

PROFESSIONAL SERVICES REVIEW

Entity Resources and Planned Performance

PSR

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Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT¹

The Australian Government, through the Professional Services Review (PSR), safeguards the public against the risks and costs of inappropriate practice by health practitioners, and aims to protect the integrity of Commonwealth Medicare benefits, the dental benefits schedule and pharmaceutical benefits programs.

The PSR reviews and investigates health practitioners and corporate entities who are suspected of inappropriate practice² on request from the Chief Executive Medicare. The PSR administers the PSR Scheme as part of a strong regulatory regime designed to ensure appropriate and cost-effective clinical services are delivered. The PSR Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists, osteopaths, audiologists, diabetes educators, dieticians, exercise physiologists, mental health nurses, occupational therapists, psychologists, social workers, speech pathologists, Aboriginal and Torres Strait Islander health practitioners, Aboriginal health workers, and orthoptists.

Reviews are conducted by the Director of the PSR, who may seek to enter into a negotiated agreement with the health practitioner, or may refer them to a committee of their professional peers. This review could be undertaken in relation to the Medicare Benefits Schedule (MBS), the Pharmaceutical Benefits Scheme (PBS) or the Dental Benefits Scheme, which are administered by Services Australia. Any sanctions, including MBS disqualifications and financial repayments, must be ratified by the PSR Determining Authority³.

The PSR seeks to change behaviour across health professions by deterring inappropriate practice and raising awareness of the Australian Government's expectation of high quality health service delivery.

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

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

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

³ The PSR Determining Authority is the body established by section 106Q of the *Health Insurance Act 1973* that determines the sanctions that should be applied in cases where the PSR committees have found inappropriate practice, and decides whether or not to ratify negotiated agreements.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: PSR Resource Statement – Budget Estimates for 2022–23 as at Budget March 2022

	2021–22 Estimated actual \$'000	2022–23 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	4,293	4,755
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	11,987	14,127
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	225	954
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	12,212	15,081
Total departmental resourcing	16,505	19,836
Total resourcing for PSR	16,505	19,836
<hr/>		
Average staffing level (number)	32	33

All figures are GST exclusive.

^(a) *Appropriation Act (No. 1) 2022–23*.

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

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

^(d) *Appropriation Act (No. 2) 2022–23*.

1.3 BUDGET MEASURES

This section is not applicable to the PSR.

Section 2: Outcomes and Planned Performance

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

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

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measures described in Portfolio Budget Statements will be read with broader information provided in an entity's Corporate Plan and Annual Performance Statement – included in Annual Reports – to provide an entity's complete performance story.

The PSR's most recent Corporate Plan and Annual Performance Statement are available at: www.psr.gov.au/publications-and-resources

2.1 BUDGETED EXPENSES AND PERFORMANCE

Outcome 1

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

Program Contributing to Outcome 1

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

Linked Programs

Other Commonwealth entities that contribute to Outcome 1
<p>Department of Health (Health) Program 2.1: Medical Benefits Program 2.5: Dental Services Program 2.6: Health Benefit Compliance</p> <p>Health has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS). Under the Health Provider Compliance program, the Chief Executive Medicare refers suspected cases of inappropriate practice by health care service providers to the PSR for investigation.</p>
<p>Services Australia Program 1.2: Services to the Community – Health</p> <p>Services Australia administers the PBS, Repatriation PBS, access to PBS for Aboriginal and Torres Strait Islander people, and Medicare services and benefit payments.</p>

Budgeted Expenses for the PSR

Table 2.1.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1: Budgeted Expenses and Resources for the PSR

	2021–22 Estimated actual \$'000	2022–23 Budget \$'000	2023–24 Forward estimate \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	11,642	13,796	15,564	15,702	15,798
Expenses not requiring appropriation in the Budget year ^(b)	729	928	924	918	911
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	12,371	14,724	16,488	16,620	16,709
Total expenses for Outcome 1	12,371	14,724	16,488	16,620	16,709

	2021–22	2022–23
Average staffing level (number)	32	33

^(a) Departmental appropriation combines 'Ordinary annual services Appropriation Bill (No. 1)' and 'Receipts from independent sources (s74)'.
^(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Planned Performance for the PSR

Table 2.1.2 details the performance measure for the program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of 2022–23 Budget measures that have created new programs or materially changed existing programs are provided.

