



Australian Government
Professional Services Review



Professional
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Review

Annual
Report

2022
–23



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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 2023.

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
20 September 2023



Contents

Letter of transmittal	i
DIRECTOR'S INTRODUCTION	1
Professional Services Review in 2022–23	3
Conclusion	9
CHAPTER 1: AGENCY OVERVIEW	11
The Professional Services Review Scheme	12
About the Professional Services Review agency	12
Agency and scheme objectives	12
Agency outcomes	13
Agency delivery of outcomes	13
The future	14
CHAPTER 2: PERFORMANCE STATEMENT	15
Performance statement	16
Entity purpose	16
Protecting against inappropriate health care practice	16
Maintaining professional support for PSR	17
Agency performance	18
Performance against Portfolio Budget Statements 2022–23	24
Director's comments	26



CHAPTER 3: MANAGEMENT AND ACCOUNTABILITY 33

Structure and organisation	34
Corporate governance and business planning	34
Portfolio shared services arrangements	36
Executive management team	36
External scrutiny	37
Fraud control	37
Identifying and managing risk	38
Audit and Risk Committee	38
Ethical standards	40
Management of human resources	41
Accommodation	50

CHAPTER 4: FINANCIAL PERFORMANCE 51

Financial performance	52
Purchasing	52
Asset management	53
Consultancy and non-consultancy contracts	53
Australian National Audit Office access clauses	56
Exempt contracts	56
Procurement initiatives to support small business	56
Indigenous Procurement Policy	57
Advertising and market research	57
Grants programs	57
Ecologically sustainable development and environmental performance	57
Publications	59



APPENDICES AND RESOURCES	61
Appendix 1	
Resource statement and outcome summary	62
Appendix 2	
Financial statements	64
Appendix 3	
Freedom of information statement	103
Appendix 4	
Statutory appointments	104
Glossary	113
List of requirements	116
Index	124



Director's introduction



The Professional Services Review agency (PSR) was established in 1994. The *Health Insurance Act 1973 (HIA)* defines the basic purpose of the PSR scheme as protecting:

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

PSR achieves this object through a process of review. In the first instance, this is undertaken by the Director of PSR who is a currently practising medical practitioner. It may also 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 the practitioner voluntarily acknowledges having engaged in inappropriate practice, the Director and practitioner may negotiate an agreement 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 (AMA)), are consulted.

If the Director becomes concerned about the health, conduct or performance of a practitioner during their review, the HIA 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 the Director has concerns about major non-compliance or fraud, they may also refer these matters to the appropriate authority.



Professional Services Review in 2022–23

Retirement of previous Director and new Acting Director

In 2022 Professor Julie Quinlivan retired from the Director role, in which she had served with distinction for 5 years, to take up clinical and academic roles. I acknowledge her outstanding contribution as Director and many achievements, including:

- a very high PSR ranking in the 2021 APS survey in the categories of engagement and innovation
- the expansion of compliance reviews to encompass employers and companies
- the widening of compliance from a focus on general practice into other categories
- conducting an increasing number of reviews while meeting all statutory timeline targets
- managing the challenges of the COVID-19 pandemic.

In the past year I have been honoured to continue all that work. PSR has achieved a great deal, including continuing with a high caseload and conducting every review with a thorough, practical and fair approach. This is all achieved within the statutory timeline, while implementing and maintaining security, governance and staffing processes that ensure PSR is compliant with all relevant legislation. PSR also remains proactive in its privacy and security measures.



Legislative changes

In 2022 significant amendments were made to the HIA.

New provisions for the Director

The amendments allow the Director to enter into s92 agreements with employers or corporate entities. They also include additional forms of specified action, such as counselling for s92 agreements which has previously only been included in determinations made by the Determining Authority (DA).

The HIA now sets out a process where the Director can publish particulars of a s92 agreement, including the identity of the person with whom the agreement was reached, if the practitioner fails to comply with the terms of the agreement.

New provisions for committees

The amendments also enable committees to require executive officers of entities under review to attend committee hearings, and differentiate the rights of a 'natural person' and an employer or corporate entity attending before committees.

New provisions relating to failure to comply with notices to produce

New civil penalty provisions for failure to produce documents or give information in response to a notice issued by the Director or committee have been introduced. These include a provision that allows the Federal Court of Australia to inquire into a failure to produce documents by an employer or corporate entity and make orders requiring compliance.



COVID-19

The gradual easing of restrictions meant that PSR operations have largely returned to normal.

In-person Director meetings with persons under review have resumed. It is important for practitioners to be able to have preliminary concerns in relation to certain services raised with them. The meetings allow practitioners an opportunity to respond and affords them respect through listening to their responses. PSR committees have also resumed in-person hearings.

The innovations generated during COVID-19 have been retained to afford greater flexibility. Some practitioners still prefer their initial meeting with the Director or Director's representative to be virtual. This means that practitioners under review can 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 attend and speak at many conferences to engage with the professions, some virtually but mostly in person.

PSR staff also retained flexible working arrangements allowing staff to work at home as required.

Mental health and wellbeing

PSR is a strong supporter of inclusivity and diversity, including neurodiversity, and seeks to be a caring and inclusive employer.

PSR continued to have a strong focus on mental health and wellbeing during the reporting period. PSR maximised mental health, performance and staff retention as a priority, as well as for the greater purpose of always treating each other well. PSR has facilitated seminars on burnout, psychological safety, wellbeing, leadership integrity and supporting staff through difficult decision making.

In 2023, PSR also focused on increasing transparency and information on the review process to further improve the experience practitioners have while progressing through it. This includes mental health resources and the production of a new Guide to the Professional Services Review Process for practitioners, which is significantly longer and more detailed than previous versions. It details what persons under review can expect at each stage of the process.



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, focusing on the process of securing confidential settlement agreements under s92 of the HIA. This review was conducted by Emeritus Professor Robin Creyke AO. Senior PSR staff met with Professor Creyke on multiple occasions and provided a suite of information to assist with the review. PSR has been eager to ensure greater transparency and education around the process and to see such agreements extend to employers or corporates under review.

This review was published in 2022 and released by the Department of Health and Aged Care in August 2023.

A further review conducted into the broad framework for Medicare compliance (including PSR) was conducted by Dr Pradeep Phillip in 2023. This report recommends legislative changes relevant to PSR and will provide PSR with an opportunity to further refine internal processes while maintaining fairness, transparency and privacy.

PSR rebrand and website update

In November 2022, PSR completed a rebranding process. This saw the rollout of new corporate colours, chosen to distance the agency from the recognisable blues and greens of Medicare, PBS, MBS and the Department of Health and Aged Care while not feeling out of place in the medical space. A new graphic icon was also created which visualises the agency's values including the investigation of inappropriate practice, ensuring trust and transparency, and being a safeguard for the integrity of the health care system.

PSR's website was also rebuilt, with the new branding incorporated and content refreshed. The website remains an ongoing project.



Patient safety and fraud

This year saw fewer cases of potential fraud referred to external authorities. However, there were concerns about billing for surgical services when the services were inadequately documented in the practitioner's records or in hospital documentation. PSR also uncovered serious patient safety issues around harmful polypharmacy with risk for severe drug interactions and drug dependency.

PSR made referrals in respect of 7 practitioners to regulatory bodies such as Ahpra and medical boards for potential patient safety concerns, major non-compliance with professional standards and fraud concerns.

PSR panel

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

The Minister for Health and Aged Care continued to appoint new panel members in 2022–23. There were 22 practitioners appointed as panel members this financial year, including psychologists, pain medicine specialists, orthopaedic surgeons, otolaryngologists and obstetrician-gynaecologists.

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 how to share information to enable greater protection of the public from harm, while minimising stress to practitioners. This work is ongoing and has expanded to include collaboration about doctors' wellbeing as they travel through the PSR process.



New premises

The current lease on the PSR premises is approaching expiry and work is being undertaken to source new premises suitable to PSR's needs including privacy and security requirements. A move is anticipated in early 2024.

Stakeholder engagement

During the reporting period, PSR continued to engage with a range of stakeholders and broaden its stakeholder engagement strategy.

PSR engaged with the majority of medical colleges and other key representative medical and non-medical advocacy groups. More than 20 presentations were given to large and small medical and non-medical groups in the reporting period.

PSR also increased the frequency of meetings with medical defence organisations to twice a year and continues to liaise with them.

PSR connected with other regulators including the National Disability Insurance Scheme, Department of Veterans' Affairs, Comcare, and Ahpra. PSR continues to work with the Department of Health and Aged Care, the Medical Boards and interested parties to maximise a respectful and fair experience for those undergoing reviews.

A full list of stakeholders PSR engaged with in the reporting period is included in the Performance Statement.



Conclusion

PSR's achievements come from a talented and supportive workforce which works together in effective teams, and displays flexibility, innovation and commitment to PSR and APS goals.

I would especially like to acknowledge the PSR management team, Mr Bruce Topperwien, Ms Linnet Lee, Ms Margaret Parker and Mr Andrew Shelley, for their thoughtful and intelligent advice, remarkable work ethic, and their patience and kindness to me.

I would also like to acknowledge all PSR deputy directors and members of the panel and DA. Without the dedication of these practitioners, PSR could not function.

Finally, I would like to acknowledge the cooperation and professionalism of:

- all medical colleges, particularly the Royal Australian College of General Practitioners
- the AMA
- many craft group representatives
- officers of the Department of Health and Aged Care, especially Ms Penny Shakespeare, Mr Daniel McCabe, Mr Paul McBride and Ms Elizabeth Quinn, with whom PSR liaises on a regular basis.

Dr Antonio Di Dio

Acting Director of Professional Services Review



Chapter 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 helps reduce the risk to patients and the Commonwealth.

About the Professional Services Review agency

PSR operates as an independent agency within the Australian Government's Health and Aged Care portfolio, and reports directly to the Minister for Health and Aged Care. 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 – being fair, transparent and professional – address the unique aspects of its business and environment, and guide PSR in performing its role.

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
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', and with the Health Insurance (Professional Services Review – Allied Health, Primary Health Care and Others) Determination 2023, lists the categories of practitioners that are subject to review under Part VAA of the HIA.

Agency outcomes

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 program.

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.

Agency delivery of outcomes

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, 2020 and 2022 to strengthen the PSR process and further legislative changes are currently before Parliament for consideration. Government and key stakeholders conducted comprehensive reviews in 1999, 2006, 2021, and 2022.


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

The context in which Medicare, dental and pharmaceutical benefit services are being provided is becoming more complex and the rules underpinning the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Schedule (PBS) are adapting to changing circumstances and technology. As a result, PSR is being asked to review and investigate a wider range of health professions, specialties, and employer or corporate entities that provide services.

PSR's jurisdiction is also proposed to be expanded to include review of certification for hospital treatment 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.



Chapter 2: Performance statement



Performance statement

This performance statement is prepared in accordance with s39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) for the 2022–23 financial year and accurately presents PSR's performance in accordance with s39(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 and Aged Care 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.

