The Hon. Nicola Roxon MP  
Minister for Health and Ageing  
Parliament House  
Canberra ACT 2600

Dear Minister,

I am pleased to present to you the annual report of Professional Services Review for the year ending 30 June 2010.

The report has been prepared in accordance with subsection 63(1) of the Public Service Act 1999 and section 106ZQ of the Health Insurance Act 1973 for your presentation to Parliament. It reflects the Requirements for Annual Reports approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the Public Service Act 1999.

The report includes the Professional Service Review’s audited financial statements as required under section 57 of the Financial Management and Accountability Act 1997.

I am satisfied that Professional Services Review has in place fraud control mechanisms that meet the agency’s needs and comply with the Commonwealth Fraud Control Guidelines.

Yours sincerely,

[Signature]
Tony Webber  
Director  
Professional Services Review  
18 October 2010
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PSR’s Annual Report is available online at <www.psr.gov.au/Publications/Annual Reports.asp>  

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WELCOME TO THE 16TH PROFESSIONAL SERVICES REVIEW ANNUAL REPORT, WHICH REFLECTS OUR ACTIVITIES OVER A VERY BUSY YEAR.

Our workload in 2009–10 was boosted by 39 new requests from Medicare Australia to review health practitioners. As well, PSR had an enormous amount of work ongoing from 2008–09 — a total of 136 cases.

I would like to pay tribute to all the people involved in managing this significant case load and who delivered results well within expected timeframes.

PSR is a vitally important scheme that protects patients and the Government-funded institutions that underwrite the cost of their health care; it would not exist and prosper without the commitment of its staff and the PSR panel members.

During 2009–10, our panel members worked on a greater volume of cases than in previous years. This work has taken these doctors and specialists away from their own practices. Theirs is an unheralded job that goes largely unrewarded and cannot be underestimated.

The task of PSR’s committees is to apply peer standards to evaluate their colleagues — giving the scheme its legitimacy and widespread support.

I would like to thank each and every panel member for their involvement.
This year marks the 15th birthday of PSR and the PSR Scheme — which was a bold experiment from its inception in 1994 as a peer-driven review process.

The scope and role of PSR's professional review process has adapted to successive legislative amendments, and survived the difficulties of continual legal challenges in the courts.

The Australian healthcare system, its health practitioners, and most importantly, health consumers are well served through the PSR Scheme, which puts key aspects of the nation's healthcare regulation under the expert oversight of full-time medical practitioners.

PSR's location and staffing were tenuous from its beginning, and it is worth considering where we came from.

Three of PSR's total initial staff of four were recruited on secondment from the then Department of Human Services and Health.

The agency's first months were spent temporarily housed within the Australian Institute of Health and Welfare on Canberra's Acton Peninsula.

Foundation director, Dr John Holmes, then navigated PSR through its first 10 years from the agency's permanent office in Yarralumla.

In August 2005, PSR moved to its new home at the Brindabella Business Park at the Canberra Airport. Six months later, Dr Holmes said farewell to his 19 staff and I took over as director.

Since 2005, PSR has applied a philosophy to continuously improve its processes. This has resulted in a reduction in the cost of investigating cases, and the times frames for case completion.

SINCE 2005, PSR HAS APPLIED A PHILOSOPHY TO CONTINUOUSLY IMPROVE ITS PROCESSES. THIS HAS RESULTED IN A REDUCTION IN THE COST OF INVESTIGATING CASES, AND THE TIMES FRAMES FOR CASE COMPLETION.

The Department of Health and Ageing conducted a wide-ranging review of PSR in 2007, which led to the preparation of legislative changes to further strengthen the PSR Scheme.

As I mentioned previously, during 2008–09 Medicare Australia referred 136 cases for review. The significant increase in workload was able to be accommodated as the Minister allowed PSR to draw $1.5 million in additional funds.

This year, PSR reviewed approximately 4,000 medical records from health practitioners.

Excessive initiation of pathology continues to generate referrals to PSR. There are instances of medical tests being ordered, or pathology being repeated that are unrelated to patients' clinical needs.

PSR has found, particularly in some computerised practices, that every time pathology is initiated a standard suite of tests is ordered.

The Health Insurance Act 1973 obliges me to refer a practitioner to a state or territory medical board if PSR finds evidence of behaviour that could pose a significant threat to the life or health of a patient. PSR made 17 such referrals during 2009–10. The most common reason for referral to a medical board has been the excessive prescribing of narcotics and benzodiazepine drugs.

In last year's annual report, I reported on the implementation of PSR's Communication, Education and Media Strategy. Our main aim in this has been to better acquaint health professionals with the mechanics of Medicare regulation.

PSR has been achieving this through highlighting cases of inappropriate practice through its annual Report to the Profession.
This year, I have also had the pleasure of speaking about the PSR Scheme and some of the findings made by PSR committees, at seminars and conferences hosted by the Independent Practitioners Network and the Australian Orthopaedic Association. I also attended the Surgical Leaders Forum where I spoke about the need for the whole profession to take responsibility for the appropriate use of the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS).

I would like to make a clear distinction between PSR’s educative role and that of the profession.

PSR also has had an important role in stimulating debate through the medical press.

We are a catalyst — and it is then really up to the medical profession to take the lead in such debates.

It is important to remember that the majority of practitioners provide high quality and clinically appropriate medical services.

Publication of the issues PSR identified during the year informs clinicians how a minority of their colleagues fell into error.

It has been 15 years since the passage of Part VAA of the Health Insurance Act 1973, which established the Professional Services Review. Since then, there has been widespread change in the way medicine is practised in Australia. The pace of change in medicine is ever-accelerating and challenges for medical regulators and governments around Australia in this new environment are considerable.

Some of the challenges ahead for PSR include the expansion of Government-subsidised health services under Medicare and the PBS.

Allied health providers, for example, are now eligible to provide services under Medicare and the PBS.

Ensuring that doctors appropriately use allied health services will be one challenge that we will face in the immediate future.

Another challenge is that many in the allied health professions, such as psychologists, have no experience with Medicare Australia. New surgical techniques and procedures also continue to pose challenges for our health professionals and regulators.

The sector’s environment is one of increasingly rapid change, creating difficulties both for doctors and regulators.

PSR is working in partnership with the Medical Services Advisory Committee and the Medical Benefits Division of the Department of Health and Ageing to overcome these challenges.

The past year has revealed much about how some of these challenges will arise, as outlined in the pages of this, the 16th Professional Services Review Annual Report. It is my pleasure to commend it to the reader.

Tony Webber
Director
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Professional Services Review (PSR) is a key contributor to the compliance and regulatory framework that governs health care provision in Australia. PSR is an independent agency within the Australian Government’s Health portfolio and reports directly to the Minister for Health and Ageing.

PSR administers Part VAA of the *Health Insurance Act 1973*, which authorises the Professional Services Review Scheme. The PSR Scheme was introduced in 1994 by the Australian Government to combat excessive servicing by health practitioners.

PSR, in its administration of the Scheme, is responsible for reviewing and examining possible inappropriate practice by health practitioners when they provide Medicare services or prescribe Government-subsidised medicines under the Pharmaceutical Benefits Scheme (PBS).

The concept of ‘peer review’ underpins the work of PSR — which replaced minister-appointed standing committees used by PSR’s predecessor, the Medical Services Committee of Inquiry (MSCI) arrangements.

PSR committees include practitioners from the same profession as the practitioner under review and can be used in PSR’s decision-making process — providing relevant experience and a high level of competency to deal with different types of practitioners under review.

Practitioners whose conduct may be examined under the Scheme are medical practitioners, dentists, optometrists, chiropractors, physiotherapists, podiatrists and osteopaths.

The PSR Scheme’s key objectives are to protect the integrity of Medicare and the PBS and to help protect patients and the community from the risks that can result from inappropriate practice.

The PSR Scheme, in turn, protects the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice.

It has continued to evolve since its inception — adapting to a changing health care environment of new and emerging medical practices and technologies. The PSR Scheme has also been the subject of a high level of litigation in the past.


A comprehensive review of the PSR Scheme in 1999 recommended administrative refinement to improve its legal effectiveness and transparency. A further review, undertaken in 2006, examined the impact of previous review recommendations and legislative changes.

The Department of Health and Ageing reviewed PSR in 2007, which resulted in the preparation of legislative changes to further strengthen the PSR Scheme.
The PSR Scheme provides for the separation of the three elements of the decision-making process: referral for review from Medicare Australia to the PSR Director; review hearings and findings undertaken by the PSR committee; and the determination of sanctions to be imposed by the Determining Authority. The Determining Authority is an independent decision-making body supported by PSR.

PSR’s enabling legislation enshrines ‘peer review’. ‘Inappropriate practice’ is defined as conduct in rendering or initiating services in a way that would be unacceptable to the general body of the profession in which the practitioner was practising — and that would be unacceptable to the practitioner’s professional colleagues.

A practitioner found to have engaged in inappropriate practice can be reprimanded, counselled, required to repay Medicare benefits or face partial or full disqualification from Medicare and the PBS for up to three years. If a practitioner has a second effective determination he or she is referred to the Medicare Participation Review Committee which has the power to disqualify a practitioner for five years.

THE PSR SCHEME’S KEY PLAYERS

- **Medicare Australia** administers Medicare and the Pharmaceutical Benefits Scheme on behalf of the Australian Government. Medicare Australia identifies practitioners who may be practising inappropriately and refers them to PSR – through its Practice Profile Review (PPR) process.

- **The Director of PSR** is a medical practitioner appointed by the Minister for Health and Ageing with the agreement of the Australian Medical Association. Dr Anthony Webber was appointed Director of PSR on 14 February 2005 for a three-year period. Dr Webber’s appointment was extended for a further three-year term from 14 May 2008.

- **The Professional Services Review Panel** consists of medical practitioners and other health practitioners appointed by the Minister after consultation with the Australian Medical Association or appropriate professional organisations.

- The Minister appoints deputy directors from the PSR Panel. These chair **Professional Services Review Committees (PSRCs)**. A PSRC includes a deputy director and two other panel members from the same profession or specialty as the practitioner under review. One or two more PSR Panel members may be included to give a PSRC a wider range of clinical expertise. At 30 June 2010, 91 members of the panel were available to serve on PSR committees. Of these, 23 were also appointed as deputy directors of PSR, to serve as chairpersons of its committees.

- **The Determining Authority** comprises a medical practitioner as chair, a layperson, and a member of the relevant profession. They are appointed by the Minister after consultation with the appropriate professions. The Determining Authority decides on sanctions for practitioners found by committees to have engaged in inappropriate practice and to consider whether to ratify agreements entered into by the PSR Director and practitioners under review.

- **The Department of Health and Ageing** is responsible for legislation and policy relating to the PSR Scheme.
PROFESSIONAL SERVICE REVIEW PROCESS

Step 1: Medicare Australia requests to review

Medicare Australia asks the PSR Director to review a practitioner’s provision of services if it considers they may have provided those services inappropriately, based on statistical data and other information.

Medicare Australia has access to claims data and the information gathered by a medical adviser during a visit to a practitioner or from a practitioner’s written submissions.

The reasons why Medicare Australia may seek a review of the provision of services include:

- prescribed pattern of services
- high volume of services
- high number of services per patient
- high prescribing of Pharmaceutical Benefits Scheme (PBS) drugs
- inadequate clinical input
- Medicare Benefits Schedule (MBS) item not satisfied
- services not clinically necessary.

Cases of possible fraud identified by PSR in its investigations are referred back to Medicare Australia for action.

Step 2: The review by the Director of PSR

The PSR Director undertakes a review of the data received from Medicare Australia and may also direct the practitioner to produce a sample of patient records.

The records are examined, a report is made to the practitioner and any submission received from the practitioner is considered. After this, the Director must:

- decide whether to take no further action
- decide if an agreement should be entered into, or
- establish and make a referral to a peer review committee of PSR.

No further action

If the PSR Director decides to take no further action, he writes to the person under review and Medicare Australia informing them of the outcome of the review.

Agreement

The PSR Director may enter into a negotiated agreement with the person under review.

Both parties then sign a document containing an acknowledgement by the practitioner that he or she had engaged in inappropriate practice.

It may also contain an agreement for repayment of Medicare benefits and partial or full disqualification from Medicare for a maximum of three years.

The Determining Authority must ratify the agreement for it to have effect.

While the name of the practitioner remains confidential, the details of the inappropriate practice may be published.

Peer review

If the PSR Director considers that the conduct of the person under review needs further investigation, a committee of the practitioner’s peers is established.
This includes members drawn from the panel appointed by the Minister for Health and Ageing. The committee may conduct a hearing and, at this, the practitioner can provide both oral and written evidence in support of their case.

After considering all the evidence, the committee produces a draft report containing findings on the practitioner’s conduct.

If the committee finds they have not practised inappropriately, the matter concludes.

If the findings are of inappropriate practice, the person under review is given time to make submissions on the draft report.

After these further submissions are considered, a final report of any inappropriate practice is then forwarded to the person under review and the Determining Authority.

The Determining Authority
The Determining Authority’s role is to determine the sanctions that should be applied in cases where PSR committees have found inappropriate practice, and to decide whether to ratify negotiated agreements.

When the PSR committee’s final report containing findings of inappropriate practice is received, the Determining Authority must invite written submissions on any sanctions that may be applied, issue a draft determination, seek comments from the person under review on the draft determination and issue a final determination containing sanctions.

The sanctions may include reprimand and counselling by the PSR Director, repayment of Medicare benefits and partial or full disqualification from Medicare for a maximum of three years.

The PSR Director may publish certain details when a final determination comes into effect – including the practitioner’s name and address, profession or specialty, nature of the inappropriate practice and sanctions imposed.

Referral to health registration boards
The Health Insurance Act 1973 allows the PSR Director to refer practitioners under review by the Director, a PSR committee or the Determining Authority to appropriate bodies when a significant threat to the life or health of a patient is identified or where the practitioner under review has failed to comply with professional standards.

Medicare Participation Review Committees
When a practitioner has attracted two or more effective final determinations the PSR Director must provide a written notice to the Chairperson of the Medicare Participation Review Committees.

These committees have a discretionary range of options: from taking no further action, to counselling and reprimand, and full or partial disqualification from participation in the Medicare benefits arrangements for up to five years.

Federal Court
At any stage in the process the person under review may seek judicial review in the Federal Court.

PSR’S RELATIONSHIPS
The PSR Scheme sits within a complex structure of regulatory bodies that underpin medical and other health practice in Australia.

PSR’s roles operate alongside those of other Commonwealth and state government entities and autonomous professional bodies.

As well as ongoing working relationships with Medicare Australia and the Department of Health and Ageing, PSR fosters good relationships with its wider stakeholders, including the Australian Medical Association, medical boards, various Royal Colleges and many other professional bodies and organisations.
OUR VISION
As an independent authority, PSR contributes to ensuring access through Medicare to cost-effective medical services, medicines and health care for all Australians.

OUR MISSION
To examine health practitioners’ conduct to ascertain whether or not the practitioner has practised inappropriately in relation to services that attract Medicare and pharmaceutical benefits.

OUR VALUES
In doing our job, all members of PSR will:
- act with fairness, consistency, impartiality and integrity
- demonstrate dedication and commitment
- act with professionalism
- value and respect each other and work as a team
- show timeliness.

OUR STRATEGIES
The strategies we employ to achieve our mission and values are to:
- review requests expeditiously and effectively to enable courses of action to be decided
- provide support services to PSR committees to enable them to carry out the PSR mission
- provide support to the Determining Authority to enable it to function
- manage relationships with stakeholders to maintain and enhance credibility of, and provide information about, the PSR Scheme
- provide effective and efficient human resource management, financial management and corporate planning services
- ensure PSR legislation remains relevant.
OUTCOME, PROGRAM AIMS AND MAJOR ACTIVITIES

PSR contributes to the Australian Government’s Health and Ageing portfolio outcomes.

The PSR Scheme is funded to ensure that requests by Medicare Australia to investigate suspected cases of inappropriate practice are reviewed and, if necessary, examined by a committee of the practitioner’s peers.

PSR’s outcome, as specified in the Portfolio Budget Statement 2009–10, is:

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 program that PSR delivers, as specified in the Portfolio Budget Statement 2009–10 is:

Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme.

The program aims to:

- work to protect patients and reduce costs associated with inappropriate practice; and
- maintain the support of the professions for the PSR Scheme.

Work to protect patients and reduce costs associated with inappropriate practice

During the year, PSR continued its work in investigating health care professionals, supporting the Determining Authority in its application of sanctions, and referring behaviour that may be a threat to the life or health of patients, or fails to meet professional standards, to the relevant bodies for appropriate action.

PSR collaborated with the Department of Health and Ageing, Medicare Australia, and health and medical regulatory bodies to ensure that the PSR Scheme effectively protects the public from the adverse health consequences of inappropriate clinical practice.

Maintaining the support of the professions for the PSR Scheme

During the year, PSR continued the implementation of its Communication, Education and Media Strategy. The strategy’s three main aims are to:

- ensure information about PSR’s processes is easily available to those that need or want it
- reinforce Medicare Australia’s efforts to promote appropriate use of Medicare and the PBS, and awareness of the PSR Scheme
- deter healthcare practitioners from inappropriate practice.
The Director spoke about PSR’s work and findings at several conferences and seminars during the year. These events were mainly for general practitioner audiences, but he also spoke to orthopaedic specialists and surgeons.

The Director used regular opportunities to respond to media interest in issues relevant to PSR activities. In 2009–10 these issues included the quality of clinical records and the use of CT scans.

PSR issued its fifth annual Report to the Professions. As in previous years, the report has effectively served the dual purposes of educating the professions about the PSR Scheme and PSR’s activities, and acting as a deterrent to those who might see elements of their own practice reflected in the cases described.

The 2008–09 Report to the Professions was distributed to over 50,000 practitioners and attracted significant attention from the medical media.

**Key performance indicator**

The key performance information specified for PSR in the Portfolio Budget Statement 2009–10 was a percentage reduction in the number of practitioners referred to PSR more than once.

PSR is yet to achieve its target of reducing the annual percentage of re-referred practitioners to less than the total percentage of practitioners who have been referred to PSR more than once.

In the period since the PSR Scheme commenced in 1994 to 30 June 2009, Medicare Australia has asked PSR to review 581 practitioners. Of these, 96 (16.52 per cent) had been referred more than once. In 2009–10, nine of the 39 practitioners referred by Medicare Australia had been previously referred (that is, 23.08 per cent).

A number of factors influenced this result, including the attitude of practitioners to the views of their peers, Medicare Australia’s processes, the severity of sanctions applied and practitioners’ perceptions of the PSR Scheme.

In 2010–11, PSR will continue its analysis of the cases of practitioners who have been referred to PSR more than once and the instances of multiple effective determinations to identify any trends or indicators that may reveal opportunities to strengthen the deterrent effect of the Scheme for these practitioners.

**PERFORMANCE**

Medicare Australia sent 39 requests for review to PSR this year (see Table 1). This represents a decrease of 71 per cent when compared to the workload received in 2008–09.

The significant increase in workload experienced in 2008–09 had a large carryover effect as a large proportion of the associated work was still in progress at the start of 2009–10.

This year, all legislated timeframes were met and the time taken to complete processes was either reduced, kept constant or marginally increased.

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Most of PSR's business processes take more than a year to conclude. This means workload data cannot be reconciled within a 12-month period.

The following outline of PSR's performance relates to all activities it undertook during 2009–10, including work on cases already on hand at the beginning of the year and work on cases received during the year.

The results of these activities include the finalisation of 94 cases. Of these, 17 were the subject of a decision by the PSR Director to take no further action, 49 were negotiated agreements that were ratified, and 28 were cases investigated by PSR committees that resulted in effective final determinations during the year.
No further action

The PSR Director decided to take no further action in 17 of the 93 cases completed in 2009–10.

The dismissed cases involved 12 GPs, two optometrists, one ophthalmologist, one consultant physician and one psychiatrist.

These practitioners were from Queensland, New South Wales, Victoria, South Australia, Western Australia and Tasmania.

It took an average of 186 days to reach a decision (compared to 180 days in 2008–09) against a legislated timeframe of 13 months.

Further discussion of these cases is on pages 16–17.

Negotiated agreements

In 2009–10, 49 negotiated agreements were ratified.

Table 7 summarises the issues raised by Medicare Australia, issues PSR identified and the actions that formed part of these negotiated agreements.

