

Professional Services Review

Entity resources and planned performance

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Professional Services Review

Section 1: Entity overview and resources

1.1 Strategic direction statement¹

The Australian Government has in place a dedicated range of compliance tools to protect the Australian healthcare system. As part of this broader framework, the Professional Services Review (PSR) operates a peer-based review scheme which works to protect the integrity of Medicare, Child Dental Benefits and Pharmaceutical Benefits programs.

The PSR safeguards patients and the Australian community in general against the risks associated with inappropriate practice by health practitioners by undertaking reviews following a request from the Chief Executive Medicare to review and investigate health practitioners and corporate entities who are suspected of inappropriate practice.²

Reviews are initially conducted by the Director or an Associate Director of PSR, who may take no further action, seek to enter into a negotiated agreement with the person under review, or may refer the person under review to a committee of their professional peers. This review could be undertaken in relation to services provided under the Medicare Benefits Schedule (MBS), the Pharmaceutical Benefits Scheme (PBS) or the Child Dental Benefits Schedule (CDBS). Any directions contained in Agreements or final determinations following a committee process, including MBS, CDBS or PBS disqualifications and financial repayments, must be ratified or approved by the PSR Determining Authority, a separate statutory body which ensures the outcomes of PSR matters are appropriately scrutinised.

The role and functions of the PSR are set out in Part VAA of the *Health Insurance Act 1973*. The PSR is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*.

¹ For more information about the strategic direction of the PSR, refer to the current Corporate Plan, available at: www.psr.gov.au/publications-and-resources/publications/corporate-documents/corporate-plan-2025-26

² 'Inappropriate practice', as defined in section 82 of the *Health Insurance Act 1973*, includes inappropriately rendering or initiating health services that attract a Medicare Benefits Schedule payment, inappropriately prescribing under the Pharmaceutical Benefits Scheme, or causing or permitting inappropriate practice by a practitioner who is employed or otherwise engaged by a corporate entity.

1.2 Entity resource statement

Table 1.1 shows the total resourcing from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis. Amounts presented below are consistent with amounts presented in the Appropriation Bills themselves.

Table 1.1: PSR resource statement – Budget estimates for 2026–27 as at Budget May 2026

	2025–26 Estimated actual \$'000	2026–27 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	15,280	15,632
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	15,681	15,986
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	241	244
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	15,922	16,230
Total departmental resourcing	31,202	31,862
Total resourcing for PSR	31,202	31,862
	2025–26	2026–27
Average staffing level (number)	40	40

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2026–2027.

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

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

^(d) Appropriation Bill (No. 2) 2026–2027.

1.3 Budget measures

Budget measures in Part 1 relating to the PSR are detailed in the Budget Paper No. 2 and are summarised below.

Table 1.2: PSR 2026–27 Budget measures

Part 1: Measures announced since the 2025–26 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000
Reducing Spending on Consultants, Contractors and Labour Hire, and Non-wages Expenses - one year extension^(a)					
Professional Services Review					
Departmental payments	1.1	-	-	-	(948)
Total payments	-	-	-	-	(948)

Prepared on a Government Financial Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for PSR can be found at:
www.psr.gov.au/publications-and-resources/publications/corporate-documents/corporate-plan-2025-26

The most recent Annual Performance Statements can be found at:
www.psr.gov.au/publications-and-resources/publications/annual-reports/annual-report-2024-25

2.1 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.

Program contributing to Outcome 1

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme

Linked Programs

Other Commonwealth entities that contribute to Outcome 1
Department of Health, Disability and Ageing
<p>Program 2.1: Medical Benefits</p> <p>Program 2.5: Dental Services</p> <p>Program 2.6: Health Benefit Compliance</p> <p>The Department of Health, Disability and Ageing has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS). Under the Health Provider Compliance program, the Chief Executive Medicare requests that the Director of PSR review suspected cases of inappropriate practice by health care service providers referred to the PSR for investigation.</p>
Services Australia
<p>Program 1.2: Services to the Community - Health</p> <p>Services Australia administers the PBS, Repatriation PBS, access to PBS for First Nations peoples, and Medicare services and benefit payments.</p>

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 2.1.1: 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.