Protecting against inappropriate health care practice

During the 2022–23 reporting period, the Director of PSR 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
- 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

PSR also assisted the DA 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 2022–23, the Director of PSR engaged with a broad range of stakeholders in relation to the PSR Scheme. These stakeholders included:

- ACT Health
- ACT Indigenous Health
- Australian Chiropractors Association
- Australian College of Dermatologists
- Australian College of Midwives
- Australian College of Nurse Practitioners
- Australian College of Nursing
- Australian Commission on Safety and Quality in Health Care
- Australian Dental College
- Australian Diagnostic Imaging Association
- Australian Health Practitioner Regulation Agency
- Australian Medical Association
- Australian Psychology Society
- Avant Mutual
- Berkshire Hathaway
- Department of Finance
- Department of Health and Aged Care
- Department of Veterans' Affairs



- Digital Transformation Agency
- MDA National
- Medical Board of Australia
- Medical Council of NSW
- MIGA
- Minister for Health and Aged Care
- MIPS
- National Disability Insurance Agency
- NSW Health Care Complaints Commission
- Optometry Australia
- Private Cancer Physicians of Australia
- Private Healthcare Australia
- Royal Australian and New Zealand College of Ophthalmologists
- Royal Australian and New Zealand College of Psychiatrists
- Royal Australian College of General Practitioners
- Royal College of Pathologists of Australasia
- Rural Doctors Association of Australia

Further information about PSR's stakeholder engagement in 2022–23 is available in the Director's Introduction.

Agency performance

The following section sets out PSR's performance criteria and provides details of its results for activities undertaken during 2022–23. This included work on the 154 cases already on hand at the commencement of the reporting period, and the 91 cases that were received during 2022–23.

A total of 105 cases were brought to a conclusion. At the end of the reporting period, 131 cases had not been finalised and were in various stages of completion.

Table 1 compares PSR's case statistics for 2022–23 with those of the previous reporting period.

Table 1:
PSR's case statistics, 2022–23 and 2021–22

Action	2022–23	2021–22
Requests received from the Chief Executive Medicare	91	108
Requests by Chief Executive Medicare to review a practitioner with a previous effective determination or negotiated agreement for a second or subsequent time	8	9
No further action (under ss88A, 91 or 106KE of the HIA)	19	6
Requests withdrawn or lapsed	0	0
Referrals from the PSR Director to new PSR committees	16	15
Committees in progress (at 30 June)	32	32
Committee reports finalised	15	19
Reports finding inappropriate practice	15	18
Reports finding no inappropriate practice	0	1
Committee matters indefinitely suspended	0	0
Practitioners referred to medical boards/Ahpra (under ss106XA or 106XB of the HIA)	7	22
Referrals to Chief Executive Medicare/other authorities for suspected fraud	1	3
Negotiated agreements ratified and effective	69	57
Final determinations made	12	13
Final determinations effective	17	13
Cases on hand at 30 June	131	158*

* The 2021–22 Annual Report incorrectly stated that cases on hand at 30 June 2022 was 154. This figure did not take into account cases in which the final determination had not come into effect due to the operation of s106V of the HI Act. This figure has been corrected above to accurately reflect the cases on hand at 30 June 2022.



New requests from the Chief Executive Medicare

The Chief Executive Medicare sent 91 requests to review to the Director in 2022–23. The average number of requests over the preceding 5 years was 103 cases.

In 2022–23, PSR completed 105 cases:

- A decision was made not to investigate in one case.
- The Director decided to take no further action following a review in 18 cases.
- Agreements negotiated in 69 cases were subsequently ratified by the DA and became effective during the reporting period.
- The DA made 17 final determinations that became effective during the reporting period.

Negotiated agreements and final determinations resulted in repayment orders totalling \$21,550,753 for the year. PSR is not responsible for collecting, nor does it receive, any of the monies ordered to be repaid following negotiated agreements or final determinations. That process is managed by the Department.

During the reporting period, the Director referred 16 cases to a PSR committee for investigation by 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 s91 of the HIA. The Director took no further action in 18 of the 105 cases completed in 2022–23.

The Director can also decide not to investigate a matter in circumstances where it does not appear the person engaged in inappropriate practice in providing services during the review period. The Director made a decision not to investigate a matter in one of the 105 cases completed in 2022–2023.

Negotiated agreements

Under s92 of the HIA, the Director and a person under review can negotiate an agreement that must include an acknowledgement by the person that they have engaged in inappropriate practice. These agreements may include specified actions such as:

- a reprimand
- counselling
- repayment of some or all of the Medicare or dental benefits received
- total or partial disqualification from participating in the MBS, PBS or child dental benefits scheme (CDBS).

In 2022–23, 69 negotiated agreements came into effect. Outcomes of these negotiated agreements included:

- repayment orders totalling \$14,399,084
- partial MBS disqualification in 41 cases
- full disqualification from the MBS in 2 cases.

The persons concerned included medical practitioners, dentists, nurse practitioners, chiropractors and optometrists. Repayments up to \$920,000 were agreed to, with half of the agreements involving a repayment of \$150,000 or more.

PSR panel and peer review committees

Under s93(1) of the HIA, the Director may establish a PSR committee and refer a person¹ 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 PSR panel members (Appendix 4).

¹ Under section 2C of the *Acts Interpretation Act 1901*, 'person' includes a body corporate.



The PSR panel comprises health professionals from a range of professions, specialties, backgrounds and practice locations. At 30 June 2023, 9% practised in regional areas and 8% practised in rural areas. Women comprised 41% of the PSR panel. Allied health professionals represented 16%, 36% were general practitioners and 47% were other medical specialists.

During 2022–23, the Director established 16 PSR committees. Of the persons under review referred to a PSR committee, 11 were general practitioners, 4 were other medical specialists, and one was a nonspecialist medical practitioner.

At the end of the reporting period, all of the PSR committees established in 2022–23 were still in progress.

Committee hearings were held for 19 cases during the 2022–23 financial year, 15 committee final reports were completed within the financial year, and 13 reports were sent to the DA.

The Determining Authority

During 2022–23, 17 final determinations became effective. The directions made by the DA were:

- reprimand in all cases and counselling in 15 cases
- partial disqualification from Medicare benefits in 10 cases for between 6 and 24 months
- full disqualification in 4 cases from both the MBS and PBS for between 6 and 18 months
- repayment of Medicare benefits, ranging from \$50,000 to \$1,959,719 (totalling \$7,151,669).

Re-referrals

In 2022–23, the Chief Executive Medicare made 11 requests to the Director to review practitioners who had previously been referred to PSR, 8 of whom had had a previous effective negotiated agreement or determination. At 30 June 2023, 9 of these cases were still under review, one was finalised through a negotiated agreement and one was dismissed.

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 DA, who then refer them to the Director for referring to appropriate bodies in turn.

In 2022–23, the Director made the following referrals to Ahpra, medical boards or other bodies:

- two referrals under s106XA due to concerns over patient safety
- seven referrals under s106XB due to concerns relating to non-compliance with professional standards
- one referral under s89A due to suspected fraud.

A total of 7 practitioners were referred to external bodies for review.

This is a decrease in the total number of concerns and practitioners referred compared to the previous financial year.

Judicial review

Practitioners involved in the PSR process can seek judicial review in the Federal Court. Further detail relating to judicial review can be found in the Director's comments section of the Performance statement.



Performance against Portfolio Budget Statements 2022–23

Performance criteria

Table 2 outlines the quantitative key performance indicator specified for PSR in the Portfolio Budget Statements 2022–23.

Table 2:
Protecting against inappropriate health care practice

Quantitative performance criteria	2022–23 Target	2022–23 Actual
Total number of matters for review finalised ²	80% of the number of matters referred in the prior year	96% of the number of matters referred in the prior year

In 2022–23, PSR finalised 105 matters, which exceeded the target of 87. This target was set in the 2022–23 Portfolio Budget statements and represents 96% of the 108 matters referred in the prior year.

PSR continued to act on requests from the Chief Executive Medicare during 2022–23.

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 2022–23, 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 s93 of the HIA, as well as practitioners who entered into voluntary agreements under s92.

² This figure includes no further actions under s91 of the HIA, negotiated agreements under s92 of the HIA, final determinations resulting from a committee hearing. The figure excludes cases considered indefinitely closed in abeyance.

The AMA and other relevant organisations were consulted, as required by ss84, 85 and 106ZPB of the HIA, as part of the process of appointing PSR panel members, PSR deputy directors, and members of the DA.

Table 3 provides a summary on PSR's outcomes against the key performance indicators from the 2022–23 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 months ³ of the commencement of a committee hearing.	In 2022–23, 15 committee investigations were completed, with 80% finalised within 24 months of the committee commencing their investigation.	Yes
2	The Director has made a decision under s91, s92 or s93 within the statutory timeframe in all cases.	During 2022–23, the Director made a decision under ss91, 92 or 93 within the statutory timeframe in all cases.	Yes
3	The Director will submit 100% of s92 agreements with sufficient notice to the DA, to enable the DA to ratify or not ratify agreements entered into between the Director and the PUR.	In 2022–23, the Director submitted 100% of s92 agreements to the DA with sufficient notice.	Yes
4	PSR will assist the DA to issue its final determination within 9 months of receiving a final report in 80% of cases.	In 2022–23, the DA made 12 final determinations, of which 92% were finalised within 9 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 for all 32 appointments made.	Yes

³ Timeframe extended in light of COVID-19



Director's comments

Referrals and diversity remain at pre-COVID-19 levels

After a reduction in referrals to the Director in 2020–21 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 in the year to June 2022 and remained steady in 2022–23.

In 2022–23 PSR received requests to review cardiologists, dentists, endocrinologists, general physicians, general practitioners, general surgeons, neurologists, nuclear medicine physicians, nurse practitioners, other medical practitioners, paediatricians, pathologists, psychiatrists, rheumatologists, urologists and vascular surgeons.

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 2021–22, and the trend continued in 2022–23.

In some cases, the Director decided to take no further action under s91 of the HIA. The practitioners had adequate clinical notes that supported telehealth consultations and billing was appropriate to the content of the COVID-19-related service. Often the practitioner had to undertake a large number of tests in a site at their practice or remote to it, and often the medical record, although brief, supported the billing of the relevant item number.

In general, telehealth services related to brief and standard consultations and were largely deemed appropriate by peers. However, telehealth services conducted by phone for longer consultations (particularly general practitioner Level C and D attendances) and services such as chronic disease management, health assessments and mental health services were more likely to be found to be inappropriate. One concerning trend was for many notes to be identical across different patients or different dates of service, with no unique features. This raised concerns about the veracity of the records and the quality of the clinical input.

Prescribing concerns

The Director and committees reviewed the prescribing of several practitioners, both medical and nurse practitioners.

The lack of documented clinical input around prescribing was a concerning trend. In some cases, this related to the prescribing of antibiotics more appropriately reserved for special indications, not recommended in the first instance, or where the prescribing of an antibiotic could not be justified at all based on the clinical record. In others, the prescribing of large volumes or doses of centrally acting drugs such as benzodiazepines or opiates was of concern, particularly in contexts such as:

- residential aged care facilities or large elderly patient cohorts with medications repeatedly prescribed for very long periods without documented reviews of the dose, interactions, side effects, or progress
- ongoing prescribing without documenting the progress of the condition for which the medication is prescribed
- no or minimal efforts to seek the view of specialists in relevant fields such as pain management
- no or minimal documentation about the potential risks of prescribing up to 5 or more centrally acting drugs at the same time.

Prescribing of 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, to which prescribers were not adhering in some instances.

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 received requests to review practitioners engaged in skin medicine. The main concerns identified include:

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

Another persisting area of concern was skin flap repairs being performed when they were not clinically indicated and where less invasive management options were not offered to patients. Typical examples include situations where a flap was performed in an area with sufficient skin properties or a small lesion size, which the general body of peers may consider that an elliptical closure would have been sufficient.

General practitioner reviews

The common items reviewed were level A, B, C and D consultations in rooms (MBS items 3, 23, 36 and 44), chronic disease management items (MBS items 721, 723 and 732), and mental health items (including 2713 and 2715) and their equivalent telephone consultation items. A key indigenous health item reviewed was MBS item 715. 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.

