

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) |
| Total payments | | (528) | (833) | (776) |

(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) | 2025–26 Budget (b)(c) | 2025–26 Revised | Additional Estimates | Reduced Estimates |
|--|-----------------------------|-----------------------------|--------------------|-------------------------|----------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'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 \$'000 | Asset revaluation reserve \$'000 | Contributed equity/capital \$'000 | Total equity \$'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 \$'000 | Property, plant and equipment \$'000 | Intangibles \$'000 | Total \$'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