSR invested in the development of a robust risk management framework. In May 2022, PSR reviewed its annual 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 staff from the case management and corporate teams. During the year, PSR's internal auditors also undertook a review to assess the design and implementation of PSR's Enterprise Risk Management Framework.

The PSR Risk Management Plan summarises the strategic risk context and operational risk assessment for PSR. 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 PSR's risk management practices, and its capacity for developing and implementing further change.

The focus group also provided an opportunity for PSR 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, responsibility for managing risk and implementing appropriate internal controls rests with PSR management.

Audit and Risk Committee

The PSR Audit and Risk Committee is established by the PSR Director under section 45(1) of the PGPA Act. It provides independent advice on PSR's governance arrangements, risk management framework, internal control and compliance framework, and annual financial statements. PSR's Audit and Risk Committee Charter can be found at www.psr.gov.au/publications-and-resources/governance-and-corporate-documents.

During 2021–22, the PSR Audit and Risk Committee consisted of an independent chair and two independent members. Ms Gayle Ginnane occupied the role of independent chair until December 2021. From January 2022, Mr Geoff Knuckey was appointed as Chair for a three year term.

Table 4 outlines the membership, experience and attendance of the Audit and Risk Committee members for 2021–22.

Table 4: PSR Audit and Risk Committee, 2021–22

Member	Membership	Qualification, knowledge, skills or experience	Attendance and no. of meetings
Ms Gayle Ginnane	Independent Chair (Sept to Dec 2021)	Extensive experience in the public sector at a senior executive level. Previous CEO of the Private Health Insurance Administration Council. ten years' experience as a director on a number of boards in government and the private sector.	2 out of 4
Mr Geoff Knuckey	Independent Chair (Jan to Jun 2022)	Chartered Accountant, with 32 years in the private sector. Over ten years' experience as chair or independent director on private and public sector boards and committees.	2 out of 4
Mr Geoff Knuckey	Independent Member (Sep to Dec 2021)	Chartered Accountant, with 32 years in the private sector. Over ten years' experience as chair or independent director on private sector and public service boards and committees.	2 out of 4
Mr Paul Groenewegen	Independent Member (Full year)	Extensive experience in executive and consulting roles, working with corporates, not-for-profits and government. Strong background in governance practice, strategy development and implementation, financial management, compliance and risk activities and government operations involving regulation and policy. Held chair and independent member roles on audit and risk committees in government and private sector organisations.	4 out of 4
Ms Rebecca Davies	Independent Member Dec 2021 to Jun 2022)	Former partner in a major law firm, 20 years' experience as a board member, chair and independent member on private and public sector committees.	3 out of 4

PSR's participating observers included representatives from the Australian National Audit Office, PSR's Chief Financial Officer, Executive Officer and General Counsel, Special Counsel and PwC Australia, who are currently PSR's internal auditors.

Table 5 lists the remuneration for the PSR Audit and Risk Committee during 2021–22.

Table 5: Remuneration for Audit and Risk Committee members in 2021–22

Member	Remuneration	GST Inclusive
Ms Gayle Ginnane	\$3,850	Yes
Mr Geoff Knuckey	\$5,775	Yes
Mr Paul Groenewegen	\$5,800	No GST
Ms Rebecca Davies	\$4,785	Yes

The 2021–22 PSR Internal Audit Plan included a range of audits that focused on governance, internal controls, and compliance. The audits included the annual review of Key Controls, Work Health and Safety (WHS), a review on PSR's Recommendations Implementation and the Enterprise Risk Management review.

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 and persons under review 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. The Director of PSR made a Determination under subsection 24(1) of the *Public Service Act 1999* 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. PSR 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 2022, PSR had 30 APS staff. Given PSR's role as a regulatory agency, PSR has a number of specialist Legal EL 2 positions, despite its small size. Senior lawyers with extensive administrative law experience fill these positions. They have specific responsibility for managing PSR cases, and providing legal advice to the Director and PSR Committees.

Tables 6 and 7 provide details of staff numbers, ASL & FTE as at 30 June 2022

Table 6: PSR Staff numbers as at 30 June 2022 and 2021

Classification	Male		Female		Ongoing employment		Non-ongoing employment		Full time		Part time		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
SES Band	1	1	0	0	1	1	0	0	1	1	0	0	1	1
Legal/EL 2	1	1	5	5	6	6	0	0	6	5	0	1	6	6
Legal/EL 1	1	0	4	4	5	4	0	0	3	3	2	1	5	4
Legal/APS 6	2	5	4	3	5	7	1	1	5	8	1	0	6	8
Legal/APS 5	2	0	6	5	8	5	0	0	7	3	1	2	8	5
APS 4	2	1	2	2	2	2	2	1	2	2	2	1	4	3
Total	9	8	21	19	27	25	3	2	24	22	6	5	30	27

Table 7: PSR ASL and FTE at 30 June 2022

Staff	30 June 2022	30 June 2021
Average Staffing Level (ASL)	29.16	25.04
Full Time Equivalent (FTE) ⁶	27.61	25.77

Enterprise agreement and Australian Workplace Agreements

At 30 June 2022, the majority of PSR's staff were based in the ACT, with one employee in South Australia. There were ten employees who did not speak English as their first language and 33% 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.

At 30 June 2022, PSR had three non-ongoing employees, and 27 ongoing employees.

Table 8 outlines the PSR salary ranges for the levels of staff at 30 June 2022.

Table 8: Current PSR salary ranges

Classification	Minimum (\$)	Maximum (\$)
APS 4	70,426	75,606
APS 5	76,629	81,048
Legal APS 5	80,323	80,323
APS 6	84,884	99,717
Legal APS 6	86,782	95,759
EL 1	107,254	119,757
Legal EL 1	111,284	131,968
EL 2	120,151	148,585
Legal EL 2	144,325	155,913

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

⁶ Excludes Director of PSR, who is a Statutory Appointment

Non-salary benefits

PSR provided non-salary benefits to attract and retain capable staff. In 2021–22, 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 2021–22, PSR awarded performance pay to executive and senior management level employees who satisfied certain performance conditions specified by individual flexibility agreements.

Table 9 provides details of employees by classification, who received performance pay relating to the PDS cycle ending 30 June 2022. The total amount paid was \$14,017.

Table 9: Performance pay to PSR employees

Classification	Employees	Total Paid (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES Band 1	1	14,017	14,017	14,017	14,017

Key Management Personnel (KMP)

During the reporting period ending 30 June 2022, 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 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 2022 are summarised in Table 10 overleaf:

Table 10: 2021–22 Key Management Personnel

Position title	Name	Term as KMP
Director of PSR (Accountable Authority)	Professor Julie Quinlivan	Full year
Acting Director PSR ⁷	Dr David Rankin	8–12 November 2021
	Dr Antonio Di Dio	4–28 January 2022; 16–30 June 2022
Executive Officer and General Counsel	Bruce Topperwien	Full year
Acting Executive Officer	Margaret Parker	22 December 2021 to 28 January 2022
Special Counsel	Margaret Parker	Full year
Chief Financial Officer	Linnet Lee	Full year

In the notes to the financial statements for the period ending 30 June 2022, PSR disclosed the following KMP expenses:

Note 9: Key management personnel remuneration for the reporting period	2022
Short-term benefits	
Salary	905,596
Performance bonuses	14,017
Other ⁸	42,242
Annual leave	76,427
Total short-term employee benefits	1,038,282
Post-employment benefits	
Superannuation	114,297
Total post-employment benefits	114,297
Other long-term benefits	
Long-service leave	27,777
Total other long-term benefits	27,777
Termination benefits	-
Total	1,180,356

Note 9 above has been disaggregated in Table 11.