Concerns identified often related to lack of clinical input and poor record keeping. When practitioners are very busy, clinical notes in records can become poor which is a risk to patient safety.

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

Specialist reviews

The MBS items most frequently reviewed were MBS items 132 and 133. Common concerns were that consultations did not meet the minimum time requirements and the management plan was not of significant complexity or contain the elements set out in the MBS item descriptor and the relevant associated note. 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 items 132 and 133 are restricted to complex patients and a management plan that complies with the relevant associated note is required.

Surgical operations

PSR reviewed several different surgical specialties. One emerging concern was the practice of some surgeons to interpret an MBS item descriptor in a different manner to their peers. For example, the use of qualifiers in a descriptor such as 'major bone graft' was viewed through a different lens by some practitioners under review than the general body of peers.

In other matters such as in a review of a dentist, practitioners were considered to have inadequately supervised other practitioners who were conducting procedures in their name and billing under their provider number. Practitioners are reminded that they are responsible for what is billed under their provider number. Care must be taken to ensure that descriptors are satisfied and that the services are clinically relevant and have been genuinely and appropriately performed in a manner than would be considered satisfactory to the general body of peers.

In choosing surgical or procedural items, 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 records showing that each procedure billed was clinically indicated, and the operative and hospital records should also show that the additional procedures were performed.

Fraud detection

PSR continued to identify cases of suspected fraud. This has reduced during 2022–23 and was a concern in only a small number of cases.



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 2022–23 in which PSR entities were parties.

In ***Li v Determining Authority*** [2022] FCA 1448, the court considered a challenge to the decision of the DA on the basis that it had been informed of referrals to Ahpra made by the Director and the committee at earlier stages of the PSR process. The court held that being made aware of these referrals to Ahpra was consistent with the HIA's protective objects. The court noted that the 'scheme facilitates the funnelling of information such that the DA understands what precipitated the other professional disciplinary processes.' Another argument in the case was that the DA misdirected itself in making its repayment determination by starting from the proposition that 100% of the benefit should be repaid unless Dr Li could persuade it otherwise. The court found this was not how the DA had approached the matter. The DA reasons showed that it understood that it had an 'open discretion' and explained why it considered that full repayment should occur. The court went on to say that even if the DA had started from the proposition that Dr Li should repay 100% of the benefits, it would not have been wrong for it to do so. Dr Li's application was dismissed.

In ***Norouzi v Determining Authority*** [2023] FCA 35, the court considered a challenge to the determination of the DA that 100% of the benefits that had been paid in respect of services involving inappropriate practice was to be repaid. A previous judgment of the court had remitted to the DA the question of the amount of repayment on the ground that it was not apparent that the DA had considered whether it could direct a partial repayment. In this second court case, Dr Norouzi challenged the fact that the DA did not issue a fresh draft determination, but instead proceeded by seeking submissions from Dr Norouzi before making a new repayment direction in identical terms to the original direction. The court held that the DA was not required to issue a fresh draft determination as all that had been set aside was the repayment direction in the final determination, leaving the draft determination undisturbed by the court's order. The court held that it was not legally unreasonable for the DA to remake the same direction it had originally made. Dr Norouzi's application was dismissed.

In ***Barnes v Director of Professional Services Review*** [2023] FCA 129, the court confirmed that the Director is not required to offer to negotiate a s92 agreement, but may make a direct referral to a committee after giving the person under review an opportunity to respond to any concerns the Director may have. The Director is not required to put to the person under review concerns that a consultant might have expressed regarding the person's conduct if the Director does not have those same concerns. Dr Barnes' application was dismissed.

In ***Hamor v Determining Authority*** [2023] FCA 267, the court held that it was not legally unreasonable for the DA to direct the repayment of 100% of the MBS benefits paid in respect of Dr Hamor's provision of MBS item 12250 (home sleep studies) despite his submissions that he received only a small proportion of the \$1,959,718.75 in Medicare benefits paid for those services. The court noted that the DA had regard to the gravity of Dr Hamor's conduct and the lack of mitigating factors. Dr Hamor's application was dismissed.


In ***Soryal v Director of Professional Services*** [2023] FCA 326, the court considered whether the Director had the jurisdiction to refer Dr Soryal, a dentist, to a committee where all the services were rendered by oral health therapists (OHTs) using Dr Soryal's provider number. Dr Soryal had permitted the 3 companies that engaged the OHTs to use his provider number. The court said, 'it was sufficient for the purposes of the [Director]'s review that there was a basis for an appearance that the applicant had provided, rendered or initiated the services given that they were actually billed under his allocated Medicare Provider Number. It would be difficult to imagine a system whereby a holder of a Medicare Provider Number was absolved of all responsibility.' Dr Soryal's application was dismissed.

Summary

In 2022–23, PSR has successfully resumed pre-COVID-19 workloads. 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 period⁴, I would also like to thank our key stakeholders, including the Department of Health and Aged Care, the AMA and medical colleges.

⁴ Dr Antonio Di Dio was appointed as Acting Director following Professor Quinlivan's retirement.



Chapter 3: Management and accountability



Structure and organisation

The Director is an independent statutory officer appointed by the Minister for Health and Aged Care under s83 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).

Dr Antonio Di Dio commenced as Acting Director on 16 June 2022 following the resignation of Professor Julie Quinlivan. His current appointment is due to expire in April 2024.

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 also fulfils the role of General Counsel.

During 2022–23, there were no significant instances of non-compliance with the finance law.

In 2022–23, PSR reviewed its Corporate Plan and recruited 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 2022–23, PSR referred to this Corporate Plan as the basis for its performance reporting framework. Performance against PSR's 2022–23 key performance indicators is reported under Chapter 2: Performance statement.

Agency structure

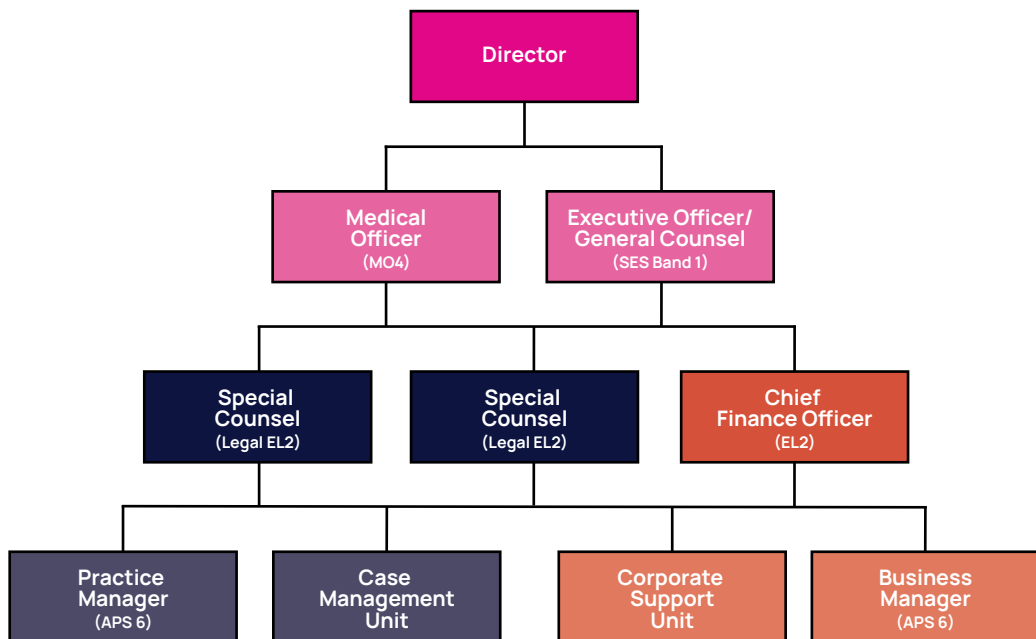
PSR's current structure (Figure 1) provides for:

- a case management unit that reports to 2 Special Counsel responsible for managing requests from the Chief Executive Medicare from the Director's review stage through to PSR committee investigation and consideration by the DA. An administrative team within

the case management unit manages document preparation for the Director's review and PSR committee hearings.

- an integrated corporate support unit that reports to the Chief Finance Officer, and is responsible for budget and financial reporting, payroll, human resources and recruitment, ICT, security and property, procurement, risk management and audit, and communications.
- a Business Manager and a Practice Manager, who support the PSR executive management team, provide administrative support across the agency and manage parliamentary functions.
- the Executive Officer who also fulfils the role of General Counsel.

Figure 1.
Professional Services Review organisation chart, 2022–23





Portfolio shared services arrangements

As a 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. PSR also has a service legal agreement with Services Australia for internet gateway services.

Executive management team

The PSR executive management team consists of the Director, the Executive Officer (and General Counsel), 2 Special Counsel and the Chief Finance 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 Finance Officer
- reports on case activities, budget and financial reporting, risk management and audit, privacy, procurement and contracts, human resources, workplace health and safety, information and communications technology, security, information management, fraud control and business continuity planning.

In leading PSR, the executive management team promotes the core principles of good public sector governance including accountability, transparency, integrity, efficiency and risk management while promoting wellbeing, innovation and communication.

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

External scrutiny

During 2022–23, PSR was the subject of 2 external reviews.

A review of PSR was included in the independent review of Medicare integrity and compliance conducted by Dr Pradeep Philip; this was published in March 2023. No concerns were raised about the PSR process. However, there were some recommendations made regarding amendments to the HIA to improve the process.

At the request of the AMA, the Department of Health and Aged Care engaged Emeritus Professor Robin Creyke AO to conduct a review into the procedural fairness of the s92 agreement process. Consistent with recommendations from this review, PSR has updated its website and its guide for persons under review.

There were no reports from the Australian Information Commissioner that involved PSR or that had, or might have, a significant impact on PSR's operations.

Neither the Auditor-General, a Committee of either or both Houses of the Parliament nor the Commonwealth Ombudsman produced a report regarding PSR.

A summary of the 2022–23 Federal Court litigation is discussed under the Director's comments in Chapter 2: Performance statement.

Fraud control

Training on fraud awareness is conducted every 2 years. PSR's most recent fraud awareness training was facilitated through online learning, and completed by all staff in June 2023. PSR's Fraud Control Plan, which includes a fraud risk assessment, was also reviewed by the executive management team. 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 Audit and Risk Committee meetings, and fraud risk is discussed at PSR management meetings.



Identifying and managing risk

In prior years, PSR invested in the development of a robust risk management framework. In April 2023, 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 as a focus group with senior management and selected staff. During the year, PSR's internal auditors also undertook a fraud risk workshop with the Executive Officer and the Chief Finance Officer.

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 s45(1) of the PGPA Act. It provides independent advice on PSR's governance arrangements, risk management framework, system of internal controls and compliance framework, and annual financial statements. PSR's Audit and Risk Committee Charter is available on the PSR website⁵.

⁵ <https://www.psr.gov.au/publications-and-resources/publications/corporate-documents/audit-and-risk-committee-charter>

During 2022–23, the PSR Audit and Risk Committee consisted of an independent chair and 2 independent members. Mr Geoff Knuckey has occupied the role of Chair from January 2022, for a 3 year term.

Table 4 outlines the membership, experience and attendance of the Audit and Risk Committee members for 2022–23.