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	15,258	15,520	15,344	14,854	14,804
Expenses not requiring appropriation in the Budget year ^(b)	1,399	1,225	1,218	1,214	1,214
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	16,657	16,745	16,562	16,068	16,018
Total expenses for Outcome 1	16,657	16,745	16,562	16,068	16,018
	2025–26	2026–27			
Average staffing level (number)	40	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, audit fees and Comcover insurance.

Performance measures for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It is used by entities to describe the results they plan to achieve and the related key activities, as detailed in the current corporate plan, the context in which these activities are delivered, and how the performance of these activities will be measured. Where relevant, details of the 2026–27 Budget measures that have created new programs or materially changed existing programs are provided.

Table 2.1.2: Performance measures 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.		
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme The Australian Government, through the PSR, aims to safeguard the community against the risks and costs of inappropriate practice by health practitioners. The PSR liaises with governments, medical and health care regulatory bodies, and professional organisations to protect the integrity of the Medicare Benefits, Pharmaceutical Benefits, and Child Dental Benefits programs.		
Key Activities	Review and investigate through a peer review process whether practitioners or persons who employ or otherwise engage practitioners have engaged in inappropriate practice. ³	
Year	Performance Measure	Expected Performance Results
Current Year 2025–26	Progression of cases with the PSR. ⁴	At 30 June, more than 50% of active cases have been with PSR for less than one year. At 30 June, fewer than 15% of active cases have been with PSR for more than 3 years. Target: On track
Year	Performance Measure	Planned Performance Results
Budget Year 2026–27	Progression of cases with the PSR.	At 30 June, more than 50% of active cases have been with PSR for less than one year. At 30 June, fewer than 15% of active cases have been with PSR for more than 3 years.
Forward Estimates 2027–30	As per 2026–27	As per 2026–27
Material changes to Program 1.1 resulting from 2026–27 Budget Measures: Nil		

³ Refers to updated key activities that will be reflected in PSR's 2026–27 Corporate Plan.

⁴ Reviews are requested by the Chief Executive Medicare to the Director of the PSR.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2026–27 Budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

This section is not applicable to PSR.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Departmental resources

Comprehensive Income Statement

Revenue from Government in the budget and forward years has both increased and decreased with measures and indexation. Over the budget and forward years, PSR has projected a break-even position net of unfunded depreciation and amortisation expenses.

Balance Sheet

PSR's net assets are expected to decline over the forward years as financial assets and liabilities reflect the end of the current lease.

3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
EXPENSES					
Employee benefits	8,370	8,427	8,618	8,921	9,235
Supplier expenses	6,971	7,062	6,715	5,943	5,603
Depreciation and amortisation	1,207	1,165	1,158	1,154	1,154
Interest on RoU	100	82	62	40	16
Other expenses	9	9	9	10	10
Total expenses	16,657	16,745	16,562	16,068	16,018
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Recoveries	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	192	60	60	60	60
Total gains	192	60	60	60	60
Total own-source income	192	60	60	60	60
Net cost of (contribution by) services	16,465	16,685	16,502	16,008	15,958
Revenue from Government	15,681	15,986	15,857	15,418	15,420
Surplus (deficit)	(784)	(699)	(645)	(590)	(538)
Surplus (deficit) attributable to the Australian Government	(784)	(699)	(645)	(590)	(538)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	(784)	(699)	(645)	(590)	(538)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
Total comprehensive income (loss) attributable to the Australian Government	(784)	(699)	(645)	(590)	(538)
plus non-appropriated expenses depreciation and amortisation expenses	749	707	700	696	696
plus depreciation and amortisation expenses for RoU	458	458	458	458	458
less lease principal repayments	(423)	(466)	(513)	(564)	(616)
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	346	346	346	346	346
Receivables	15,299	15,651	15,953	16,160	16,163
Total financial assets	15,645	15,997	16,299	16,506	16,509
Non-financial assets					
Land and buildings	4,011	3,057	2,103	1,149	195
Property, plant and equipment	457	351	249	151	105
Intangibles	165	304	450	600	700
Other	295	330	365	365	365
Total non-financial assets	4,928	4,042	3,167	2,265	1,365
Total assets	20,573	20,039	19,466	18,771	17,874
LIABILITIES					
Payables					
Suppliers	1,280	1,658	1,986	2,183	2,176
Other payables	210	210	210	210	210
Total payables	1,490	1,868	2,196	2,393	2,386
Interest bearing liabilities					
Leases	2,266	1,800	1,287	723	107
Total interest bearing liabilities	2,266	1,800	1,287	723	107
Provisions					
Employees	1,673	1,673	1,673	1,673	1,673
Other provisions	204	213	222	232	242
Total provisions	1,877	1,886	1,895	1,905	1,915
Total liabilities	5,633	5,554	5,378	5,021	4,408
Net assets	14,940	14,485	14,088	13,750	13,466
EQUITY					
Contributed equity	6,307	6,551	6,799	7,051	7,305
Reserves	1,196	1,196	1,196	1,196	1,196
Retained surpluses or (accumulated deficits)	7,437	6,738	6,093	5,503	4,965
Total equity	14,940	14,485	14,088	13,750	13,466