The practitioners concerned included 47 GPs, one ophthalmologist, and one radiologist. They were from Queensland (6), New South Wales (18), Victoria (19), Western Australia (1) and South Australia (5).

Further discussion of these cases, including more detailed descriptions of some, is on pages 17–26.

PSR committees

Twenty-one PSR committees concluded their investigations during the year and all made findings of inappropriate practice.

The committee findings related to 18 GPs or medical practitioners, one psychiatrist, one consultant physician and one optometrist. The practitioners were from New South Wales (10), Victoria (5), South Australia (2), Queensland (2), Western Australia (1) and the Australian Capital Territory (1).

The average time taken for committees to report their findings in cases not delayed by court action was 675 days (compared to 717 days in 2008–09). Ten cases were on hold at some stage during the year due to court action.

Twenty-one committee reports were finalised and sent to the Determining Authority.

Twenty-eight final determinations relating to PSR committee cases became effective — 24 of these are described in Section 3.

The PSR Director referred 25 new cases to committees during the year.

The Determining Authority

In 2009–10, the Determining Authority made 20 draft and 22 final determinations following PSR committee report findings.

Draft determinations took an average of 87 days (compared with 83 in 2008–09) and the issuing of final determinations took an average of 60 days (60 days in 2008–09).

During 2009–10, 28 determinations came into effect. The sanctions imposed by these effective final determinations were:

- reprimand in 17 cases
- counselling in 26 cases
- three practitioners were fully disqualified from Medicare for between one month and three years
- five practitioners were partially disqualified from Medicare for between one and 12 months
- 25 practitioners were required to repay Medicare benefits ranging from $3,635.69 to $473,203.05 – totalling $2,085,519.44.

It took the Determining Authority an average of 16 days (14 in 2008–09) against a legislated timeframe of one month to ratify 49 negotiated agreements.
Re-referrals
In 2009–10, Medicare Australia made nine requests to PSR to review practitioners who had previously been under review. These cases resulted in one negotiated agreement, one case suspended and two referrals to PSR committees. At 30 June 2010, five of these re-referral cases were still under review. PSR continues to work with Medicare Australia to analyse the claiming behaviour of practitioners whose practice continues to cause concern after they have been through the PSR process.

Referrals to medical boards and other bodies
The Health Insurance Act 1973 requires the PSR Director to refer practitioners to appropriate bodies when a significant threat to the life or health of a patient is identified, or if the person under review has failed to comply with professional standards.

In 2009–10, the PSR Director referred 17 practitioners to their state medical registration boards because the Director, the committee concerned or the Determining Authority formed the opinion that the practitioners had caused, were causing or were likely to cause a significant threat to the life or health of patients.

Thirteen cases were notified to the Chairperson of the Medicare Participation Review Committees because a second or subsequent final determination was made.

External review of actions
In 2009–10, no matters were referred to the Administrative Appeals Tribunal.

Practitioners involved in the PSR process can seek judicial review in the Federal Court. Eight new applications were made to the court in 2009–10. Two decisions on PSR matters were made in the Federal Court. Both matters were decided in PSR’s favour, with costs awarded to PSR. One of these decisions has subsequently been appealed to the full bench of the Federal Court.

The outcomes of cases before the courts this year are described on page 44.

Table 4: Court actions 2009–10

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<thead>
<tr>
<th>NEW COURT APPLICATIONS</th>
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<td>Cases currently before the courts</td>
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<td>Federal Court</td>
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<td>Full Federal Court</td>
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<td>High Court</td>
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<td>Practitioners referred</td>
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<td>Issues identified</td>
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<td>No further action</td>
<td>16</td>
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<td>Negotiated agreements</td>
<td>17</td>
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<td>PSR committee cases</td>
<td>26</td>
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<td>Legal cases</td>
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In 2009–10, PSR finalised 94 cases. In 17 cases the PSR Director decided to take no further action (Section 91 of the *Health Insurance Act 1973*).

In 49 cases agreements made between the PSR Director and the person under review (Section 92) were ratified by the Determining Authority and came into effect. Twenty-eight cases that the Director had referred to PSR committees for further investigation (Section 93) were the subject of final determinations that came into effect.

### PRACTITIONERS REFERRED

In 2009–10, Medicare Australia sent 39 requests to PSR to review the provision of practitioners’ services. Thirty-eight related to practitioners in general practice and one to a radiologist (Table 5).

### ISSUES IDENTIFIED

Medicare Australia’s requests to PSR to review cases include issues of concern identified during Medicare Australia’s processes. PSR’s processes may identify further concerns.

The issues identified in PSR cases this year generally related to:

- inappropriate use of MBS attendance items
- inappropriate use of diagnostic imaging
- inappropriate use of pathology
- inappropriate use of MBS procedural items
- inappropriate prescribing
- practice unacceptable to the general body of practitioners.

<table>
<thead>
<tr>
<th>SPECIALTY OR PROFESSION OF PRACTITIONERS</th>
<th>NUMBER</th>
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<tbody>
<tr>
<td>GP or other medical practitioner</td>
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<td>Radiologist</td>
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<td><strong>Total</strong></td>
<td><strong>39</strong></td>
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Table 6: Issues identified in PSR cases in 2009–10

<table>
<thead>
<tr>
<th>Issue Category</th>
<th>Examples</th>
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<tr>
<td>INAPPROPRIATE USE OF MBS ATTENDANCE ITEMS</td>
<td>- inappropriate use of long and prolonged consultation items</td>
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<td>- inappropriate use of mental health items by GP</td>
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<td>- misuse of team care arrangements by general practitioners as a means of allied health referral</td>
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<td>- inappropriate use of after-hours standard consultation items</td>
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<td>INAPPROPRIATE USE OF DIAGNOSTIC IMAGING AND PATHOLOGY</td>
<td>- initiation of pathology items without clinical indication</td>
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<td>- CT scans initiated without clinical indication</td>
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<td>INAPPROPRIATE USE OF MBS PROCEDURAL ITEMS</td>
<td>- misuse of regional field block items</td>
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<td>- excessive use of skin flap items when not clinically indicated</td>
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<td>- inappropriate use of diabetes and asthma cycle of care items</td>
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<td>- inappropriate use of therapeutic procedures items</td>
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<td>INAPPROPRIATE PRESCRIBING</td>
<td>- inappropriate use of antibiotics</td>
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<td>- inappropriate use of benzodiazepine drugs</td>
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<td>- inappropriate use of narcotics</td>
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<td>PRACTICE UNACCEPTABLE TO THE GENERAL BODY OF PRACTITIONERS</td>
<td>- deficient or illegible clinical records</td>
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<td>- care found to potentially threaten the life or health of a patient</td>
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<td>- breaching of 80/20 rule</td>
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NO FURTHER ACTION

The PSR Director can, after considering all the relevant material, decide to dismiss a case and take no further action under Section 91 of the Health Insurance Act 1973.

Over the previous four years, the Director has dismissed approximately 15 per cent of Medicare Australia’s requests to review practitioners’ provision of services. The rate this year was slightly higher at approximately 18 per cent.

The practitioners dismissed under Section 91 have had similar statistical profiles to others referred for review. Medicare billing data for most of these practitioners has been at, or above, the 99th percentile compared to their peers and they have not changed their billing behaviour since Medicare Australia’s earlier interventions.

The PSR Director reviews a case to determine whether there is sufficient evidence for a PSR committee to make a finding of inappropriate practice. The practitioners’ medical records in the cases dismissed have been at a standard that the general body of peers would consider appropriate. The records were well maintained with allergies, past history and medication kept up-to-date. The records provided evidence that the particular MBS item descriptor had been met. The record keeping would allow another practitioner to take over the care of a patient and have an understanding of what had occurred in previous consultations.

The PSR Director continued to meet with all practitioners this year before making a final decision. At this meeting, the Director gains an understanding of some of the practitioner’s motivations and their insight into their own behaviour. It also allows for a discussion of the practitioner’s unique behaviour.
For cases that were completed in 2009–10, the PSR Director decided to take no further action in 17 of the 93 cases. The dismissed cases involved 12 GPs, two optometrists, one ophthalmologist, one consultant physician and one psychiatrist. These practitioners were from Queensland, New South Wales, Victoria, South Australia, Western Australia and Tasmania. It took an average of 186 days to reach a decision (180 days in 2008–09) against a legislated timeframe of 13 months.

Protection of the public is a central tenet of PSR’s role. All practitioners dismissed under Section 91 had been practising at a high standard — while often working much longer hours than their peers.

NEGOTIATED AGREEMENTS

Section 92 of the Health Insurance Act 1973 refers to cases where the PSR Director negotiates an agreement with the person under review.

In 2009–10, approximately 53 per cent of cases resulted in a negotiated agreement. Over the past four years, approximately 50 per cent of cases reviewed by PSR resulted in a negotiated agreement.

The essential element of a Section 92 agreement is the practitioner’s acknowledgement that they have practised inappropriately in providing certain services or that they have prescribed PBS items inappropriately. The actions available under a Section 92 agreement include reprimand, repayment of benefits and disqualification from Medicare for up to three years. The terms of a Section 92 agreement are negotiated and agreed between the PSR Director and the practitioner under review.

Cases resolved by a Section 92 agreement are usually completed in less than eight months and the practitioner’s name cannot be published. While a Section 92 agreement is a speedier and more cost-effective option than a referral to a PSR committee, it is only considered under certain conditions. A practitioner must acknowledge they have practised inappropriately and demonstrate they have significantly altered their practice so the inappropriate behaviour is unlikely to be repeated.

A Section 92 agreement will not be considered if there has been flagrant abuse of Medicare or if there has been poor clinical practice likely to lead to a low standard of patient care. A practitioner who has little insight into his or her own behaviour will not be offered a Section 92 agreement.

In 2009–10, 49 negotiated agreements were ratified. Table 7 summarises the issues Medicare Australia raised, the issues PSR identified and the actions that formed part of these negotiated agreements.

The practitioners concerned included 47 GPs, one ophthalmologist, and one radiologist. These practitioners were from Queensland (6), New South Wales (18), Victoria (19), Western Australia (1) and South Australia (5).

The types of cases resolved by the Section 92 agreements are profiled on pages 20–26.
<table>
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<tr>
<th>PRACTITIONER</th>
<th>Consultation Items</th>
<th>Aged care consultation</th>
<th>Care plan 721, 723, 725, 727, 2710, 2713</th>
<th>Health assessments</th>
<th>Wound treatment</th>
<th>Domiciliary medication management review</th>
<th>Prescribing antibiotics</th>
<th>Prescribing narcotics</th>
<th>Prescribing anti-inflammatories</th>
<th>Diagnostic procedure</th>
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*R* = Reprimand only
CASE DESCRIPTIONS

Negotiated Agreements

Dr A

General practitioner

Medicare Australia referred Dr A to PSR because it was concerned about the high volume of services he rendered and the unusually high volume of prescription for benzodiazepines (minor tranquillisers). During the review period, Dr A rendered 15,407 services to 3,364 patients. Dr A was at, or above, the 99th percentile for rendered services and the 89th percentile for services per patient.

The PSR Director decided to examine Dr A’s provision of services and examined medical records related to MBS items 23¹, 36² and 723³ as well as his prescription of diazepam.

The Director was concerned with the provision of consultation services and considered Dr A had a significant case to answer.

The medical records examined regarding MBS items 23 and 36 did not comply with the peer standard for an adequate record. They did not contain adequate clinical information to explain the nature of the services provided. Many of the computer records contained exactly the same information found in other medical records and these findings were irrelevant to the presentation.

The medical records examined in relation to MBS item 723 did not meet the requirements of the item descriptor. In all instances, no evidence of a team care arrangement was contained in the medical records.

Most of the medical records examined in relation to Dr A’s prescribing of diazepam indicated that he prescribed this drug without clinical indication.

1 MBS item 23 is a Level B general practitioner consultation
2 MBS item 36 is a Level C general practitioner consultation
3 MBS item 723 is a team care arrangement

OUTCOME

Dr A acknowledged the Director’s concerns about his clinical records. Dr A said in his submission that he had made changes to his practice to address these concerns. He also advised that he no longer saw large volumes of patients each day due to other changes to his practice.

The PSR Director considered a Section 92 agreement an appropriate resolution of this matter. Dr A agreed: to be reprimanded by the PSR Director; to repay $295,682 to the Commonwealth; to be disqualified from providing MBS item 36 and 723 for six months; and to be totally disqualified for one month.

Dr B

General practitioner

Dr B first came to Medicare Australia’s attention in 1999, and again in 2008, due to high total services, high daily servicing, initiation of pathology and diagnostic imaging.

Medicare Australia requested that the PSR Director review Dr B’s provision of services relating to rendered services and initiation of diagnostic imaging.

During the review period, Dr B provided 15,255 services, generating Medicare benefits of $537,360.45.

Dr A’s medical records illustrate a problem seen frequently with computer records. Records which contain large amounts of unedited proforma history and examination findings unrelated to patients’ prescribing problem devalue the whole record. While computer medical records are undoubtedly the way of the future, inappropriate use of technology makes for a poor and unreliable record.
The Director decided to review Dr B’s provision of services. He sought medical records relating to MBS items 23, 36, 37, 56223, 55731 and 56030. Overall, the Director found that Dr B had, on a number of occasions, failed to adequately record the history taken or examination performed, or used an MBS item for a service or request that did not meet the relevant MBS descriptor.

In relation to the use of diagnostic imaging, the Director gained the impression that Dr B was ordering these examinations as a first time investigation without sufficient clinical indication.

A number of the medical records examined by the Director relating to MBS item 36 did not support Dr B’s billing of the item. There was no detailed history or an examination of multiple systems as required by the item number.

Several medical records examined also included a time component relating to a procedural item, which could not be included as part of a MBS item 36 consultation.

Medical records examined by the Director in relation to MBS item 56223 failed to provide adequate clinical indication to support initiating a CT scan of the facial bones and/or paranasal sinuses.

One patient had been referred for a CT scan after suffering a headache for three days, with no other clinical indication being recorded.

**OUTCOME**

Dr B entered into an agreement with the Director and acknowledged that, during the review period, her conduct in connection with provision of some services amounted to inappropriate practice.

Dr B agreed to be reprimanded and to repay $23,031.00 to the Commonwealth. She also agreed to be disqualified from provision of services to which a Medicare benefit was payable for MBS items 36 and 37 services for two months.

**Dr C**

**General practitioner**

Medicare Australia referred Dr C because it was concerned about the high volume of services he rendered and the initiation of pathology services.

During the review period, Dr C had rendered 14,044 services to 2,788 patients for a total Medicare benefit of $505,731.85.

The PSR Director decided to review the services claimed as MBS items 23, 721, 723, 2710, 66596 and 56223.

The Director also decided to review Dr C’s prescribing of meloxicam (a non-steroidal anti-inflammatory drug).

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4 MBS item 37 is an in-hours standard house call
5 MBS item 56223 is a computed tomography (CT) scan of the lumbar spine
6 MBS item 55731 is an ultrasound of the female pelvis
7 MBS item 56030 is a CT scan of facial bones
8 MBS item 721 is a general practitioner management plan
9 MBS item 2710 is a general practitioner mental health plan
10 MBS item 66596 is a pathology for iron studies
11 MBS item 66542 is a pathology test for oral glucose tolerance
After examining Dr C’s medical records, the Director had no concerns about Dr C’s rendering of MBS item 2710 and 66542 services.

However, the Director was concerned that 40 per cent of the medical records examined in relation to Dr C’s provision of MBS item 23 services were illegible.

As well, the Director had concerns with medical records examined that related to Dr C’s rendering of MBS item 721 and 723 services. In most instances there was no evidence of a chronic condition and it appeared Dr C had used care plans as a mechanism to refer patients to allied health professions.

In addition, the Director was concerned that Dr C had initiated MBS item 66596 and 56223 services without evidence of clinical indication.

Dr C’s prescribing of meloxicam was also found to be inappropriate. The records either lacked evidence of clinical indication to prescribe this medication or were illegible.

Dr C’s submissions alleviated the Director’s concerns in relation to Dr C’s provision of MBS item 23, 721 and 723 services. However, the Director found Dr C’s submissions unpersuasive relating to provision of MBS item 66596 and 56223 services and to the prescribing of meloxicam.

**OUTCOME**

The PSR Director considered a Section 92 agreement an appropriate resolution to this matter. Dr C agreed to be reprimanded by the Director and to repay $4,776.57 in Medicare benefits to the Commonwealth.

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**Dr D**

**General practitioner**

Medicare Australia referred Dr D because it was concerned about the doctor’s prescribing under the PBS, in particular drugs of dependence.

During the review period, Dr D prescribed 589 prescriptions for diazepam tablet 5mg and 205 prescriptions for oxycodone hydrochloride tablet 20mg, which was above the 99th percentile for both drugs when compared to peers (oxycodone is an opioid analgesic medication synthesised from opium-derived thebaine).

As well, Dr D prescribed 236 prescriptions for oxazepam tablet 30mg and 78 prescriptions for oxycodone tablet 10mg, which was above the 98th percentile for both drugs when compared to peers. In addition, Dr D prescribed 254 prescriptions for codeine phosphate with paracetamol tablet 30mg–500mg, which was above the 96th percentile when compared to peers.

The PSR Director decided to examine Dr D’s prescribing of diazepam tablet 5mg, oxycodone tablet 20mg, oxazepam tablet 30mg and codeine phosphate with paracetamol tablet 30mg–500mg. The Director also chose to examine Dr D’s rendering of MBS item 23 and 36 services.

The Director was concerned with a quarter of the medical records examined that related to MBS item 23 services. The records did not contain adequate clinical information about these occasions to explain the nature of the service provided, or the service was rendered for a prescription only.

In relation to MBS item 36 services, the Director was concerned with about a third of the medical records examined. There either was no detailed history, no examination of multiple systems or the patient presented for either an injection or a prescription on these occasions.

Nearly all the medical records the Director examined relating to Dr D’s prescribing of diazepam, oxycodone and oxazepam raised significant concerns.
The records indicated Dr D prescribed the drugs with:

- no attempt to manage drug dependence;
- no proper consideration of the health consequences for patients;
- no adequate enquiry of the symptoms of the presenting complaint;
- no clinical indication; or
- no regard to the dangers of polypharmacy.

In addition, the Director was concerned with about a third of the medical records examined in relation to Dr D's prescribing of codeine phosphate with paracetamol. On these occasions the drug was prescribed without clinical indication or consideration of other forms of pain relief.

During the review, Dr D stated that the prescribing practice was probably reprehensible; however, the doctor would also have difficulty changing this practice due to a large cohort of drug-addicted patients and the lack of treatment facilities in the region.

The PSR Director was advised by the doctor that he had recently served a period of Medical Board deregistration. Dr D's inability to change his prescribing practice was a serious concern to the Director.

**OUTCOME**

The Director considered that entering into a Section 92 agreement would be a timely and appropriate resolution to this matter.

Dr D acknowledged that the practice was inappropriate and agreed to be reprimanded by the Director, to repay $17,958, to have Part VII authority (the authority to prescribe under the PBS) suspended for three years and to be fully disqualified from providing MBS services for three years.

During negotiation of the terms of the agreement, Dr D advised that it would be extremely unlikely that he would return to general practice following the cessation of the period of disqualification.

**Dr E**

**General practitioner**

During the review period, Dr E worked in a clinic specialising in investigating potential cardiovascular disease in unreferred patients.

Medicare Australia asked the PSR Director to review Dr E's provision of services during the review period.

Medicare was concerned Dr E's provision of MBS item 11610, 11612 and 11712 services was at the 100th percentile compared with other medical practitioners. Dr E's total Medicare billing for the period was $358,527.45.

After examining Dr E's medical records, the Director was concerned that Dr E was performing investigations without clinical indication.

In particular, Dr E's provision of MBS item 11610, 11612 and 11712 services appeared to be used as screening investigations, with insufficient patient history or physical examination to indicate lower extremity arterial disease or cardiovascular disease.

In his submission Dr E advised the Director that during the review period he was working within specific conditions imposed by the Medical Board in his state, which required clinical supervision and three-monthly reporting.

As this supervision was undertaken by a peer, Dr E did not have any concerns of inappropriate practice brought to his attention.

On reflection, Dr E accepted that some of the services rendered during the review period may have been inappropriate.

Dr E also stated in his submission that he had left the practice he had worked in during the review period and was exclusively practising in a family-orientated general practice.