Table 4:
PSR Audit and Risk Committee, 2022–23

Member	Membership	Qualification, knowledge, skills or experience	Attendance and no. of meetings
Mr Geoff Knuckey	Independent Chair	Chartered Accountant, with 32 years in the private sector. Over 10 years' experience as chair or independent director on private and public sector boards and committees.	4 out of 4
Mr Paul Groenewegen	Independent Member	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	Former partner in a major law firm, 20 years' experience as a board member, chair and independent member on private and public sector committees.	4 out of 4



PSR's participating observers included representatives from the Australian National Audit Office, PSR's Chief Finance Officer, Executive Officer and General Counsel, Special Counsel and PricewaterhouseCoopers Australia, who were PSR's internal auditors during 2022–23.

Table 5 lists the remuneration for each member on the PSR Audit and Risk Committee during 2022–23.

Table 5:
Remuneration for Audit and Risk Committee members in 2022–23

Member	Remuneration	GST Inclusive
Mr Geoff Knuckey	\$8,008	Yes
Mr Paul Groenewegen	\$5,800	No GST
Ms Rebecca Davies	\$6,380	Yes

The 2022–23 PSR Internal Audit Plan included a range of audits that focused on governance, internal controls, and compliance. Audits included a review of PSR's processes in managing conflicts of interest, cyber security, procurement, and a review of key controls, which is audited annually.

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*. To help guide its performance, PSR has defined its own values and behaviours underpinned by the APS Values. PSR's values and behaviours – fair, transparent and professional – address the unique aspects of PSR's business and environment, and guide PSR in how it conducts itself in performing its 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, PSR's outcomes and PSR's 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 it receives, uses and creates
- 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 made a determination under s24(1) of the *Public Service Act 1999* on 21 December 2022.

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 is 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 2023, PSR had 36 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.

At 30 June 2023, the majority of PSR's staff were based in the ACT, with one employee in South Australia and one employee in New South Wales. There were 13 employees who did not speak English as their first language and 36% had parents who did not speak English as their first language. PSR had no employees who identified as Aboriginal or Torres Strait Islander.

Table 6:
PSR Staff numbers as at 30 June 2023 and 2022

Classification	Male		Female		Non Binary		Ongoing employment		Non-ongoing employment		Full time		Part time		Total	
Year	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
SES Band	1	1	0	0	0	0	1	1	0	0	1	1	0	0	1	1
Legal/EL 2	2	1	5	5	0	0	7	6	0	0	7	6	0	0	7	6
Legal/EL 1	1	1	5	4	0	0	6	5	0	0	5	3	1	2	6	5
Legal/APS 6	4	2	7	4	0	0	11	5	0	1	11	5	0	1	11	6
Legal/APS 5	1	2	4	6	0	0	4	8	1	0	3	7	2	1	5	8
APS 4	3	2	2	2	0	0	2	2	3	2	3	2	2	2	5	4
APS 3	1	0	0	0	0	0	0	0	1	0	0	0	1	0	1	0
Total	13	9	23	21	0	0	31	27	5	3	30	24	6	6	36	30

Table 7:
PSR ASL and FTE at 30 June 2023 and 2022

Staff	30 June 2023	30 June 2022
Average Staffing Level (ASL)	30.67	29.16
Full Time Equivalent (FTE) ⁶	33.4	27.61

⁶ Excludes Director of PSR, which is a statutory appointment.



Enterprise agreement and individual flexibility arrangements

On 30 June 2023, PSR had 5 non-ongoing employees and 31 ongoing employees.

Table 8 outlines the PSR salary ranges for the levels of staff on 30 June 2023.

Table 8:
Current PSR salary ranges

Classification	Minimum (\$)	Maximum (\$)
APS 3	64,151	70,953
APS 4	72,539	77,874
APS 5	78,928	83,479
Legal APS 5	82,733	82,733
APS 6	87,431	102,709
Legal APS 6	89,385	98,632
EL 1	110,472	123,350
Legal EL 1	114,623	135,927
EL 2	123,756	153,043
Legal EL 2	148,655	160,590

Note: Salary ranges are from the *Public Service (Subsection 24(1) – Professional Services Review Non-SES Employees) Determination 2022/1*

Non-salary benefits

PSR provided non-salary benefits to attract and retain staff. In 2022–23, benefits included:

- provision of mobile phones
- home internet access to PSR's ICT network
- paid car parking for all employees
- professional memberships
- reimbursement for equipment or activities to promote health and wellbeing.

Performance pay

No performance pay was awarded to staff during 2022–23.

Key management personnel (KMP)

During the reporting period ending 30 June 2023, PSR had 6 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 the Director of PSR, Executive Officer and General Counsel, the 2 Special Counsel, and the Chief Finance Officer.

Their names and tenure as a KMP during the reporting period ending 30 June 2023 are summarised in Table 9.

Table 9:
2022–23 Key management personnel

Position title	Name	Term as KMP
Acting Director PSR ⁷	Dr Antonio Di Dio	1 July 2022 – 31 March 2023 10 April 2023 – 30 June 2023
Director of PSR ⁸	Professor Julie Quinlivan	1 July 2022 to 15 July 2022
Executive Officer and General Counsel	Bruce Topperwien	Full year
Special Counsel	Margaret Parker	Full year
Special Counsel	Andrew Shelley	1 August 2022 to 30 June 2023
Chief Finance Officer	Linnet Lee	Full year

⁷ Dr Antonio Di Dio was appointed as Acting Director following Professor Quinlivan's retirement. Dr David Brand was Acting Director during a period where Dr Di Dio was on leave.

⁸ Retiring Director, last day 15 July 2023.



In the notes to the financial statements for the period ending 30 June 2023, PSR disclosed the following KMP expenses:

Note 9: Key management personnel remuneration for the reporting period		2022
Short-term benefits		
Salary		1,093,927
Performance bonuses		–
Other ⁹		46,152
Annual leave		74,370
Total short-term employee benefits		1,214,450
Post-employment benefits		
Superannuation		152,223
Total post-employment benefits		152,223
Other long-term benefits		
Long-service leave		46,478
Total other long-term benefits		46,478
Termination benefits		–
Total		1,413,151

Note 9 above has been disaggregated in Table 10.

Senior executive remuneration

PSR's Senior Executive Service (SES) employee is remunerated under an individual agreement in accordance with s24 of the *Public Service Act 1999*. The Director of PSR has authority to approve s24 agreements, which is consistent with the Department of Health and Aged Care's SES Performance and Remuneration Framework and practices for SES employees.

During the reporting period, PSR had one SES employee who was also a KMP, and holds the title of Executive Officer and General Counsel.

⁹ Includes executive vehicle allowance, and car parking.

Table 10:
KMP Remuneration

Name and Position		Short-term benefits			Post - employment benefits	Other long-term benefits	Termination benefits	Total remuneration
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave		
Dr Antonio Di Dio	Acting Director PSR ^{10, 11}	367,063	–	35,490	26,020	10,757	–	439,330
Professor Julie Quinlivan	Director PSR ^{10, 11}	15,640	–	(6,312)	1,048	–	–	10,376
Bruce Topperwien	Executive Officer and General Counsel	203,079	–	45,230	37,529	9,736	–	295,574
Margaret Parker	Special Counsel ¹²	171,388	–	15,072	30,260	10,167	–	226,887
Andrew Shelley	Special Counsel ¹¹	168,617	–	14,106	29,996	5,648	–	218,367
Linnet Lee	Chief Finance Officer ¹¹	168,140	–	16,937	27,370	10,170	–	222,617
Total		1,093,927	–	120,523	152,223	46,478	–	1,413,151

10 Remunerated under the Remuneration Tribunal determination for full-time office holderS.

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

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 2022–23, PSR did not have employees who met the threshold for other highly paid staff. There were no employees whose total remuneration was \$240,000 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 DA 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 11 shows the number of statutory appointments to PSR by practice location and gender.

Table 11:
Statutory Appointment Holders at 30 June 2023

Location	Male	Female	Total
Australian Capital Territory	8	9	17
New South Wales	26	27	53
Northern Territory	0	1	1
Queensland	21	6	27
South Australia	8	9	17
Tasmania	5	5	10
Victoria	30	13	43
Western Australia	11	7	18
Total	109	77	186

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 PSR's Performance Development Scheme. PSR employees accessed a range of learning and development opportunities during 2022–23, including external courses and workshops in areas of leadership and management, security, WHS, law, finance, risk, and records management.

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 (WHS)

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 2022–23, including:

- workstation assessments for new and existing employees
- provision of required modifications following workstation assessments
- continued compliance with Comcare requirements for COVID-19 infrastructure and personnel management
- onsite influenza vaccinations offered for all employees and immediate family members
- access to the employee assistance program for employees and their immediate families
- 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 during WHS working groups.



Disability reporting mechanism

Australia's Disability Strategy 2021–2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life. The Strategy sets out where practical changes will be made to improve the lives of people with disability in Australia. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy's actions and outcome areas will be published and available at <https://www.disabilitygateway.gov.au/ads>.

Disability reporting is included the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at <http://www.apsc.gov.au>.

Accommodation

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

Further minor modifications were completed in 2020–21 and 2021–22 to accommodate additional staff and consultants. This was necessary to manage PSR's workload and optimise use of office space.

During 2021–22, PSR commenced negotiations to relocate to another premises. Negotiations were ongoing at 30 June 2023.

PSR's current lease expires on 31 January 2024.



Chapter 4: Financial performance



Financial performance

PSR's departmental appropriation for 2022–23 was \$14,542,000, which includes \$954,000 for a departmental capital budget.

Departmental expenses at 30 June 2023 were \$11,166,958 (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 2022–23, PSR sourced goods and services according to 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, economical and ethical use of Australian Government resources
- accountability and transparency
- compliance with other Australian Government policies.

Air travel management services were outsourced to Qantas Business Travel. 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.

Consultancy and non-consultancy contracts

Consultancies

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 considers 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.

During 2022–23, 11 new reportable consultancy contracts were entered into involving total actual expenditure of \$0.617 million. In addition, 7 ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$0.456 million.

Table 12 summarises the consultants that were engaged during the 2022–23 reporting period.



Table 12:
Reportable consultancy contracts during 2022–23

Category	Total number of consultants	Total value (GST Inclusive)
Consultants engaged under s90 of the HIA, to assist with the performance of the functions, duties and powers of the Director¹³		
Ongoing contracts	4	\$153,992
Ongoing contracts representing 5% or more of total consultant expenditure for services provided by Dr Brand and Janaki Pty Ltd		\$124,524
New contracts	5	\$141,192
Consultants engaged to provide professional, independent and expert advice to PSR		
Ongoing contracts	3	\$301,543
Ongoing contracts representing 5% or more of total consultant expenditure for services provided by PricewaterhouseCoopers and CyberCX		\$280,987
New contracts	6	\$475,357
Ongoing contracts representing 5% or more of total consultant expenditure for services provided by CyberCX, Agora Consulting, and KPMG		\$369,084
Total consultants	18	\$1,072,084
Consultants engaged to provide legal services		
Ongoing contracts with Clayton Utz, Sparke Helmore, Maddocks, and the Australian Government Solicitor	4	\$824,075

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.

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

Non-consultancy contracts

Table 13:
Reportable non-consultancy contracts during 2022–23

Category	Total number of non-consultancy contracts ¹⁴	Total value (GST Inclusive)
Ongoing contracts	5	\$774,974
Ongoing contracts representing 5% or more of total non-consultancy expenditure for services provided by HorizonOne Recruitment, Lawyerbank and Sparke Helmore		\$748,321
New contracts	3	\$136,126
Ongoing contracts representing 5% or more of total non-consultancy expenditure for services provided by HBA Consulting, HorizonOne Recruitment, and Sparke Helmore		\$126,054
Total non-consultancy contracts	8	\$911,100

Annual reports contain information about actual expenditure on reportable nonconsultancy contracts. Information on the value of reportable nonconsultancy contracts is available on the AusTender website.

¹⁴ A proportion of non-consultancy contracts represents specialists in administrative law to backfill vacant positions.



Australian National Audit Office access clauses

During 2022–23, 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.

Exempt contracts

In 2022–23, 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 Commonwealth 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 Survey of Australian Government Payments to Small Business (including PSR's payments to small businesses) are available on the Treasury website.

PSR applies procurement practises 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 2022–23, PSR paid \$40,172.41 (GST inclusive) to 2 suppliers who met the criteria under the IPP policy.

Advertising and market research

PSR did not undertake any advertising campaigns during 2022–23.

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 PSR to report its contribution to ecologically sustainable development.

PSR's small size and specific role limits 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.



APS Net Zero 2030 emissions reporting

APS Net Zero 2030 is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2022–23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO₂-e) emissions. Greenhouse gas emissions reporting has been developed with a methodology that is consistent with the whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and adjustments to baseline data may be required in future reports.

Table 14:
Reportable emissions for 2022–23 – Location based approach

Emission Source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Location Based Approach)	N/A	32,396	2,663	35,059
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights	N/A	N/A	106,671	106,671
Other Energy	–	N/A	–	–
Total kg CO₂-e	–	32,396	109,333	141,729

Note: The electricity emissions reported above are calculated using the location based approach. When applying the market based method, which accounts for activities such as Greenpower, purchased LGCs or being located in the ACT, the total emissions for electricity, are calculated in Table 14.

Table 15:
Reportable emissions for 2022–23 – Market based approach

Emission Source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Market Based Approach)	N/A	2,646	350	2,996
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights	N/A	N/A	106,671	106,671
Other Energy	–	N/A	–	–
Total kg CO ₂ -e	–	2,646	107,021	109,667

Publications

PSR produced 2 publications in 2022–23:

- Annual report 2021–22
- Your Guide to the PSR Process.



Appendices and resources



Appendix 1

Resource statement and outcome summary

Table A1:
Resource statement 2022–23

Resource		Actual available appropriations for 2022–23 (\$'000) (a)	Payments made in 2022–23 (\$'000) (b)	Balance remaining (\$'000) (a–b)
Ordinary annual services ¹⁵	Departmental appropriation ¹⁶	15,551	11,502	4,049
Other services	Departmental nonoperating	–	–	–
	Equity injections	–	–	–
	Previous year's outputs	–	–	–
	Total other services	–	–	–
	Total resourcing and payments	15,551	11,502	4,049

Note: All figures are GST exclusive

¹⁵ Appropriation Acts (No. 1) 2022–23.

¹⁶ Includes an amount of \$954,000 for the Departmental Capital Budget.

Table A2:
Resource summary, outcome

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme	[A] Budget 202223 (\$'000)	[B] Actual expenses 202223 (\$'000)	[A - B] Variation (\$'000)
Departmental outputs	13,588	11,167	2,421
Average staffing level (number)	33	33	0

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	65
Statement by Accountable Authority and Chief Financial Officer	67
Statement of comprehensive income	68
Statement of financial position	70
Statement of changes in equity	72
Cash flow statement	74
Overview	76
Note 1: Expenses	79
Note 2: Income	81
Note 3: Financial assets	83
Note 4: Non-financial assets	85
Note 5: Payables and Interest Bearing Liabilities	88
Note 6: Provisions	90
Note 7: Appropriations	91
Note 8: Employee provisions	94
Note 9: Key management personnel remuneration	96
Note 10: Related party disclosures	97
Note 11: Contingent assets and liabilities	98
Note 12: Financial instruments	99
Note 13: Fair value measurement	101
Note 14: Aggregate assets and liabilities	102



OFFICIAL: Sensitive



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Aged Care

Opinion

In my opinion, the financial statements of the Professional Services Review (the Entity) for the year ended 30 June 2023:

- (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 2023 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 2023 and for the year then ended:

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

Basis for opinion

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

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – 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.



OFFICIAL: Sensitive

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

Matthew Rigter

Audit Principal

Delegate of the Auditor-General

Canberra

28/07/2023

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

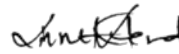
In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42 (2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

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

28 July 2023



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

28 July 2023



STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

	Notes	2023 \$	2022 \$	Revised Budget 2023 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	4,602,069	4,156,593	4,739,000
Supplier expenses	1B	5,809,599	4,168,438	8,538,000
Depreciation and amortisation	4A	732,285	769,842	842,000
Finance costs	1C	19,817	1,818	3,000
Losses from disposal of assets	1D	3,188	381	-
Total expenses		11,166,958	9,097,072	14,122,000
Own-Source Income				
Own-source revenue				
Rendering of services	2A	219,760	97,000	-
Other revenue	2B	43,000	40,000	41,000
Total own-source revenue		262,760	137,000	41,000
Gains				
Other gains	2C	2,685	-	-
Total gains		2,685	-	-
Total own-source income		265,445	137,000	41,000
Net cost of services		10,901,513	8,960,072	14,081,000
Revenue from Government - departmental appropriations	2D	13,588,000	11,987,000	13,588,000
Surplus (Deficit) attributable to the Australian Government		2,686,487	3,026,928	(493,000)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		120,806	94,388	-
Total other comprehensive income		120,806	94,388	-
Total comprehensive income (loss) attributable to the Australian Government		2,807,293	3,121,316	(493,000)

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

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

Budget Variances Commentary

Statement of Comprehensive Income

Employee benefits were \$137K (3%) lower than budget due to timing of recruitment. The budget also assumes positions are remunerated above the lowest pay point in the relevant salary band.

Supplier expenses were \$2.728M (32%) lower than budget. At the time of budget, PSR had an additional \$1.494m 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. The budget also assumes a higher number of case referrals and committee activity during the year.

Depreciation and amortisation were lower than budget by \$110K (13%). The variance was due to the budget including depreciation on leasehold improvements. PSR had expected to enter into a new lease in 2022-23, and had anticipated that construction on a new fit out would be completed. Lease negotiations are still in progress.

Finance costs were higher than budget by \$17K. The variance represents interest on PSR's lease and the unwinding discount on the lease makegood which were both understated in the budget.

Rendering of services were higher than budget by \$220K (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 \$121K.

The year end surplus was higher than budget due to the decrease in supplier expenses explained above.



STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

		2023	2022	Revised Budget 2023
	Notes	\$	\$	\$
ASSETS				
Financial Assets				
Cash and cash equivalents	3A	80,211	79,000	79,000
Trade and other receivables	3B	12,401,934	8,268,715	7,706,000
Total financial assets		12,482,145	8,347,715	7,785,000
Non-Financial Assets				
Buildings	4A	384,398	157,259	1,488,000
Plant and equipment	4A	195,393	312,360	185,000
Intangibles	4A	147,306	210,975	249,000
Other non-financial assets	4B	125,174	130,729	132,000
Total non-financial assets¹		852,271	811,323	2,054,000
Total assets		13,334,416	9,159,038	9,839,000
LIABILITIES				
Payables				
Suppliers	5A	591,706	303,270	443,000
Other payables	5B	117,632	173,502	124,000
Total payables		709,338	476,772	567,000
Interest bearing liabilities				
Leases	5C	190,971	29,475	157,000
Total interest bearing liabilities		190,971	29,475	157,000
Provisions				
Employee provisions	8	1,215,128	1,206,105	1,192,000
Provision for restoration obligations	6	130,000	119,000	134,000
Total provisions		1,345,128	1,325,105	1,326,000
Total liabilities		2,245,437	1,831,352	2,050,000
Net assets		11,088,979	7,327,686	7,789,000
EQUITY				
Contributed equity		3,190,497	2,236,497	3,190,000
Reserves		1,065,978	945,172	946,000
Retained surplus/(Accumulated deficit)		6,832,504	4,146,017	3,653,000
Total equity		11,088,979	7,327,686	7,789,000

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 \$218,399 (2022: \$28,527)

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

Budget Variances Commentary

Statement of Financial Position

Trade and other receivables were higher than budget by \$4.696M (61%). The balance at year end includes prior year's surplus, and an appropriation of \$1.494M from the *Private Health Insurance - building the sustainability of the sector and improving affordability for patients* measure. During the year, case referrals and costs associated with committee hearings were lower than expected, 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 \$1.104M (74%). The budget assumes a new lease and new fit out would be in place by 30 June 2023. Lease negotiations are still in progress.

Intangibles were lower than budget by \$102K (41%) and relates to PSR's cloud transition project which has been delayed. The budget also assumes all costs associated with the cloud transition are capital in nature.

Supplier payables were higher than budget by \$149K (34%). The variance was due to travel costs owing at year end for interstate committee hearings and case activities during 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 \$121K. At the time of budget, movements in asset carrying amounts from the desktop review at 30 June 2023 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 2023

	2023	2022	Revised Budget 2023
	\$	\$	\$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	2,236,497	2,011,497	2,236,497
Opening balance	<u>2,236,497</u>	<u>2,011,497</u>	<u>2,236,497</u>
Transactions with owners			
Contributions by owners			
Departmental capital budget	954,000	225,000	954,000
Total transactions with owners	<u>954,000</u>	<u>225,000</u>	<u>954,000</u>
Closing balance as at 30 June	<u>3,190,497</u>	<u>2,236,497</u>	<u>3,190,497</u>
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	4,146,017	1,119,089	4,146,017
Opening balance	<u>4,146,017</u>	<u>1,119,089</u>	<u>4,146,017</u>
Comprehensive income			
Surplus/(Deficit) for the period	2,686,487	3,026,928	(493,000)
Total comprehensive income	<u>2,686,487</u>	<u>3,026,928</u>	<u>(493,000)</u>
Closing balance as at 30 June	<u>6,832,504</u>	<u>4,146,017</u>	<u>3,653,017</u>
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	945,172	850,784	946,000
Opening balance	<u>945,172</u>	<u>850,784</u>	<u>946,000</u>
Comprehensive income			
Other comprehensive income	120,806	94,388	-
Total comprehensive income	<u>120,806</u>	<u>94,388</u>	<u>-</u>
Closing balance as at 30 June	<u>1,065,978</u>	<u>945,172</u>	<u>946,000</u>

STATEMENT OF CHANGES IN EQUITY (Continued)*for the period ended 30 June 2023*

	2023	2022	Revised Budget 2023
	\$	\$	\$
TOTAL EQUITY			
Balance carried forward from previous period	7,327,686	3,981,370	7,328,514
Opening balance	7,327,686	3,981,370	7,328,514
Comprehensive income			
Surplus (Deficit) for the period	2,686,487	3,026,928	(493,000)
Other comprehensive income	120,806	94,388	-
Total comprehensive income	2,807,293	3,121,316	(493,000)
Transactions with owners			
Contributions by owners			
Departmental capital budget	954,000	225,000	954,000
Total transactions with owners	954,000	225,000	954,000
Closing balance as at 30 June	11,088,979	7,327,686	7,789,514

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 \$3.300M. The variance represents an increase of \$3.179M in PSR's anticipated surplus, and an increase in the asset revaluation reserve of \$121K, after an asset desktop review was conducted by an independent valuer on leasehold improvements and the makegood provision at 30 June 2023.



CASH FLOW STATEMENT

for the period ended 30 June 2023

	2023	2022	Revised Budget 2023
Notes	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	9,732,224	8,486,949	14,151,000
Sale of goods and rendering of services	222,406	97,000	-
Net GST received	451,616	311,313	426,000
Total cash received	10,406,246	8,895,262	14,577,000
Cash used			
Employees	4,643,834	4,074,182	4,736,000
Suppliers	5,994,096	4,231,180	8,848,000
Interest payments on lease liabilities	10,783	1,584	3,000
Section 74 receipts transferred to OPA	212,615	409,789	-
Total cash used	10,861,328	8,716,735	13,587,000
Net cash from/(used by) operating activities	(455,082)	178,527	990,000
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	51,627	80,891	1,595,000
Purchase of intangibles	45,980	-	-
Total cash used	97,607	80,891	1,595,000
Net cash (used by) investing activities	(97,607)	(80,891)	(1,595,000)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget	954,000	225,000	954,000
Total cash received	954,000	225,000	954,000
Cash used			
Principle payments of lease liabilities	400,100	322,636	349,000
Total cash used	400,100	322,636	349,000
Net cash (used by) financing activities	553,900	(97,636)	605,000
Net increase/(decrease) in cash held	1,211	-	-
Cash and cash equivalents at the beginning of the reporting period	79,000	73,178	79,000
Cash and cash equivalents at the end of the reporting period	80,211	73,178	79,000

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

CASH FLOW STATEMENT

for the period ended 30 June 2023

Budget Variances Commentary

Cash Flow Statement

Cash drawn from the consolidated revenue fund was lower than budget by \$4.419M (31%), which is consistent with a decrease in supplier expenses and an increase in trade and other receivables. Cash from rendering of services represents \$222K in settlement fees for litigation cases that were awarded in favour of PSR. Settlement could not be forecasted at the time of budget.

Cash used for suppliers was \$2.854M (32%) lower than budget and is consistent with a \$2.775M (32%) decrease in supplier expenses.

Section 74 receipts were higher than budget by \$213K (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 investing activities was lower than budget by \$1.497M (94%). The variance relates to the office fit out and website costs. The budget includes construction costs for a new fit out which has not commenced and excludes costs for the website rebuild which was completed in 2022-23. Costs for the website rebuild were included in prior year's budget when the project was due for completion.

Repayments of lease liabilities were higher than budget by \$51K (15%) due to the timing of lease payments throughout the year. The budget assumes lease payments are made in line with lease payment schedules.



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 1B.

Overview

Adoption of New Australian Accounting Standard Requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standards. These amending standards have been adopted for the 2022-23 reporting period.

The following amending standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, and were applicable to the current reporting period. The details of the changes in accounting policies are disclosed below and in the relevant notes to the financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i> (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. These amending standards are not expected to have a material impact on PSR's financial statements for the current reporting period or future reporting periods.

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 within 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 2022-23 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 2022-23 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 2023

Note 1: Expenses

	2023 \$	2022 \$
<u>Note 1A: Employee Benefits</u>		
Wages and salaries	3,471,045	3,168,131
Superannuation		
Defined contribution plans	475,641	407,420
Defined benefit plans	105,190	96,636
Leave and other entitlements	550,193	484,406
Total employee benefits	4,602,069	4,156,593

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**

Audit fees (received free of charge)	43,000	40,000
Legal expenses	1,354,330	1,420,894
Case related fees	854,085	639,963
Other case related expenses	863,127	462,446
Consultant fees	1,010,409	504,507
Contractor expenses	861,803	364,756
Telephone and internet	104,468	111,538
Recruitment expenses	20,883	14,211
Other expenses	621,795	535,385
Total goods and services supplied or rendered	5,733,900	4,093,700

Other suppliers

Workers compensation expenses	75,699	74,738
Total other suppliers	75,699	74,738
Total suppliers	5,809,599	4,168,438



Financial Performance

This section analyses the financial performance of PSR for the year ended 2023

Note 1: Expenses

	2023	2022
	\$	\$

Note 1C: Finance Costs

Interest on lease liabilities	10,783	1,584
Unwinding of discount	9,034	234
Total finance costs	19,817	1,818

Accounting Policy

Borrowing Costs

All borrowing costs are expensed as incurred.

Note 1D: Losses on Disposal of Assets

Disposal of property, plant and equipment	2,878	381
Disposal of computer software	310	-
Total losses on disposal of assets	3,188	381

Financial Performance

This section analyses the financial performance of PSR for the year ended 2023

Note 2: Income

	2023	2022
	\$	\$

Own-Source Revenue

Note 2A: Rendering of Services

Settlement from litigations	219,760	97,000
Total rendering of services	219,760	97,000

Accounting Policy

Revenue

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	43,000	40,000
Total other revenue	43,000	40,000

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 2023

Note 2: Income

	2023	2022
	\$	\$
Gains		
<u>Note 2C: Other Gains</u>		
Insurance refunds received and other	2,685	-
Total other gains	<u>2,685</u>	<u>-</u>
Revenue from Government		
<u>Note 2D: Revenue from Government</u>		
Appropriations		
Departmental appropriations	13,588,000	11,987,000
Total revenue from Government	<u>13,588,000</u>	<u>11,987,000</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

	2023	2022
	\$	\$
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	80,211	79,000
Total cash and cash equivalents	80,211	79,000

Accounting Policy

Cash

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

Note 3B: Trade and Other Receivables

Goods and services receivables

Settlement from litigations and leave transfers	59,264	-
Total goods and services receivables	59,264	-

Appropriations receivable

Existing programs	11,261,162	8,064,051
Departmental capital budget	1,005,001	152,848
Total appropriations receivable	12,266,163	8,216,899

Other receivables

GST receivable from the Australian Taxation Office	56,679	51,115
Other	19,828	701
Total other receivables	76,507	51,816
Total trade and other receivables (gross)	12,401,934	8,268,715
Total trade and other receivables (net)	12,401,934	8,268,715

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 2023. 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 2023

	Buildings \$	Plant & equipment \$	Computer software \$	Total \$
As at 1 July 2022				
Gross book value	1,244,796	474,106	644,833	2,363,735
Accumulated depreciation, amortisation and impairment	(1,087,537)	(161,746)	(433,858)	(1,683,141)
Net book value as at 1 July 2022	157,259	312,360	210,975	680,594
Additions				
Purchase and Internally developed	-	47,127	54,720	101,847
Revaluations and impairments recognised in other comprehensive income	122,773	-	-	122,773
Other movements	561,596	-	-	561,596
Depreciation and amortisation	(81,265)	(161,216)	(118,079)	(360,560)
Depreciation on right-of-use assets	(371,725)	-	-	(371,725)
Disposals		(2,878)	(310)	(3,188)
Other	(4,240)	-	-	(4,240)
Net book value as at 30 June 2023	384,398	195,393	147,306	727,097
Net book value as at 30 June 2023 represented by				
Gross book value	1,779,792	509,046	690,813	2,979,651
Accumulated depreciation and impairment	(1,395,394)	(313,653)	(543,507)	(2,252,554)
Net book value as at 30 June 2023	384,398	195,393	147,306	727,097

The carrying amount for buildings of \$384,398 (2022: \$157,259) and plant and equipment of \$195,393 (2022: \$312,360) 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 2023, 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 2023 (2022: \$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:

	2023	2022
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 2023. 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 (2022: 4 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

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

	2023	2022
	\$	\$
Note 4B: Other Non-Financial Assets		
Prepayments	125,174	130,729
Total other non-financial assets	125,174	130,729

No indicators of impairment were found for other non-financial assets. Non-financial assets include prepayments for software licences.



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

	2023	2022
	\$	\$
Note 5A: Suppliers		
Trade creditors and accruals	<u>591,706</u>	<u>303,270</u>
Total suppliers	<u>591,706</u>	<u>303,270</u>

Settlement is made within 20 days.

Note 5B: Other Payables

Wages and salaries	<u>100,191</u>	<u>95,570</u>
Superannuation	<u>16,073</u>	<u>12,219</u>
Other	<u>1,368</u>	<u>65,713</u>
Total other payables	<u>117,632</u>	<u>173,502</u>

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

	2023	2022
	\$	\$
Note 5C: Interest bearing liabilities		
Leases liabilities	190,971	29,475
Total interest bearing liabilities	190,971	29,475

Total cash outflow for leases for the year was \$400,100 (2022: \$322,671).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	190,971	29,475
Total leases	190,971	29,475

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 commenced on 1 August 2017 and was due to expire on 31 July 2022. The lease was extended for a further 18 months and expires on 31 January 2024. The lease includes variable lease payments subject to movements in CPI.

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

Accounting Policy

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

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

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



Financial Position

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

Note 6: Provisions

	2023	2022
	\$	\$
<u>Note 6: Provision for restoration obligations</u>		
Make good obligation	130,000	119,000
Total provision for restoration obligations	130,000	119,000

	Provision for restoration
	\$
Carrying amount 1 July 2022	119,000
Finance cost - unwinding discount	9,034
Additional provisions made	1,966
Closing balance 2023	130,000

At 30 June 2023, an independent valuer, B&A Valuers, conducted a desktop review of PSR's leasehold improvements which resulted in an increase to the makegood provision.

Funding

This section identifies PSR's funding structure

Note 7: Appropriations

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

Annual Appropriations for 2023

	Annual Appropriation ¹ \$	Adjustment to appropriation ² \$	Total appropriation \$	Appropriation applied in 2023 (current and prior years) \$	Variance ³ \$
DEPARTMENTAL					
Ordinary annual services	13,588,000	669,795	14,257,795	(11,525,935)	2,731,860
Capital Budget ⁴	954,000	-	954,000	(101,847)	852,153
Total departmental	14,542,000	669,795	15,211,795	(11,627,782)	3,584,013

Notes:

1. In 2022-23, PSR received \$13,588,000 under Supply Act (No. 1) \$5,886,000, and Supply Act (No. 3) \$7,702,000.

2. Adjustment to appropriation includes PGPA Act section 74 receipts.

3. Departmental appropriations were under drawn by \$2,731,860. The variance was due to delayed expenditure on the *Private Health Insurance - building the sustainability of the sector and improving affordability for patients* measure (\$1,494,000). The number of case referrals and committee activity during the year were also lower than expected and contributed to this variance.

4. In 2022-23, PSR received \$954,000 in capital funding under Supply Act (No. 1) \$398,000, and Supply Act (No. 3) \$556,000. The capital budget was under drawn due to ongoing lease negotiations and delayed commencement of the office fit out. Payments made on non-financial assets include expenditure on assets which have been capitalised.



Funding

This section identifies PSR's funding structure

Note 7: Appropriations

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

Annual Appropriations for 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: Appropriations

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

	2023	2022
Authority	\$	\$
DEPARTMENTAL		
Supply Act (No. 1) 2022-23	3,957,162	-
Supply Act (No. 3) 2022-23	8,258,000	-
Appropriation Act (No. 1) 2021-22	51,001	8,216,899
Cash balance	80,211	79,000
Total	12,346,374	8,295,899

The cash balance represents unspent departmental appropriation from Supply Act (No.1). Unspent departmental appropriation also includes a departmental capital budget of \$1,005,001 (2022: \$152,848).



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

	2023	2022
	\$	\$
Note 8: Employee Provisions		
Leave	<u>1,215,128</u>	<u>1,206,105</u>
Total employee provisions	<u>1,215,128</u>	<u>1,206,105</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, the Executive Officer, two Special Counsels, and the Chief Finance Officer. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$	\$
Short-term employee benefits	1,214,450	1,038,282
Post-employment benefits	152,223	114,297
Other long-term employee benefits	46,478	27,777
Total key management personnel remuneration expenses¹	1,413,151	1,180,356

The total number of key management personnel included in the above table represents 6 individuals (2022: 6). During the reporting period, 1 of the 6 individuals was 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 (2022: 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 (2022: 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 2023, PSR did not have any quantifiable contingencies (2022: 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 (2022: 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

	2023 \$	2022 \$
Note 12A: Categories of Financial Instruments		
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	80,211	79,000
Trade and other receivables	59,264	-
Total financial assets at amortised cost	139,475	79,000
Total financial assets	139,475	79,000
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - Suppliers	591,706	303,270
Total financial liabilities	591,706	303,270



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	
	2023	2022
	\$	\$
Non-financial assets		
Leasehold improvements	166,000	124,492
Other property, plant and equipment	195,393	312,360
Total non-financial assets	361,393	436,852
Total fair value measurements of assets in the statement of financial position	361,393	436,852



Other information

Note 14: Aggregate Assets and Liabilities

	2023	2022
	\$	\$
Note 14: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	80,211	79,000
Trade and other receivables	12,391,434	8,268,715
Leasehold Improvements	384,398	-
Other non-financial assets	120,212	46,447
Total no more than 12 months	12,976,255	8,394,162
More than 12 months		
Trade and other receivables	10,500	-
Leasehold Improvements	-	157,259
Plant and equipment	195,393	312,360
Computer software	147,306	210,975
Other non-financial assets	4,962	84,282
Total more than 12 months	358,161	764,876
Total assets	13,334,416	9,159,038
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	591,706	303,270
Other payables	117,632	173,502
Leases	190,971	29,475
Employee provisions	255,894	295,513
Provision for restoration obligations	130,000	119,000
Total no more than 12 months	1,286,203	920,760
More than 12 months		
Employee provisions	959,234	910,592
Total more than 12 months	959,234	910,592
Total liabilities	2,245,437	1,831,352

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 s8 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
Dr Antonio Di Dio	10-Apr-2023	09-Apr-2024	Director, PSR
Dr Walter Abhayaratna	30-May-2022	30-May-2027	Panel
Ms Katerina Angelopoulos	01-Jul-2022	30-Jun-2025	Determining Authority
Associate Professor Mark Arnold	30-May-2022	30-May-2027	Panel
Dr Amanda Badam	30-May-2022	30-May-2027	Panel
Dr Caroline Badam	29-Jan-2020	31-Mar-2024	Panel
Professor Nadia Badawi	15-Jul-2020	31-Mar-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-Jul-2020	31-Mar-2024	Panel
Dr Annette Barratt	30-May-2022	30-May-2027	Panel – Deputy Director
Professor Hugh Bartholomeusz	29-Jan-2020	31-Mar-2024	Panel – Deputy Director
Associate Professor Kevin Bell	30-May-2022	30-May-2024	Panel
Dr Sara Booth-Mason	29-Jan-2020	31-Mar-2024	Panel
Dr Robert Niell Boustred	10-Feb-2023	30-May-2027	Panel
Dr Kerrie Bradbury	30-May-2022	30-May-2024	Panel
Dr Roland Brand	30-May-2022	30-May-2027	Panel – Deputy Director
Associate Professor Charles Brooker	10-Feb-2023	30-May-2027	Panel
Associate Professor Andrew Brooks	16-Mar-2021	28-Feb-2026	Panel

Name	Latest Appointment	Expires	Type
Dr Kathryn Brothie	30-May-2022	30-May-2027	Panel
Dr Stephen Brough	16-Mar-2021	28-Feb-2026	Panel
Professor Simon Carney	10-Feb-2023	30-May-2027	Panel
Mr Scott Charlton	01-Jun-2022	30-May-2027	Determining Authority
Professor Celia Chen	13-May-2021	28-Feb-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	01-Apr-2019	31-Mar-2024	Panel
Dr Yan Chow	01-Apr-2019	31-Mar-2024	Panel
Dr Helen Chriss	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Antonio Cocchiaro	30-May-2022	30-May-2027	Panel
Professor Paul Colditz	15-Jul-2020	31-Mar-2024	Panel
Dr Debra Coleman	30-May-2022	30-May-2024	Panel
Dr Sarah Coll	10-Feb-2023	30-May-2027	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-Jul-2020	31-Mar-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	28-May-2027	Panel – Deputy Director
Dr Marjorie Cross	30-May-2022	30-May-2027	Panel – Deputy Director
Dr David Curnow	20-Aug-2021	28-Feb-2026	Panel



Name	Latest Appointment	Expires	Type
Dr Maurizio Damiani	10-Feb-2023	30-May-2027	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
Dr Stewart Einfeld	29-Jan-2020	31-Mar-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	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Karen Flegg	01-Jul-2022	30-Jun-2027	Determining Authority
Professor Peter Friedland	10-Feb-2023	30-May-2027	Panel
Dr Howard Galloway	30-May-2022	30-May-2027	Panel
Dr Stuart Game	30-May-2022	30-May-2027	Panel
Mrs Karen Garner-Hamilton	01-Mar-2022	28-Feb-2027	Determining Authority
Mrs Karen Garner-Hamilton	30-May-2022	30-May-2026	Panel
Dr Alison Garvin	30-May-2022	30-May-2027	Panel
Associate Professor Kurt Gebauer	29-Jan-2020	31-Mar-2024	Panel
Professor John Gibson	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Andrew Gikas	20-Aug-2021	28-Feb-2026	Panel
Professor Gerard Gill	30-May-2022	30-May-2027	Panel

Name	Latest Appointment	Expires	Type
Dr Nicole Goh	30-May-2022	30-May-2027	Panel
Dr Nicole Gorddard	29-Jan-2020	31-Mar-2024	Panel
Dr Jennifer Green	10-Feb-2023	30-May-2027	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-Jan-2020	31-Mar-2024	Panel
Dr Kerry Harris	30-May-2022	30-May-2027	Panel
Dr Matthew Hawthorne	15-Jul-2020	31-Mar-2024	Panel
Dr Peter Heathcote	16-Mar-2021	28-Feb-2026	Panel – Deputy Director
Professor William Heddle	15-Jul-2020	31-Mar-2024	Panel
Professor Charlotte Hespe	30-May-2022	30-May-2027	Panel – Deputy Director
Professor Peter Hewett	01-Apr-2019	31-Mar-2024	Panel
Dr Kian Yong Ho	29-Jan-2020	31-Mar-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-Mar-2021	28-Feb-2026	Panel
Associate Professor Aniello Iannuzzi	01-Jul-2022	30-Jun-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



Name	Latest Appointment	Expires	Type
Dr Komalta Jaiswal	30-May-2022	30-May-2027	Panel
Ms Nikki Johnston	20-Aug-2021	28-Feb-2026	Panel
Dr Fiona Joske	29-Jan-2020	31-Mar-2024	Panel
Associate Professor 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-Mar-2021	28-Feb-2026	Panel – Deputy Director
Mr John Kilmartin	01-Jul-2022	30-Jun-2027	Determining Authority
Dr Errol Kilov	20-Aug-2021	28-Feb-2026	Panel
Dr Heather Knox	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Andrew Lawrence	01-Mar-2022	28-Feb-2027	Determining Authority
Dr Andrew Lawrence	30-May-2022	30-May-2027	Panel
Dr Alan Leeb	10-Feb-2023	30-May-2027	Panel – Deputy Director
Associate Professor Jonathan Levy	10-Feb-2023	30-May-2027	Panel
Associate Professor Alistair Lochhead	10-Feb-2023	30-May-2027	Panel
Dr Peter Lorenz	30-May-2022	30-May-2027	Panel
Dr Shiau Tween Low	10-Feb-2023	30-May-2027	Panel
Mr Stuart Macfarlane	01-Jul-2022	30-Jun-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
Dr Lawrence Malisano	20-Jan-2020	31-Mar-2024	Panel – Deputy Director

Name	Latest Appointment	Expires	Type
Dr Linda Mann	30-May-2022	30-May-2027	Panel
Ms Donna Mansell	01-Jun-2022	30-May-2027	Determining Authority
Ms Donna Mansell	30-May-2022	30-May-2027	Panel
Dr Mona Marabani	01-Apr-2019	31-Mar-2024	Panel
Dr Geoff Markov	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Susan McDonald	01-Jul-2022	30-Jun-2027	Determining Authority
Dr Mark McEwan	30-May-2022	30-May-2027	Panel
Dr Cathy McGuckin	29-Jan-2020	31-Mar-2024	Panel
Dr Rodney McMahon	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Caroline Melbourne	20-Aug-2021	28-Feb-2026	Panel
Dr Robert Menz	29-Jan-2020	31-Mar-2024	Panel
Dr Suzanne Miao	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Wayne Minter AM	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	01-Jul-2022	30-Jun-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-Aug-2021	28-Feb-2026	Panel
Dr Cullen O'Gorman	15-Jul-2020	31-Mar-2024	Panel
Dr David O'Rourke	10-Feb-2023	30-May-2027	Panel



Name	Latest Appointment	Expires	Type
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
Associate Professor Neil Peppitt	30-Jul-2022	01-Jun-2027	Determining Authority
Associate Professor Neil Peppitt	30-May-2022	30-May-2027	Panel
Dr Carolyn Petersons	29-Jan-2020	31-Mar-2024	Panel
Dr Angela Pierce	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Scott Preston	29-Jan-2020	31-Mar-2024	Panel
Dr Susanna Proudman	01-Apr-2019	31-Mar-2024	Panel
Professor Julie Quinlivan	10-Feb-2023	30-May-2027	Panel
Professor Chris Raftery	20-Aug-2021	28-Feb-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-Jan-2020	31-Mar-2024	Panel
Ms Yvonne Rowling	01-Jul-2022	30-Jun-2027	Determining Authority
Dr William Ryman	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Jennifer Schafer	10-Feb-2023	30-May-2027	Panel
Dr Leon Shapero	30-May-2022	30-May-2027	Panel – Deputy Director
Associate Professor Rashmi Sharma	30-May-2022	30-May-2027	Panel – Deputy Director
Dr Mark Sinclair	30-May-2022	30-May-2027	Panel
Associate Professor Michael Sladden	30-May-2022	30-May-2027	Panel

Name	Latest Appointment	Expires	Type
Dr Katherine Smartt	30-May-2022	30-May-2027	Panel – Deputy Director
Dr David Smith	01-Jul-2022	30-Jun-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-Feb-2026	Panel
Dr Murray Taverner	10-Feb-2023	30-May-2027	Panel
Dr Marietta Taylor	01-Jun-2022	30-May-2027	Determining Authority
Dr Marietta Taylor	30-May-2022	30-May-2027	Panel
Professor John Thompson	01-Apr-2019	31-Mar-2024	Panel – Deputy Director
Professor Kenneth Thomson	30-May-2022	30-May-2027	Panel
Associate Professor Susan Tomlinson	15-Jul-2020	31-Mar-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
Associate Professor 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-Aug-2021	28-Feb-2026	Panel
Associate Professor Ann Webber	30-May-2022	30-May-2027	Panel



