

Professional Services Review

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Professional Services Review

Section 1: Entity overview and resources

1.1 Strategic direction statement

There has been no significant change to the Professional Services Review (PSR) strategic direction statement since the publication of the 2025–26 Portfolio Budget Statements.

A full outline of PSR's Strategic Direction can be found in the *2025–26 Health and Aged Care Portfolio Budget Statements*.

1.2 Entity resource statement

The Entity Resource Statement details the resourcing for the PSR at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2025–26 Budget year, including variations through Appropriation Bills No. 3 and No. 4, Special Appropriations and Special Accounts.

Amounts presented below are consistent with amounts presented in the Appropriation Bills themselves, and as published in appropriation notes to the 2024–25 financial statements.

Table 1.1: PSR resource statement – Additional Estimates for 2025–26 as at February 2026

	2024–25 Actual available appropriation	2025–26 Estimate as at Budget ^(a)	2025–26 Proposed Additional Estimates	2025–26 Total estimate at Additional Estimates
	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL				
Annual appropriations - ordinary annual services ^(b)				
Prior year appropriation available ^(c)	11,697	15,083	-	15,083
Departmental appropriation	15,942	15,576	105	15,681
s74 retained revenue receipts ^(d)	359	-	-	-
Departmental Capital Budget ^(e)	240	241	-	241
Annual appropriations - other services - non-operating ^(f)				
Prior year appropriation available ^(c)	-	-	-	-
Equity injection	-	-	-	-
Total departmental annual appropriations	16,541	15,817	105	15,922
Total departmental resourcing	28,238	30,900	105	31,005
Total resourcing for PSR	28,238	30,900	105	31,005
			2024–25 Actual	2025–26 Revised
Average staffing level (number)			47	40

All figures are GST exclusive.

^(a) Includes measures published in the *Explanatory Memorandum to the Appropriation Bills (No. 1) 2025–2026 and Appropriation Bills (No. 2) 2025–2026*.

^(b) *Appropriation Act (No. 1) 2025–26*, Appropriation Bill (No. 3) 2025–26, and associated Bills.

^(c) The estimate at Budget has been revised to reflect PSR's 2024–25 Annual Report and amounts repealed in accordance with the repeal date of the underlying Appropriation Acts.

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

^(e) Departmental Capital Budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Refer Table 3.5: Departmental Capital Budget Statement for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

^(f) *Appropriation Act (No. 2) 2025–26*, Appropriation Bill (No. 4) 2025–26 and associated Bills.

1.3 Entity measures

Table 1.2 summarises new Government measures taken since the 2025–26 Budget. The table is split into receipt and payment measures, with the affected program identified.

Table 1.2: PSR 2025–26 measures since the Budget

Program		2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000
Department of Veterans' Affairs – strengthening program integrity and veterans' advocacy ^(a)					
Professional Services Review					
Departmental payments	1.1	105	209	211	-
Total payments		105	209	211	-
Further Reducing Spending on Consultants, Contractors and Labour Hire, and Non-wage Expenses ^{(a) (b)}					
Professional Services Review					
Departmental payments	1.1	(528)	(833)	(776)	(694)
Total payments		(528)	(833)	(776)	(694)

^(a) PSR is not the lead entity for this measure. PSR impacts only are shown in this table.

^(b) Measure relates to an election commitment/savings identified in the 2025 *Explanatory Memorandum to the Appropriation Act (No. 1) 2025–2026 and Appropriation Act (No. 2) 2025–2026*.

1.4 Additional estimates, resourcing and variations to outcomes

The following tables detail the changes to the resourcing for the PSR at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates resulting from new measures and other variations since the 2025–26 Budget in Appropriation Bills Nos. 3 and 4.

Table 1.3: Additional estimates and other variations to outcomes since the 2025–26 Budget

	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000
Outcome 1				
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme				
Departmental				
Annual appropriations				
Measure - Department of Veterans' Affairs – strengthening program integrity and veterans' advocacy	105	209	211	-
Measure - Further Reducing Spending on Consultants, Contractors and Labour Hire, and Non-wage Expenses	(528)	(833)	(776)	(694)
Changes in parameters ^(a)				
(net increase)	-	-	32	16
(net decrease)	-	(16)	-	-
Total	(423)	(640)	(533)	(678)

Prepared on a resourcing (i.e. appropriations available) basis.

^(a) See explanation in Portfolio Glossary.

1.5 Breakdown of additional estimates by appropriation bill

The following tables detail the Additional Estimates sought for the PSR through Appropriation Bills Nos. 3 and 4.