7 The Acting Director was appointed by the Minister during the period the Director was on leave.

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

Senior Executive Remuneration

PSR's Senior Executive Service (SES) employee is remunerated under an individual agreement in accordance with section 24 of the *Public Service Act 1999*. The Director of PSR has authority to approve section 24 agreements, which is consistent with the Department of Health and Aged Care's SES Performance and Remuneration Framework and practices for SES employees. During 2021–22, PSR continued to adhere 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 11: KMP Remuneration

Name and Position	Short-term benefits			Post-employment benefits			Termination benefits	Total remuneration
	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Professor Julie Quinlivan Director PSR (Accountable Authority) ⁹	349,627	-	25,180	22,167	7,442	-	-	404,416
Dr David Rankin Acting Director PSR ^{9, 10}	6,529	-	-	2,225	-	-	-	8,753
Dr Antonio Di Dio Acting Director PSR ^{9, 10}	35,482	-	8,437	3,224	1,293	-	-	48,436
Bruce Topperwien Executive Officer and General Counsel ¹¹	189,952	14,017	41,039	36,869	1,775	-	-	283,652
Margaret Parker Special Counsel ¹²	174,689	-	24,444	25,405	8,835	-	-	233,374
Linnet Lee Chief Financial Officer ¹¹	149,317	-	19,569	24,407	8,432	-	-	201,725
Total	905,596	14,017	118,669	114,297	27,777	-	-	1,180,356

⁹ Remunerated under the Remuneration Tribunal Determination for Full-Time Office Holders.

¹⁰ The Acting Director was appointed by the Minister for part of the year during the period the Director was on leave.

¹¹ Remunerated under a section 24 agreement under the *Public Service Act 1999*

¹² Remunerated under Individual Flexibility Arrangements (IFAs), which includes car parking, and pay rises in line with the agency's current Enterprise Agreement. IFAs are determined by the Director (Accountable Authority)

Other Highly Paid Staff

During 2021–22, 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 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 12 shows the number of statutory appointments to PSR by practice location and gender.

Table 12: Statutory Appointment Holders as at 30 June 2022

Location	Male	Female	Total
Australian Capital Territory	7	6	13
New South Wales	23	27	50
Northern Territory	0	1	1
Queensland	20	3	23
South Australia	6	9	15
Tasmania	3	4	7
Victoria	26	11	37
Western Australia	9	6	15
Total	89	64	160

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

Training and development

PSR allocates a portion of its annual departmental expenditure to training and development during the financial year. PSR employees, in consultation with their managers, identify training and development needs through individual development plans made under the PSR's Performance Development Scheme. PSR employees accessed a range of learning and development opportunities during 2021–22, including external courses and workshops in areas of leadership and management, security, WHS, law, finance, risk, and records management. Due to COVID-19, online training events and resources were utilised extensively during the year. This included access to Commonwealth resources, webinars and online training modules through Learnhub.

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 2021–22, 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
- continued 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 WHS representatives are responsible for monitoring workplace hazards. The WHS representatives conduct workplace inspections and report their findings to the Work Health and Safety Committee for action. Employees can also raise any work health and safety issues with the WHS representatives or regular WHS working groups.

Disability reporting mechanisms

The Australian Public Service Disability Employment Strategy 2020–25, continues the work of the National Disability Strategy 2010–2020, and sets out a comprehensive plan to improve the employment outcomes for people with disability. The strategy covers work to be undertaken over the next five years to make working for the Australian Public Service more accessible and inclusive.

Accommodation

PSR entered into a five 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 PSR 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 PSR's workload and to optimise use of its office space.

During 2021–22, PSR commenced negotiations to relocate to another premise. Negotiations were still ongoing at 30 June 2022. PSR's current lease was extended from 1 August 2022 for a further 18 months while lease negotiations were continuing.

4. Financial performance

Financial performance

PSR's departmental appropriation for 2021–22 was \$12,212,000, which includes \$225,000 for a departmental capital budget.

Departmental expenses at 30 June 2022 were \$9,097,072 (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 2021–22, 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 continued focus 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 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 engaged to:

- investigate or diagnose a defined issue
- perform defined reviews or evaluations, or
- provide independent advice

PSR takes into consideration the skills and resources required for the engagement, 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.

Table 13 summarises the consultants that were engaged during the 2021–22 reporting period.

Table 13: Consultants engaged during 2021–22

Category	Total number of consultants	Total value (GST inclusive)
Consultants engaged under section 90 of the HIA, to assist with the performance of the functions, duties and powers of the Director		
● Ongoing contracts	5	\$116,107
- Ongoing contracts representing 5% or more of total consultant expenditure for services provided by: Dr Brand and Janaki Pty Ltd	2 out of 5	\$81,576
● New contracts in specialist areas ¹³	14	\$82,863
Subtotal	19	\$198,970
Consultants engaged to provide professional, independent and expert advice to PSR		
● Ongoing contracts	3	\$161,978
- Ongoing contracts representing 5% or more of total consultant expenditure for services provided by: PricewaterhouseCoopers	1 out of 3	\$155,543
● New contracts	4	\$170,685
- Ongoing contracts representing 5% or more of total consultant expenditure for services provided by: Clayton Utz, CyberCX	2 out of 4	\$164,811
Subtotal	7	\$332,663
Total consultants	26	\$531,633
Consultants engaged to provide legal services		
● Ongoing contracts with Clayton Utz, Sparke Helmore, Maddocks, Lawyerbank, and the Australian Government Solicitor.	5	\$1,562,980

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 2021–22, PSR had no contracts equal to or greater than \$100,000 (GST inclusive) that did not provide for the Auditor-General to have access to the contractor's premises.

¹³ PSR relies on peer expertise to assist with Director stage reviews and some clinicians are engaged under a labour hire consultancy for this purpose.

Exempt contracts

In 2021–22, PSR had no contracts equal to or greater than \$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 2021' (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 effective to facilitate these payments.

Indigenous Procurement Policy

The Australian Government's Indigenous Procurement Policy (IPP) 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 2021–22, PSR paid \$28,727 (GST inclusive) to two suppliers who met the criteria under the IPP policy.

Advertising and market research

During 2021–22, PSR undertook three advertising campaigns with Universal McCann for the recruitment of members to the PSR Panel and Determining Authority, and an advertisement for PSR's Medical Officer. Total payments to Universal McCann were \$7,830.18 (GST inclusive).

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 report 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.

In 2021–22, PSR explored the option to purchase carbon offsets when booking domestic air travel. PSR aims to implement processes to enable participation in carbon offset programs where possible.

Publications

PSR produced one publication in 2021–22:

- Annual report 2020–21

Appendix 1

Professional Services Review's resource statement and outcome summary 2021–22

Table 14: Resource statement, 2021–22

Resource		Actual available appropriations for 2021–22 (\$'000)(a)	Payments made in 2021–22 (\$'000)(b)	Balance remaining (\$'000)(a–b)
Ordinary Annual Services ¹⁴	Departmental appropriation ¹⁵	12,980	8,977	4,003
Other services	Departmental non-operating	-	-	-
	Equity injections	-	-	-
	Previous year's outputs	-	-	-
	Total other services	-	-	-
	Total resourcing and payments	12,980	8,977	4,003

Note: All figures are GST exclusive.

Table 15: Resource summary, Outcome 1¹⁶

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme	[A] Budget 2021–22 (\$'000)	[B] Actual expenses 2021–22 (\$'000)	[A–B] Variation (\$'000)
Departmental outputs	11,987	9,097	2,890
Average staffing level (number)	32	29	3

¹⁴ Appropriation Acts (No. 1) 2021–22.

¹⁵ Includes an amount of \$225,000 for the Departmental Capital Budget.

¹⁶ 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 scheme.

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: Employee Provisions

Note 9: Key Management Personnel Remuneration

Note 10: Related Party Disclosures

Note 11: Contingent Assets and Liabilities

Note 12: Financial Instruments

Note 13: Fair Value Measurement

Note 14: Aggregate Assets and Liabilities



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Aged Care

Opinion

In my opinion, the financial statements of Professional Services Review (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 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 and forming part of 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 – Simplified Disclosures 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



Sally Bond

Executive Director

Delegate of the Auditor-General


Canberra

29 September 2022

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2022 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.



Dr Antonio Di Dio
Acting Director, Accountable Authority
Professional Services Review

29 September 2022



Linnet Lee
Chief Financial Officer
Professional Services Review

29 September 2022

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2022*

	Notes	2022 \$	2021 \$	Original Budget 2022 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	4,156,593	3,649,206	4,159,000
Supplier expenses	1B	4,168,438	3,854,917	7,518,000
Depreciation and amortisation	4A	769,842	661,544	690,000
Finance costs	1C	1,818	5,174	4,000
Impairment of assets	1D	-	2,045	-
Losses from disposal of assets	1E	381	3,284	-
Total expenses		9,097,072	8,176,170	12,371,000
Own-Source Income				
Own-source revenue				
Rendering of services	2A	97,000	124,626	-
Other revenue	2B	40,000	37,000	39,000
Total own-source revenue		137,000	161,626	39,000
Gains				
Other gains	2C	-	2,000	-
Total gains		-	2,000	-
Total own-source income		137,000	163,626	39,000
Net cost of services		8,960,072	8,012,544	12,332,000
Revenue from Government - departmental appropriations	2D	11,987,000	9,247,000	11,987,000
Surplus (Deficit) attributable to the Australian Government		3,026,928	1,234,456	(345,000)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		94,388	68,382	-
Total other comprehensive income		94,388	68,382	-
Total comprehensive income (loss) attributable to the Australian Government		3,121,316	1,302,838	(345,000)

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

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2022

Budget Variances Commentary

Statement of Comprehensive Income

Supplier expenses were \$3.35m (45%) lower than budget. At the time of budget, PSR had an additional \$2.65m appropriated under the *Guaranteeing Medicare - Improving access to appropriate services* measure. Due to COVID-19, and travel restrictions for a further year, case referrals and committee hearings were delayed. PSR also received \$744K in funding from the *Private Health Insurance - building the sustainability of the sector and improving affordability for patients* measure which was underspent due to pending legislative decisions regarding PSR's role in reviewing possible inappropriate practices around hospital certifications.

Depreciation and amortisation were higher than budget by \$80K (12%). The variance was due to asset purchases in 2021-22 not included in the original budget and depreciation on assets that had increased in fair value after a revaluation was undertaken in the prior year. At the time of budget, movements in asset carrying amounts from valuation could not be estimated.

Rendering of services were higher than budget by \$97K (100%) and represent costs awarded in favour of PSR for litigation cases before the Federal Court, which could not be determined at the time of budget.

At 30 June, PSR undertook a desktop review of its leasehold improvements. At the time of budget, movements in asset carrying amounts from the valuation could not be estimated. The valuation resulted in fair value movements greater than 10% and increased the asset revaluation reserve by \$94K.

The year end surplus was higher than budget due to the decrease in supplier expenses explained above. PSR also received \$97K in settlement fees for litigation cases that were awarded in favour of PSR.

STATEMENT OF FINANCIAL POSITION*as at 30 June 2022*

	Notes	2022 \$	2021 \$	Original Budget 2022 \$
ASSETS				
Financial Assets				
Cash and cash equivalents	3A	79,000	79,000	79,000
Trade and other receivables	3B	8,268,715	4,348,424	3,339,000
Total financial assets		8,347,715	4,427,424	3,418,000
Non-Financial Assets				
Buildings	4A	157,259	547,230	1,805,000
Plant and equipment	4A	312,360	379,852	301,000
Intangibles	4A	210,975	327,884	358,000
Other non-financial assets	4B	130,729	214,033	62,000
Total non-financial assets¹		811,323	1,468,999	2,526,000
Total assets		9,159,038	5,896,423	5,944,000
LIABILITIES				
Payables				
Suppliers	5A	303,270	233,266	500,000
Other payables	5B	173,502	126,198	117,000
Total payables		476,772	359,464	617,000
Interest bearing liabilities				
Leases	5C	29,475	348,304	1,719,000
Total interest bearing liabilities		29,475	348,304	1,719,000
Provisions				
Employee provisions	8	1,206,105	1,105,285	1,213,000
Provision for restoration obligations	6	119,000	102,000	102,000
Total provisions		1,325,105	1,207,285	1,315,000
Total liabilities		1,831,352	1,915,053	3,651,000
Net assets		7,327,686	3,981,370	2,293,000
EQUITY				
Contributed equity		2,236,497	2,011,497	2,236,000
Reserves		945,172	850,784	787,000
Retained surplus/(Accumulated deficit)		4,146,017	1,119,089	(730,000)
Total equity		7,327,686	3,981,370	2,293,000

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

1. Right-of-use (ROU) assets are included in Buildings. The net book value of ROU assets is \$28,527 (2021: \$367,041)

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

Budget Variances Commentary

Statement of Financial Position

Trade and other receivables were higher than budget by \$4.93m (148%). The balance at year end includes an appropriation receivable of \$2.65m relating to the *Guaranteeing Medicare - Improving access to appropriate services* measure, and \$744K from the *Private Health Insurance - building the sustainability of the sector and improving affordability for patients* measure. Due to COVID-19 and travel restrictions for a further year, case referrals and costs associated with committee hearings were delayed, and pending legislative decisions regarding PSR's role in reviewing possible inappropriate practices around hospital certifications resulted in lower than forecasted supplier expenses. This movement is consistent with a decrease in supplier expenses as outlined in the Statement of Comprehensive Income.