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12 MBS item 11610 is a measurement of ankle waveform analysis
13 MBS item 11612 is an exercise study for lower limb arterial disease
14 MBS item 11712 is a multi channel electrocardiogram (ECG) recording during exercise
**OUTCOME**

Having considered Dr E’s submission, his acknowledgement of inappropriate practice during the review period and his return to general practice, the Director believed that Dr E’s case may be one in which it was appropriate to enter into an agreement under Section 92 of the *Health Insurance Act 1973*.

Dr E signed a Section 92 agreement in which he acknowledged having practised inappropriately in providing MBS item 11610, 11612 and 11712 services. Dr E acknowledged that some services rendered during the review period lacked clinical indication.

Dr E agreed to repay the Commonwealth $112,325.57 and to be disqualified from providing MBS item 11610, 11612 and 11712 services for three months.

**Dr F**

**General practitioner**

Medicare Australia referred Dr F because it was concerned about the high volume of daily servicing rendered during the review period.

During the review period, Dr F rendered 15,640 services to 3,279 patients. Dr F was at or above the 99th percentile for overall services, was at or above the 90th percentile for services per patient, was at or above the 99th percentile for Level A services (4,966), at or above the 99th percentile for rendering of MBS item 723 services (205) and at or above the 99th percentile for the rendering of MBS item 723 services (117).

The PSR Director decided on extensive examination of Dr F’s provision of services, examining the medical records in relation to MBS items 23, 36, 721, 723, 2710, 6660215 and 56223 services as well as Dr F’s prescribing of meloxicam and amoxyccilin. After examining Dr F’s records, the Director had no concerns about Dr F’s prescribing of meloxicam.

However, the Director was concerned with Dr F’s provision of consultation services and initially considered Dr F had a significant case to answer.

Dr F’s recording of patient histories and examinations lacked essential elements that would enable another practitioner to take over the care of a patient.

This was particularly relevant in a number of patients who presented to Dr F, where he failed to record vital areas of history and examination in the medical record. Further, Dr F’s clinical notes recorded for the longer consultations were scant and failed to indicate that the service provided met the relevant MBS item descriptor.

Examination of Dr F’s medical records in relation to MBS item 721 services indicated the records did not satisfy the relevant MBS item descriptor and/or did not appear to be medically necessary. In general terms, these patients’ conditions were stable or were not of sufficient complexity to warrant a GP management care plan, and care could have been provided through normal medical care and treatment.

Also, in some instances the care plan was poorly documented with conditions not listed and referrals not recorded.

None of the records relating to item 723 services satisfied the Director that these services were medically necessary.

In general terms, these patients’ conditions were stable or were not of sufficient complexity to warrant a multidisciplinary care plan. Care could have been provided solely by a general practitioner. As well, this item number appeared to be used by Dr F to give referrals to patients for further treatment without any input from the allied health provider identified.

In several of the care plans reviewed, the care plans were illegible and did not contain any meaningful detail. They would not meet the acceptable standard.

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15 MBS item 66602 is a pathology test for B12 and red cell folate
Dr F’s use of MBS item 2710 was also found to be inappropriate. The records lacked evidence of clinical input in documenting a mental health plan.

Commonly, there was no recording of needs assessment, goal setting or of a management plan. No evidence of a suicide-risk assessment was contained in the medical records examined of patients who presented with depression. This was of considerable concern to the Director. Dr F’s use of MBS item 66602 (pathology test for B12 and red cell folate) was also found to be inappropriate.

The records lacked any clinical evidence that required this test to be ordered as a first line test.

Dr F’s use of MBS item 56623 was also found to be inappropriate in a number of the services examined.

In relation to Dr F’s prescribing of amoxycillin, the Director examined a number of medical records and found that most of this prescribing was inappropriate and had occurred outside of generally accepted guidelines.

The clinical notes examined indicated the illness was probably viral not bacterial. Therefore, there was no clinical indication for the prescribing of an antibiotic.

**OUTCOME**

In a detailed submission, Dr F acknowledged that the clinical records were inadequate.

Dr F addressed this by increasing the use of templates and to ensure that the recording of each individual contact would be more detailed and better recorded rather than relying on additional information recorded elsewhere in the file.

Dr F also outlined that the ordering of vitamin B12 and red cell folate only required a check box tick on the ‘Monet’ system, making it very easy to order the test.

Dr F now accepts that the tests should be ordered where there are definite haematological indications.

To reduce the amount of services, Dr F now only works five days a week and has reduced the number of daily appointments. Dr F has reviewed the Therapeutic Guidelines in relation to prescribing of antibiotics.

The Director considered a Section 92 agreement an appropriate resolution to this matter.

Dr F agreed to be reprimanded by the Director, repay $44,634 and be partially disqualified from providing MBS item 36 services for three months and MBS item 721 and 723 services for two months.
Outcomes from Negotiated Agreements

As a result of these Section 92 agreements:

- 48 practitioners were reprimanded
- one practitioner was partially disqualified from Medicare for a month
- four practitioners were partially disqualified from Medicare for two months
- 10 practitioners were partially disqualified from Medicare for three months
- two practitioners were partially disqualified from Medicare for four months
- 11 practitioners were partially disqualified from Medicare for six months
- one practitioner was partially disqualified from Medicare for nine months
- 11 practitioners were partially disqualified from Medicare for 12 months
- one practitioner was partially disqualified from Medicare for 24 months
- one practitioner was fully disqualified from Medicare for one month
- one practitioner was fully disqualified from Medicare for six weeks
- one practitioner was fully disqualified from Medicare for two months
- two practitioners were fully disqualified from Medicare for three months
- one practitioner was fully disqualified from Medicare for six months
- three practitioners were fully disqualified from Medicare for three years
- one practitioner was fully disqualified from prescribing under the PBS for three years
- 46 practitioners were to make repayments of Medicare benefits totalling $3,509,620.72 — ranging from $4,173.80 to $295,682.00.

These agreements took an average of 269 days (compared to 210 days in 2008–09) from the time the request to review was received from Medicare Australia to referral of the agreement to the Determining Authority — against a legislated timeframe of 13 months.

PSR COMMITTEE CASES

Section 93 of the *Health Insurance Act 1973* refers to cases where the Director has established a PSR committee to further investigate the person under review.

This year, 21 committees concluded their investigations and all made findings of inappropriate practice. The committee findings related to 18 GPs or medical practitioners, one psychiatrist, one consultant physician and one optometrist.

The average time taken for committees to report their findings in cases not delayed by court action was 675 days (717 days in 2008–09). Ten cases were on hold at some stage during the year due to court action.

Twenty-eight final determinations relating to PSR committee cases became effective in 2009–10. Twenty-four are described below.

**Dr G**

General practitioner

Medicare Australia referred Dr G to the PSR Director in May 2007 to review his provision of services. Medicare Australia was concerned about his ratio of standard consultations Level B (item 24) to long consultations at Level C (item 37), and his ratio of Level B to Level C or home attendances (item 37).
Medicare Australia also had concerns about Dr G’s initiation of pathology. During the review period, Dr G was above the 99th percentile with his services-per-patient rate.

The PSR Director examined Dr G’s medical records to assess his clinical consultations. The medical records were of poor quality and difficult to read. They contained no current medication list, recording of allergies, family history or past history.

The Director therefore considered it necessary to establish a PSR committee for a peer investigation of Dr G’s provision of services during the review period.

The committee found 74 per cent of the MBS item 36, 100 per cent of the MBS item 37, and 20 out of 20 MBS items 50124 and 30207 services inappropriate.

The committee found that Dr G’s consultation items were inappropriate for one or more of the following reasons:

- Dr G did not take an adequate history or perform appropriate examinations.
- Dr G’s medical records for services were illegible and insufficient to enable another practitioner to effectively undertake patient care.
- Dr G did not keep his clinical notes updated with relevant clinical information as the consultation occurred, including:
  - presenting complaints
  - histories taken
  - examination findings
  - management plans implemented
  - reasons for a professional attendance in the patient’s home.

The committee found that Dr G’s rendering of MBS item 50124 was inappropriate for one or more of the following reasons:

- Dr G injected the patients without clinical indication.
- Dr G did not keep his clinical notes updated with relevant clinical information, including:
  - clinical reasoning for the aspiration or injection of a joint or synovial cavity
  - the joint which was aspirated or injected
  - the agent that was used in the injection.

The committee found that Dr G’s rendering of MBS item 30207 was inappropriate for one or more of the following reasons:

- Dr G injected the patient’s skin without clinical indication.
- Dr G gave patients joint injections instead of skin injections.
- Dr G did not write an entry in the medical record.
- Dr G did not keep his clinical notes updated with relevant clinical information, including:
  - clinical reasoning for multiple injections of skin lesions with hydrocortisone or similar preparation
  - the location on the patient’s body that was injected
  - the agent that was used in the injection.

OUTCOME

The Determining Authority directed that the PSR Director should reprimand and counsel Dr G; that he repay $30,317 in Medicare benefits; and that he be disqualified from using MBS items 36 and 37 for six months.

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16 MBS item 50124 is a joint space injection
17 MBS item 30207 is multiple injections of skin lesions with hydrocortisone
Dr H

General practitioner

Medicare Australia referred Dr H to the PSR Director in August 2007 to review his provision of services.

Medicare Australia was concerned about his provision of Level C and Level D services as well as prescription of morphine derivatives. During the review period, Dr H was between the 96th and 99th percentile in the prescribing of morphine derivatives.

The PSR Director examined his medical records to assess his clinical consultations. Many of the medical records examined did not comply with the peer standard for an adequate record.

The records did not contain adequate clinical information to explain the nature of the services that were provided, including history and examination findings.

The Director was concerned that Dr H’s use of manipulation on his patients may not have met the current practice accepted by his peers.

The Director established a PSR committee to undertake a peer investigation of Dr H’s provision of services during the review period.

The committee found 89 per cent of his MBS item 36, 100 per cent of his MBS item 44 and 12 of his 14 morphine derivative services examined to be inappropriate.

The committee found that Dr H’s consultation items were inappropriate for one or more of the following reasons:

- Dr H did not take adequate history and implement a management plan.
- Dr H treated many conditions with energised water from radio frequency technology.

- Dr H’s medical records were insufficient to enable another practitioner to effectively undertake patient care due to the use of abbreviations not used by the general body of general practitioners.
- Dr H did not keep his clinical notes updated with relevant clinical information, including:
  - a health summary sheet
  - a clear record of the management plan implemented
  - a record of medications prescribed.

The committee found that Dr H’s prescribing of morphine derivatives was inappropriate for one or more of the following reasons:

- poor long-term management of musculoskeletal pain
- provision of intramuscular injection of morphine before manipulation or mobilisation of the patient’s spine, when not clinically relevant
- short acting morphine increased the chance of creating drug dependency
- the large doses of oral morphine prescribed raised concerns of possible illegal diversion to the community.

Dr H did not keep his clinical notes updated with relevant clinical information, including:

- the quantity of morphine prescribed to the patient
- the recording of issues related to drug addiction
- strategies to reduce narcotics intake
- referrals to other health professionals to address pain management issues
- provision of exercises.

**18** MBS item 44 is a Level D general practitioner consultation of more than 40 minutes
The committee was also concerned that Dr H’s conduct had caused, was causing or was likely to cause a significant threat to the life or health of patients under his care.

Accordingly, pursuant to section 106XA of the Health Insurance Act 1973, the committee referred Dr H to the PSR Director for referral to the Medical Board of Victoria.

OUTCOME

The Determining Authority directed the Director to reprimand and counsel Dr H.

The authority directed Dr H to repay $80,820 in Medicare benefits and be disqualified from using any Medicare Benefits for 36 months.

Dr I

General practitioner

Medicare Australia referred Dr I to the PSR Director in May 2007 to review his provision of services.

Medicare Australia was concerned about his services to patient ratio, the initiation of pathology and diagnostic imaging and the high volume of PBS prescriptions.

The Director examined his medical records to assess his clinical consultations.

Many of the medical records examined lacked clinical detail, including history, examinations and management plans.

Dr I also appeared to have excised small lesions — the size of which would not justify the use of skin flap for closure.

The Director considered it necessary to establish a PSR committee to undertake a peer investigation of Dr I’s provision of services during the review period.

The committee found Dr I’s consultation items were inappropriate for one or more of the following reasons:

- Medical records were insufficient to enable another practitioner to effectively undertake patient care.
- Clinical notes were not updated with relevant clinical information as the consultation occurred, including:
  - presenting complaints
  - histories taken
  - examination findings
  - diagnosis
  - management plans implemented.

The committee found that Dr I’s rendering of MBS item 45200(19) was inappropriate for one or more of the following reasons:

- Dr I did not keep his clinical notes updated with relevant clinical information, including:
  - presenting complaints
  - lesion site, size and appearance
  - anaesthetic used
  - details of sutures
  - follow-up plans required.

OUTCOME

The Determining Authority directed the Director to reprimand and counsel Dr I and for him to repay $4,242.70 in Medicare benefits.

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19 MBS item 45200 is a skin flap repair of a defect in skin.
Dr J

**General practitioner**

Dr J was referred to PSR in December 2004. Medicare Australia (then the Health Insurance Commission) was concerned that Dr J rendered 80 or more professional attendances per day on 23 occasions during the review period.

The then PSR Director reviewed the case and considered it necessary to establish a PSR committee to undertake a peer investigation of Dr J’s provision of services during the review period.

The committee reported that he had engaged in inappropriate practice in provision of MBS items 23 and 36 services.

The Determining Authority undertook to make no draft determination until constitutional issues were resolved. Following the High Court Decision regarding Drs Selim and Wong, the Federal Court application was dismissed by consent on 23 February 2009.

**OUTCOME**

The Determining Authority made a final determination on 17 June 2009 and it became effective on 28 July 2009.

The Determining Authority directed the PSR Director to counsel Dr J and for him to repay the Commonwealth $128,541.60.

Dr K

**Medical practitioner**

Medicare Australia referred Dr K on 9 February 2007 because her high proportion of long and prolonged consultations, when compared with standard consultations, were at variance with those of her peers, as were her volume of prolonged consultations.

During the review period, Dr K rendered 4,528 services, generating Medicare benefits of $164,183.80.

The doctor’s ratio of standard after-hour consultations (item 5203) to long after-hour consultations (item 5207) to prolonged after-hour consultations (item 5208) was 1.8:1.2:1, during the review period. By comparison, 16:3:1 was the average ratio of medical practitioners during the review period.

Dr K’s ratio of standard surgery consultations (item 53) to long surgery consultations (item 54) during the review period was 2.06:1. By comparison, the average ratio for all other medical practitioners was 4.69:1.

During the review period, Dr K’s ratio of standard surgery consultations (item 53) to prolonged surgery consultations (item 57) was 2.28:1. By comparison, the average ratio of all other medical practitioners was 18.68:1.

The Director referred Dr K to a PSR committee on 20 June 2007. The committee found in the records they examined that she had engaged in inappropriate practice in relation to:

- 88 per cent of MBS item 54 services
- 92 per cent of MBS item 57 services
- 100 per cent of MBS item 5208 services.

The committee found that Dr K had engaged in inappropriate practice for one or more of the following reasons:

- Dr K did not provide an appropriate level of clinical input into the service.
- Dr K’s medical records were deficient in annotating the history taken, examination performed, counselling provided and/or management plan implemented.
- The presenting complaint and clinical input provided did not warrant a long or prolonged consultation of a duration prescribed by the descriptor associated with the MBS item billed.
OUTCOME

The Determining Authority directed the PSR Director to reprimand and counsel Dr K, and that she repay the Commonwealth $191.70 — being 30 per cent of the Medicare benefits paid for the nine MBS item 5208 services found to be inappropriate; and to repay the Commonwealth $21,692.34 — being 30 per cent of the Medicare benefits paid for the proportion of MBS item 54 and 57 services that were inappropriate.

Dr L

General practitioner

Medicare Australia referred Dr L to PSR on 17 April 2007 because of concerns about his volume of rendered services and daily servicing, and the initiation of pathology and prescribing of lipid modifying agents.

During the review period, Dr L rendered 14,363 services generating $487,566.80 in Medicare benefits.

During the review period Dr L was, when compared to all other registered general practitioners, above:

- the 99th percentile in the total number of services rendered (14,363)
- the 99th percentile for the rendering of MBS item 23 (13,773)
- the 99th percentile for the rendering of MBS item 721 (283)
- the 99th percentile for the rendering of MBS item 723 (121)
- the 99th percentile for the rendering of MBS item 251720 (68)
- the 97th percentile in the number of patients for whom pathology was initiated (1,176)
- the 97th percentile in the number of pathology requests initiated (6,626)

- the 99th percentile for initiation of MBS item 6655121 (382)
- the 99th percentile for initiation of MBS item 6665522 (376)
- the 99th percentile for initiation of MBS item 6659323 (231)
- the 97th percentile for initiation of MBS item 6653624 (314).

The PSR Director referred Dr L to a PSR committee on 10 September 2007.

The committee found inappropriate practice in relation to items 23, 721, 723, 66536, 66551 and 66655 services.

The committee found Dr L had engaged in inappropriate practice for one or more of the following reasons:

- Clinical input was lacking in relation to the history taken and/or the examination performed.
- The MBS descriptor for the billed item was not met.
- Medical records were deficient in annotating the presenting complaint, history taken, examination performed or the management plan implemented.
- A service was provided without clinical indication.
- Pathology was used for screening purposes or without clinical indication.

OUTCOME

The Determining Authority directed the PSR Director to reprimand and to counsel Dr L.

The authority directed the doctor to repay the Commonwealth $91,507.95, being $90,959.10 for MBS item 23 services and $558.85 for MBS item 721, 723, 66536, 66551 and 66655 services.

21 MBS item 66551 is a pathology test for glycosylated haemoglobin
22 MBS item 66655 is a pathology test for prostate-specific antigen
23 MBS item 66593 is a pathology test for ferritin
24 MBS 66536 is a pathology test for high-density lipoprotein associated with cholesterol (HDL)

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20 MBS item 2517 is a completion of a cycle of care for a patient with diabetes
Dr M  
**General practitioner**

Medicare Australia referred Dr M to PSR on 6 March 2007 because of concerns about servicing.

During the review period, Dr M rendered 13,771 services — placing him above the 98th percentile for total services rendered when compared with all other vocationally registered general practitioners. These services generated $482,109.90 in Medicare benefits.

The PSR Director referred Dr M to a PSR committee on 27 June 2007. However, the committee chair was unable to continue and a new committee was convened on 16 January 2008.

The committee found that Dr M had engaged in inappropriate practice in relation to:

- 40 per cent of MBS item 23 services
- 100 per cent of MBS item 36 services
- 30 per cent of MBS item 5020 services
- 65 per cent of MBS item 66602 services.

The committee found that Dr M had engaged in inappropriate practice for one or more of the following reasons:

- failure to provide appropriate clinical input in relation to the history taken, examination performed or management plan implemented
- deficiencies in medical record-taking (annotating complaints presented, history taken, examination performed or implementation of the patient-management plan)
- failure to meet the MBS descriptor for the item billed
- initiation of pathology items that were not clinically indicated.

During the course of its investigation, the committee formed the opinion that Dr M’s conduct in providing the services was causing or likely to cause a significant threat to the life or health of the patients under his care.

The committee asked the Director to refer Dr M’s conduct to the Medical Board of South Australia.

**OUTCOME**

The Determining Authority directed Dr M to repay the Commonwealth $111,501.89.

Dr M was fully disqualified from the provision of services to which a Medicare benefit relates for 12 months.

Dr N  
**Medical practitioner**

On 28 June 2002, Medicare Australia (then the Health Insurance Commission) asked the then PSR Director to review Dr N’s provision of services. It had concerns over her:

- rendered services and daily servicing — particularly the rendering of MBS items 30473, 30478 and 30487
- initiation of pathology.

During the 12-month review period, Dr N rendered 14,696 services to 4,319 patients for a total Medicare benefit of $1,154,224.05.

Dr N was the highest renderer of items 30473, 30478 and 30487 compared with all active medical practitioners and surgery non-specialists.

Dr N rendered 60 or more services per-day on 168 occasions and 80 or more services daily on 47 occasions.

