



**The Hon Mark Butler MP**  
**Minister for Health and Ageing**  
**Minister for Disability and the National Disability Insurance Scheme**

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Dear Associate Professor Di Dio

A handwritten signature in blue ink that reads "Antonio" with a flourish at the end.

I am writing to outline my expectations of how Professional Services Review (PSR) will achieve its regulatory objectives, carry out its regulatory functions, and exercise its powers.

This Statement of Expectations will assist with the Australian Government's commitment to effective governance and performance of regulatory functions, guided by the *Public Governance, Performance and Accountability Act 2013*. It forms part of the Government's commitment to good corporate governance of regulatory bodies and the objectives to reduce unnecessary regulatory burden on business and the community and to deliver reforms which enhance productivity.

PSR operates a peer-based review scheme as set out in Part VAA of the *Health Insurance Act 1973* (HIA) to protect the integrity of the Government's Medicare, Child Dental Benefits Scheme and Pharmaceutical Benefits Scheme programs. PSR plays an important role in safeguarding the community against the risks and costs of inappropriate practice by health practitioners and to protect the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice.

The Government recognises and respects the independence of the Director as the Accountable Authority for PSR and the statutory position of the independent decision makers with responsibility for decision making and the exercise of powers relating to the PSR scheme. The Government acknowledges that the regulatory activities of PSR are part of the wider Medicare compliance framework and limited and confined by the HIA and administrative law principles. It can only review matters referred by the Chief Executive Medicare and does not have the power to conduct "own motion" reviews or other regulatory functions. While the regulatory burden of the PSR scheme is appropriate, PSR should consider the broader regulatory framework in its operations.

## **The Government's policy priorities and objectives**

### *Regulatory reform agenda*

The regulatory reform agenda is a key component of the Government's plan to boost Australia's productivity and lower the cost of living by ensuring a fit-for-purpose regulatory environment.

The Government is also improving regulator performance, capability and culture through regulatory stewardship. This supports the Government's commitment to Australian Public Service reform by building trust in government and its institutions and by putting business and community at the centre of policy and services.

I expect PSR to contribute to regulatory reform by:

- Applying the Resource Management Guide 128 Regulator Performance to its regulatory functions to assess its performance and engagement with stakeholders.
- Continue setting key performance indicators for its regulatory activities in the corporate plan and reporting performance in the annual report, to support transparency and accountability for regulator performance.
- Leverage appropriate opportunities to consult and engage with government and non-government stakeholders.
- Aligning their approach with the Regulatory Policy, Practice and Performance Framework (RPPPF) in a manner appropriately scaled to its role in the wider Medicare compliance framework and its specific legislative objectives and functions.

Through the performance of its statutory role in administering the PSR Scheme in accordance with Part VAA of the HIA, PSR safeguards patients and the Australian community from risks and costs associated with inappropriate practice. I expect PSR to continue delivering outcomes for Australians, thereby contributing to productivity.

## **Principles of regulator best practice**

In exercising its functions and powers in accordance with these principles, I expect PSR to display the following principles of regulator best practice in accordance with the Regulatory Performance Resource Management Guide (RMG 128):

1. Continuous improvement and building trust:
  - have well-defined, communicated and embedded organisational values and culture that set out the type of regulator and regulatory posture PSR seeks to adopt
  - use qualitative and quantitative analysis as important tools for assessing and reporting on performance, and to support continuous improvement
  - promote a work culture that builds public confidence in PSR's work and promotes trust in Government decision-making
  - actively share learnings and insights (where this can be done having regard to privacy and secrecy obligations) by participating in communities of practice, engaging with other regulators and stakeholders to reflect on best practice and lessons learned, including failures.
2. Risk-based and data-driven:
  - actively understand, engage with and effectively mitigate strategic risks to successfully manage regulatory functions
  - focus on risk culture and build staff and organisational data capability and digital literacy.

### 3. Collaboration and engagement:

- Open, transparent and consistent engagement with stakeholders including industry, government and the broader community is crucial to maintaining competent and innovative regulatory practices. Consequently, I expect PSR to:
  - have an open and sound working relationship with medical practitioners and allied health practitioners, as well as the medical colleges and professional organisations that represent the interest of each profession and specialty of persons under review
  - productively engage with the professional bodies during statutory appointment processes
  - seek opportunities to engage genuinely and regularly with stakeholders about the PSR Scheme, be receptive to feedback and diverse stakeholder views
  - be transparent in decision-making, sharing anonymised 'case summaries' in adherence with secrecy or privacy obligations
  - provide guidance and information that is relevant, clear, concise and easily accessible.

#### **Innovation and regulatory change**

I expect PSR to continually monitor the environment in which it operates to ensure regulatory approaches keep pace with changes in technology, industry practices, international regulation, and community expectations.

I also expect PSR to regularly review and, where necessary, adjust operational procedures, to ensure it can respond to the changing social, technological and international regulatory environment and context in which it operates.

#### **Relationship with the Department of Health, Disability and Ageing (department) and the Minister**

The department's key role is to support and advise me in my responsibilities by being the principal source of advice on a wide range of issues, including policy development and maintenance, and the performance of the medical benefits regulatory system.

Relevant to PSR, the department supports the integrity of Australia's publicly subsidised health funding schemes by identifying and treating identified non-compliance such as incorrect claiming, inappropriate practice and fraud by health providers through administering the *Human Services (Medicare) Act 1973*, the *National Health Act 1953*, the HIA and the *Dental Benefits Act 2008*.

I expect PSR to maintain a close relationship with the department. The department takes into account the views and experience of the PSR when considering and advising on changes to relevant policy and legislation. By advising the department on the implications of Government policy initiatives on the PSR Scheme, the PSR contributes to policy development.

In working with the department, I expect PSR to:

- keep the department appropriately informed of significant meetings between PSR and stakeholders of mutual interest
- advise the department about changes to legislation that, in PSR's opinion, would assist in improving the ability of the PSR Scheme to achieve its statutory obligations

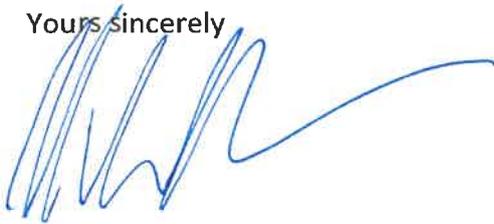
- provide accurate and timely advice to the department on significant issues relating to PSR's regulatory functions in accordance with the Government's policy priorities and objectives
- work collaboratively with the department to implement strengthening Medicare measures as relevant.

As the Minister responsible, I will provide an enabling environment by ensuring, through the department, that PSR is well informed of the Government's policy direction as specific initiatives and strategies are being considered.

**Statement of Intent**

I look forward to PSR's reply to this Statement of Expectations with a Statement of Intent outlining how you will implement the above-mentioned expectations and ask that both documents be made publicly available.

Yours sincerely



Mark Butler

12/01/26