Buildings (leasehold improvements) were lower than budget by \$1.65m (91%). The budget assumes PSR would have entered into a new lease by 30 June 2022. Due to delays in lease negotiations, PSR did not enter into a new lease. As a result, the current lease was extended and executed after 30 June 2022.

Intangibles were lower than budget by \$147k (41%). The budget assumes capitalisation of software purchases during the year which were not capital in nature and a server refresh which was delayed. The budget also assumes all costs associated with the server refresh would be capital in nature.

Other non-financial assets were higher than budget by \$69K (111%). The variance represents prepayments of software licences and support hours for outsourced system maintenance not forecasted at the time of budget.

Supplier payables were lower than budget by \$197K (40%). The budget assumes a higher balance than actual figures based on anticipated increases in case referrals. Due to continued travel restrictions and the impact of COVID-19, referrals, committee hearings and case activities have been delayed.

Other payables were higher than budget by \$57K (48%). The variance represents leave liabilities for staff who transferred to another Commonwealth entity before year end, which could not be predicted at the time of budget.

Provision for restoration obligations was higher than budget by \$17K (17%) due to an increase in the office makegood provision following a revaluation of leasehold improvements at 30 June.

At 30 June, PSR undertook a desktop review of its leasehold improvements which resulted in fair value movements greater than 10% and increased the asset revaluation reserve by \$94K. PSR also undertook a full revaluation of its assets the year before which increased the asset revaluation reserve by more than \$60K. At the time of budget, movements in asset carrying amounts from the desktop review at 30 June 2022 and the full revaluation at 30 June 2021 could not be estimated.

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 2022

	2022	2021	Original Budget 2022
	\$	\$	\$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	<u>2,011,497</u>	<u>1,737,497</u>	<u>2,011,000</u>
Opening balance	2,011,497	1,737,497	2,011,000
Transactions with owners			
Contributions by owners			
Departmental capital budget	<u>225,000</u>	<u>274,000</u>	<u>225,000</u>
Total transactions with owners	225,000	274,000	225,000
Closing balance as at 30 June	2,236,497	2,011,497	2,236,000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	<u>1,119,089</u>	<u>(115,367)</u>	<u>(385,000)</u>
Opening balance	1,119,089	(115,367)	(385,000)
Comprehensive income			
Surplus/(Deficit) for the period	<u>3,026,928</u>	<u>1,234,456</u>	<u>(345,000)</u>
Total comprehensive income	3,026,928	1,234,456	(345,000)
Closing balance as at 30 June	4,146,017	1,119,089	(730,000)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	<u>850,784</u>	<u>782,402</u>	<u>787,000</u>
Opening balance	850,784	782,402	787,000
Comprehensive income			
Other comprehensive income	<u>94,388</u>	<u>68,382</u>	<u>-</u>
Total comprehensive income	94,388	68,382	-
Closing balance as at 30 June	945,172	850,784	787,000

STATEMENT OF CHANGES IN EQUITY (Continued)

for the period ended 30 June 2022

	2022	2021	Original Budget 2022
	\$	\$	\$
TOTAL EQUITY			
Balance carried forward from previous period	3,981,370	2,404,532	2,413,000
Opening balance	3,981,370	2,404,532	2,413,000
Comprehensive income			
Surplus (Deficit) for the period	3,026,928	1,234,456	(345,000)
Other comprehensive income	94,388	68,382	-
Total comprehensive income	3,121,316	1,302,838	(345,000)
Transactions with owners			
Contributions by owners			
Departmental capital budget	225,000	274,000	225,000
Total transactions with owners	225,000	274,000	225,000
Closing balance as at 30 June	7,327,686	3,981,370	2,293,000

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

Budget Variances Commentary

Statement of Changes in Equity

Total comprehensive income was higher than budget by approximately \$3.5m. The variance was represented by an increase of \$3.4m in PSR's anticipated surplus, and an increase in the asset revaluation reserve of \$94k, after an asset desktop review was conducted on leasehold improvements and the makegood provision at 30 June 2022.

CASH FLOW STATEMENT*for the period ended 30 June 2022*

	2022	2021	Original Budget 2022
Notes	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	8,486,949	8,440,778	11,681,000
Sale of goods and rendering of services	97,000	124,626	-
Net GST received	311,313	297,793	387,000
Total cash received	8,895,262	8,863,197	12,068,000
Cash used			
Employees	4,074,182	3,389,328	3,948,000
Suppliers	4,231,180	4,926,967	7,767,000
Interest payments on lease liabilities	1,584	4,940	2,000
Section 74 receipts transferred to OPA	409,789	190,901	-
Total cash used	8,716,735	8,512,136	11,717,000
Net cash from/(used by) operating activities	178,527	351,061	351,000
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	80,891	241,855	75,000
Purchase of intangibles	-	37,624	150,000
Total cash used	80,891	279,479	225,000
Net cash (used by) investing activities	(80,891)	(279,479)	(225,000)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget	225,000	274,000	225,000
Total cash received	225,000	274,000	225,000
Cash used			
Principle payments of lease liabilities	322,636	339,760	345,000
Total cash used	322,636	339,760	345,000
Net cash (used by) financing activities	(97,636)	(65,760)	(120,000)
Net increase/(decrease) in cash held	-	5,822	6,000
Cash and cash equivalents at the beginning of the reporting period	79,000	73,178	73,000
Cash and cash equivalents at the end of the reporting period	79,000	79,000	79,000

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

CASH FLOW STATEMENT

for the period ended 30 June 2022

Budget Variances Commentary

Cash Flow Statement

Cash drawn from the consolidated revenue fund was lower than budget by \$3.19m (27%), which is consistent with the decrease in supplier expenses. Cash from rendering of services represents \$97K (100%) 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 \$76K (20%). The budget had forecasted a higher supplier payables and therefore a higher GST receivable at year end.

Cash used for employees was \$126K higher than budget which represents accrued salaries and superannuation at 30 June 2021 paid during 2021-22.

Cash used for suppliers was \$3.54m (46%) lower than budget and is consistent with a \$3.35m (45%) decrease in supplier expenses.

Section 74 receipts were higher than budget by \$410K (100%), as the budget did not take into consideration transfers of leave liabilities, GST refunds, or paid parental leave that were returned to consolidated revenue during the year.

Cash used for intangibles were lower than budget by \$150K as the website rebuild was delayed until after 30 June 2022.

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 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 - including simplified disclosures for Tier 2 Entities under AASB 1060 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 5C and Note 13.

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 Appropriation

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

Taxation / Competitive Neutrality

PSR is exempt from all forms of taxation except Fringe Benefits Tax 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 2021-22 Portfolio Budget Statements. 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 2021-22 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 2021-22 outcome and budget estimates can be partly attributed to unanticipated movement in prior year figures.
2. PSR considers that major variances are either those greater than 10% of the original estimate and exceed \$10,000, or variances that exceed 1% of total expenses. 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 2022

Note 1: Expenses

	2022	2021
	\$	\$
Note 1A: Employee Benefits		
Wages and salaries	3,168,131	2,852,920
Superannuation		
Defined contribution plans	407,420	369,847
Defined benefit plans	96,636	70,841
Leave and other entitlements	484,406	355,598
Total employee benefits	4,156,593	3,649,206

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships Section at Note 8.