Name	Latest Appointment	Expires	Type
Dr Colin Whitewood	20-Jan-2020	31-Mar-2024	Panel
Associate Professor Richard Widmer	01-Apr-2019	31-Mar-2024	Panel
Dr David Wiesenfeld	13-May-2021	28-Feb-2026	Panel
Associate Professor Helen Wilcox	10-Feb-2023	30-May-2027	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
Associate Professor Brendon Yee	30-May-2022	30-May-2027	Panel
Dr Guan Yeo	30-May-2022	30-May-2027	Panel
Professor Desmond Yip	20-Jan-2020	31-Mar-2024	Panel
Dr Sarah Yong	10-Feb-2023	30-May-2027	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 under section 93 of the HIA to investigate inappropriate practice
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 (DA)	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 DA's proposed directions 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 directions that will apply to a person under review as required by section 106TA of the HIA
Final report	a committee's findings following consideration of any 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 in section 82 of the HIA, either as conduct that a committee of the practitioner's peers could reasonably conclude would be unacceptable to the general body of their profession or specialty; or rendering or initiating services in circumstances constituting a prescribed pattern of services.
IT	Information technology
MBS	Medicare Benefits Schedule



Medicare	the Medicare program administered by Services Australia and the Department of Health and Aged Care
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 or specialty
Person under review (PUR)	practitioner or another person or corporate entity who has been referred to the Director for review of their provision of services
PGPA Act	the <i>Public Governance, Performance and Accountability Act 2013</i>
Practitioner	<p>a health professional who can access the Medicare and Pharmaceutical Benefits schemes, and includes</p> <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

Prescribed pattern of services	<p>Circumstances in which a medical practitioner renders or initiates:</p> <ul style="list-style-type: none"> • 80 or more relevant attendance services on each of 20 or more days in a 12 month period; or • 30 or more relevant phone services on each of 20 or more days in a 12 month period • unless exceptional circumstances applied on the relevant days
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

PGPA Rule reference	Part of report	Description	Requirement	Page
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	i
17AD(h)	Aids to access			
17AJ(a)		Table of contents (print only).	Mandatory	iii–v
17AJ(b)		Alphabetical index (print only).	Mandatory	124
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	113
17AJ(d)		List of requirements.	Mandatory	116
17AJ(e)		Details of contact officer.	Mandatory	verso
17AJ(f)		Entity's website address.	Mandatory	verso
17AJ(g)		Electronic address of report.	Mandatory	verso
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1–9
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	12–14
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	34–35
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	13–14
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	16–17

PGPA Rule reference	Part of report	Description	Requirement	Page
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority.	Mandatory	45
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority.	Mandatory	45
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	45
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	34–36
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			
Annual performance Statements				
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	16–25
17AD(c)(ii)	Report on Financial Performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	51–59
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	62
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



PGPA Rule reference	Part of report	Description	Requirement	Page
17AD(d)	Management and Accountability			
Corporate Governance				
17AG(2)(a)		Information on compliance with section 10 (fraud systems).	Mandatory	37–38
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	i
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	i
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	i
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	34–36
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	18–21
Audit Committee				
17AG(2A)(a)		A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	38
17AG(2A)(b)		The name of each member of the entity's audit committee.	Mandatory	39
17AG(2A)(c)		The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	39
17AG(2A)(d)		Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	39

PGPA Rule reference	Part of report	Description	Requirement	Page
17AG(2A) (e)		The remuneration of each member of the entity's audit committee.	Mandatory	40
External Scrutiny				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	37
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	18–23
17AG(3) (b)		Information on any reports on operations of the entity by the Auditor General (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
Management of Human Resources				
17AG(4) (a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	41
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	41–50
17AG(4) (b)		Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following: • 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	41–50



PGPA Rule reference	Part of report	Description	Requirement	Page
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	44
17AG(4)(c)(i)		Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	44
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	44
17AG(4)(c)(iii)		A description of nonsalary benefits provided to employees.	Mandatory	44–45
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	45
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	45
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	45
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, mandatory	45
Assets management				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	53
Purchasing				
17AG(6)		An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	52

PGPA Rule reference	Part of report	Description	Requirement	Page
Reportable consultancy contracts				
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	53–54
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	53–54
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	53
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	53
Reportable non-consultancy contracts				
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	55
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	55



PGPA Rule reference	Part of report	Description	Requirement	Page
17AD(daa)		Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA		Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	N/A
Australian National Audit Office access clauses				
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	54–55
Exempt contracts				
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	56
Small business				
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	56
17AG(10) (b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	56–57
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	56

PGPA Rule reference	Part of report	Description	Requirement	Page
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	64–102
Executive remuneration				
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory	46–47
17AD(f)	Other mandatory information			
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	57
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	57
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	50
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	103
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	N/A
17AH(2)		Information required by other legislation.	Mandatory	57



Index

A

acknowledgements of contributions, 3, 9

areas of concern

fraud detection, 29

general practitioner reviews, 28

legal issues, 30–31

prescribing concerns, 27

skin medicine, 28

specialist reviews, 29

surgical operations, 29

audit and risk committee, 7, 21–22, 38–40

member remuneration, 39

members, 21–22, 38–40, 39

C

cases

decisions by Federal Court

Barnes v Director of Professional Services
Review [2023] FCA 129, 31

Hamor v Determining Authority [2023]
FCA 267, 31

Li v Determining Authority [2022]
FCA 1448, 30

Norouzi v Determining Authority [2023]
FCA 35, 30

Soryal v Director of Professional Services
[2023] FCA 326, 31

new requests, 20

statistics, **19**

summary, 18

in which no further action was taken, 20

Chief Executive Medicare, 2

new requests to, 20

re-referrals to, 22

committees, PSR, see panels and committees

compliance, see fraud and non-compliance

concerns, see areas of concern

COVID-19

impact on referrals and diversity, 26

overview of impact, 5

telehealth and COVID-19 consultations, 26

D

De Dio, Dr Anthony, see directors

Determining Authority, 4

final determinations, 22

judicial review, 23

re-referrals, 22

referrals to medical boards and other
authorities, 23

directors

Dr Antonio De Dio

acknowledgements of contributions, 3, 9

Director's comments, 26–31

Director's introduction, 1–2

letter of transmittal, i

new Acting Director, 3

Julie Quinlivan (retiring), 3

E

ethical standards, 40–41
external scrutiny, 37

F

financial performance, 52–59
 advertising and market research, 57
 APS Net Zero 2030 emissions reporting, 58, **58**
 asset management, 53
 Auditor's report, Independent, 52–59
 Australian National Audit Office access clauses, 56
 cash flow statement, **74–75**
 contracts
 consultancy and non-consultancy contracts, 53
 consultancy contracts, **54**
 exempt, 56
 ecologically sustainable development and environmental performance, 57–59
 emissions, reportable - location based approach, **58**
 emissions, reportable - market based approach, **59**
 grants programs, 57
 Independent Auditor's report, 65–66
 Indigenous procurement policy, 57
 non-consultancy contracts, **54**
 outcome summary, **62**
 procurement initiatives to support small business, 56
 procurement policy, Indigenous, 57
 purchasing, 52
financial statements
 accounting judgements and estimates, 77
 appropriations, **91, 92, 93**
 assets and liabilities, aggregate, **102**
 Australian Accounting Standard requirements, new, adoption of, 77

budget variances, major, explanation of, 78
expenses, **79–80**
financial assets, **83**
financial position, **81–82**
income, **81–82**
list of requirements, **116–123**
non-financial assets, **84, 85, 86, 87**
overview, 76–78
payables and interest bearing liabilities, **88, 88–89, 89**
people and relationships, 94–97
provisions, **90**
resource statement, **62**
statement of changes in equity, **72–73, 73**
statement of comprehensive income, **68, 68–69**
statement of financial position, **70, 70–71**
summary, 52
fraud and non-compliance
 detection, 29
 external referrals for, 7
 fraud control, 37
 inappropriate health care practice, 16–17
 penalties for non-compliance, 4
 prescribing concerns, 27
 referral processes, 2

G

general practitioner reviews, 28

H

health care practice, protecting against inappropriate, 16–17
Health Insurance Act 1973 (HIA), 2
 establishment of PSR committees, 21
 legislative changes to, 4
 negotiated agreements, 21
 referrals to medical boards and other authorities, 23



- roles and functions of PSA, 12–13
- human resources, management of, 12–13, 41–50
 - accommodation, 8, 50
 - disability reporting mechanism, 50
 - enterprise agreements and individual flexibility arrangements, **44**
 - remuneration
 - highly paid staff, other, 48
 - key management personnel, **45, 47**
 - non-salary benefits, 44
 - performance pay, 45
 - training and development, 49
 - work health and safety (WHS), 49
- workforce
 - Australian Public Service staff, 42
 - executive management team, 36
 - mental health, wellbeing, and inclusivity, 5
 - staff numbers, PSR, **43**
 - statutory appointment holders, **48, 104–112**
- working arrangements for staff, 5

I

- inappropriate health care practice, protecting against, 16–17

K

- KPIs, performance against, **25**

L

- legal issues
 - decisions by Federal Court, 30–31
 - Barnes v Director of Professional Services Review [2023] FCA 129, 31
 - Hamor v Determining Authority [2023] FCA 267, 31
 - Li v Determining Authority [2022] FCA 1448, 30
 - Norouzi v Determining Authority [2023] FCA 35, 30

- Soryal v Director of Professional Services [2023] FCA 326, 31
 - summary, 31

- legislation
 - legislative changes, 4
 - civil penalty provisions, 4
 - provisions for committees, 4
 - provisions for Director, 4
- letter of transmittal, i

N

- negotiated agreements, 21
- non-compliance, see fraud and non-compliance

O

- operations, surgical, 29

P

- panels and committees
 - audit and risk committee, 7, 21–22, 38–40
 - member remuneration, 21–22, 38–40, **39, 40**
 - membership, 21–22, 38–40, **39**
 - peer review committee, 7, 21–22
 - PSR panel, 7, 21–22
 - statutory appointment holders, **48**

- performance, financial, see financial performance
- performance, other, 16–31
 - performance against PSR KPIs, **25**
 - protecting against inappropriate health care practice, **24**

- prescribing concerns, 27
- Professional Services Review Agency (PSR)
 - agency and scheme objectives, 12–13
 - agency structure, 34–35, **35**
 - cases, see legal issues, decisions by the Federal Court
 - collaboration with regulators and relevant department, 7

committees, see panels and committees

corporate governance and business planning, 34–35, **35**

delivery of outcomes, 13–14

ethical standards, 40–41

executive management team, 36

external scrutiny, 37

freedom of information, 103

future of, 14

negotiated agreements, 21

overview of, 12

panels and committees see, panels and committees

portfolio share services arrangements, 36

premises, 8, 50

purpose, 2, 16

rebrand and new website, 6

review processes, 2

reviews of processes, 6, 37

risk identification and management, 38, 98–101, **101**

stakeholder engagement, 8

stakeholders, list of, 17–18

structure and organisation of, 34

values of, 12

Professional Services Review Agency, the, 12

Professional Services Review Scheme, the, 12

publications and resources, 59

 Guide to Professional Services Review Process, 5

 independent review of Medicare integrity, 37

 review of PSR processes, 6

Q

Quinlivan, Julie (retiring director), 3

R

remuneration, see human services, management of, workforce

review processes of organisation, 2

reviews of PSR organisational processes

 external scrutiny, 37

 fraud control, 37

 Guide to Professional Services Review Process, 5

 independent review of Medicare integrity, 37

 Medicare compliance, 6

 review of PSR processes (publication), 6

 securing confidential settlement agreements, 6

risk identification and management, 38

S

skin medicine, 28

specialist reviews, 29

stakeholder engagement, 8

 list of stakeholders, 17–18

surgical operations, 29

T

telehealth and COVID-19 consultations, 26

transmittal, letter of, i

W

workforce, see human resources, management of