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25 MBS item 5020 is a standard after-hours consultation

26 MBS item 30473 is an oesophagoscopy, gastroscopy, duodenoscopy or panendoscopy without biopsy

27 MBS item 30478 is an oesophagoscopy, gastroscopy, duodenoscopy or panendoscopy with a biopsy

28 MBS item 30487 is a small bowel intubation with biopsy
The then PSR Director referred Dr N to a PSR committee. The committee's final report, dated 31 January 2005, found that Dr N had engaged in inappropriate practice relating to MBS items 66680, 30487 and 53 and that:

Dr N engaged in inappropriate practice because of:
- failure to provide the service claimed
- provision of services that were not clinically indicated
- provision of services that were not medically necessary
- inadequate medical records
- services requested when not clinically indicated.

**OUTCOME**

Dr N challenged the report in the Federal Court. The Federal Court dismissed Dr N's application for judicial review of her referral on 30 March 2009.

The Determining Authority directed Dr N to be reprimanded and counselled by the PSR Director and to repay to the Commonwealth $167,604.53 in Medicare benefits.

**Dr P**

*General practitioner*

On 10 August 2007, Medicare Australia asked the PSR Director to review Dr P’s provision of services. It had concerns over his rendering of Level C and Level D consultations.

During the 12-month review period, Dr P rendered 3,039 services to 547 patients for a total Medicare benefit of $139,330.90. Dr P’s profile showed a difference in the ratio of Level C and Level D consultations to Level B consultations when compared to his peers in the ACT Division of General Practice Incorporated.

The Director referred Dr P to a PSR committee. The committee’s final report, dated 10 December 2008, found that Dr P had practised inappropriately in relation to MBS item 44 services and 86 per cent of the MBS item 36 services rendered.

The committee’s view was that Dr P engaged in inappropriate practice because he did not provide an appropriate level of clinical input into the services; he did not satisfy the requirements of the MBS; and his medical records were insufficient to enable another practitioner to effectively take over the care of the patient.

Specifically, Dr P did not record adequate histories for presenting complaints or perform adequate examinations.

As well, the medical records examined for MBS item 36 services lacked essential clinical information. They failed to contain:
- presenting complaints;
- examinations performed and the findings of those examinations;
- discussions had with the patient during the consultation;
- clear recording of management plans implemented; and
- history taken.

**OUTCOME**

The Determining Authority directed Dr P to be reprimanded, repay the sum of $40,384.75 to the Commonwealth, be disqualified from the provision of services to which an item in Group A1 of the General Medical Services Table relates for three months and be disqualified from the provision of MBS item 36 and 44 services for 12 months.
**Dr Q**

*General practitioner*

On 13 December 2001, Medicare Australia (then the Health Insurance Commission) asked the then PSR Director to review the conduct of Dr Q in the rendering of services that constituted a prescribed pattern of services within the meaning of subsection 106KA(1) of the *Health Insurance Act 1973* and part 3 of the *Health Insurance (Professional Services Review) Regulations 1999*.

During the referral period, 1 January 2000 to 6 November 2000, Dr Q rendered 80 or more professional attendances a day on 24 occasions.

The then PSR Director referred Dr Q to a PSR committee.

The committee’s final report, of 13 November 2002, found Dr Q had practised inappropriately in rendering professional attendances on 24 days during the referral period.

This constituted a prescribed pattern of services and exceptional circumstances did not affect his rendering of services on any of those days.

Dr Q challenged the report in the Federal Court. The Federal Court dismissed Dr Q’s application for judicial review of his referral on 30 March 2009.

**OUTCOME**

The Determining Authority made a final determination directing Dr Q be counselled by the PSR Director, and to repay to the Commonwealth $14,505.52 in Medicare benefits.

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**Dr R**

*General practitioner*

On 6 February 2008, Medicare Australia referred Dr R to the PSR Director because of concerns about his:

- rendered services
- services per patient
- Level C consultations
- chronic disease management services
- initiation of pathology.

During the 12-month review period, Dr R rendered 15,568 services to 2,141 patients for a total Medicare benefit of $598,198.25.

When compared to his peers, this placed him above the 99th percentile for services; above the 71st percentile for patients; and above the 99th percentile for benefits.

Dr R rendered an average of 7.27 services per patient, placing him above the 98th percentile.

He also initiated 5,942 pathology services for 771 of his patients at an average of 7.71 pathology services per pathology patient.

Dr R rendered 12,385 MBS item 23 services and 141 MBS item 5023 services — placing him above the 99th percentile for both of those services.

As well, Dr R rendered 129 MBS item 721 and 139 MBS item 723 services, placing him above the 94th and 98th percentiles respectively.

The Director’s view was that Dr R may have practised inappropriately in rendering MBS item 36, 721 and 723 services, as well as in prescribing PBS items 08440F (celecoxib) and 08214H (atorvastatin).

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29 MBS item 5023 is a standard after-hours consultation by a non-vocationally registered general practitioner.
On 26 May 2008, the Director referred Dr R to a PSR committee to investigate whether he had engaged in inappropriate practice in providing any or all of the referred services during the review period.

The committee’s final report found that Dr R practised inappropriately in providing:

- 74 per cent of MBS item 23 services
- 100 per cent of MBS items 36, 721 and 723 services.

The committee found Dr R failed to provide adequate clinical input to MBS items 23 and 36 in terms of patients’ histories, examinations and implementation of management plans.

In relation to MBS items 721 and 723, the committee found Dr R failed to provide adequate clinical input into the services by not assessing the patients’ eligibility for the service or not confirming all of the patients’ health care needs, problems and relevant conditions.

As well, the committee found Dr R did not meet the requirements of the descriptor for all of the MBS item 721 and 723 services.

Dr R failed to keep medical records that met the prescribed standard for an adequate record, the committee found.

During its investigation, the committee also became concerned with Dr R’s understanding and care of patients with a mental illness and consequently asked the Director to refer his conduct to the New South Wales Medical Board.

**OUTCOME**

The Determining Authority directed Dr R to be: reprimanded and counselled by the PSR Director or his nominee; repay $473,203.05 of Medicare benefits; be disqualified from the provision of all MBS services for six months; and be disqualified from providing MBS item 36, 721 and 723 services for an additional six months.

---

**Dr S**

**General practitioner**

Medicare Australia referred Dr S to PSR on 7 August 2008.

Medicare was concerned that Dr S had practised inappropriately in his initiation of pathology.

During the review period, Dr S initiated 6,112 pathology services for 1,404 pathology patients — an average of 4.35 pathology services per pathology patient.

This placed him above the 95th percentile for initiation of pathology when compared to his peers.

In addition, the initiation of those 6,112 pathology services generated a total of $137,090.35 in pathology-related Medicare benefits. This placed Dr S above the 98th percentile when compared to his peers.

After reviewing Dr S, the PSR Director considered that he might have practised inappropriately. The Director referred Dr S to a PSR committee on 17 February 2009.

The committee found that Dr S had practised inappropriately in providing 36 per cent of MBS item 66602 pathology services.

In particular, the committee found Dr S’s initiation of pathology without clinical indications would be unacceptable by the general body of general practitioners.

As well, the committee was concerned that on some occasions Dr S’s medical records were at variance with an acceptable peer standard.

The committee noted that, on some occasions, Dr S’s records were illegible, did not contain adequate histories or did not contain adequate examination findings.

**OUTCOME**

The Determining Authority directed Dr S to be reprimanded and counselled by the PSR Director or his nominee and that he repay $4,164.91 in Medicare benefits.
Dr T

General practitioner

On 15 July 2002, Medicare Australia (then the Health Insurance Commission) made an investigative referral to PSR regarding the conduct of Dr T’s provision of services between 3 February 2001 and 17 December 2001.

Medicare Australia was concerned that, based on the evidence available to it, Dr T may have engaged in inappropriate practice in the rendering of services constituting a prescribed pattern of services, or the 80/20 rule.

The then PSR Director invited Dr T to make a submission providing reasons why he should dismiss the referral without setting up a PSR committee.

In his submission, Dr T stated that during the review period he practised two days per week in a low socio-economic area with high unemployment, drug abuse and social problems.

Dr T also said that due to the long waiting times at the local hospital casualty department, many patients attended his practice, as waiting times were shorter.

As well, Dr T said that the high volume of work and troubled nature of the local community meant it was difficult to attract doctors to work in the area.

He said that many of the days during which he had seen more than 80 patients fell within a one-month period, when there was a shortage of doctors due to resignations and a local flu epidemic.

The then PSR Director did not consider there was evidence of exceptional circumstances and referred the matter to a PSR committee on 25 September 2002.

Dr T submitted to the PSR committee that exceptional circumstances did exist on each of the 25 days he rendered 80 or more professional attendances during the review period.

The issues that affected his practice on those days included:

- a socially and economically marginalised patient base
- availability of bulk billing at the practice
- a relative shortage of general practitioners and medical services in the region
- the absence of a full-time doctor in the practice due to illness
- a flu epidemic.

The committee considered Dr T’s claim for exceptional circumstances, but it did not accept that exceptional circumstances existed.

On 6 November 2004, the committee issued its final report. This found that Dr T had engaged in inappropriate practice due to a prescribed pattern of services.

Dr T challenged the report in the Federal Court.

OUTCOME

On 30 May 2006, the Federal Court ordered that the matter be remitted back to the committee for determination according to law.

A further PSR committee hearing was held on 9 February 2007. The committee considered Dr T’s oral and written submissions and made a finding of inappropriate practice.

The Determining Authority directed Dr T to be reprimanded and counselled by the PSR Director or his nominee and that Dr T repay the Commonwealth $27,749.50 in Medicare benefits.

Dr Aa

General practitioner

Dr Aa was referred to PSR on 29 June 2000 on account of the number of Level B services he had rendered in 1999.

A PSR committee reported that he had engaged in inappropriate practice and it identified deficiencies in his patient histories, examinations, management plans and prescribing.
He applied to the Federal Court, which dismissed his application on all judicial review grounds on 6 March 2007. He did not appeal that aspect and his constitutional grounds were reserved to be decided separately after other constitutional applications.

The Determining Authority undertook to make no draft determination until constitutional issues were resolved.

Following the High Court decision regarding Drs Selim and Wong, the Federal Court application was dismissed by consent on 23 February 2009.

**OUTCOME**

On 17 June 2009, the Determining Authority made a final determination on Dr Aa’s case and directed the PSR Director or his nominee to reprimand and counsel Dr Aa and that he repay the Commonwealth $89,077.41 in Medicare benefits.

Dr X

**General practitioner**

Dr X was referred to PSR on 13 December 2001 because some of his services during 2000 may have constituted a prescribed pattern of services.

A PSR committee found that Dr X had engaged in inappropriate practice and there were no exceptional circumstances.

Dr X appealed to the Federal Court, both on constitutional grounds and on application of the ‘exceptional circumstances’ test.

Justice Rares held in Dr X’s favour on the latter issue, but this was reversed on appeal to the full Federal Court.

The constitutional issue was reserved pending resolution of other constitutional applications.

The Determining Authority undertook to make no draft determinations until constitutional issues were resolved.

Following the High Court decision regarding Drs Selim and Wong, the Federal Court applications were dismissed by consent on 23 February 2009.

**OUTCOME**

On 17 June 2009, the Determining Authority made a final determination on Dr X’s case and directed that he be reprimanded and counselled by the PSR Director or his nominee and that he repay the Commonwealth $35,770.41 in Medicare benefits.

Dr Y

**General practitioner**

Dr Y was referred to PSR on 14 December 2000.

Medicare Australia referred Dr Y because it had concerns about the volume of services he rendered, his daily servicing, Level B home visits and his prescribing under the PBS.

During the review period, Dr Y provided 14,277 services to 2,457 patients at a total Medicare benefit of $364,893.00.

His total services were above the 98th percentile of all general practitioners.

On 14 September 2001, a PSR committee was established.

Following investigations, using sampling methodology, it found that all of Dr Y’s MBS item 23, 2430 and 19331 services examined involved conduct that would be unacceptable to the general body of general practitioners.

Dr Y made three applications to the Federal Court in relation to these investigations.

On 10 March 2006, Justice Edmonds ordered that a differently constituted committee reconsider the referral.

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30 MBS item 24 is an in-hours standard house call
31 MBS item 193 is a professional attendance by a qualified medical acupuncturist involving acupuncture
All other aspects of Dr Y’s challenges were dismissed or did not need to be decided.

On 29 May 2006, a differently constituted committee was established. The committee found that Dr Y had engaged in inappropriate practice in the following MBS items:

- 40 per cent of MBS item 23 services
- 36 per cent of MBS item 24 services
- 58 per cent of MBS item 193 services.

Regarding the inappropriate services, the committee found Dr Y did not take an adequate history or perform an adequate examination.

Regarding the inappropriate services for MBS item 193, the committee found Dr Y did not satisfy the MBS requirements. Dr Y also kept medical records that were illegible and did not contain adequate clinical information.

The committee was also concerned that Dr Y’s conduct had caused, was causing, or was likely to cause a significant threat to the life or health of patients under his care.

The committee referred Dr Y to the PSR Director for referral to the New South Wales Medical Board in line with section 106XA of the Health Insurance Act 1973.

OUTCOME

The Determining Authority directed Dr Y to be reprimanded and counselled by the PSR Director and to repay the Commonwealth $31,463.88.

Dr Z

General practitioner

On 20 December 2006, Medicare Australia referred Dr Z to PSR.

It was concerned with Dr Z’s prescribing under the PBS. During the review period, Dr Z’s prescribing of benzodiazepines (minor tranquillisers) was above the 99th percentile when compared to all other general practitioners.

The PSR Director referred Dr Z to a PSR committee on 18 June 2007.

The committee found that Dr Z engaged in inappropriate practice in prescribing diazepam and oxazepam under the PBS during the review period.

The committee found that Dr Z prescribed excessive amounts of drugs of dependence without monitoring or implementing an adequate patient management plan or plan of reduction.

The committee also found that Dr Z prescribed doses in excess of levels acceptable to the general body of general practitioners.

Dr Z’s clinical records were generally brief and missing a large number of consultation notes.

OUTCOME

The committee was also concerned that Dr Z’s conduct had caused, was causing, or was likely to cause a significant threat to the life or health of patients under his care.

The committee referred Dr Z to the PSR Director for referral to the Medical Council of Tasmania, in line with section 106XA of the Health Insurance Act 1973.

The Determining Authority directed: the PSR Director to reprimand and counsel Dr Z; that he be fully disqualified for one month from providing services relating to a Medicare benefit; and that he be disqualified for four months providing services relating to Group A1 items of the General Medical Services Table.
Dr U

General practitioner

On 10 August 2007, Medicare Australia referred Dr U to PSR. It was concerned with Dr U’s rendered services and prescribing under the PBS — particularly of antibiotics.

During the review period, Dr U provided 18,612 services to 6,872 patients totalling $568,531.95. This placed him at the 99th percentile of vocationally registered general practitioners.

The Director referred Dr U to a PSR committee on 14 December 2007.

The committee found that Dr U engaged in inappropriate practice for 74 per cent of his MBS item 23 services for the following reasons:

- inadequate clinical input into the services examined
- insufficient clinical indication to support the prescription of amoxycillin for upper respiratory tract infections.
- inadequate patient management plans for the presenting complaint
- significant lack of essential clinical information in the medical records for the patients' presentations.

OUTCOME

The Determining Authority directed Dr U to be reprimanded and counselled by the PSR Director and that the doctor repay the Commonwealth $244,997.55.

Dr Ab

Medical practitioner

Dr Ab was referred to PSR on 13 December 2001 as some of his services during 2000 may have constituted a prescribed pattern of services.

A PSR committee found he had engaged in inappropriate practice.

He appealed to the Federal Court on both judicial review and constitutional grounds.

Ultimately — subject to separate consideration of the constitutional grounds in Selim and other cases — the full Court returned the matter to the original PSR committee for reconsideration, according to law in the light of its explanation of the legislation.

The PSR committee recommenced its consideration in January 2006, pending resolution of the constitutional issue and reported again on 9 October 2007.

The committee’s final report found that Dr Ab had engaged in inappropriate practice.

That finding was based on the committee’s conclusion that Dr Ab’s conduct during the review period amounted to a prescribed pattern of services and that his provision of services was not affected by exceptional circumstances.

The Determining Authority made no draft determination until the constitutional issues were resolved.

Following the High Court decision regarding Drs Selim and Wong, the Federal Court application was dismissed by consent on 23 February 2009.

OUTCOME

On 17 June 2009, the Determining Authority directed that Dr Ab be counselled by the PSR Director and repay the Commonwealth $14,851.45.

Dr Ac

Consultant physician in psychiatry

On 29 May 2002, Medicare Australia (then the Health Insurance Commission) made an investigative referral to PSR. The effect of this was to refer the conduct of Dr Ac in connection with his provision of services between 1 July 2000 and 30 June 2001.
Dr Ac practises at two different practices in New South Wales.

Medicare Australia was concerned that, based on the evidence available to it, Dr Ac may have engaged in inappropriate practice in that Dr Ac’s profile reflects many days with more than 10 hours of consulting and that these working hours may be considered inappropriate by his peers.

On examination of Dr Ac’s medical records, the then PSR Director engaged a consultant physician to consider the investigative referral and Dr Ac’s medical records.

In his report, the consultant observed that:

- The patient base at one practice location was mainly drug-dependent.
- Dr Ac did not have any apparent training in the sub-specialty of alcohol and drug dependency, other than the usual registrar rotation.
- Dr Ac had little time to devote to assessing the psycho-social problems of such challenging patients.
- The records were illegible and the clinical notes were below the standard expected of a consultant psychiatrist.
- The notes from Practice One were longer and more informative than those from Practice Two, and there was a considerable difference between the practices.

The then PSR Director invited Dr Ac to make a submission and, in this, he said that the practice focused on the needs of patients with narcotic dependence and that his patients were mostly from western and southern Sydney.

Dr Ac also stated that consultation times at Practice Two tended to be shorter than those at Practice One due, in part, to the volume of patients in Practice One who required psychiatric care.

There was no evidence of exceptional circumstances, and Dr Ac was referred to a PSR committee.

The committee’s final report of 30 May 2006 found inappropriate practice.

This finding was based on the committee’s examination of MBS item 302 and 304 services provided by Dr Ac on 6 July 2000 and 15 March 2001.

On these dates, Dr Ac did not satisfy the MBS requirements of the relevant items and his medical records were deficient in essential clinical information.

Dr Ac challenged that report in the Federal Court.

On 23 April 2009, PSR was informed that Dr Ac’s challenge was dismissed.

The PSR committee’s final report was then forwarded to the Determining Authority.

OUTCOME

The Determining Authority directed Dr Ac to be reprimanded and counselled by the PSR Director.

Dr V

General practitioner

Medicare Australia referred Dr V to PSR as it was concerned about Dr V’s initiation of diagnostic imaging and pathology.

Dr V’s individual patient base was on the 67th percentile, yet Dr V initiated 5.29 pathology services per pathology patient. Medicare Australia also had concerns that Dr V initiated 2.06 diagnostic imaging services per diagnostic imaging patient during the review period.

On examination of Dr V’s medical records, the PSR Director found that during the review period the doctor’s medical records for MBS item 36 services were brief and lacked clinical detail.

The PSR Director found pathology initiated by Dr V was possibly part of a battery of tests ordered on most patients without regard for the clinical relevance of the test.
The Director examined medical records relating to Dr V’s initiation of computed tomography scans of the spine and lumbosacral region and found no clinical indication for this investigation.

Dr V was referred to a PSR committee. The committee's final report found that Dr V engaged in inappropriate practice with:

- services related to MBS item 36
- services related to MBS item 23
- initiation of pathology.

The PSR committee found that Dr V did not provide an appropriate level of clinical input.

Dr V did not record adequate histories or perform the required examinations.

The PSR committee could not find any clinical reason for Dr V’s initiation of the pathology.

**OUTCOME**

The Determining Authority directed Dr V to be counselled by the PSR Director and repay $11,916.79 of Medicare benefits.

**Dr W**

**General practitioner**

Medicare Australia referred Dr W to PSR as it was concerned about Dr W’s rendering of Level C and Level D consultations.

Dr W was at the 96th percentile for rendering of Level D consultations.

Medicare Australia was concerned with Dr W’s rendering of enhanced primary care and chronic disease management services.

In particular, Dr W was at or above the 99th percentile for MBS items 721, 723, 72532 and 72733 services, as well as in rendering 299 mental health care plans during the review period.

On examination of Dr W’s medical records, the PSR Director found that most of the records related to Dr W’s provision of MBS item 23, 36, 44, 721, 723, 725, 727, 257734, 2710 and 2725 services during the review period would not meet the peer standard of an adequate record.