Note 1B: Suppliers

Goods and services supplied or rendered

Legal expenses	1,420,894	906,459
Case related fees	639,963	857,084
Other case related expenses	462,446	653,861
Consultant fees	504,507	318,146
Contractor expenses	364,756	386,751
Telephone and internet	111,538	95,831
Recruitment expenses	14,211	6,414
Other expenses	575,385	522,189
Total goods and services supplied or rendered	4,093,700	3,746,735

Other suppliers

Workers compensation expenses	74,738	108,182
Total other suppliers	74,738	108,182
Total suppliers	4,168,438	3,854,917

Financial Performance

This section analyses the financial performance of PSR for the year ended 2022

Note 1: Expenses

	2022	2021
	\$	\$

Note 1C: Finance Costs

Interest on lease liabilities	1,584	4,940
Unwinding of discount	<u>234</u>	<u>234</u>
Total finance costs	<u>1,818</u>	<u>5,174</u>

Accounting Policy**Borrowing Costs**

All borrowing costs are expensed as incurred.

Note 1D: Write-Down and Impairment of Assets

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

Note 1E: Losses on Disposal of Assets

Disposal of property, plant and equipment	<u>381</u>	<u>3,284</u>
Total losses on disposal of assets	<u>381</u>	<u>3,284</u>

Financial Performance

This section analyses the financial performance of PSR for the year ended 2022

Note 2: Income

	2022	2021
Own-Source Revenue	\$	\$

Note 2A: Rendering of Services

Settlement from litigations	<u>97,000</u>	<u>124,626</u>
Total rendering of services	<u>97,000</u>	<u>124,626</u>

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	<u>40,000</u>	<u>37,000</u>
Total other revenue	<u>40,000</u>	<u>37,000</u>

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 2022

Note 2: Income

	2022	2021
	\$	\$
Gains		
Note 2C: Other Gains		
Reversal of impairment on trade and other receivables	-	2,000
Total other gains	<u>-</u>	<u>2,000</u>
Revenue from Government		
Note 2D: Revenue from Government		
Appropriations		
Departmental appropriations	<u>11,987,000</u>	9,247,000
Total revenue from Government	<u>11,987,000</u>	<u>9,247,000</u>

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

	2022	2021
	\$	\$
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	<u>79,000</u>	<u>79,000</u>
Total cash and cash equivalents	<u>79,000</u>	<u>79,000</u>

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
Total goods and services receivables	<u>-</u>	<u>4,500</u>

Appropriations receivable

Existing programs	8,064,051	4,201,796
Departmental capital budget	<u>152,848</u>	<u>12,198</u>
Total appropriations receivable	<u>8,216,899</u>	<u>4,213,993</u>

Other receivables

GST receivable from the Australian Taxation Office	51,115	45,164
Other	<u>701</u>	<u>89,267</u>
Total other receivables	<u>51,816</u>	<u>134,431</u>
Total trade and other receivables (gross)	<u>8,268,715</u>	<u>4,352,924</u>

Less impairment loss allowance

Goods and services	-	(4,500)
Total impairment loss allowance	<u>-</u>	<u>(4,500)</u>
Total trade and other receivables (net)	<u>8,268,715</u>	<u>4,348,424</u>

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 2022. 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 2022

	Buildings	Plant & equipment	Computer software	Total
	\$	\$	\$	\$
As at 1 July 2021				
Gross book value	1,219,749	401,255	644,833	2,265,837
Accumulated depreciation, amortisation and impairment	(672,519)	(21,403)	(316,950)	(1,010,872)
Net book value as at 1 July 2021	547,230	379,852	327,883	1,254,965
Additions				
Purchase and Internally developed	4,240	76,651	-	80,891
Revaluations and impairments recognised in other comprehensive income	111,154	-	-	111,154
Other movements	3,807	-	-	3,807
Depreciation and amortisation	(166,851)	(143,762)	(116,908)	(427,521)
Depreciation on right-of-use assets	(342,321)	-	-	(342,321)
Disposals	-	-	-	-
Other	-	(381)	-	(381)
Net book value as at 30 June 2022	157,259	312,360	210,975	680,594
Net book value as at 30 June 2022 represented by				
Gross book value	1,244,796	474,106	644,833	2,363,735
Accumulated depreciation and impairment	(1,087,537)	(161,746)	(433,858)	(1,683,141)
Net book value as at 30 June 2022	157,259	312,360	210,975	680,594

The carrying amount for buildings of \$157,259 (2021: \$547,230) and plant and equipment of \$312,360 (2021: \$379,852) were included in the valuation figures above.

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 and intangible assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 4. At 30 June 2022, an independent valuer, B&A Valuers, conducted a desktop review of PSR's leasehold improvements.

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

No contractual commitments were entered into for property, plant and equipment or intangible assets at 30 June 2022 (2021: \$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 purchases costing less than the thresholds listed below for each asset class, which are expensed in the year of acquisition.

Asset Class	Recognition Threshold
Property, plant and equipment	\$2,500
Purchased software	\$5,000
Internally developed software	\$5,000
Leasehold Improvements	\$5,000

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:

	2022	2021
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 2022. 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 (2021: 4 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2022.

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

	2022	2021
	\$	\$
Note 4B: Other Non-Financial Assets		
Prepayments	<u>130,729</u>	<u>214,033</u>
Total other non-financial assets	<u>130,729</u>	<u>214,033</u>

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

	2022	2021
	\$	\$
Note 5A: Suppliers		
Trade creditors and accruals	303,270	233,266
Total suppliers	303,270	233,266

Settlement is made within 20 days.

Note 5B: Other Payables

Wages and salaries	95,570	117,503
Superannuation	12,219	8,695
Other	65,713	-
Total other payables	173,502	126,198

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

	2022	2021
	\$	\$
Note 5C: Interest bearing liabilities		
Leases liabilities	<u>29,475</u>	<u>348,304</u>
Total interest bearing liabilities	<u>29,475</u>	<u>348,304</u>

Total cash outflow for leases for the year was \$322,671 (2021: \$339,760).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	<u>29,475</u>	<u>348,304</u>
Total leases	<u>29,475</u>	<u>348,304</u>

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. A lease extension was executed after 30 June for a further 18 months from 1 August 2022.

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

	2022	2021
	\$	\$
Note 6: Provision for restoration obligations		
Make good obligation	119,000	102,000
Total provision for restoration obligations	119,000	102,000
<hr/>		
	Provision for restoration	
	\$	
Carrying amount 1 July 2021	102,000	
Finance cost - unwinding discount	234	
Additional provisions made	16,766	
Closing balance 2022	119,000	

Funding

This section identifies PSR's funding structure

Note 7: Appropriations

ZA: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2022

	Annual Appropriation ¹	Adjustment to appropriation ²	Total appropriation	Appropriation applied in 2022 (current and prior years)	Variance ³
	\$	\$	\$	\$	\$
DEPARTMENTAL					
Ordinary annual services	11,987,000	727,053	12,714,053	(8,521,656)	4,192,397
Capital Budget ⁴	225,000	-	225,000	(84,349)	140,651
Total departmental	12,212,000	727,053	12,939,053	(8,606,005)	4,333,048

Notes:

1. In 2021-22, PSR received \$12,212,000 under Appropriation Act (No. 1).
2. Adjustment to appropriation includes PGPA Act section 74 receipts.
3. Departmental appropriations were under drawn by \$4,192,397. The variance was mostly due to delayed expenditure on the *Guaranteeing Medicare - improving access to appropriate services* measure (\$2,652,000) and the *Private Health Insurance - building the sustainability of the sector and improving affordability for patients* measure (\$744,000). Committee hearings and associated travel were also affected by COVID-19 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: AppropriationsZA: Annual Appropriations (Recoverable GST exclusive¹)

Annual Appropriations for 2021

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

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 to appropriation 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

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

Authority	2022	2021
	\$	\$
DEPARTMENTAL		
Appropriation Act (No. 1) 2019-20		9,976
Appropriation Act (No. 1) 2020-21		3,486,017
Appropriation Act (No. 3) 2020-21		718,000
Appropriation Act (No. 1) 2021-22	8,216,899	-
Cash balance	79,000	79,000
Total	8,295,899	4,292,993

The cash balance of \$79,000 represents unspent departmental appropriation from Appropriation Act (No.1) 2021-22. Unspent departmental appropriation also includes a departmental capital budget of \$152,848 (2021: \$9,976).

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 8: Employee Provisions

	2022	2021
	\$	\$
Note 8: Employee Provisions		
Leave	1,206,105	1,105,285
Total employee provisions	<u>1,206,105</u>	<u>1,105,285</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 8: 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 9: 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:

	2022	2021
	\$	\$
Short-term employee benefits	1,038,282	1,004,313
Post-employment benefits	114,297	113,809
Other long-term employee benefits	27,777	23,830
Total key management personnel remuneration expenses¹	<u>1,180,356</u>	<u>1,141,952</u>

The total number of key management personnel included in the above table represents 6 individuals (2021: 6 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 10: 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 (2021: nil).

Refer to Note 8 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 (2021: nil).

Managing uncertainties

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

Note 11: Contingent Assets and Liabilities

Quantifiable Contingencies

At 30 June 2022, PSR did not have any quantifiable contingencies (2021: nil).

Unquantifiable Contingencies

PSR is currently involved in litigation cases before the Federal Court in which some cases have resulted in costs awarded for PSR and others partly for and partly against PSR, but none of these have yet been finalised. 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 (2021: 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 12: Financial Instruments

	2022	2021
	\$	\$
Note 12A: Categories of Financial Instruments		
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	79,000	79,000
Trade and other receivables	-	4,500
Total financial assets at amortised cost	79,000	83,500
Total financial assets	79,000	83,500
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - Suppliers	303,270	233,266
Total financial liabilities	303,270	233,266

Managing uncertainties

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

Note 12: 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 13: 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 13: Fair Value Measurements

	Fair value measurements at the end of the reporting period	
	2022	2021
	\$	\$
Non-financial assets		
Leasehold improvements	124,492	173,600
Other property, plant and equipment	312,360	284,000
Total non-financial assets	436,852	457,600
Total fair value measurements of assets in the statement of financial position	436,852	457,600

1. No change in valuation technique occurred during the period

Other information

Note 14: Aggregate Assets and Liabilities

	2022	2021
	\$	\$
Note 14: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	79,000	79,000
Trade and other receivables	8,268,715	4,348,425
Other non-financial assets	46,447	135,846
Total no more than 12 months	8,394,162	4,563,271
More than 12 months		
Leasehold Improvements	157,259	547,230
Plant and equipment	312,360	379,852
Computer software	210,975	327,883
Other non-financial assets	84,282	78,187
Total more than 12 months	764,876	1,333,152
Total assets	9,159,038	5,896,423
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	303,270	233,266
Other payables	173,502	126,198
Leases	29,475	348,304
Employee provisions	295,513	244,179
Provision for restoration obligations	119,000	
Total no more than 12 months	920,760	951,947
More than 12 months		
Employee provisions	910,592	861,106
Provision for restoration obligations	-	102,000
Total more than 12 months	910,592	963,106
Total liabilities	1,831,352	1,915,053

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

Name	Latest Appointment	Expires	Type
Professor Julie Quinlivan	15 May 2020	13 July 2022	Director
Dr Antonio Di Dio	16 June 2022	31 March 2023	Acting Director
Dr Walter Abhayaratna	30 May 2022	30 May 2027	Panel
Ms Katerina Angelopoulos	1 July 2022	30 June 2025	Determining Authority
A/Prof Mark Arnold	30 May 2022	30 May 2027	Panel
Dr Amanda Badam	30 May 2022	30 May 2027	Panel
Dr Caroline Badam	29 January 2020	31 March 2024	Panel
Professor Nadia Badawi	15 July 2020	31 March 2024	Panel
Dr Mariam Bahemia	30 May 2022	30 May 2027	Panel
Dr Robert Bailey	30 May 2022	30 May 2027	Panel
Professor Peter Barlis	15 July 2020	31 March 2024	Panel
Dr Annette Barratt	30 May 2022	30 May 2027	Panel—Deputy Director
Professor Hugh Bartholomeusz	29 January 2020	31 March 2024	Panel—Deputy Director
A/Prof Kevin Bell	30 May 2022	30 May 2024	Panel
Dr Sara Booth-Mason	29 January 2020	31 March 2024	Panel
Dr Kerrie Bradbury	30 May 2022	30 May 2024	Panel
Dr Roland Brand	30 May 2022	30 May 2027	Panel—Deputy Director
A/Prof Andrew Brooks	16 March 2021	28 February 2026	Panel
Dr Kathryn Brotchie	30 May 2022	30 May 2027	Panel
Dr Stephen Brough	16 March 2021	28 February 2026	Panel

Name	Latest Appointment	Expires	Type
Mr Scott Charlton	1 June 2022	30 May 2027	Determining Authority
A/Prof Celia Chen	13 May 2021	28 February 2026	Panel
Dr Peter Cheung	30 May 2022	30 May 2027	Panel
Dr Eleanor Chew	30 May 2022	30 May 2027	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 2022	30 May 2027	Panel—Deputy Director
Dr Antonio Cocchiario	30 May 2022	30 May 2027	Panel
Professor Paul Colditz	15 July 2020	31 March 2024	Panel
Dr Debra Coleman	30 May 2022	30 May 2024	Panel
Professor Alan Cooper	30 May 2022	30 May 2024	Panel
Dr Rodney Cooter	30 May 2022	30 May 2027	Panel—Deputy Director
Dr John Cosson	15 July 2020	31 March 2024	Panel
Dr Heather Coventry	30 May 2022	30 May 2027	Panel
Dr Simon Cowap	30 May 2022	30 May 2027	Panel
Dr Marcela Cox	30 May 2022	30 May 2027	Panel—Deputy Director
Ms Dianne Crellin	30 May 2022	30 May 2027	Panel
Dr Marjorie Cross	30 May 2022	30 May 2027	Panel—Deputy Director
Dr David Curnow	20 August 2021	28 February 2026	Panel
Dr Nicholas Demediuk	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Antonio Di Dio	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Thomas Douch	30 May 2022	30 May 2027	Panel
Ms Jane Duffy	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Stephen Dunn	30 May 2022	30 May 2027	Panel
Professor John Dunne	30 May 2022	30 May 2027	Panel
Ms Marijke Eastaugh	30 May 2022	30 May 2027	Panel—Deputy Director

Name	Latest Appointment	Expires	Type
Dr Stewart Einfeld	29 January 2020	31 March 2024	Panel
Mrs Esther Euripidou	30 May 2022	30 May 2027	Panel
Dr Timothy Flanagan	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Karen Flegg	1 July 2022	30 June 2027	Determining Authority
Dr Karen Flegg	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Howard Galloway	30 May 2022	30 May 2027	Panel
Dr Stuart Game	30 May 2022	30 May 2027	Panel
Mrs Karen Garner–Hamilton	1 March 2022	28 February 2027	Determining Authority
Mrs Karen Garner–Hamilton	30 May 2022	30 May 2026	Panel
Dr Alison Garvin	30 May 2022	30 May 2027	Panel
A/Prof Kurt Gebauer	29 January 2020	31 March 2024	Panel
Professor John Gibson	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Andrew Gikas	20 August 2021	28 February 2026	Panel
Professor Gerard Gill	30 May 2022	30 May 2027	Panel
Dr Nicole Goh	30 May 2022	30 May 2027	Panel
Dr Nicole Gorddard	29 January 2020	31 March 2024	Panel
Professor Stuart Grieve	30 May 2022	30 May 2027	Panel
Professor John Grigg	30 May 2022	30 May 2027	Panel
Professor John Gullotta	30 May 2022	30 May 2027	Panel
Dr Peter Habersberger	29 January 2020	31 March 2024	Panel
Dr Kerry Harris	30 May 2022	30 May 2027	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 2022	30 May 2027	Panel—Deputy Director
Professor Peter Hewett	1 April 2019	31 March 2024	Panel

Name	Latest Appointment	Expires	Type
Dr Kian Yong Ho	29 January 2020	31 March 2024	Panel
Dr Alan Hodgson	30 May 2022	30 May 2027	Panel
Dr Rebekah Hoffman	30 May 2022	30 May 2027	Panel
Dr Charles Howse	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Michael Hurley	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Elspeth Hutton	16 March 2021	28 February 2026	Panel
A/Prof Aniello Iannuzzi	1 July 2022	30 June 2025	Determining Authority Chair
Dr Gerard Ingham	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Sugantha Jagadeesan	30 May 2022	30 May 2027	Panel
Dr Komalita Jaiswal	30 May 2022	30 May 2027	Panel
Ms Nikki Johnston	20 August 2021	28 February 2026	Panel
Dr Fiona Joske	29 January 2020	31 March 2024	Panel
A/Prof Rajeev Jyoti	30 May 2022	30 May 2027	Panel
Dr Glynn Kelly	30 May 2022	30 May 2027	Panel
Dr Jennifer Kendrick	30 May 2022	30 May 2027	Panel—Deputy Director
Professor Allan Kermode	16 March 2021	28 February 2026	Panel—Deputy Director
Mr John Kilmartin	1 July 2022	30 June 2027	Determining Authority
Dr Errol Kilov	20 August 2021	28 February 2026	Panel
Dr Heather Knox	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Andrew Lawrence	1 March 2022	28 February 2027	Determining Authority
Dr Andrew Lawrence	30 May 2022	30 May 2027	Panel
Dr Peter Lorenz	30 May 2022	30 May 2027	Panel
Mr Stuart Macfarlane	1 July 2022	30 June 2027	Determining Authority
Mr Stuart Macfarlane	30 May 2022	30 May 2027	Panel
Dr Gavin Mackie	30 May 2022	30 May 2027	Panel
Dr Peter Maguire	30 May 2022	30 May 2027	Panel

Name	Latest Appointment	Expires	Type
Dr Lawrence Malisano	20 January 2020	31 March 2024	Panel—Deputy Director
Dr Linda Mann	30 May 2022	30 May 2027	Panel
Ms Donna Mansell	1 June 2022	30 May 2027	Determining Authority
Ms Donna Mansell	30 May 2022	30 May 2027	Panel
Dr Mona Marabani	1 April 2019	31 March 2024	Panel
Dr Geoff Markov	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Susan McDonald	1 July 2022	30 June 2027	Determining Authority
Dr Mark McEwan	30 May 2022	30 May 2027	Panel
Dr Cathy McGuckin	29 January 2020	31 March 2024	Panel
Dr Rodney McMahon	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Caroline Melbourne	20 August 2021	28 February 2026	Panel
Dr Robert Menz	29 January 2020	31 March 2024	Panel
Dr Suzanne Miau	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Wayne Minter	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Rakesh Mohindra	30 May 2022	30 May 2027	Panel—Deputy Director
Ms Suzanne Morey	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Gregory Morris	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Brian Morton	30 May 2022	30 May 2027	Panel—Deputy Director
Mr Paul Murdoch	1 July 2022	30 June 2027	Determining Authority
Dr Robyn Napier	30 May 2022	30 May 2027	Panel—Deputy Director
Professor Matthew Naughton	30 May 2022	30 May 2027	Panel
Mr Christopher O'Donnell	20 August 2021	28 February 2026	Panel
Dr Cullen O'Gorman	15 July 2020	31 March 2024	Panel
Dr Mark Overton	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Emma Palfreyman	30 May 2022	30 May 2027	Panel
Dr Russell Pearson	30 May 2022	30 May 2027	Panel

Name	Latest Appointment	Expires	Type
A/Prof Neil Peppitt	30 July 2022	1 June 2027	Determining Authority
A/Prof Neil Peppitt	30 May 2022	30 May 2027	Panel
Dr Carolyn Petersons	29 January 2020	31 March 2024	Panel
Dr Angela Pierce	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Scott Preston	29 January 2020	31 March 2024	Panel
Dr Susanna Proudman	1 April 2019	31 March 2024	Panel
Professor Chris Raftery	20 August 2021	28 February 2026	Panel
Professor Jennifer Reath	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Catherine Reid	30 May 2022	30 May 2027	Panel—Deputy Director
Dr David Rivett	30 May 2022	30 May 2027	Panel
Dr Carolyn Ross	29 January 2020	31 March 2024	Panel
Ms Yvonne Rowling	1 July 2022	30 June 2027	Determining Authority
Dr William Ryman	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Leon Shapero	30 May 2022	30 May 2027	Panel—Deputy Director
A/Prof Rashmi Sharma	30 May 2022	30 May 2027	Panel—Deputy Director
A/Prof Michael Sladden	30 May 2022	30 May 2027	Panel
Dr Katherine Smartt	30 May 2022	30 May 2027	Panel—Deputy Director
Dr David Smith	1 July 2022	30 June 2025	Determining Authority
Dr Annika Smith	30 May 2022	30 May 2027	Panel
Dr Thomas Snow	30 May 2022	30 May 2027	Panel
Mr David Southgate	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Margaret Stellingwerff	30 May 2022	30 May 2027	Panel—Deputy Director
Professor Stephen Stuckey	30 May 2022	30 May 2027	Panel
Mr Jason Tan	30 May 2022	30 May 2027	Panel
Dr Anita Tandon	13 May 2021	28 February 2026	Panel
Dr Marietta Taylor	1 June 2022	30 May 2027	Determining Authority

Name	Latest Appointment	Expires	Type
Dr Marietta Taylor	30 May 2022	30 May 2027	Panel
Professor John Thompson	1 April 2019	31 March 2024	Panel—Deputy Director
Professor Kenneth Thomson	30 May 2022	30 May 2027	Panel
A/Prof Susan Tomlinson	15 July 2020	31 March 2024	Panel
Dr Geeta Trehan	30 May 2022	30 May 2027	Panel
Dr Nedra Vanden Driesen	30 May 2022	30 May 2027	Panel—Deputy Director
A/Prof Francis Varghese	30 May 2022	30 May 2027	Panel
Dr Martine Walker	30 May 2022	30 May 2027	Panel—Deputy Director
Dr Ingrid Wangel	30 May 2022	30 May 2027	Panel
Dr Martin Webb	20 August 2021	28 February 2026	Panel
A/Prof Ann Webber	30 May 2022	30 May 2027	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 2022	30 May 2027	Panel—Deputy Director
Dr Felicity Wivell	30 May 2022	30 May 2024	Panel
Dr Daniel Xu	30 May 2022	30 May 2027	Panel
A/Prof Brendon Yee	30 May 2022	30 May 2027	Panel
Dr Guan Yeo	30 May 2022	30 May 2027	Panel
Professor Desmond Yip	20 January 2020	31 March 2024	Panel

Glossary

Ahpra	The Australian Health Practitioner Regulation Agency
AMA	Australian Medical Association
APS	Australian Public Service
Committee	a PSR Committee comprising at least three practitioners which is set up to investigate inappropriate practice in line with section 93 of the HIA
CDBS	Child Dental Benefits Schedule
Committee member	a member of a PSR Committee, who must be a current Panel member
Deputy Director	a Deputy Director of PSR appointed under section 85 of the HIA, who can serve as the chair of a Committee
Determining Authority	the independent statutory body established under the section 106Q of the HIA that can ratify agreements and make determinations
Director	the Director of PSR appointed under section 83 of the HIA
Director's review	the Director's review process as set out in Division 3A of Part VAA of the HIA
Draft determination	the draft document containing the Determining Authority's proposed action as required by section 106T of the HIA.
Draft report	the preliminary findings of a Committee following a hearing as required by section 106KD of the HIA
EL	Executive Level
Final determination	the final document containing the action that will be taken in a case as required by section 106TA of the HIA
Final report	a Committee's final findings following assessment of further submissions by a practitioner in response to a draft report as required by section 106L of the HIA
HIA	the <i>Health Insurance Act 1973</i>
Inappropriate practice	Defined under section 82 of the HIA as conduct that a Committee of the practitioner's peers could reasonably conclude was unacceptable to the general body of their profession. See the inappropriate practice section for more details.
IT	Information technology
MBS	Medicare Benefits Schedule
Medicare	the Medicare program administered by Services Australia and the Department of Health and Aged Care.
Medicare Services	means services provided by a practitioner that generated a medicare benefit.
Minister	the Australian Government Minister for Health and Aged Care
Negotiated agreement	written agreement made under section 92 of the HIA

Panel	the PSR panel established under subsection 84(1) of the HIA, whose members are available for appointment to a Committee
Panel member	a practitioner appointed to the Panel under subsection 84(2) of the HIA
PBS	Pharmaceutical Benefits Scheme
Peers	the members of the PSR Panel who are appointed to represent the general body of their profession
Person Under Review (PUR)	practitioner or another person or corporate entity who has been referred to the Director for review
PGPA Act	the <i>Public Governance, Performance and Accountability Act 2013</i>
Practitioner	a health professional who can access the Medicare and Pharmaceutical Benefits schemes, and includes <ul style="list-style-type: none"> ● an Aboriginal and Torres Strait Islander health practitioner ● Aboriginal health worker ● Audiologist ● Chiropractor ● dental practitioner ● diabetes educator ● dietician ● exercise physiologist ● medical practitioner ● mental health nurse ● midwife ● nurse practitioner ● occupational therapist ● optometrist ● orthoptist ● osteopath ● physiotherapist ● podiatrist ● psychologist ● social worker ● speech pathologist
PSR	Professional Services Review
Ratify	to authorise or approve (a negotiated agreement)
Review period	a period of 12 months no more than two years before the request for review from the Delegate of the Chief Executive Medicare
Sanction	One of a range of directions specified in section 106U of the HIA. These include reprimands, repayments and disqualifications.
Services Australia	Formerly the Department of Human Services, this agency administers payments relating to Medicare, PBS and CDBS.

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
17AD(g)	Letter of transmittal			
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
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	v
17AJ(b)		Alphabetical index.	Mandatory	100
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	91
17AJ(d)		List of requirements.	Mandatory	93
17AJ(e)		Details of contact officer.	Mandatory	iii
17AJ(f)		Entity's website address.	Mandatory	ii
17AJ(g)		Electronic address of report.	Mandatory	ii
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1–5
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	6–7
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	23–24
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	9–10
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	23–24
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
17AD(c) Report on the Performance of the entity				
<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	9–21
17AD(c)(ii) Report on Financial Performance				
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	38–42
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
17AD(d) Management and Accountability				
<i>Corporate Governance</i>				
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	25
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	22–24
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	22
<i>Audit Committee</i>				
17AG(2A)(a)		A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	26
17AG(2A)(b)		The name of each member of the entity's audit committee.	Mandatory	26
17AG(2A)(c)		The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	26
17AG(2A)(d)		Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	26
17AG(2A)(e)		The remuneration of each member of the entity's audit committee.	Mandatory	27
<i>External Scrutiny</i>				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	24
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	20–21
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
Management of Human Resources				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	28
17AG(4)(aa)		Statistics on the entity's employees on an ongoing and nonongoing basis, including the following: (a) statistics on fulltime employees; (b) statistics on parttime employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory	29
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following: <ul style="list-style-type: none"> · Statistics on staffing classification level; · Statistics on fulltime employees; · Statistics on parttime employees; · Statistics on gender; · Statistics on staff location; · Statistics on employees who identify as Indigenous. 	Mandatory	30
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	30–31
17AG(4)(c)(i)		Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	30
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	30
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	31
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	31
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	31
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	31

PGPA Rule Reference	Part of Report Description	Requirement	Page Number
<i>Assets Management</i>			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	38
<i>Purchasing</i>			
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	38
<i>Reportable consultancy contracts</i>			
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
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	41
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
<i>Reportable non-consultancy contracts</i>			
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
17AD(daa)	<i>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</i>			
17AGA		Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	N/A
<i>Australian National Audit Office Access Clauses</i>				
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
<i>Exempt contracts</i>				
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
<i>Small business</i>				
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
<i>Financial Statements</i>				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	44–82
<i>Executive Remuneration</i>				
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory	33
17AD(f)	<i>Other Mandatory Information</i>			
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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