Table 2.1.2: Performance Measures for the PSR

Outcome 1
A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes.
Program Objective – Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme
The Australian Government, through the PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. The PSR liaises with governments, medical and health care regulatory bodies, and professional organisations to protect the integrity of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme.
Key Activities
<ul style="list-style-type: none"> • Review and investigate, through a peer review process, the provision of services by practitioners and persons who employ or otherwise engage practitioners. • Actively engage with professional bodies through consultation.

Performance Measures				
Total number of matters for review finalised.⁴				
Current Year 2021–22 Planned Performance Result	Budget Year 2022–23 Planned Performance Result	Forward Estimates 2023–24 Planned Performance Result	Forward Estimates 2024–25 Planned Performance Result	Forward Estimates 2025–26 Planned Performance Result
80% of the number of matters referred in the prior year	Finalise 80% of the number of matters referred in the prior year	Finalise 80% of the number of matters referred in the prior year	Finalise 80% of the number of matters referred in the prior year	Finalise 80% of the number of matters referred in the prior year
2021–22 Expected Performance Result				
80% of the number of matters referred in the prior year were finalised				
Material changes to Program 1.1 resulting from the following measures: There are no material changes to Program 1.1 resulting from measures.				

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

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2022–23 Budget year, including the impact of Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between Entity Resourcing and Financial Statements

This section is not applicable to the PSR.

3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

Comprehensive Income Statement

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

Balance Sheet

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

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2021–22 Estimated actual \$'000	2022–23 Budget \$'000	2023–24 Forward estimate \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000
EXPENSES					
Employee benefits	4,159	5,100	5,261	5,387	5,474
Supplier expenses	7,518	8,713	10,323	10,340	10,353
Depreciation and amortisation	690	887	881	873	866
Interest on RoU	2	21	20	17	13
Other expenses	2	3	3	3	3
Total expenses	12,371	14,724	16,488	16,620	16,709
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	39	41	43	45	45
Total gains	39	41	43	45	45
Total own-source income	39	41	43	45	45
Net cost of (contribution by) services	12,332	14,683	16,445	16,575	16,664
Revenue from Government	11,987	14,127	15,939	16,092	16,203
Surplus (deficit)	(345)	(556)	(506)	(483)	(461)
Surplus (deficit) attributable to the Australian Government	(345)	(556)	(506)	(483)	(461)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	(345)	(556)	(506)	(483)	(461)

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

Note: Reconciliation of comprehensive income attributable to the agency

	2021–22 \$'000	2022–23 \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000
Total comprehensive income (loss) attributable to the Australian Government	(345)	(556)	(506)	(483)	(461)
plus non-appropriated expenses depreciation and amortisation expenses	351	506	500	492	485
plus depreciation and amortisation expenses for RoU	339	381	381	381	381
less lease principal repayments	(345)	(331)	(375)	(390)	(405)
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

RoU = Right-of-Use asset

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

	2021–22 Estimated actual \$'000	2022–23 Budget \$'000	2023–24 Forward estimate \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	79	79	79	79	79
Receivables	4,724	4,210	4,213	4,217	4,220
Total financial assets	4,803	4,289	4,292	4,296	4,299
Non-financial assets					
Land and buildings	2,768	3,578	2,951	2,324	1,697
Property, plant and equipment	295	167	127	79	41
Intangibles	245	283	299	333	364
Other	215	216	216	216	216
Total non-financial assets	3,523	4,244	3,593	2,952	2,318
Total assets	8,326	8,533	7,885	7,248	6,617
LIABILITIES					
Payables					
Suppliers	333	406	406	406	406
Other payables	138	154	154	154	154
Total payables	471	560	560	560	560
Interest bearing liabilities					
Leases	2,671	2,340	1,965	1,575	1,170
Total interest bearing liabilities	2,671	2,340	1,965	1,575	1,170
Provisions					
Employees	1,218	1,205	1,205	1,205	1,205
Other provisions	104	168	171	175	178
Total provisions	1,322	1,373	1,376	1,380	1,383
Total liabilities	4,464	4,273	3,901	3,515	3,113
Net assets	3,862	4,260	3,984	3,733	3,504
EQUITY					
Contributed equity	2,236	3,190	3,420	3,652	3,884
Reserves	852	852	852	852	852
Retained surpluses or (accumulated deficits)	774	218	(288)	(771)	(1,232)
Total equity	3,862	4,260	3,984	3,733	3,504