The records did not contain sufficient clinical detail to explain the nature of the service that was provided.

It also appeared to the Director that Dr W did not provide sufficient clinical input into the services carried out during the review period.

Dr W was referred to a PSR committee.

The committee’s final report found that Dr W engaged in inappropriate practice with:

- services related to MBS item 721, 723 and 2710
- services related to MBS item 725.

The PSR committee found that Dr W:

- did not provide an appropriate level of clinical input
- did not complete an adequate care plan for MBS item 721, 723 and 2710 services
- had medical records that did not meet the MBS item requirement and lacked the clinical detail for the items
- did not collaborate with other allied health care providers before billing for a team-care arrangement.

**OUTCOME**

The Determining Authority directed Dr W to be reprimanded and counselled by the PSR Director and to repay $145,652.39 of Medicare benefits.

The Determining Authority directed Dr W to be partially disqualified from providing services under Medicare for MBS item 712 and 723 services for four months and MBS item 2710 services for one month.

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32 MBS item 725 is a review of a general practitioner management plan
33 MBS item 727 is a review of a team care arrangement
34 MBS item 2577 was part of the 3 Step Mental Health Process that ceased operating on 30 April 2007
Dr Ad

General practitioner

On 10 May 2002, Medicare Australia (then the Health Insurance Commission) made an investigative referral to PSR and it reviewed Dr Ad’s provision of services between 1 July 2000 and 30 June 2001.

Medicare Australia was concerned that Dr Ad was above the 99th percentile for all rendered services.

Dr Ad rendered a total of 20,483 services to 6,073 patients during the referral period — (and 18,021 of these were MBS item 23 services).

Medicare Australia’s data in the referral documentation also showed that Dr Ad rendered 80 or more services on 63 occasions and 60 or more services on 213 occasions during the year.

The PSR Director found most of Dr Ad’s medical records relating to the provision of MBS item 23 services during the review period were adequate.

However, the sheer numbers of Dr Ad’s patient services left the then PSR Director in doubt about whether these services could generally be satisfactory.

As well, Dr Ad had not made substantial reductions in service numbers since being referred on two previous occasions.

Dr Ad was referred to a PSR committee and the committee’s final report found that Dr Ad had practised inappropriately in relation to MBS item 23 services. The committee found that Dr Ad had failed to provide an appropriate level of clinical input — as many of the services examined indicated grossly deficient clinical input.

The presenting complaints were found to be dealt with superficially, rather than investigating the underlying reason for the complaint, and the symptoms were often treated inappropriately.

On 11 February 2004, Dr Ad appealed to the Federal Court and the court found in favour of PSR after protracted proceedings.

OUTCOMES

The Determining Authority directed Dr Ad to be reprimanded and counselled by the PSR Director and to repay $92,725.63 of Medicare benefits.

Dr Ar

General practitioner

(This case appears in Legal Cases p.44)

On 17 September 2002, Medicare Australia (then the Health Insurance Commission) made an investigative referral to PSR, which reviewed Dr Ar’s provision of services between 2 January and 23 November 2001.

Medicare Australia was concerned that, based on the evidence available to it, Dr Ar may have engaged in inappropriate practice in that professional attendances he had rendered during the relevant period may have amounted to a prescribed pattern of services (that is, the 80/20 rule).

The then PSR Director invited Dr Ar to make a submission. In this, Dr Ar stated that his was the only bulk-billing practice in the area.

The Director was not persuaded that there was evidence of exceptional circumstances and Dr Ar was referred to a PSR committee.

Dr Ar submitted to the PSR committee that exceptional circumstances applied on each of the 65 days on which he rendered 80 or more professional attendances.

The issues affecting his practice on those days were:

- the absence of medical services in the area and its surrounding districts
- the absence of bulk-billing services in the region — which was relevant because it is a lower socio-economic area
the increased demand for medical services during cattle sale days
the increased demand for medical services in winter and over long weekends
a large patient base had been attracted to his practice because of his lengthy service, and reputation in the area’s community.

The PSR committee was not satisfied that there was an absence of services for Dr Ar’s patients due to the location of his practice — having considered the area’s doctor–patient ratio, the number of practitioners who practised in the region on the days Dr Ar rendered 80 or more services, and the total number of services rendered on those days.

The PSR committee did not consider the area and its region were significantly different to Queensland or Australia in socio-economic terms.

The committee acknowledged that disadvantaged patients lived in the region and a large proportion of those patients were drawn to Dr Hatcher because of his bulk-billing policy and his long service to the community.

However, the committee was not satisfied that there was an absence of bulk-billing services in the area and its surrounding region for Dr Ar’s disadvantaged patients on the relevant days.

The committee considered that the increase in demand for medical services in the area on cattle sale days did not constitute an exceptional circumstance.

It also considered that the normal increase in demand in winter and over long weekends did not constitute exceptional circumstances.

It was the committee’s view that it needed to make its finding on the evidence that related to the referral period.

Based on that evidence, the PSR committee did not consider that the conclusions reached by PSR committee 297 were relevant to its decision.

On 17 September 2004, the committee provided a draft report to Dr Ar. On 18 November 2004, Dr Ar provided submissions to that report.

Dr Ar sought relief in the Federal Court.

The PSR committee conducted further hearings and considered Dr Ar’s submissions and again made a finding of inappropriate practice.

OUTCOME

The Determining Authority directed Dr Ar to be counselled by the PSR Director, and to repay $25,755.47 in Medicare benefits.
LEGAL CASES

Eight new applications were lodged in the Federal Court in 2009–10.

It handed down two decisions, with a full Federal Court appeal subsequently lodged on one of the decisions.

Both of these cases involved inappropriate practice under the 80/20 rule. (Under this rule a practitioner is considered to have practised inappropriately if, over a 12-month period, he or she renders 80 or more services on 20 or more days).

The court case decisions during 2009–10 were:

Dr Ss

General practitioner

This was the second appeal associated with this case.

Dr Ss appealed a second committee finding about his rendering of professional services between 5 January and 21 August 2000.

The PSR committee found that he had engaged in inappropriate practice and that no exceptional circumstances affected the rendering of the services on those days.

Dr Ss’s primary contention was that the PSR committee had failed to understand, or apply, the meaning of ‘exceptional circumstances’, as referred to in section 106KA(2) of the Health Insurance Act 1973.

Justice Ryan found no errors of law in the committee’s final report, which Dr Ss’s counsel had disputed.

The application was dismissed — with costs awarded to PSR.

Dr Ss subsequently appealed the decision to the full Federal Court.

Dr Jj

General practitioner

Dr Jj appealed a PSR committee finding of inappropriate practice between 2 January and 23 November 2001.

The committee found that he had rendered 80 or more professional attendances per day on 66 occasions, during the review period.

Dr Jj argued that exceptional circumstances did exist and the PSR committee had erred in not properly considering the location of the practice and its patient characteristics and preferences, and by interpreting the phase ‘the absence of other medical services’ as meaning a total absence of medical services.

Justice Dowsett dismissed the application and awarded costs to PSR.

The PSR Determining Authority made a final determination in relation to Dr Jj’s case on 9 March 2010.
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STRUCTURE AND ORGANISATION

The PSR Director, Dr Tony Webber, is a statutory officer appointed to manage the agency by the Minister for Health and Ageing, with agreement from the Australian Medical Association.

The Director reports to the Minister and his actions are governed by the *Health Insurance Act 1973*.

An executive officer reports to the Director and provides leadership and strategic guidance to the organisation on organisational policy, governance and financial and operational issues.

PSR’s organisational structure includes an Operations Unit that manages the review and committee processes and a Corporate Unit which provides corporate services and support for business operations.

PSR’s Quality and Development Unit provides technical development and quality assurance, coordinates legal services and supports the Determining Authority.

The agency’s Information and Communications Technology Unit provides technical support to staff.

Figure 1: Organisation chart 2009–10
CORPORATE GOVERNANCE

Overall accountability for PSR rests with the Director, who has primary authority and legal responsibility for managing the agency. PSR's governance arrangements also place a high value on consultative processes.

PSR operates two standing committees — the Management Committee and the Audit Committee.

MANAGEMENT COMMITTEE

PSR's Management Committee meets monthly and comprises the Director, the executive officer and the unit managers.

The Management Committee enables PSR to work across organisational boundaries to achieve corporate objectives and promotes the core principles of good public sector governance, such as leadership, accountability, transparency, integrity, efficiency and risk management.

As PSR is a small agency, the Management Committee performs a variety of roles to support and monitor the organisation's business that might, in larger organisations, be performed by specialist committees. The committee regularly reviews PSR's functional performance to ensure its decisions and policies are consistent and coherent.

The committee is responsible for planning, budgeting, financial management, performance monitoring and corporate governance, including human resources and occupational health and safety.

In 2009–10, the committee monitored the implementation of the new Enterprise Agreement and the refresh of the PSR panel and Determining Authority, along with the ongoing management of the significantly increased workload from Medicare Australia.

The committee proactively applied strategies to prevent, mitigate and reduce workplace stress.

In 2009–10 the committee also monitored the progress of the suite of governance and risk management plans identified in 2008–09.

In 2009–2010, the following plans were initiated:

- business continuity plan
- records management policy
- ICT governance and security policies and plans.

Human resources policies were further developed, including:

- health and safety management
- diversity, fair treatment and participation
- conditions of employment
- recruitment and selection.

AUDIT COMMITTEE

PSR's Audit Committee has three members: Ms Glenys Roper, independent chairperson; Mr Peter Hoefer, independent member; and PSR's executive officer.

A representative from the Australian National Audit Office attends Audit Committee meetings as an invited observer. In 2009–10, the Audit Committee met on four occasions.

The committee fulfils its role by monitoring the organisation's compliance with legislative and other obligations relating to financial management, including the Financial Management and Accountability Act 1997 (FMA Act) and the Auditor-General Act 1997.

As well, it approves, monitors and reports on PSR's annual audit work plan; monitors compliance with legislation, regulations and government policy; and works to improve the effectiveness of internal audit.

The committee's focus in 2009–10 was PSR's ongoing significant investment in redeveloping its governance framework and supporting policies.

The committee provides independent assurance of the appropriateness of PSR's accountability and control framework to the Director.
The committee advises the Director on PSR’s risk, control and compliance framework and on the agency’s external accountability responsibilities. It advises the Director on whether the annual financial statements represent a true and fair view of the organisation’s financial management.

PSR’s Financial Statements Sub-Committee continued to support the Audit Committee in its work to provide the Director greater assurance in financial management.

The Audit Committee oversaw the work of PSR’s internal auditor, and ensured the agency’s strategic internal audit work plan provided appropriate coverage of the risks identified in the strategic business risk management plan.

The work plan developed control frameworks and promoted compliance with contract management, information technology management, expenditure and procurement activities.

The independent members of the committee met periodically with the Director to maintain clear communication and ensure the Director’s needs were met.

### PLANNING

In 2009–10, PSR’s internal business plans have been structured to align the work of the organisation with its goals and the approach outlined in PSR’s Strategic Plan 2009–10.

PSR’s Business Plan for 2009–10 identified corporate goals that included:

- providing feedback from PSR’s processes to the Department of Health and Ageing and Medicare Australia to enhance the effectiveness of the PSR Scheme
- implementing the Enterprise Agreement 2009–12
- implementing communication and education activities to deter inappropriate practice
- identifying an ongoing funding base for increased caseload.

### FRAUD CONTROL

PSR has activated appropriate fraud prevention, detection, investigation and reporting procedures and processes and identified mechanisms for collecting and reporting on annual fraud data.

This work was carried out under PSR’s Fraud Control Plan 2008–10, which was developed and implemented during 2008–09.

During 2009–10, PSR further pursued this plan to ensure future compliance with the Commonwealth Fraud Control Guidelines.

The Director certified that the plan was developed in accordance with the Commonwealth Fraud Control Guidelines.

### ETHICAL STANDARDS

PSR is committed to maintaining high ethical standards by continuing to reinforce the Australian Public Service (APS) Values and Code of Conduct.

PSR aims to create a positive working environment that helps our people deliver high quality performance.

In 2009–10, PSR continued to integrate ethical standards throughout its business through:

- specific reference to the APS Values and Code of Conduct, PSR’s Chief Executive Instructions and relevant policies and guidelines in the agency’s business and strategic plans
use of the Australian Public Service
Commission’s Integrated Leadership System
throughout the Performance Development
Scheme

- redevelopment of its governance plans and
  policies, including its fraud risk assessment
  and Fraud Control Plan 2008–10 and its
  privacy policy
- periodic updates on PSR’s strategies to
  establish and maintain ethical standards,
  as required by PSR’s Audit Committee
- staff participation in fraud awareness
  training and training in the APS Values
  and Code of Conduct.

**SES REMUNERATION**

Pay and conditions for PSR’s SES officer are
determined through the SES Remuneration
Policy and are currently reflected in an
Australian Workplace Agreement.

**EXTERNAL SCRUTINY**

During the year two decisions on PSR matters
were made in the Federal Court. Both matters
were decided in PSR’s favour, with costs
awarded to PSR. One of these decisions has
subsequently been appealed to the full bench of
the Federal Court. The outcomes of cases before
the courts this year are described on page 44.

There were no reports on PSR’s operations by
the Auditor-General, a Parliamentary committee
or the Commonwealth Ombudsman.

**MANAGEMENT OF HUMAN RESOURCES**

PSR’s human resource environment in 2009–
10 included a large workload, the continued
review and redevelopment of human resource
policies and guidelines. Significantly, the new
PSR Enterprise Agreement (2009–12) was put
in place during the year.

At 30 June 2010, PSR employed 30 Australian
Public Service (APS) staff members — the
same as in 2008-09 (Table 8).

**Australian Public Service staff**

Staff employed by PSR, with the exception
of the PSR Director, are employed under the
Public Service Act 1999.

The following tables provide details of
staff numbers — by classification, gender,
employment category and status.

**Table 8: Actual APS staff numbers, at 30 June
2008-09 and 2009-10**

<table>
<thead>
<tr>
<th></th>
<th>2008-09 ACTUAL</th>
<th>2009-10 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

**Table 9: APS staff by classification and employment category, at 30 June 2010**

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>GENDER</th>
<th>EMPLOYMENT CATEGORY</th>
<th>EMPLOYMENT STATUS</th>
<th>TOTAL</th>
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<td>Female</td>
<td>Ongoing</td>
<td>Non-ongoing</td>
</tr>
<tr>
<td>SES Band 1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>EL 2</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>EL 1</td>
<td>4</td>
<td>10</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>APS 6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>APS 5</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>APS 4</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>APS 3</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>20</td>
<td>28</td>
<td>2</td>
</tr>
</tbody>
</table>

**Key:** SES = Senior Executive Service; EL = Executive Level
One-quarter of PSR staff are from non-English speaking backgrounds. PSR has no Aboriginal or Torres Strait Islander staff members. PSR has no staff members with an identified disability.

During 2009–10, PSR recruited seven staff members (six ongoing and one non-ongoing). There were seven exits from PSR due to resignation, retirement, transfer or contract expiry.

Enterprise Agreement and Australian Workplace Agreements

At 30 June 2010, the pay and conditions of 27 staff were governed by the PSR Certified Agreement 2009–12. The pay and conditions of a further two staff, including one SES officer, were governed by Australian Workplace Agreements. One of these agreements passed its nominal expiry date.

During 2009–10, the staff endorsed the proposed new PSR Enterprise Agreement (2009–12). The agreement covers all non-SES staff.

Table 10: Salary ranges by classification, at 30 June 2010

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>MIN.</th>
<th>MAX.</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS 3</td>
<td>$50,287</td>
<td>$55,620</td>
</tr>
<tr>
<td>APS 4</td>
<td>$58,862</td>
<td>$61,045</td>
</tr>
<tr>
<td>APS 5</td>
<td>$61,870</td>
<td>$65,440</td>
</tr>
<tr>
<td>APS 6</td>
<td>$68,535</td>
<td>$80,513</td>
</tr>
<tr>
<td>EL 1</td>
<td>$85,409</td>
<td>$95,503</td>
</tr>
<tr>
<td>EL 2</td>
<td>$97,011</td>
<td>$118,781</td>
</tr>
</tbody>
</table>

Note:
Salary ranges are from the PSR’s Enterprise Agreement (2009–12) which formed the starting point for negotiating salary rates for staff on Australian Workplace Agreements.
Performance pay

Performance pay for eligible staff operated in conjunction with PSR’s Performance Development Scheme. PSR paid $35,849.44 in performance-based payments to four staff members, in 2009–10.

PSR operated a milestone payment scheme in 2009–10. This new development is part of the PSR Enterprise Agreement 2009–10. PSR made milestone payments available to non-SES employees for achieving targets that improve on standard benchmarks. PSR paid $9,530.92 to 23 staff members as part of this scheme.

Non-salary benefits

PSR provided non-salary benefits to attract and retain capable staff. Benefits included:

- allowance for mobile phones for key personnel
- home Internet access to PSR’s information technology network
- paid car parking for all staff
- Qantas Club membership for staff members who travel more than six times a year.

Holders of full-time and part-time public office

The PSR’s Director is a holder of full-time public office whose remuneration and allowances are set annually by the Australian Government’s Remuneration Tribunal.

At 30 June 2010, 91 PSR panel members, including 23 of its deputy directors as well as seven members of PSR’s Determining Authority, were holders of part-time public office. The Remuneration Tribunal sets the remuneration and allowances for panel members and Determining Authority members each year.

Panel members are appointed in locations across Australia to provide a broad pool of knowledge and experience to PSR’s peer review process (Table 11).

Table 11: PSR panel members by location and gender, at 30 June 2010

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>MALE</th>
<th>FEMALE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>21</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Victoria</td>
<td>13</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Queensland</td>
<td>12</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Western Australia</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>South Australia</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Tasmania</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>25</strong></td>
<td><strong>91</strong></td>
</tr>
</tbody>
</table>
Training and development

Training and development remained a PSR priority in 2009–10. Staff training and development needs are identified through individual development plans made under the organisation’s Performance Development Scheme.

Technical training for operational staff was provided through on-the-job training, mentoring by experienced staff and an accelerated skills development program for new case managers.

In 2009–10, the PSR Quality Assurance System continued to provide support to new and developing staff.

Staff developed their core skills by undertaking a variety of external courses and workshops on negotiation, leadership and management, report writing and professional development for specialists.

Additionally, all staff attended a team workshop encompassing previous performance, opportunities for quality and output improvements, future planning and team effectiveness.

The workshop contributed to the development of the organisation’s business and strategic plans and the PSR Enterprise Agreement.

In 2009–10, PSR supported two staff members to further their studies in management and accountancy and financial management.

Managers and staff members meet formally to evaluate staff training and development under the Performance Development Scheme.

PSR allocated about 2.1 per cent of its annual salary expenditure to non-technical training and development during the year.

Occupational health and safety

The following information is presented in accordance with the requirements of Section 74 of the Occupational Health and Safety (Commonwealth Employment) Act 1991.

In 2009–10, PSR finalised its Health and Safety Management Arrangements and completed their implementation.

PSR remains committed to the health, safety and welfare of its staff members and contractors. PSR undertook a variety of health and safety activities that included:

- work station assessments for all new staff, with immediate implementation of any corrective measures needed
- influenza vaccinations for all staff and their dependents
- Employee Assistance Program access for all staff and their immediate families
- full accreditation of two staff members as first-aid officers
- first-aid kits renewed.

The PSR Occupational Health and Safety Committee met twice during the year and made recommendations to the Management Committee for consideration as necessary. The Management Committee supported these Occupational Health and Safety Committee recommendations.

PSR has an occupational health and safety representative in its workplace, who is responsible for monitoring workplace hazards.

Staff members can also raise any health and safety issues with the representative.

The representative made recommendations to the Management Committee for consideration as necessary.

There were two reported health and safety incidents in 2009–10, both related to strains and sprains.
No notices were received under any of the relevant sections of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. PSR managed two compensation claims during the year with the assistance of Comcare Australia.

PSR continued to reduce occupational health and safety risks to its staff. In 2009–10, it looked at ways to reduce manual handling risks by reducing its reliance on paper records. These records must be transported to and from PSR committee meetings. PSR intends to replace paper-based records with electronic records in 2010–11.

**COMMONWEALTH DISABILITY STRATEGY**

PSR is committed to the principles of the Commonwealth Disability Strategy.

PSR’s employment policies, procedures and practices comply with the requirements of the *Disability Discrimination Act 1992*. Recruitment information is available in electronic formats and PSR encourages and welcomes applications from people with a disability.

PSR continues to make the organisation accessible to people with disabilities by:

- advertising all vacancies on the Internet
- allowing potential applicants to apply for positions by e-mail
- ensuring applicants short-listed for interview have the opportunity to indicate any needs they may have.

PSR’s programs and services are not delivered to the general public and, to date, PSR has not been notified of any person under review with a disability.

If the need arises, PSR would make available the facilities relevant to its regulator and provider roles to ensure appropriate access is provided.

The PSR website [www.psr.gov.au](http://www.psr.gov.au) has information about the strategy, and the site meets the Government’s online minimum standards to accessible formats for people with disabilities.

PSR, as a purchaser, consults with affected staff and, if appropriate, it seeks the advice of relevant organisations to ensure that it meets accessibility needs and standards.

**FINANCE**

PSR’s appropriation budget for 2009–10 was $6,109,000. The Department of Finance and Deregulation also approved an operating loss of $1.5 million to handle the increased case workload identified by using the new costing model developed in the previous financial year.

The actual increase in workload in 2009–10 came in a little under the estimated peak, and resulted in an operating loss for the financial year of $1.112 million.

The Australian National Audit Office’s report on PSR’s 2009–10 financial statements was unqualified and was signed on 23rd of September 2010 (see Appendix 2).

The Certificate of Compliance, which requires PSR to confirm compliance with the financial management accountability legislation and other specified government policy, was undertaken by PSR’s internal auditors, Moore Stephens Accountants and Advisors.

**PURCHASING**

In 2009–10, with the exception of those instances reported in the Certificate of Compliance, PSR complied with the Government’s purchasing policies as articulated in the Commonwealth Procurement Guidelines (available at [www.finance.gov.au](http://www.finance.gov.au)).

PSR’s procurement of travel services adhered to the Australian Government standard of ‘best fare of the day’ for air travel.
ASSET MANAGEMENT

All PSR assets are securely housed at its premises within the Brindabella Business Park. PSR maintains an asset register and conducts an annual asset stocktake. All assets loaned to staff are signed for in a register.

PSR did not undertake any significant purchases in 2009–10. PSR purchased three small IT hardware assets totalling $22,291 and three software purchases totalling $18,215.

CONSULTANTS

During 2009–10 PSR entered into four new, non-reportable consultancy contracts under subsection 106ZP(1) of the *Health Insurance Act 1973* for a total value of $6,064 to assist the Director of PSR in the performance of the functions, duties or powers of the Director. In addition, PSR incurred further expenditure of $1,100,529 in relation to two existing consultancy contracts for the provision of legal services.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website [www.tenders.gov.au](http://www.tenders.gov.au).

Table 12: Consultancy contracts let in 2009–10 of $10,000 or more

<table>
<thead>
<tr>
<th>CONSULTANT NAME</th>
<th>DESCRIPTIONS</th>
<th>CONTRACT PRICE</th>
<th>SELECTION PROCESS</th>
<th>JUSTIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>nil</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

During 2009–10, PSR had no contracts over the value of $100,000 that did not provide for the Auditor-General to have access to the contractor’s premises.

EXEMPT CONTRACTS

PSR had no contracts over the value of $10,000 that were exempted from being published in AusTender on the basis that to do so would disclose exempt matters under the Freedom of Information Act 1982.

ADVERTISING AND MARKET RESEARCH

PSR had no expenditure on advertising and market research that would require reporting in accordance with the Commonwealth Electoral Act 1918.

GRANTS PROGRAMS

PSR does not administer any grants programs.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

Section 516A of the Environmental Protection and Biodiversity Conservation Act 1999 requires that PSR report its contribution to ecologically sustainable development.

PSR’s small size and specific role limit its opportunities to contribute to ecologically sustainable development; however, PSR endeavours to reduce its energy costs and encourages ecologically sustainable practices, such as paper recycling and greater reliance on electronic records in preference to paper. During 2009–10, PSR participated in the 2010 Earth Hour and PSR’s only vehicle is an environmentally-friendly and fuel-efficient hybrid Toyota Prius.

None of PSR’s activities are relevant to ecologically sustainable development in terms of the Environmental Protection and Biodiversity Conservation Act 1999, and the PSR outcome listed in the Portfolio Budget Statements for 2009–10 does not contribute to ecologically sustainable development.

PUBLICATIONS

PSR produced two new publications this year. They were:
- Annual Report 2008–09
- Report to the Professions 2008–09.

Reports are available at the PSR website at www.psr.gov.au
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### APPENDIX 1 PSR’S RESOURCE STATEMENT AND OUTCOME SUMMARY 2009–10

Table 13: Resource statement 2009–10

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL AVAILABLE APPROPRIATIONS FOR 2009–10 ($’000) (A)</th>
<th>PAYMENTS MADE 2009–10 ($’000) (B)</th>
<th>BALANCE REMAINING ($’000) (A–B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORDINARY ANNUAL SERVICES</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior year departmental appropriation</td>
<td>1,680</td>
<td>1,680</td>
<td>–</td>
</tr>
<tr>
<td>Departmental appropriation</td>
<td>6,109</td>
<td>4,736</td>
<td>1,373</td>
</tr>
<tr>
<td>Section 31 relevant agency receipts&lt;sup&gt;3&lt;/sup&gt;</td>
<td>382</td>
<td>382</td>
<td>–</td>
</tr>
<tr>
<td><strong>OTHER SERVICES</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental non-operating</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity injections</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Previous year’s outputs</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total other services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total resourcing and payments</td>
<td>8,171</td>
<td>6,798</td>
<td>1,373</td>
</tr>
</tbody>
</table>

**Notes:**
- All figures are GST exclusive
- 1 Appropriation Bill (No 1) 2009–10
- 2 N/A
- 3 Appropriation receipts from other agencies credited
Table 14: Resource summary, 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.

<table>
<thead>
<tr>
<th>Program 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Schemes.</th>
<th>BUDGET* 2009–10 ('000) (A)</th>
<th>ACTUAL EXPENSES 2009–10 ('000) (B)</th>
<th>VARIATION ('000) (A)–(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental outputs</td>
<td>7,659</td>
<td>7,367</td>
<td>292</td>
</tr>
<tr>
<td>Average staffing level (number)</td>
<td>29</td>
<td>30</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: * Full-year budget, including any subsequent adjustment made to the 2009–10 Federal Budget
APPENDIX 2 FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR’S REPORT

To the Minister for Health and Ageing

Scope

I have audited the accompanying financial statements of the Professional Services Review for the year ended 30 June 2010, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Director’s Responsibility for the Financial Statements

The Director is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister’s Orders made under the Financial Management and Accountability Act 1997, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Professional Services Review’s preparation and fair presentation of the financial statements 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 Professional Services Review’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial statements.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

**Auditor’s Opinion**

In my opinion, the financial statements of the Professional Services Review:

(a) have been prepared in accordance with the Finance Minister’s Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister’s Orders including the Professional Services Review’s financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

[Signature]

Ron Wahl
Senior Director

Delegate of the Auditor-General

Canberra
23 September 2010
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister’s Orders made under the Financial Management and Accountability Act 1997, as amended.

Signed

Dr Anthony Webber
Chief Executive
22 September 2010

Signed

Sue Pollock
Chief Financial Officer
22 September 2010
## STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 30 June 2010*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>3A</td>
<td>3,178,089</td>
</tr>
<tr>
<td>Supplier expenses</td>
<td>3B</td>
<td>3,989,188</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>3C</td>
<td>171,446</td>
</tr>
<tr>
<td>Finance costs</td>
<td>3D</td>
<td>4,125</td>
</tr>
<tr>
<td>Losses from asset sales</td>
<td>3E</td>
<td>47</td>
</tr>
<tr>
<td>Other</td>
<td>3F</td>
<td>24,243</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>7,367,138</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LESS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OWN-SOURCE INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own-source revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of goods and rendering of services</td>
<td>4A</td>
<td>1,750</td>
</tr>
<tr>
<td>Other</td>
<td>4B</td>
<td>47,894</td>
</tr>
<tr>
<td><strong>Total own-source revenue</strong></td>
<td></td>
<td>49,644</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gains</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4C</td>
<td>95,893</td>
</tr>
<tr>
<td><strong>Total gains</strong></td>
<td></td>
<td>95,893</td>
</tr>
<tr>
<td><strong>Total own-source income</strong></td>
<td></td>
<td>145,537</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cost of (contribution by) services</strong></td>
<td>(7,251,601)</td>
<td>(5,888,400)</td>
</tr>
<tr>
<td>Revenue from Government</td>
<td>4D</td>
<td>6,109,000</td>
</tr>
<tr>
<td>Surplus (Deficit) attributable to the Australian Government</td>
<td>(1,112,601)</td>
<td>(1,112,601)</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in asset revaluation reserves</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to the Australian Government</strong></td>
<td>(1,112,601)</td>
<td>251,488</td>
</tr>
</tbody>
</table>

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

**as at 30 June 2010**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5A</td>
<td>572,668</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5B</td>
<td>895,860</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>1,468,528</td>
</tr>
<tr>
<td>Non-Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and buildings</td>
<td>6A.C</td>
<td>339,467</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>6B.C</td>
<td>238,155</td>
</tr>
<tr>
<td>Intangibles</td>
<td>6D.E</td>
<td>76,387</td>
</tr>
<tr>
<td>Other</td>
<td>6F</td>
<td>22,538</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td></td>
<td>676,547</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>2,145,075</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>7A</td>
<td>492,480</td>
</tr>
<tr>
<td>Other</td>
<td>7B</td>
<td>107,368</td>
</tr>
<tr>
<td><strong>Total payables</strong></td>
<td></td>
<td>599,848</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee provisions</td>
<td>8A</td>
<td>523,326</td>
</tr>
<tr>
<td>Other</td>
<td>8B</td>
<td>120,870</td>
</tr>
<tr>
<td><strong>Total provisions</strong></td>
<td></td>
<td>644,196</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>1,243,979</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td>901,096</td>
</tr>
</tbody>
</table>

**EQUITY**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Entity Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>357,480</td>
</tr>
<tr>
<td>Retained surplus</td>
<td></td>
<td>543,616</td>
</tr>
<tr>
<td><strong>Total parent entity interest</strong></td>
<td></td>
<td>901,096</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>901,096</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
## STATEMENT OF CHANGES IN EQUITY

_for the year ended 30 June 2010_

<table>
<thead>
<tr>
<th>Retained earnings</th>
<th>Asset revaluation reserve</th>
<th>Contributed equity</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>$ 1,656,217</td>
<td>$ 16,533,617</td>
<td>$ 357,480</td>
</tr>
<tr>
<td>Adjustment for errors</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment for changes in accounting policies</td>
<td>-</td>
<td>(8,870,000)</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted opening balance</td>
<td>$ 1,656,217</td>
<td>$ 17,403,617</td>
<td>$ 357,480</td>
</tr>
</tbody>
</table>

### Comprehensive income

<table>
<thead>
<tr>
<th>Surplus (Deficit) for the period</th>
<th>(1,112,601)</th>
<th>(47,400)</th>
<th>-</th>
<th>298,888</th>
<th>-</th>
<th>-</th>
<th>(1,112,601)</th>
<th>(47,400)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income</td>
<td>(1,112,601)</td>
<td>(47,400)</td>
<td>-</td>
<td>298,888</td>
<td>-</td>
<td>-</td>
<td>(1,112,601)</td>
<td>251,488</td>
</tr>
</tbody>
</table>

### Distributions to owners

<table>
<thead>
<tr>
<th>Returns of capital:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Sub-total transactions with owners</td>
</tr>
<tr>
<td>Transfers between equity components</td>
</tr>
<tr>
<td>Closing balance as at 30 June</td>
</tr>
</tbody>
</table>

Less: non-controlling interests* | - | - | - | - | - | - | - | - |
| Closing balance attributable to the Australian Government | $ 543,616 | $ 1,656,217 | $ 357,480 | $ 357,480 | - | - | $ 901,096 | $ 2,013,697 |

The above statement should be read in conjunction with the accompanying notes.
## CASH FLOW STATEMENT

for the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>6,609,000</td>
<td>4,549,600</td>
</tr>
<tr>
<td>Net GST received</td>
<td>255,584</td>
<td>324,384</td>
</tr>
<tr>
<td>Other</td>
<td>381,480</td>
<td>444,077</td>
</tr>
<tr>
<td>Total cash received</td>
<td>7,246,064</td>
<td>5,317,461</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>3,126,741</td>
<td>2,664,399</td>
</tr>
<tr>
<td>Suppliers</td>
<td>3,887,153</td>
<td>3,738,630</td>
</tr>
<tr>
<td>Total cash used</td>
<td>7,013,894</td>
<td>6,403,029</td>
</tr>
<tr>
<td>Net cash from (used by) operating activities</td>
<td>232,170</td>
<td>(1,085,568)</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>683</td>
<td>6,077</td>
</tr>
<tr>
<td>Total cash received</td>
<td>683</td>
<td>6,077</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>22,291</td>
<td>78,918</td>
</tr>
<tr>
<td>Purchase of Intangibles</td>
<td>18,215</td>
<td>30,801</td>
</tr>
<tr>
<td>Total cash used</td>
<td>40,506</td>
<td>109,719</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(39,823)</td>
<td>(103,642)</td>
</tr>
</tbody>
</table>

Net increase (decrease) in cash held | 192,347 | (1,189,210) |
Cash and cash equivalents at the beginning of the reporting period | 380,321 | 1,569,531 |
Cash and cash equivalents at the end of the reporting period | 572,668 | 380,321 |

The above statement should be read in conjunction with the accompanying notes.
## SCHEDULE OF COMMITMENTS

**as at 30 June 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BY TYPE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GST recoverable on commitments</td>
<td>(264,986)</td>
<td>(251,963)</td>
</tr>
<tr>
<td>Total commitments receivable</td>
<td>(264,986)</td>
<td>(251,963)</td>
</tr>
<tr>
<td><strong>Other commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases(^1)</td>
<td>2,433,230</td>
<td>2,534,623</td>
</tr>
<tr>
<td>Other</td>
<td>481,610</td>
<td>236,970</td>
</tr>
<tr>
<td>Total other commitments</td>
<td>2,914,840</td>
<td>2,771,593</td>
</tr>
<tr>
<td>Net commitments by type</td>
<td>2,649,854</td>
<td>2,519,630</td>
</tr>
<tr>
<td><strong>BY MATURITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>(59,130)</td>
<td>(35,758)</td>
</tr>
<tr>
<td>From one to five years</td>
<td>(168,063)</td>
<td>(135,256)</td>
</tr>
<tr>
<td>Over five years</td>
<td>(37,793)</td>
<td>(80,949)</td>
</tr>
<tr>
<td>Total other commitments receivable</td>
<td>(264,986)</td>
<td>(251,963)</td>
</tr>
<tr>
<td>Commitments payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>314,051</td>
<td>270,461</td>
</tr>
<tr>
<td>From one to five years</td>
<td>1,703,457</td>
<td>1,373,727</td>
</tr>
<tr>
<td>Over five years</td>
<td>415,724</td>
<td>890,435</td>
</tr>
<tr>
<td>Total operating lease commitments</td>
<td>2,433,231</td>
<td>2,534,623</td>
</tr>
<tr>
<td>Other Commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>336,377</td>
<td>122,878</td>
</tr>
<tr>
<td>From one to five years</td>
<td>145,233</td>
<td>114,092</td>
</tr>
<tr>
<td>Over five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total other commitments</td>
<td>481,610</td>
<td>236,970</td>
</tr>
<tr>
<td>Net commitments by maturity</td>
<td>2,649,856</td>
<td>2,519,630</td>
</tr>
</tbody>
</table>

NB: Commitments are GST inclusive where relevant.

\(^1\) Operating leases consist of the lease of premises and car parking at the Canberra International Airport from Canberra International Airport Pty Ltd. A new 8 year lease was signed in July 2009. This amount also includes the provision of a motor vehicle for PSR through LeasePlan.

The above statement should be read in conjunction with the accompanying notes.
## SCHEDULE OF CONTINGENCIES

**as at 30 June 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contingent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indemnities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims for damages or costs(^1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total contingent assets</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Contingent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indemnities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims for damages or costs(^1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total contingent liabilities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net contingent assets (liabilities)</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^1\) PSR has a number of proceedings which may involve claims for costs. The outcomes will not be known until the completion of these proceedings, refer to Note 10.

The above statement should be read in conjunction with the accompanying notes.
SCHEDULE OF ASSET ADDITIONS
for the year ended 30 June 2010.

The following non-financial non-current assets were added in 2009-10:

<table>
<thead>
<tr>
<th></th>
<th>Buildings $</th>
<th>Other property, plant &amp; equipment $</th>
<th>Intangibles $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>By purchase - appropriation ordinary annual services</td>
<td>-</td>
<td>22,291</td>
<td>18,215</td>
<td>40,506</td>
</tr>
<tr>
<td>By purchase - other¹</td>
<td>74,500</td>
<td>-</td>
<td>-</td>
<td>74,500</td>
</tr>
<tr>
<td>Total additions</td>
<td>74,500</td>
<td>22,291</td>
<td>18,215</td>
<td>115,006</td>
</tr>
</tbody>
</table>

The following non-financial non-current assets were added in 2008-09:

<table>
<thead>
<tr>
<th></th>
<th>Buildings $</th>
<th>Other property, plant &amp; equipment $</th>
<th>Intangibles $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>By purchase - appropriation ordinary annual services</td>
<td>-</td>
<td>78,918</td>
<td>30,801</td>
<td>109,719</td>
</tr>
<tr>
<td>Total additions</td>
<td>-</td>
<td>78,918</td>
<td>30,801</td>
<td>109,719</td>
</tr>
</tbody>
</table>

¹ Recognition of make-good asset on signing of new lease for premises and car parking at the Canberra International Airport in July 2009.

The above statement should be read in conjunction with the accompanying notes.
Note 1: Summary of Significant Accounting Policies

1.1 Objectives of PSR

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 Medicare Australia.

PSR has only 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 PSR in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for PSR's administration and programs.

PSR activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by PSR in its own right.

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by section 49 of the Financial Management and Accountability Act 1997 and are general purpose financial statements.

The Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations 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, in certain instances balances rolled forward from the prior year have been adjusted by a nominal amount to correct rounding differences.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to PSR or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingent liabilities.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

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.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Of the new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board, prior to the signing of the statement by the Chief Executive and Chief Financial Officer, that are applicable to the current reporting period, none has had a material financial impact on PSR.
Future Australian Accounting Standard Requirements

Of the new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to future periods, the following are expected to have a material financial impact on the entity:


Other new standards, amendments to standards and interpretations that were issued prior to the signing of the statement by the Chief Executive Officer and Chief Financial Officer and are applicable to the future reporting period are not expected to have a future financial impact on PSR.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue when PSR gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- PSR retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

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:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of reporting period. Allowances are made when collectability of the debt is no longer probable.

1.6 Gains

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Other Distributions to Owners

In previous financial years, PSR had returned unutilised appropriation to the Department of Finance and Deregulation (Finance) which resulted in a negative contributed equity balance of $8,793,000 as at 1 July 2009. A further return of unutilised appropriation to Finance of $37,000 occurred in 2008-09. In 2009-10 PSR changed its accounting policy to provide more relevant information on the effect of returning unutilised appropriation on PSR’s financial position.
Accordingly, PSR has adjusted the negative contributed equity balance in 2008-09 by $8,830,000 to bring the balance to nil, with an offset reduction in retained earnings. The contributed equity balance in 2009-10 remains at nil.

1.8 Employee Benefits

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of end of 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 minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leaves

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 apply at the time the leave is taken, including PSR’s employee 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 is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2010. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Under the Superannuation Legislation Amendment (Choice of Funds) Act 2004, staff of PSR are able to become a member of any complying superannuation fund. A complying superannuation fund is one that meets the requirements under the Income Tax Assessment Act (1997) and the Superannuation Industry (Supervision) Act 1993.

The majority of staff of PSR 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 repored by the Department of Finance and Deregulation as an administered item.

PSR makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of PSR’s employees. 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.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

PSR does not hold any finance leases.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.
1.10 Cash

Cash and cash equivalents includes cash on hand, cash held with outsiders, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial Assets

PSR classifies its financial assets as loans and receivables.

Financial assets are recognised and derecognised upon trade date.

*Loans and Receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

*Impairment of Financial Assets*

Financial assets are assessed for impairment at the end of each reporting period.

- Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. PSR does not hold any financial liabilities ‘at fair value through profit or loss’.

Financial liabilities are recognised and derecognised upon trade date.

*Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and 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.

1.14 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 agency’s accounts immediately prior to the restructuring.

1.15 Property, Plant and Equipment

*Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than $1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).
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 ‘makegood’ provisions in property leases taken up by PSR where there exists an obligation to restore an asset to its original condition. These costs are included in the value of PSR’s leasehold improvements with a corresponding provision for the ‘makegood’ recognised.

**Revaluations**

Fair values for each class of asset are determined as shown below:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Fair value measured at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>Depreciated replacement cost</td>
</tr>
<tr>
<td>Infrastructure, plant and equipment</td>
<td>Market selling price</td>
</tr>
</tbody>
</table>

Following initial recognition at cost, property plant and equipment are carried at 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 at the reporting date. The regularity of independent valuations depends 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 reverses 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 reverse 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.

**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:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impairment**

All assets were assessed for impairment at 30 June 2010. 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 to sell 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 PSR 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.

**1.16 Intangibles**

PSR’s intangibles comprise internally developed software and purchased 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 is 5 years (2008-09: 5 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2010.

**1.17 Taxation**

PSR is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.
Note 2: Events After the Reporting Period

No events occurred after the balance date that would alter or influence PSR's financial statements and notes.
### Note 3: Expenses

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Note 3A: Employee Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>2,510,641</td>
<td>2,237,334</td>
</tr>
<tr>
<td>Superannuation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td>155,238</td>
<td>230,685</td>
</tr>
<tr>
<td>Defined benefit plans</td>
<td>282,795</td>
<td>132,291</td>
</tr>
<tr>
<td>Leave and other entitlements</td>
<td>208,941</td>
<td>116,335</td>
</tr>
<tr>
<td>Other employee expenses</td>
<td>20,474</td>
<td>11,475</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>3,178,089</td>
<td>2,728,120</td>
</tr>
<tr>
<td><strong>Note 3B: Suppliers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goods and services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case expenses</td>
<td>2,651,707</td>
<td>1,921,703</td>
</tr>
<tr>
<td>Business support expenses</td>
<td>1,042,270</td>
<td>1,164,781</td>
</tr>
<tr>
<td><strong>Total goods and services</strong></td>
<td>3,693,977</td>
<td>3,086,484</td>
</tr>
<tr>
<td>Goods and services are made up of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision of goods – related entities</td>
<td>63,996</td>
<td>106,180</td>
</tr>
<tr>
<td>Provision of goods – external parties</td>
<td>3,629,981</td>
<td>2,980,304</td>
</tr>
<tr>
<td><strong>Total goods and services</strong></td>
<td>3,693,977</td>
<td>3,086,484</td>
</tr>
<tr>
<td><strong>Other supplier expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease rentals – external parties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum lease payments</td>
<td>273,591</td>
<td>257,209</td>
</tr>
<tr>
<td>Workers compensation expenses</td>
<td>21,620</td>
<td>11,852</td>
</tr>
<tr>
<td><strong>Total other supplier expenses</strong></td>
<td>295,211</td>
<td>269,061</td>
</tr>
<tr>
<td><strong>Total supplier expenses</strong></td>
<td>3,989,188</td>
<td>3,355,545</td>
</tr>
<tr>
<td><strong>Note 3C: Depreciation and Amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>48,748</td>
<td>99,410</td>
</tr>
<tr>
<td>Property Plant and Equipment</td>
<td>78,180</td>
<td>114,256</td>
</tr>
<tr>
<td><strong>Total depreciation</strong></td>
<td>126,928</td>
<td>213,666</td>
</tr>
<tr>
<td>Amortisation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amortisation</td>
<td>44,518</td>
<td>51,908</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation</strong></td>
<td>171,446</td>
<td>265,574</td>
</tr>
<tr>
<td><strong>Note 3D: Finance Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unwinding of discount</td>
<td>4,125</td>
<td>3,719</td>
</tr>
<tr>
<td><strong>Total finance costs</strong></td>
<td>4,125</td>
<td>3,719</td>
</tr>
<tr>
<td><strong>Note 3E: Losses from Asset Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale</td>
<td>(683)</td>
<td>(3,310)</td>
</tr>
<tr>
<td>Carrying value of assets sold</td>
<td>730</td>
<td>13,984</td>
</tr>
<tr>
<td>Intangibles:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale</td>
<td>-</td>
<td>(2,767)</td>
</tr>
<tr>
<td>Carrying value of assets sold</td>
<td>-</td>
<td>3,927</td>
</tr>
<tr>
<td><strong>Total losses from asset sales</strong></td>
<td>47</td>
<td>11,834</td>
</tr>
<tr>
<td><strong>Note 3F: Other Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>24,243</td>
<td>21,943</td>
</tr>
<tr>
<td><strong>Total other expenses</strong></td>
<td>24,243</td>
<td>21,943</td>
</tr>
</tbody>
</table>
### Note 4: Income

#### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Note 4A: Sale of Goods and Rendering of Services

| Provision of goods - external parties | 1,750 | -    |
| Total sale of goods and rendering of services | 1,750 | -    |

#### Note 4B: Other Revenue

| Recovery of court costs | 43,000 | 483,835 |
| Miscellaneous recoveries | 4,894  | -      |
| Total other revenue     | 47,894 | 483,835 |

#### GAINS

#### Note 4C: Other Gains

| Resources received free of charge | 15,850 | 14,500 |
| Other - reversal of provision for makegood | 80,043 | -      |
| Total other gains                 | 95,893 | 14,500 |

#### REVENUE FROM GOVERNMENT

#### Note 4D: Revenue from Government

<table>
<thead>
<tr>
<th>Appropriations:</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental outputs</td>
<td>6,109,000</td>
<td>5,841,000</td>
</tr>
<tr>
<td>Total revenue from Government</td>
<td>6,109,000</td>
<td>5,841,000</td>
</tr>
</tbody>
</table>
### Note 5: Financial Assets

#### Note 5A: Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand or on deposit</td>
<td>572,668</td>
<td>380,321</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>572,668</td>
<td>380,321</td>
</tr>
</tbody>
</table>

#### Note 5B: Trade and Other Receivables

**Good and Services:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services - external parties</td>
<td>107,127</td>
<td>438,964</td>
</tr>
<tr>
<td>Total receivables for goods and services</td>
<td>107,127</td>
<td>438,964</td>
</tr>
</tbody>
</table>

**Appropriations receivable:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>For existing outputs</td>
<td>800,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Total appropriations receivable</td>
<td>800,000</td>
<td>1,300,000</td>
</tr>
</tbody>
</table>

**Other receivables:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GST receivable from the Australian Taxation Office</td>
<td>34,918</td>
<td>27,650</td>
</tr>
<tr>
<td>Total other receivables</td>
<td>34,918</td>
<td>27,650</td>
</tr>
<tr>
<td>Total trade and other receivables (gross)</td>
<td>942,045</td>
<td>1,766,614</td>
</tr>
</tbody>
</table>

**Less impairment allowance account:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services</td>
<td>(46,185)</td>
<td>(21,943)</td>
</tr>
<tr>
<td>Total impairment allowance account</td>
<td>(46,185)</td>
<td>(21,943)</td>
</tr>
<tr>
<td>Total trade and other receivables (net)</td>
<td>895,860</td>
<td>1,744,671</td>
</tr>
</tbody>
</table>

**Receivables are expected to be recovered in:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No more than 12 months</td>
<td>895,860</td>
<td>1,729,122</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>-</td>
<td>15,549</td>
</tr>
<tr>
<td>Total trade and other receivables (net)</td>
<td>895,860</td>
<td>1,744,671</td>
</tr>
</tbody>
</table>

**Receivables are aged as follows:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net overdue</td>
<td>895,860</td>
<td>1,744,671</td>
</tr>
<tr>
<td>Overdue by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 90 days</td>
<td>46,185</td>
<td>-</td>
</tr>
<tr>
<td>Total receivables (gross)</td>
<td>942,045</td>
<td>1,744,671</td>
</tr>
</tbody>
</table>

**The impairment allowance account is aged as follows:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net overdue</td>
<td>-</td>
<td>21,943</td>
</tr>
<tr>
<td>Overdue by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 90 days</td>
<td>46,185</td>
<td>-</td>
</tr>
<tr>
<td>Total impairment allowance account</td>
<td>46,185</td>
<td>21,943</td>
</tr>
</tbody>
</table>

**Reconciliation of the Impairment Allowance Account:**

#### Movements in relation to 2010

<table>
<thead>
<tr>
<th></th>
<th>Goods and services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>21,943</td>
<td>21,943</td>
</tr>
<tr>
<td>Increase/decrease recognised in net surplus</td>
<td>24,242</td>
<td>24,242</td>
</tr>
<tr>
<td>Closing balance</td>
<td>46,185</td>
<td>46,185</td>
</tr>
</tbody>
</table>

#### Movements in relation to 2009

<table>
<thead>
<tr>
<th></th>
<th>Goods and services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase/decrease recognised in net surplus</td>
<td>21,943</td>
<td>21,943</td>
</tr>
<tr>
<td>Closing balance</td>
<td>21,943</td>
<td>21,943</td>
</tr>
</tbody>
</table>
### Note 6: Non-Financial Assets

#### Note 6A: Land and Buildings

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value</td>
<td>339,467</td>
<td>339,467</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total leasehold improvements</td>
<td>339,467</td>
<td>339,467</td>
</tr>
<tr>
<td>Total land and buildings</td>
<td>339,467</td>
<td>339,467</td>
</tr>
</tbody>
</table>

No indicators of impairment were found for land and buildings.
No land or buildings are expected to be sold or disposed of within the next 12 months.

#### Note 6B: Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value</td>
<td>316,166</td>
<td>294,775</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other property, plant and equipment</td>
<td>238,155</td>
<td>294,775</td>
</tr>
<tr>
<td>Total property, plant and equipment</td>
<td>238,155</td>
<td>294,775</td>
</tr>
</tbody>
</table>

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.
No indicators of impairment were found for property, plant and equipment.
No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

#### Note 6C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2009-10)

<table>
<thead>
<tr>
<th></th>
<th>Buildings</th>
<th>Total land and buildings</th>
<th>Other property, plant &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>384,020</td>
<td>384,020</td>
<td>294,774</td>
<td>678,794</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>(70,305)</td>
<td>(70,305)</td>
<td>-</td>
<td>(70,305)</td>
</tr>
<tr>
<td>Net book value 1 July 2009</td>
<td>313,715</td>
<td>313,715</td>
<td>294,774</td>
<td>606,489</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By purchase - cash additions</td>
<td>-</td>
<td>-</td>
<td>22,291</td>
<td>22,291</td>
</tr>
<tr>
<td>By purchase - other</td>
<td>74,500</td>
<td>74,500</td>
<td>-</td>
<td>74,500</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(48,748)</td>
<td>(48,748)</td>
<td>(78,180)</td>
<td>(126,928)</td>
</tr>
<tr>
<td>Disposals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>(730)</td>
<td>(730)</td>
</tr>
<tr>
<td>Net book value 30 June 2010</td>
<td>339,467</td>
<td>339,467</td>
<td>238,155</td>
<td>577,622</td>
</tr>
</tbody>
</table>

**Net book value as of 30 June 2010 represented by:**

<table>
<thead>
<tr>
<th></th>
<th>Buildings</th>
<th>Total land and buildings</th>
<th>Other property, plant &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>339,467</td>
<td>339,467</td>
<td>238,155</td>
<td>577,622</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(339,467)</td>
<td>(339,467)</td>
<td>(238,155)</td>
<td>(577,622)</td>
</tr>
</tbody>
</table>

**Note 6C (Cont’d): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2008-09)**

<table>
<thead>
<tr>
<th></th>
<th>Buildings</th>
<th>Total land and buildings</th>
<th>Other property, plant &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>497,048</td>
<td>497,048</td>
<td>622,663</td>
<td>1,119,711</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td>(388,877)</td>
<td>(388,877)</td>
<td>(272,618)</td>
<td>(661,495)</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By purchase</td>
<td>-</td>
<td>-</td>
<td>78,918</td>
<td>78,918</td>
</tr>
<tr>
<td>Revaluations and impairments recognised in other comprehensive income</td>
<td>304,954</td>
<td>304,954</td>
<td>(6,066)</td>
<td>298,888</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(99,410)</td>
<td>(99,410)</td>
<td>(114,256)</td>
<td>(213,666)</td>
</tr>
<tr>
<td>Disposals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From disposal of entities or operations (including restructuring)</td>
<td>-</td>
<td>-</td>
<td>(13,866)</td>
<td>(13,866)</td>
</tr>
<tr>
<td>Net book value 30 June 2009</td>
<td>313,715</td>
<td>313,715</td>
<td>294,775</td>
<td>608,490</td>
</tr>
</tbody>
</table>

**Net book value as of 30 June 2009 represented by:**

<table>
<thead>
<tr>
<th></th>
<th>Buildings</th>
<th>Total land and buildings</th>
<th>Other property, plant &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>339,467</td>
<td>339,467</td>
<td>238,155</td>
<td>577,622</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(70,305)</td>
<td>(70,305)</td>
<td>-</td>
<td>(70,305)</td>
</tr>
<tr>
<td>Net book value 30 June 2009</td>
<td>313,715</td>
<td>313,715</td>
<td>238,155</td>
<td>577,622</td>
</tr>
</tbody>
</table>
**Note 6D: Intangibles**

Computer software:
- Internally developed – in use: 206,856
- Purchased: 241,516
- Total computer software (gross): 448,372
- Accumulated amortisation: (345,682)
- Total computer software (net): 102,690
- Total intangibles: 102,690

*No indicators of impairment were found for intangible assets.*

*No intangibles are expected to be sold or disposed of within the next 12 months.*

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2009–10)**

<table>
<thead>
<tr>
<th></th>
<th>Computer software internally developed</th>
<th>Computer software purchased</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>206,856</td>
<td>241,516</td>
<td>448,372</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment</td>
<td>(174,594)</td>
<td>(171,088)</td>
<td>(345,682)</td>
</tr>
<tr>
<td>Net book value 1 July 2009</td>
<td>32,262</td>
<td>70,428</td>
<td>102,690</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td>(14,211)</td>
<td>(30,387)</td>
<td>(44,598)</td>
</tr>
<tr>
<td>Net book value 30 June 2010</td>
<td>18,051</td>
<td>58,336</td>
<td>76,387</td>
</tr>
</tbody>
</table>

**Net book value as of 30 June 2010 represented by:**
- Gross book value: 206,856
- Accumulated amortisation and impairment: (390,201)

**Note 6E (Cont’d): Reconciliation of the Opening and Closing Balances of Intangibles (2008–09)**

<table>
<thead>
<tr>
<th></th>
<th>Computer software internally developed</th>
<th>Computer software purchased</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>186,404</td>
<td>246,077</td>
<td>432,481</td>
</tr>
<tr>
<td>Accumulated amortisation and impairment</td>
<td>(153,128)</td>
<td>(151,628)</td>
<td>(304,756)</td>
</tr>
<tr>
<td>Net book value 1 July 2008</td>
<td>33,276</td>
<td>94,449</td>
<td>127,725</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By purchase</td>
<td>20,452</td>
<td>10,349</td>
<td>30,801</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(21,466)</td>
<td>(20,442)</td>
<td>(41,908)</td>
</tr>
</tbody>
</table>
| Disposals:                     | From disposal of entities/operations (including restructuring) | (14,910) | (14,910) | (14,910)
| Asset accumulated depreciation | -                                     | 10,982                     | (10,982)|
| Net book value 30 June 2009    | 32,262                                | 70,428                     | 102,690|

**Net book value as of 30 June 2009 represented by:**
- Gross book value: 206,856
- Accumulated amortisation and impairment: (390,201)

**Note 6F: Other Non-Financial Assets**

Prepayments: 22,538

Total other non-financial assets: 22,538

*No indicators of impairment were found for other non-financial assets.*

Total other non-financial assets - are expected to be recovered in:
- No more than 12 months: 22,538
- More than 12 months: -

Total other non-financial assets: 22,538
Note 7: Payables

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Note 7A: Suppliers

- Trade creditors and accruals: $492,480 | $200,798
- Total supplier payables: $492,480 | $200,798

Supplier payables expected to be settled within 12 months:
- Related entities: $- | $-
- External parties: $492,480 | $200,798
- Total: $492,480 | $200,798

Supplier payables expected to be settled in greater than 12 months:
- Related entities: $- | $-
- External parties: $- | $-
- Total: $- | $-

Total supplier payables: $492,480 | $200,798

Settlement is usually made within 30 days.

Note 7B: Other Payables

- Salaries and wages: $97,121 | $92,642
- Superannuation: $7,702 | $6,531
- FBT Payable: $2,480 | $2,749
- Total other payables: $107,303 | $101,922

Total other payables are expected to be settled in:
- No more than 12 months: $107,303 | $101,922
- More than 12 months: $- | $-

Total other payables: $107,303 | $101,922
Note 8: Provisions

2010       2009
$        $        

**Note 8A: Employee Provisions**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave</td>
<td>518,703</td>
<td>470,749</td>
</tr>
<tr>
<td>Other</td>
<td>4,623</td>
<td>6,610</td>
</tr>
<tr>
<td><strong>Total employee provisions</strong></td>
<td><strong>523,326</strong></td>
<td><strong>477,359</strong></td>
</tr>
</tbody>
</table>

Employee provisions are expected to be settled in:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No more than 12 months</td>
<td>383,809</td>
<td>378,483</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>139,517</td>
<td>98,876</td>
</tr>
<tr>
<td><strong>Total employee provisions</strong></td>
<td><strong>523,326</strong></td>
<td><strong>477,359</strong></td>
</tr>
</tbody>
</table>

**Note 8B: Other Provisions**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for restoration obligations</td>
<td>78,256</td>
<td>79,674</td>
</tr>
<tr>
<td>Lease provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease incentive</td>
<td></td>
<td>1,109</td>
</tr>
<tr>
<td>Straight line of lease</td>
<td>42,614</td>
<td>1,915</td>
</tr>
<tr>
<td><strong>Total other provisions</strong></td>
<td><strong>120,870</strong></td>
<td><strong>82,698</strong></td>
</tr>
</tbody>
</table>

Other provisions are expected to be settled in:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No more than 12 months</td>
<td></td>
<td>82,698</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>120,870</td>
<td></td>
</tr>
<tr>
<td><strong>Total other provisions</strong></td>
<td><strong>120,870</strong></td>
<td><strong>82,698</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Lease Provisions</th>
<th>Provision for restoration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Carrying amount 1 July 2009</td>
<td>3,024</td>
<td>79,674</td>
<td>82,698</td>
</tr>
<tr>
<td>Additional provisions made</td>
<td>42,614</td>
<td>74,500</td>
<td>117,114</td>
</tr>
<tr>
<td>Amounts used</td>
<td>(3,024)</td>
<td>-</td>
<td>(3,024)</td>
</tr>
<tr>
<td>Amounts reversed</td>
<td>-</td>
<td>(80,043)</td>
<td>(80,043)</td>
</tr>
<tr>
<td>Unwinding of discount or change in discount rate</td>
<td>-</td>
<td>4,125</td>
<td>4,125</td>
</tr>
<tr>
<td><strong>Closing balance 2010</strong></td>
<td><strong>42,614</strong></td>
<td><strong>78,256</strong></td>
<td><strong>120,870</strong></td>
</tr>
</tbody>
</table>

PSR currently has an agreement for the leasing of premises which have provisions requiring PSR to restore the premises to their original condition at the conclusion of the lease. PSR has made a provision to reflect the present value of this obligation.
### Note 9: Cash Flow Reconciliation

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

**Cash and cash equivalents as per:**

- **Cash flow statement**: 572,668
- **Balance sheet**: 572,668
- **Difference**: 0

**Reconciliation of net cost of services to net cash from operating activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cost of services</td>
<td>(7,221,601)</td>
<td>(5,888,400)</td>
</tr>
<tr>
<td>Add revenue from Government</td>
<td>6,109,000</td>
<td>5,841,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,112,601)</td>
<td>(1,047,400)</td>
</tr>
</tbody>
</table>

#### Adjustments for non-cash items

- **Depreciation / amortisation**: 171,446

#### Changes in assets / liabilities

- **Increase / (decrease) in net receivables**: 831,836
- **Increase / (decrease) in GST receivable**: (7,268)
- **Increase / (decrease) in prepayments**: 17,764
- **Increase / (decrease) in appropriation**: (37,000)
- **Increase / (decrease) in employee provisions**: 45,967
- **Increase / (decrease) in supplier payables**: 291,683
- **Increase / (decrease) in other payable**: 5,381
- **Increase / (decrease) in other provisions**: 39,590

**Net cash from (used by) operating activities**: 232,170
## Note 10: Contingent Liabilities and Assets

### Quantifiable Contingencies
The schedule of contingencies reports contingent liabilities in respect of 2010 of $0 (2009 $0).

### Unquantifiable Contingencies
PSR has a number of proceedings which may involve claims for costs. The outcomes will not be known until the completion of these proceedings.

### Significant Remote Contingencies
At 30 June 2010 PSR did not have any remote contingencies.
Note 11: Senior Executive Remuneration

Note 11A: Actual Remuneration Paid to Senior Executives

<table>
<thead>
<tr>
<th>Executive Remuneration</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of senior executives who received:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than $145,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$145,000 to $159,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$160,000 to $174,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$175,000 to $189,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$190,000 to $204,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$205,000 to $219,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$220,000 to $234,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$240,000 to $254,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$255,000 to $269,999</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$270,000 to $284,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$295,000 to $309,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

1. For the purpose of this note disclosure remuneration includes:
   (a) Salary (including payment for annual leave taken)
   (b) Movement in annual leave and long service leave provisions
   (c) Superannuation (post employment benefits)
   (d) Motor vehicle and other allowances
   (e) Reportable fringe benefits

2. Senior Executives with acting arrangements or part year service are excluded where remuneration is less than $145,000.

3. The 2009 comparatives have been restated from that published in 2008-09 to ensure conformity to the 2010 presentation.

Total expense recognised in relation to Senior Executive employment

<table>
<thead>
<tr>
<th>Short-term employee benefits</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary (including annual leave taken)</td>
<td>334,835</td>
<td>320,536</td>
</tr>
<tr>
<td>Changes in annual leave provisions</td>
<td>1,757</td>
<td>(10,605)</td>
</tr>
<tr>
<td>Performance bonus</td>
<td>11,807</td>
<td>11,067</td>
</tr>
<tr>
<td><strong>Total Short-term employee benefits</strong></td>
<td>358,400</td>
<td>309,134</td>
</tr>
<tr>
<td>Superannuation (post-employment benefits)</td>
<td>63,599</td>
<td>78,417</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>422,000</td>
<td>387,551</td>
</tr>
</tbody>
</table>

During the year the entity paid $50 in termination benefits to senior executives (2009: $50)

4. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

Note 11B: Salary Packages for Senior Executives

Average annualised remuneration packages for substantive Senior Executives employed at 30 June:

<table>
<thead>
<tr>
<th>Remuneration packages</th>
<th>As at 30 June 2010</th>
<th>Remuneration packages</th>
<th>As at 30 June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. SES</td>
<td>Base salary (including annual leave)</td>
<td>Total remuneration package</td>
<td>No. SES</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>138,500</td>
<td>280,607</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2</td>
<td>280,607</td>
<td>2</td>
</tr>
</tbody>
</table>

5. The total remuneration package includes:
   (a) Agreed base salary (including annual leave)
   (b) Superannuation (post employment benefits)
   (c) Motor vehicle and other allowances
   (d) Reportable fringe benefits

Long service leave expense is excluded.

Major differences between Note 11A and 11B

Note 11A includes amounts paid (and payable) to Senior Executives (including acting arrangements and part year service) where the $145,000 threshold was reached during the year.

Note 11B reflects only substantive Senior Executives packages in existence at 30 June.

These amounts may differ to the remuneration package disclosed in Note 11B depending on the amount of leave taken during the year; part-year service; periods of leave without pay; acting arrangements; changes to base salary; salary for superannuation purposes and allowances during the year; and recalculation of employee provisions.
### Note 12: Remuneration of Auditors

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial statement audit services were provided free of charge to the Agency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The fair value of the services provided was:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>15,850</td>
<td>14,500</td>
</tr>
<tr>
<td></td>
<td>15,850</td>
<td>14,500</td>
</tr>
</tbody>
</table>

No other services were provided by the Auditor-General.
Note 13: Financial Instruments

Note 13A: Categories of Financial Instruments

Financial Assets
Loans and receivables:
- Goods and services receivable: $197,127 (2009: $438,964)
Total: $769,795 (2009: $819,285)
Carrying amount of financial assets: $769,795 (2009: $819,285)

Financial Liabilities
At amortised cost:
- Payables - suppliers: $492,400 (2009: $201,907)
- Lease incentives: $1,109
Total: $493,509 (2009: $203,016)
Carrying amount of financial liabilities: $493,509 (2009: $203,016)

Note 13B: Fair Value of Financial Instruments

PSR does not carry any financial instruments at fair value.

Note 13C: Credit Risk

PSR is exposed to minimal credit risk as loans and receivables are cash and trade receivables.

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables 2010: $107,127 (2009: $438,964). PSR has assessed the risk of default on payment and has allocated $46,185 in 2010 (2009: $21,943) to an allowance for doubtful debts account.

PSR holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

<table>
<thead>
<tr>
<th>Not past due nor impaired</th>
<th>Not past due or impaired</th>
<th>Past due or impaired</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods and services receivable</td>
<td>60,945</td>
<td>417,021</td>
</tr>
<tr>
<td>Total</td>
<td>60,945</td>
<td>417,021</td>
</tr>
</tbody>
</table>

Aging of financial assets that were past due but not impaired for 2010

<table>
<thead>
<tr>
<th></th>
<th>0 to 30 days</th>
<th>31 to 60 days</th>
<th>61 to 90 days</th>
<th>90+ days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46,185</td>
<td>46,185</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46,185</td>
<td>46,185</td>
</tr>
</tbody>
</table>

There are no past due financial assets at 30 June 2009.

Note 13D: Liquidity Risk

PSR’s financial liabilities are limited to payables. The exposure to liquidity risk is based on the notion that the PSR will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to PSR (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for non-derivative financial liabilities 2010

<table>
<thead>
<tr>
<th></th>
<th>On demand</th>
<th>within 1 year</th>
<th>1 to 2 years</th>
<th>2 to 5 years</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables - suppliers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>492,409</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>492,409</td>
</tr>
</tbody>
</table>

Maturities for non-derivative financial liabilities 2009

<table>
<thead>
<tr>
<th></th>
<th>On demand</th>
<th>within 1 year</th>
<th>1 to 2 years</th>
<th>2 to 5 years</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables - suppliers</td>
<td>-</td>
<td>200,798</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200,798</td>
</tr>
<tr>
<td>Lease incentives</td>
<td>1,109</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,109</td>
</tr>
<tr>
<td>Total</td>
<td>201,907</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>201,907</td>
</tr>
</tbody>
</table>

PSR is appropriated funding from the Australian Government. PSR manages its budgeted appropriations to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

PSR has no derivative financial liabilities in both the current and prior year.

Note 13E: Market Risk

PSR’s financial instruments are of a nature that do not expose PSR to certain market risks.

PSR is not exposed to ‘Currency risk’ or ‘Other price risk’.

PSR has no interest bearing items on the balance sheet.
### Note 14: Appropriations

#### Table A1: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Departmental outputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 S</td>
<td>2009</td>
</tr>
<tr>
<td>Balance brought forward from previous period <em>Appropriation Act</em></td>
<td>1,680,321</td>
<td>1,614,531</td>
</tr>
<tr>
<td><strong>Appropriation Act</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act (No. 1, 2 &amp; 5) 2009-2010 as passed</td>
<td>6,109,000</td>
<td>5,811,000</td>
</tr>
<tr>
<td>Reduction of appropriations <em>Appropriation Act section 9</em></td>
<td>-</td>
<td>(37,000)</td>
</tr>
<tr>
<td><strong>FMA Act</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Appropriations to take account of recoverable GST (FMA Act section 30A)</em></td>
<td>255,584</td>
<td>324,384</td>
</tr>
<tr>
<td>Relevant agency receipts <em>FMA Act section 31</em></td>
<td>382,163</td>
<td>444,077</td>
</tr>
<tr>
<td>Total appropriation available for payments</td>
<td>9,477,068</td>
<td>8,495,973</td>
</tr>
<tr>
<td>Cash payments made during the year (GST inclusive)</td>
<td>7,054,400</td>
<td>6,506,671</td>
</tr>
<tr>
<td>Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations and as represented by</td>
<td>1,372,608</td>
<td>1,680,321</td>
</tr>
<tr>
<td>Cash at bank and on hand</td>
<td>572,668</td>
<td>380,321</td>
</tr>
<tr>
<td>*Departmental appropriations receivable</td>
<td>800,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td><strong>Total as at 30 June</strong></td>
<td>1,372,668</td>
<td>1,680,321</td>
</tr>
</tbody>
</table>

1. The amounts in this line item are calculated on an accrual basis to the extent that an expense may have incurred that includes GST but has not been paid by year end.
### Note 15: Special Accounts

<table>
<thead>
<tr>
<th>Other Trust Moneys Account (Special Public Money)</th>
<th>2010 $'000</th>
<th>2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation: Financial Management and Accountability Act 1997 section 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishing Instrument: Determination number 15 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose: For expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance carried from previous period</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Appropriation for reporting period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Costs recovered</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GST credits (FMA Act section 30A)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Realised investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receipts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total credits</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments made</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total debits</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance carried to next period and represented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash - held in the Official Public Account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash - held by the agency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total balance carried to the next period</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Other Trust Moneys Special Account has had no activity in the 2009-10 or preceding year.
**Note 16: Compensation and Debt Relief**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Departmental</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No ‘Act of Grace’ expenses were incurred during the reporting period (2009: No payments made).</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2009: None).</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2009: None).</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No ex-gratia payments were provided for during the reporting period (2009: None).</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period (2009: None).</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### Note 17: Reporting of Outcomes

#### Note 17A: Net Cost of Outcome Delivery

<table>
<thead>
<tr>
<th></th>
<th>Outcomes 1</th>
<th>Total</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental</td>
<td>7,367,138</td>
<td>6,386,735</td>
<td>7,367,138</td>
<td>6,386,735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,367,138</td>
<td>6,386,735</td>
<td>7,367,138</td>
<td>6,386,735</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income from non-government sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities subject to cost recovery</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>49,644</td>
<td>483,835</td>
<td>49,644</td>
<td>483,835</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total departmental</td>
<td>49,644</td>
<td>483,835</td>
<td>49,644</td>
<td>483,835</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>49,644</td>
<td>483,835</td>
<td>49,644</td>
<td>483,835</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cost/contribution of outcome delivery</strong></td>
<td>7,317,494</td>
<td>5,902,900</td>
<td>7,317,494</td>
<td>5,902,900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Note 17B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Outcomes 1</th>
<th>Total</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Departmental Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>3,178,089</td>
<td>2,728,120</td>
<td>3,178,089</td>
<td>2,728,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>3,589,188</td>
<td>3,355,545</td>
<td>3,589,188</td>
<td>3,355,545</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>171,446</td>
<td>265,574</td>
<td>171,446</td>
<td>265,574</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>4,125</td>
<td>3,719</td>
<td>4,125</td>
<td>3,719</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Losses from sale of Assets</td>
<td>47</td>
<td>11,834</td>
<td>47</td>
<td>11,834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>24,243</td>
<td>21,943</td>
<td>24,243</td>
<td>21,943</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,367,138</td>
<td>6,386,735</td>
<td>7,367,138</td>
<td>6,386,735</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Departmental Income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from government</td>
<td>6,109,000</td>
<td>5,841,000</td>
<td>6,109,000</td>
<td>5,841,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-taxation revenue</td>
<td>145,537</td>
<td>498,335</td>
<td>145,537</td>
<td>498,335</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,254,537</td>
<td>6,339,335</td>
<td>6,254,537</td>
<td>6,339,335</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Departmental Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets</td>
<td>1,468,528</td>
<td>2,124,992</td>
<td>1,468,528</td>
<td>2,124,992</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Financial Assets</td>
<td>676,547</td>
<td>751,482</td>
<td>676,547</td>
<td>751,482</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,145,075</td>
<td>2,876,474</td>
<td>2,145,075</td>
<td>2,876,474</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Departmental Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>599,783</td>
<td>302,720</td>
<td>599,783</td>
<td>302,720</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>644,196</td>
<td>560,057</td>
<td>644,196</td>
<td>560,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,243,979</td>
<td>862,777</td>
<td>1,243,979</td>
<td>862,777</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 3 FREEDOM OF INFORMATION STATEMENT

During 2009–10, PSR received one request for access to documents under the Freedom of Information Act 1982.

Contact officer
All freedom of information requests should be directed to:
The Executive Officer
Professional Services Review
PO Box 7152
Canberra Business Centre
Fyshwick ACT 2610

Documents
The types of documents PSR holds are:
- requests for review and related documents from Medicare Australia pursuant to section 86 of the Health Insurance Act 1973 regarding the conduct of a person Medicare Australia considers may have engaged in inappropriate practice in connection with rendering or initiating services
- reports of, and related documents regarding, reviews carried out by PSR
- reports of committees
- administrative files
- memoranda of understanding and other agreements
- finance and accounting records
- legal advices
- computer records
- consultancy reports and databases
- contracts
- minutes of various meetings
- general correspondence.

In respect of section 9 of the Freedom of Information Act 1982, PSR has the following document that is provided for the use of, or is used by, PSR or its officers in making decisions or recommendations, under or for the purposes of an enactment or scheme administered by PSR:
Glossary 96
MBS items referred to in text 98
List of requirements index 99
Alphabetical index 101
GLOSSARY

80/20 rule
see prescribed pattern of services

Act

committee
A Professional Services Review committee established by the Director in accordance with section 93 of the *Health Insurance Act 1973* to examine a case of apparent ‘inappropriate practice’ referred by Medicare Australia

Determining Authority
A three-person panel responsible for determining the sanction following an adverse PSR committee finding

Director
The Director of Professional Services Review is an independent statutory officer appointed by the Minister — the occupant must be a medical practitioner and the Australian Medical Association must agree to the appointment

disqualification
Exclusion (partial or complete) from eligibility for the practitioner’s services to attract Medicare benefits

ECG
electrocardiogram

inappropriate practice
Conduct in connection with rendering or initiating services for which a Medicare benefit was payable, and which a committee of peers could reasonably consider would be unacceptable to the general body of the peer group (section 82 of the *Health Insurance Act 1973*)

Level A service
A professional attendance for an obvious problem characterised by the straightforward nature of the task that requires a short patient history and, if required, limited examination and management

Level B service
A professional attendance involving taking a selective history, examining the patient and implementing a management plan

Level C service
A professional attendance involving taking a detailed history, examining multiple systems, arranging any necessary investigations and implementing a management plan for one or more problems, and lasting at least 20 minutes
Level D service
A professional attendance involving taking an exhaustive history, conducting a comprehensive examination of multiple systems, arranging any necessary investigations and implementing a management plan for one or more complex problems, and lasting at least 40 minutes

MBS
Medicare Benefits Schedule

Minister
Minister for Health and Ageing

Panel
The Professional Services Review Panel consists of medical practitioners and other health practitioners appointed by the Minister after consultation with the Australian Medical Association or appropriate professional organisations

PBS
Pharmaceutical Benefits Scheme

prescribed pattern of services
A prescribed pattern of services is also known as the 80/20 rule, whereby a practitioner is deemed to have practised inappropriately if he or she renders 80 or more services on 20 or more days in a 12-month period

PSR
Professional Services Review

referral
A case prepared by the Director and referred to a PSR committee for investigation, detailing the concerns and the reasons a practitioner or other person may have engaged in 'inappropriate practice' in the terms of section 82 of the *Health Insurance Act 1973*

request for review
A case prepared by Medicare Australia asking the Director to review the provision of services and containing Medicare Australia’s concerns and the reasons it considers a practitioner or other person may have engaged in inappropriate practice in the terms of section 82 of the *Health Insurance Act 1973*
<table>
<thead>
<tr>
<th>MBS ITEMS REFERRED TO IN TEXT</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>item 23</td>
<td>Level B general practitioner consultation less than 20 minutes</td>
</tr>
<tr>
<td>item 24</td>
<td>in-hours standard house call</td>
</tr>
<tr>
<td>item 36</td>
<td>Level C general practitioner consultation more than 20 minutes</td>
</tr>
<tr>
<td>item 37</td>
<td>in-hours long house call</td>
</tr>
<tr>
<td>item 44</td>
<td>Level D general practitioner consultation more than 40 minutes</td>
</tr>
<tr>
<td>item 53</td>
<td>standard consultation lasting up to 25 minutes</td>
</tr>
<tr>
<td>item 54</td>
<td>long consultation lasting more than 25 minutes but less than 45 minutes</td>
</tr>
<tr>
<td>item 97</td>
<td>urgent after-hours attendance</td>
</tr>
<tr>
<td>item 110</td>
<td>initial consultant physician consultation</td>
</tr>
<tr>
<td>item 116</td>
<td>a subsequent consultant physician consultation</td>
</tr>
<tr>
<td>item 193</td>
<td>professional attendance involving acupuncture</td>
</tr>
<tr>
<td>item 721</td>
<td>general practitioner management plan</td>
</tr>
<tr>
<td>item 723</td>
<td>team care arrangement</td>
</tr>
<tr>
<td>item 725</td>
<td>review of a GP management plan</td>
</tr>
<tr>
<td>item 727</td>
<td>review of a team care arrangement</td>
</tr>
<tr>
<td>item 900</td>
<td>Domiciliary Medication Management Review</td>
</tr>
<tr>
<td>item 2517</td>
<td>completion of a cycle of care for a patient with diabetes</td>
</tr>
<tr>
<td>item 2577</td>
<td>part of the 3 Step Mental Health Process (ceased operating on 30 April 2007)</td>
</tr>
<tr>
<td>item 2710</td>
<td>general practitioner mental health plan</td>
</tr>
<tr>
<td>item 5020</td>
<td>standard after-hours consultation</td>
</tr>
<tr>
<td>item 5203</td>
<td>standard after-hours consult for non-vocationally registered GP</td>
</tr>
<tr>
<td>item 11610</td>
<td>measurement of ankle-waveform analysis</td>
</tr>
<tr>
<td>item 11612</td>
<td>exercise study for lower limb arterial disease</td>
</tr>
<tr>
<td>item 11700</td>
<td>electrocardiogram (ECG) trace and report</td>
</tr>
<tr>
<td>item 11712</td>
<td>multi-channel ECG recording during exercise</td>
</tr>
<tr>
<td>item 30207</td>
<td>multiple injection of hydrocortisone in skin lesions</td>
</tr>
<tr>
<td>item 30473</td>
<td>oesophagoscopy, gastroscopy, duodenoscopy without biopsy</td>
</tr>
<tr>
<td>item 30478</td>
<td>oesophagoscopy, gastroscopy, duodenoscopy or panendoscopy with biopsy</td>
</tr>
<tr>
<td>item 30487</td>
<td>small bowel intubation with biopsy</td>
</tr>
<tr>
<td>item 45200</td>
<td>skin flap repair of a defect in skin</td>
</tr>
<tr>
<td>item 50124</td>
<td>joint space injection</td>
</tr>
<tr>
<td>item 55113</td>
<td>echocardiography examination of the heart</td>
</tr>
<tr>
<td>item 55731</td>
<td>ultrasound of female pelvis</td>
</tr>
<tr>
<td>item 56030</td>
<td>computed tomography (CT) scan of facial bones</td>
</tr>
<tr>
<td>item 56223</td>
<td>CT scan of lumbar spine</td>
</tr>
</tbody>
</table>
item 66536 pathology test for high density lipoprotein associated with cholesterol (HDL)

item 66542 pathology test for oral glucose tolerance

item 66551 pathology test for glycosylated haemoglobin

item 66593 pathology test for ferritin

item 66596 pathology test for iron studies

item 66602 pathology test for B12 and red cell folate

item 66655 pathology test for prostate specific antigen

item 66680 pathology test for disaccharidases in intestinal tissue

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Review of performance during the year in relation to programs and contribution to outcomes 8-10

Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements 9

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