Table 1.4: Appropriation Bill (No. 3) 2025–2026

	2024–25 Available (a) \$'000	2025–26 Budget (b)(c) \$'000	2025–26 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental					
Outcome 1					
A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the medicare and pharmaceutical benefits schemes.	16,182	16,345	15,922	105	-
Total Appropriation Bill (No. 3) departmental	16,182	16,345	15,922	105	-

(a) The 2024–25 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down and is equal to: Budget Appropriation + Additional Estimates Appropriation + Advance to the Finance Minister - section 51 withholdings - administrative quarantines +/- Machinery of Government transfers.

(b) Includes measures published in the *Explanatory Memorandum to the Appropriation Bills (No. 1) 2025–2026 and Appropriation Bills (No. 2) 2025–2026*.

(c) Departmental Capital Budgets are appropriated through Appropriation Acts (No.1 and 3). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Table 1.5: Appropriation Bill (No. 4) 2025–2026

This table is not applicable to the PSR in 2025–26.

Section 2: Revisions to outcomes and planned performance

2.1 Changes to outcome and program structures

There have been no changes to outcomes or programs since the 2025–26 Portfolio Budget Statements.

2.2 Budgeted expenses and performance for Outcome 1

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

Linked programs

There were no changes to Linked programs for Outcome 1 resulting from decisions made since the 2025–26 Budget. Details of the PSR's Linked programs can be found in the 2025–26 *Health and Aged Care Portfolio Budget Statements*.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.2.1 Budgeted expenses for Outcome 1

Outcome 1: A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes.					
	2024–25 Actual expenses \$'000	2025–26 Revised estimated expenses \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	13,269	15,258	15,542	15,347	14,856
Expenses not requiring appropriation in the Budget year ^(b)	1,305	1,235	1,107	1,018	1,018
Total for Program 1.1	14,574	16,493	16,649	16,365	15,874
Total expenses for Outcome 1	14,574	16,493	16,649	16,365	15,874
	2024–25	2025–26			
Average staffing level (number)	47	40			

^(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill (No. 1))' and 'Revenue from independent sources (s74)'.

^(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Performance measure for Outcome 1

There have been no changes to performance measures for Outcome 1 resulting from decisions made since the 2025–26 Budget. The performance measures associated with Outcome 1 are outlined in the *2025–26 Health and Aged Care Portfolio Budget Statements* and the *2025–26 Professional Services Review Corporate Plan*.

Section 3: Special account flows and budgeted financial statements

3.1 Special account flows and balances

Table 3.1: Estimates of special account flows and balances

This table is not applicable to the PSR in 2025–26 as it does not manage any special accounts.

3.2 Budgeted financial statements

3.2.1 Analysis of budgeted financial statements

Departmental resources

Comprehensive Income Statement

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

Balance Sheet

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

3.2.2 Budgeted financial statements

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

	2024–25 Actual \$'000	2025–26 Revised Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
EXPENSES					
Employee benefits	6,755	7,664	7,925	8,194	8,473
Supplier expenses	6,446	7,543	7,584	7,140	6,391
Depreciation and amortisation	1,249	1,177	1,049	960	960
Interest on RoU	124	100	82	62	40
Other expenses	-	9	9	9	10
Total expenses	14,574	16,493	16,649	16,365	15,874
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	142	-	-	-	-
Other revenue	65	-	-	-	-
Total revenue	207	-	-	-	-
Gains					
Other	-	58	58	58	58
Total gains	-	58	58	58	58
Total own-source income	207	58	58	58	58
Net cost of (contribution by) services	14,367	16,435	16,591	16,307	15,816
Revenue from Government	15,942	15,681	16,008	15,860	15,420
Surplus (deficit)	1,575	(754)	(583)	(447)	(396)
Surplus (deficit) attributable to the Australian Government	1,575	(754)	(583)	(447)	(396)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	56	-	-	-	-
Total other comprehensive income	56	-	-	-	-
Total other comprehensive income attributable to the Australian Government	1,631	(754)	(583)	(447)	(396)

Table 3.2: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Reconciliation of comprehensive income attributable to the agency

	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000
Total comprehensive income (loss) attributable to the Australian Government	1,631	(754)	(583)	(447)	(396)
plus non-appropriated expenses depreciation and amortisation expenses	791	719	591	502	502
plus depreciation and amortisation expenses for RoU	458	458	458	458	458
less lease principal repayments	(382)	(423)	(466)	(513)	(564)
Total comprehensive income (loss) attributable to the agency	2,498	-	-	-	-

RoU = Right-of-Use asset

Table 3.3: Budgeted departmental balance sheet (as at 30 June)

	2024–25 Actual \$'000	2025–26 Revised Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	346	346	346	346	346
Receivables	15,102	15,280	15,631	15,931	16,135
Total financial assets	15,448	15,626	15,977	16,277	16,481
Non-financial assets					
Land and buildings	4,974	4,020	3,066	2,112	1,158
Property, plant and equipment	372	478	488	583	682
Intangibles	26	165	304	450	596
Other	260	295	330	365	365
Total non-financial assets	5,632	4,958	4,188	3,510	2,801
Total assets	21,080	20,584	20,165	19,787	19,282
LIABILITIES					
Payables					
Suppliers	848	1,280	1,658	1,986	2,183
Other payables	353	353	353	353	353
Total payables	1,201	1,633	2,011	2,339	2,536
Interest bearing liabilities					
Leases	2,689	2,266	1,800	1,287	723
Total interest bearing liabilities	2,689	2,266	1,800	1,287	723
Provisions					
Employees	1,512	1,512	1,512	1,512	1,512
Other provisions	195	203	211	218	225
Total provisions	1,707	1,715	1,723	1,730	1,737
Total liabilities	5,597	5,614	5,534	5,356	4,996
Net assets	15,483	14,970	14,631	14,431	14,286
EQUITY					
Contributed equity	6,066	6,307	6,551	6,798	7,049
Reserves	1,196	1,196	1,196	1,196	1,196
Retained surpluses or (accumulated deficits)	8,221	7,467	6,884	6,437	6,041
Total equity	15,483	14,970	14,631	14,431	14,286

Table 3.4: Departmental statement of changes in equity – summary of movement (Budget Year 2025–26)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2025				
Balance carried forward from previous period	8,221	1,196	6,066	15,483
Opening balance adjustment	-	-	-	-
Surplus (deficit) for the period	(754)	-	-	(754)
Capital budget - Bill 1 (DCB)	-	-	241	241
Estimated closing balance as at 30 June 2026	7,467	1,196	6,307	14,970

DCB = Departmental Capital Budget

Table 3.5: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2024–25 Actual \$'000	2025–26 Revised Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	13,800	15,503	15,657	15,560	15,216
Sale of goods and rendering of services	359	-	-	-	-
Net GST received	471	470	470	470	470
Total cash received	14,630	15,973	16,127	16,030	15,686
Cash used					
Employees	6,561	7,664	7,925	8,194	8,473
Suppliers	6,946	7,558	7,653	7,259	6,606
Interest payments on lease liability	116	100	82	62	40
Cash to the OPA	359	-	-	-	-
Other operating payments	-	-	-	-	-
Total cash used	13,982	15,322	15,660	15,515	15,119
Net cash from (or used by) operating activities	648	651	467	515	567
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	84	469	245	249	254
Total cash used	84	469	245	249	254
Net cash from (or used by) investing activities	(84)	(469)	(245)	(249)	(254)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	84	241	244	247	251
Total cash received	84	241	244	247	251
Cash used					
Lease principal repayments	382	423	466	513	564
Total cash used	382	423	466	513	564
Net cash from (or used by) financing activities	(298)	(182)	(222)	(266)	(313)
Net increase (or decrease) in cash held	266	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	80	346	346	346	346
Cash and cash equivalents at the end of the reporting period	346	346	346	346	346

DCB = Departmental Capital Budget
OPA = Official Public Account

Table 3.6: Departmental capital budget statement (for the period ended 30 June)

	2024–25 Actual \$'000	2025–26 Revised Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	84	241	244	247	251
Total capital appropriations	84	241	244	247	251
Total new capital appropriations represented by:					
Purchase of non-financial assets	84	241	244	247	251
Total items	84	241	244	247	251
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - DCB ^(a)	84	469	244	247	251
Funded internally from departmental resources	-	-	-	-	-
Total acquisitions of non-financial assets	84	469	244	247	251
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	84	469	245	249	254
Total cash used to acquire assets	84	469	245	249	254

DCB = Departmental Capital Budget

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

Table 3.7: Statement of departmental asset movements (Budget year 2025–26)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2025				
Gross book value	3,076	936	481	4,493
Gross book value - RoU	3,204	-	-	3,204
Accumulated depreciation/amortisation and impairment	(467)	(564)	(455)	(1,486)
Accumulated depreciation/amortisation and impairment - RoU	(839)	-	-	(839)
Opening net book balance	4,974	372	26	5,372
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	318	150	468
By purchase - RoU	-	-	-	-
Total additions	-	318	150	468
Other movements				
Depreciation/amortisation expense	(496)	(212)	(11)	(719)
Depreciation/amortisation expense - RoU	(458)	-	-	(458)
Total other movements	(954)	(212)	(11)	(1,177)
As at 30 June 2026				
Gross book value	3,076	1,254	631	4,961
Gross book value - RoU	3,204	-	-	3,204
Accumulated depreciation/amortisation and impairment	(963)	(776)	(466)	(2,205)
Accumulated depreciation/amortisation and impairment - RoU	(1,297)	-	-	(1,297)
Closing net book balance	4,020	478	165	4,663

RoU = Right-of-Use asset