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2022–23)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2022				
Balance carried forward from previous period	774	852	2,236	3,862
Surplus (deficit) for the period	(556)	-	-	(556)
Capital budget – Bill 1 (DCB)	-	-	954	954
Estimated closing balance as at 30 June 2023	218	852	3,190	4,260

DCB = Departmental Capital Budget

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2021–22 Estimated actual \$'000	2022–23 Budget \$'000	2023–24 Forward estimate \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,611	14,641	15,936	16,088	16,200
Net GST received	387	426	469	470	470
Total cash received	11,998	15,067	16,405	16,558	16,670
Cash used					
Employees	4,034	5,097	5,261	5,387	5,474
Interest payments on lease liability	2	21	20	17	13
Cash to the OPA	-	-	-	-	-
Suppliers	7,767	9,026	10,749	10,765	10,778
Total cash used	11,803	14,144	16,030	16,169	16,265
Net cash from (or used by) operating activities	195	923	375	389	405
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	75	1,546	230	231	232
Total cash used	75	1,546	230	231	232
Net cash from (or used by) investing activities	(75)	(1,546)	(230)	(231)	(232)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	225	954	230	232	232
Total cash received	225	954	230	232	232
Cash used					
Lease principal repayments	345	331	375	390	405
Total cash used	345	331	375	390	405
Net cash from (or used by) financing activities	(120)	623	(145)	(158)	(173)
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	79	79	79	79	79
Cash and cash equivalents at the end of the reporting period	79	79	79	79	79

DCB = Departmental Capital Budget

OPA = Official Public Account

Table 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	2021–22 Estimated actual \$'000	2022–23 Budget \$'000	2023–24 Forward estimate \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	225	954	230	232	232
Total capital appropriations	225	954	230	232	232
Total new capital appropriations represented by:					
Purchase of non-financial assets	225	954	230	232	232
Total items	225	954	230	232	232
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)	225	954	230	232	232
Funded internally from departmental resources	-	653	-	-	-
Total acquisitions of non-financial assets	225	1,607	230	232	232
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	75	1,546	230	231	232
Total cash used to acquire assets	75	1,546	230	231	232

DCB = Departmental Capital Budget

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

Table 3.6: Statement of Departmental Asset Movements (Budget year 2022–23)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022				
Gross book value	181	452	669	1,302
Gross book value - RoU	3,706	-	-	3,706
Accumulated depreciation/amortisation and impairment	(109)	(157)	(424)	(690)
Accumulated depreciation/ amortisation and impairment - RoU	(1,010)	-	-	(1,010)
Opening net book balance	2,768	295	245	3,308
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	1,437	20	150	1,607
By purchase - internal resources	-	-	-	-
By purchase - RoU	-	-	-	-
Total additions	1,437	20	150	1,607
Other movements				
Depreciation/amortisation expense	(246)	(148)	(112)	(506)
Depreciation/amortisation expense - RoU	(381)	-	-	(381)
Total other movements	(627)	(148)	(112)	(887)
As at 30 June 2023				
Gross book value	1,618	472	819	2,909
Gross book value - RoU	3,706	-	-	3,706
Accumulated depreciation/amortisation and impairment	(355)	(305)	(536)	(1,196)
Accumulated depreciation/ amortisation and impairment - RoU	(1,391)	-	-	(1,391)
Closing net book balance	3,578	167	283	4,028

RoU = Right-of-Use asset