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2026–27)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2026				
Balance carried forward from previous period	7,437	1,196	6,307	14,940
Surplus (deficit) for the period	(699)	-	-	(699)
Capital budget – Bill 1 (DCB)	-	-	244	244
Estimated closing balance as at 30 June 2027	6,738	1,196	6,551	14,485

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	15,484	15,634	15,555	15,211	15,417
Net GST received	470	470	470	470	-
Total cash received	15,954	16,104	16,025	15,681	15,417
Cash used					
Employees	8,352	8,427	8,618	8,921	9,235
Suppliers	6,852	7,129	6,832	6,156	5,550
Interest payments on lease liability	100	82	62	40	16
Total cash used	15,304	15,638	15,512	15,117	14,801
Net cash from (or used by) operating activities	650	466	513	564	616
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	468	244	248	252	254
Total cash used	468	244	248	252	254
Net cash from (or used by) investing activities	(468)	(244)	(248)	(252)	(254)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	241	244	248	252	254
Total cash received	241	244	248	252	254
Cash used					
Lease principal repayments	423	466	513	564	616
Total cash used	423	466	513	564	616
Net cash from (or used by) financing activities	(182)	(222)	(265)	(312)	(362)
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	346	346	346	346	346
Cash and cash equivalents at the end of the reporting period	346	346	346	346	346

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2025–26 Estimated actual \$'000	2026–27 Budget \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000	2029–30 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	241	244	248	252	254
Total capital appropriations	241	244	248	252	254
Total new capital appropriations represented by:					
Purchase of non-financial assets	241	244	248	252	254
Total items	241	244	248	252	254
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)	468	244	248	252	254
Funded internally from departmental resources	-	-	-	-	-
Total acquisitions of non-financial assets	468	244	248	252	254
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	468	244	248	252	254
Total cash used to acquire assets	468	244	248	252	254

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

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

Table 3.6: Statement of departmental asset movements (Budget year 2026–27)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2026				
Gross book value	3,076	1,254	631	4,961
Gross book value - RoU	3,204	-	-	3,204
Accumulated depreciation/amortisation and impairment	(972)	(797)	(466)	(2,235)
Accumulated depreciation/amortisation and impairment - RoU	(1,297)	-	-	(1,297)
Opening net book balance	4,011	457	165	4,633
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	94	150	244
By purchase - internal resources	-	-	-	-
By purchase - RoU	-	-	-	-
Total additions	-	94	150	244
Other movements				
Depreciation/amortisation expense	(496)	(200)	(11)	(707)
Depreciation/amortisation expense - RoU	(458)	-	-	(458)
Remeasurement	-	-	-	-
Total other movements	(954)	(200)	(11)	(1,165)
As at 30 June 2027				
Gross book value	3,076	1,348	781	5,205
Gross book value - RoU	3,204	-	-	3,204
Accumulated depreciation/amortisation and impairment	(1,468)	(997)	(477)	(2,942)
Accumulated depreciation/amortisation and impairment - RoU	(1,755)	-	-	(1,755)
Closing net book balance	3,057	351	304	3,712

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset