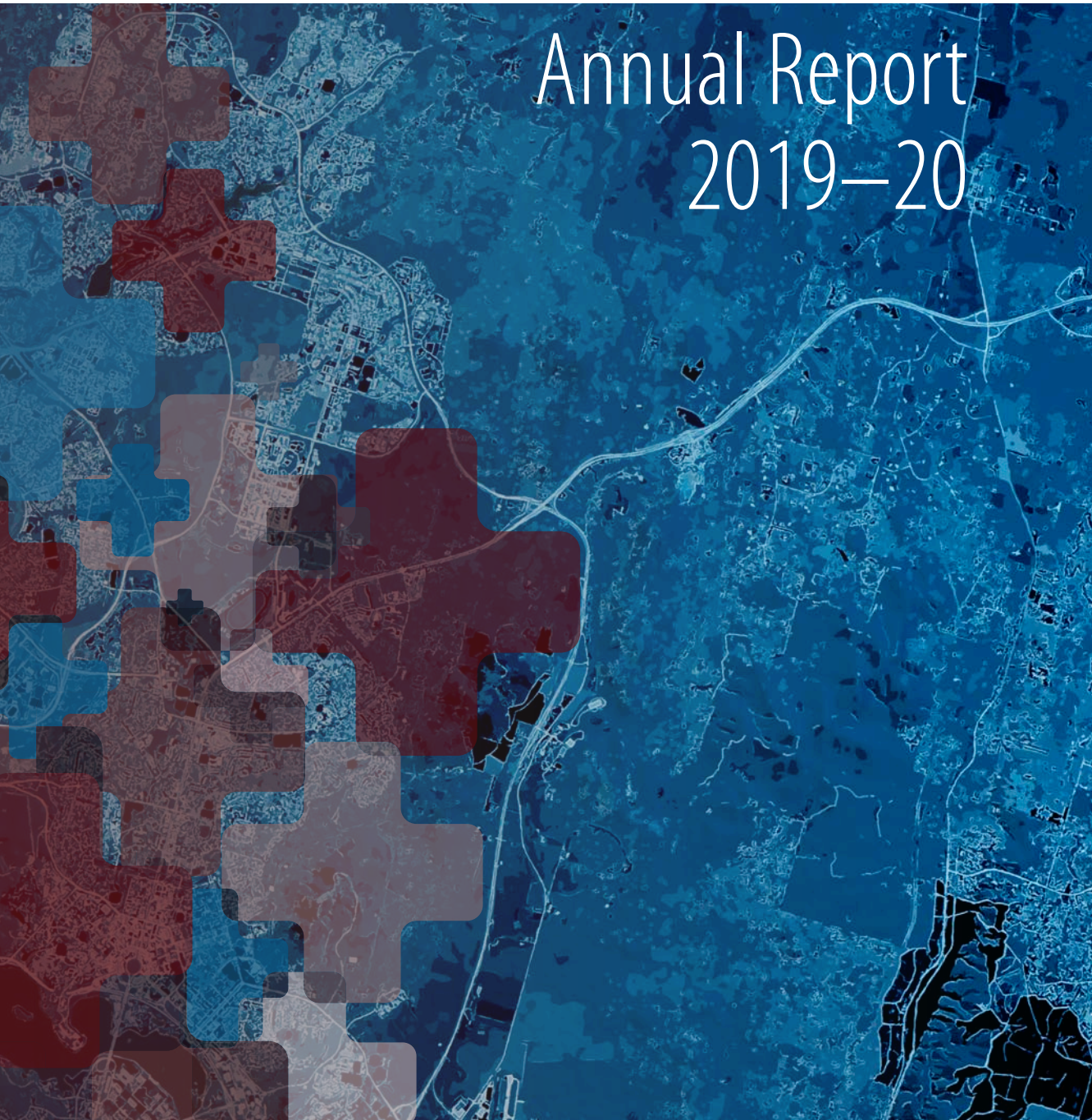




Australian Government
Professional Services Review

Professional Services Review

Annual Report
2019–20



Professional Services Review

Annual Report
2019–20

Publication information

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ISSN 1327-6514 (Print)

ISSN 2209-8380 (Online)

Copies of this report can be obtained from:

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Fyshwick ACT 2609

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Online versions of the annual report are available on the PSR website.
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Letter of transmittal

The Hon. Greg Hunt MP
Minister for Health
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to present to you the annual report of the Professional Services Review Agency for the year ended 30 June 2020.

The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which requires that I prepare and provide an annual report to you for presentation to the Parliament.

The report includes the agency's audited financial statements as required under section 43(4) of the PGPA Act.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that:

- + the agency has prepared fraud risk assessments and fraud control plans
- + the agency has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- + I have taken all reasonable measures to appropriately deal with fraud relating to the agency.

Yours sincerely

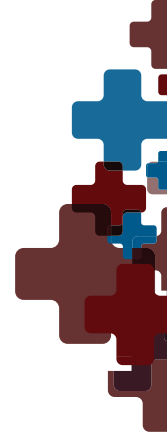


Professor Julie Quinlivan
Director of Professional Services Review

23 September 2020



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Director's introduction



The Professional Services Review Agency (PSR) was established in 1994. The part of the *Health Insurance Act 1973* (HIA) that establishes the PSR Scheme defines the basic purpose of the scheme as protecting 'patients and the community in general from the risks associated with inappropriate practice' and protecting 'the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice'.

PSR achieves its purpose through the process of peer review. After an initial Director's review, if concerns are identified, the Director may refer a practitioner or an employer or corporate to a PSR Committee. PSR Committees are usually comprised of three clinicians appointed by the Minister for Health to the PSR Panel. Before appointing a clinician to the PSR Panel, the relevant Colleges listed in the HIA and the Australian Medical Association (AMA) are consulted to ensure panel members are suitable peer reviewers.

Legislation empowers PSR to require practitioners, and employers or corporates to provide a sample of clinical records to determine whether practice was inappropriate. Under the PSR Scheme, sanctions can be imposed on practitioners, or employers or corporates found to have engaged in inappropriate practice. Sanctions include repayment of Medicare benefits and disqualification from all or part of the Medicare or Pharmaceutical Benefits Scheme for up to three or five years.

If concerns regarding the health, conduct or performance of a practitioner become apparent during PSR investigations, legislation empowers the Director to refer such practitioners to relevant professional boards, and state and territory health complaints bodies, through the Australian Health Practitioner Regulation Agency (AHPRA). If concerns about major non-compliance or fraud emerge, the Director will also refer these matters on to the appropriate authority.

Professional Services Review in 2019–20

Bushfires and COVID-19

PSR operations were impacted by bushfires and COVID-19. In January 2020, the PSR office was evacuated when fires approached the Brindabella Business Park. The Business Continuity Plan (BCP) was activated. Fortunately, the fires were controlled and staff were able to resume normal operations within a few days. The lingering smoke haze from the bushfires also became a concern, resulting in air quality being closely monitored.

COVID-19 also impacted upon operations. The BCP was activated. Staff moved to a working from home arrangement and social distancing measures were adopted for those staff who were required to enter the premises. Director reviews, some PSR Committees and the Determining Authority were able to continue through use of video and telephone conferencing. However, some Committees, predominantly those with Victorian members or practitioners under review, and those where hard border closures made travel unfeasible, were suspended.

Patient safety and fraud

PSR continued to focus on patient safety. Overall, 14 practitioners were referred to a regulatory body for possible patient safety concerns and 20 were referred for concerns over major non-compliance with professional standards.

Employer and corporate referrals

PSR received six new employer or corporate referrals in the year. These referrals involved five large corporates and one small corporate. PSR was also able to resume a review of a large corporate referred in the prior year. Activity on this review was suspended while the corporate lodged two appeals to the Federal Court. The outcome of the Federal Court actions was that PSR was able to resume the review.

Telehealth

In early 2020, new telehealth items were added to the Medicare Benefits Schedule (MBS) to facilitate medical consultations and social distancing. PSR received its first referral for telehealth items in the last quarter of the 2019–20 year. Telehealth items are reviewed in a similar manner to other MBS items. PSR has previously reviewed remotely delivered services that were present in the existing MBS Schedule, and will apply similar techniques to the review of telehealth items. As with all MBS services and PBS prescribing, PSR considers whether ‘appropriate and contemporaneous’ records are present for each billed service and prescribed medication.



AskMBS

PSR agreed to work with the Department of Health and provide input into AskMBS. This decision superseded the prior PSR plan to report on item numbers outcomes from PSR Committees. It was determined that AskMBS would provide up-to-date information and could include relevant feedback from stakeholders.

Recruitment of PSR Panel Members and Determining Authority

As a result of referrals by the Chief Executive Medicare to PSR in a number of new clinical areas, PSR recruited new members to the PSR Panel. New PSR Panel members were appointed in the following disciplines:

- + Cardiology
- + Dermatology
- + Endocrinology
- + General Practice
- + Medical Oncology
- + Ophthalmology
- + Orthopaedic Surgery
- + Plastic Surgery
- + Psychiatry

The Minister for Health appointed a new Determining Authority in May 2020 after a process involving national advertising, interviews, social media checks and consultation with the AMA and relevant professional bodies. I would like to acknowledge the retiring Chair of the Determining Authority, Dr Karen Flegg, for her service over the past few years. Dr Flegg remains involved with PSR as a Panel member and Deputy Director.

Audit of case outcome pathways

PSR conducted an audit relating to the impact of submissions made by 111 consecutive practitioners in cases where the Director did not make a decision under s 91 to take no further action in relation to the review. In these cases the Director issued a report in accordance with s 89C setting out the reasons why a decision was not made under s 91. Practitioners were invited to make written submissions in response to the report, about the action the Director should take in relation to the review. After the case was finalised, a PSR staff member not directly involved in case decisions independently audited submissions.

The key finding of the audit was that practitioners referred to a PSR Committee (N=11) were significantly less likely to submit that they would make a change in clinical practice as a result of the review process (36%) compared to those practitioners where the review outcome was a s 92 agreement (N=100; 90%; $p=0.0001$)

Practitioners who were referred to a PSR Committee were significantly less likely to reduce the number of patients they saw each day (9% versus 41%; $p=0.049$) and were also significantly less likely to undertake a course to improve their medical record keeping compared to those practitioners who had a s 92 outcome (0% versus 48%; $p=0.0022$).

In cases where the Director has persisting concerns at the end of the Director's stage, many factors may influence a decision to refer a practitioner to a PSR Committee for full peer review instead of offering a s 92 agreement other than a willingness to make a positive behavioural change. These factors may include, but are not limited to:

1. concern over patient safety or fraud and a consequent desire for a more thorough peer review to address concerns
2. new area of review involving item numbers where clear peer feedback has not been documented
3. a matter where it may be desirable to hear evidence from witnesses to clarify matters of fact
4. failure to resolve the terms of a s 92 agreement or
5. failure of the Determining Authority to ratify a s 92 agreement.

Conclusion

As Director, I would like to acknowledge the professionalism and commitment of all PSR staff. I would also like to acknowledge the PSR Panel members. Without the dedication of these practitioners, PSR could not function.

Finally, I would also like to acknowledge the cooperation and professionalism of the officers of the Department of Health and Australian Medical Association with whom PSR liaises on a regular basis.



Professor Julie Quinlivan
Director of Professional Services Review

1. Agency overview

The Professional Services Review Scheme

The high quality and integrity of Australia's health system is recognised internationally. Preventing inappropriate practice is crucial to maintaining this high quality and integrity and in retaining the confidence of the Australian public in the practitioners working within the health system. Financial loss to the community as a result of inappropriate practice is also minimised.

About the Professional Services Review Agency

PSR operates as an independent agency within the Australian Government's Health portfolio, and reports directly to the Minister for Health. Together, the Director and staff form a statutory agency under the *Public Service Act 1999*.

To help guide its performance, PSR has defined its own values and behaviours, which are underpinned by the Australian Public Service (APS) Values. PSR's values and behaviours of being fair, transparent and professional address the unique aspects of its business and environment, and guide PSR in performing its role.

Our stakeholders

During 2019–20, PSR continued to work closely with key stakeholders to improve its operations. PSR stakeholders include the Department of Health, the AMA and other relevant professional organisations. During 2019–20, PSR engaged with a broad range of stakeholders to provide information on the activities and outcomes of the PSR Scheme. Over the twelve month period, PSR met with its stakeholders on over 40 occasions.

Agency and scheme objectives

The role and functions of PSR are set out in Part VAA of the *Health Insurance Act 1973* (the Act), which establishes the PSR Scheme. Section 79A of the Act states that:

The object of this Part is to protect the integrity of the Commonwealth Medicare benefits, dental benefits and pharmaceutical benefits programs and, in doing so:

1. *protect patients and the community in general from the risks associated with inappropriate practice; and*
2. *protect the Commonwealth from having to meet the cost of services provided as a result of inappropriate practice.*

Section 81 of the Act includes a definition of ‘practitioner’, which, together with the *Health Insurance (Professional Services Review—Allied Health and Others) Determination 2012*, lists the categories of medical, midwifery, nurse practitioner and allied health practitioners that are subject to review under Part VAA of the Act.

Agency outcome

Outcomes are the government’s intended results, benefits or consequences for the Australian community. The government requires agencies such as PSR to use outcomes as a basis for budgeting, measuring performance and reporting. Annual funding is appropriated on an outcomes basis.

The Australian Government, through PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. PSR works with government, medical and allied health care regulatory bodies, and professional organisations to protect the integrity of the Medicare benefits and the pharmaceutical benefits programs.

PSR OUTCOME: 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.



PSR Agency delivery of outcome

The PSR Scheme safeguards the integrity of the Medicare benefits and pharmaceutical benefits programs from:

1. inappropriate practice by ensuring that the Commonwealth-funded services delivered by practitioners are clinically relevant
2. the consequences of inappropriate practice by ensuring that payments to claimants are made in accordance with the regulations for the Medicare benefits and pharmaceutical benefits programs.

The PSR Scheme has continued to evolve since its inception. Legislative amendments were made in 1997, 1999, 2002, 2006, 2012, and 2018 to strengthen the Professional Services Review process. Comprehensive reviews were conducted in 1999 and 2006 by government and key stakeholders. A Senate inquiry in 2011 also made recommendations to refine the administration of the scheme, and improve its effectiveness and transparency.

PSR has acted on the recommendations from these (and other) reviews. It continues to strengthen its governance processes and build its capacity to deliver a rigorous peer review scheme that affords procedural fairness to practitioners, and meets the outcome of protecting the integrity of the Medicare and Pharmaceutical Benefits schemes.

The future

As the MBS becomes more complex and adapts to changing circumstances and technology, and the range of health professions whose services attract Medicare benefits expands, PSR must maintain the organisational agility required to meet these changes and future challenges.

2. Performance statement

This performance statement is prepared in accordance with paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) for the 2019–20 financial year and accurately presents PSR’s performance in accordance with subsection 39(2) of the PGPA Act.

Entity purpose

PSR’s purpose is to protect the integrity of the Australian Government’s Medicare and pharmaceutical benefits programs, and to safeguard the Australian public from the cost and risk of inappropriate practice. In so doing, PSR is contributing to Outcome 4 of the Portfolio Budget Statements of the Australian Government’s Health Portfolio.

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

PSR’s program aims to protect against inappropriate practice and maintain professional support for PSR.

Protecting against inappropriate health care practice

During the 2019–20 reporting period, PSR continued to:

- + investigate referred health care professionals and employers or corporates
- + refer matters to Committees
- + progress PSR Committee hearings
- + determine sanctions for finalised Committee matters and consider ratification of negotiated agreements through PSR’s Determining Authority
- + refer behaviour that may be a threat to the life or health of patients, or that fails to meet professional standards, to the relevant bodies for appropriate action.

A summary of outcomes is provided in the ‘Professional Services Review Agency performance’ section of this report.



Maintaining professional support for PSR

During 2019–20, the Director of PSR engaged with a broad range of stakeholders in relation to the PSR Scheme. These stakeholders included:

- + Australian and New Zealand Association of Oral & Maxillofacial Surgeons
- + Australian Chiropractor Association
- + Australian College of Cutaneous Oncology
- + Australian College of Dermatologists
- + Australian College of Midwives
- + Australian College of Nursing
- + Australian Dental Association
- + Australian Medical Association
- + Australian Orthopaedic Association
- + Australian Society of Otolaryngology Head and Neck Surgery
- + Australian Society of Plastic Surgeons
- + Clinical Oncology Society of Australia
- + Medical Oncology Group of Australia
- + Neuro-Ophthalmology Society of Australia
- + Optometry Australia
- + Royal Australian and New Zealand College of Ophthalmologists
- + Royal Australian College of General Practitioners
- + Royal Australian College of Physicians
- + Royal Australian College of Surgeons
- + Skin Cancer College Australasia
- + The Endocrine Society of Australia
- + The Royal Australian and New Zealand College of Psychiatrists
- + Urological Society of Australia and New Zealand
- + American College of Physicians
- + American Osteopathic College of Dermatology
- + Avant Mutual
- + MDA National
- + Medical Indemnity Protection Society
- + MIGA

Professional Services Review Agency performance

The following sets out PSR's performance criteria and provides details of its results for activities undertaken during 2019–20. This included work on the 125 cases already on hand at the commencement of the reporting period, and the 126 cases that were received during 2019–20.

A total of 96 cases were brought to a conclusion and, at the end of the reporting period, 155 cases had not been finalised and were in various stages of completion.

New referrals from the Chief Executive Medicare

The Chief Executive Medicare sent 126 requests in 2019–20. The average caseload over the prior five years for the agency was 87 cases, so the referrals for 2019–20 reflect an annual caseload increase of 45%.

In 2019–20, PSR completed 96 cases. Of these, five were the subject of a decision by the PSR Director to take no further action, 78 were resolved by negotiated agreements that were subsequently ratified by the Determining Authority (thereby becoming effective), and twelve resulted in final determinations by the Determining Authority that became effective during the reporting period. One case was closed as a final determination was not possible.

No cases resulted in a finding by a PSR Committee of no inappropriate practice. During the reporting period, 16 cases were referred by the PSR Director to a Committee of peers.

Table 1 compares PSR's case statistics for 2019–20 with those of the previous reporting period.



Table 1: PSR's case statistics, 2019–20 and 2018–19

Action	2019–20	2018–19
Requests received from Department of Health	126	101
Requests by Department of Health to review a practitioner with a previous effective determination or negotiated agreement for a second or subsequent time	4	4
No further action	5	2
Requests withdrawn or lapsed	0	0
Referrals from the PSR Director to new PSR Committees	16 ^a	19
Committees in progress (at 30 June)	34	31
Committee reports finalised	11	12
Reports finding inappropriate practice	11	12
Reports finding no inappropriate practice	0	0
Committee matters indefinitely suspended	0	0
Practitioners referred to medical boards/AHPRA (under ss 106XA or 106XB)	20	11
Referrals to Chief Executive Medicare/regulatory authority for suspected fraud	3	2
Negotiated agreements ratified and effective	78	90
Final determinations made	15	9
Final determinations effective	12	8
Cases on hand at 30 June ^b	155	125

AHPRA = Australian Health Practitioner Regulation Agency; PSR = Professional Services Review

a = Excluding a matter remitted back to the Director by the Federal Court.

b = As PSR receives referrals from Chief Executive Medicare throughout the year, case data cannot be reconciled within a 12-month period.

Cases in which no further action was taken

The Director can, after considering all the relevant material, decide to take no further action under s 91 of the Act.

The Director took no further action in five of the 96 cases completed in 2019–20.

Negotiated agreements

Under s 92 of the Act, the Director and the practitioner under review can enter into a negotiated agreement which must include acknowledgement by the practitioner that they have engaged in inappropriate practice, and may include specified actions such as a reprimand, repayment of some or all of the Medicare benefit received, and total or partial disqualification from participating in the MBS or PBS.

In 2019–20, 78 negotiated agreements became effective. Outcomes of these negotiated agreements included:

- + repayment orders totalling \$21,566,275.20
- + partial disqualification in 59 cases and full disqualification in two cases.

The practitioners concerned included general practitioners, other medical practitioners, midwives and specialists. Repayments ordered ranged from \$10,000 to \$1,400,000, with more than half of the agreements involving repayments of \$200,000 and above.

PSR Panel and peer review Committees

Under s 93(1) of the Act, the Director may establish a PSR Committee and refer a person¹ under review to the Committee for investigation. The Committee then determines whether the person has engaged in inappropriate practice in providing the services specified in the Director's referral.

Members of peer review Committees are drawn from practitioners who are members of the PSR Panel (Appendix 4).

The PSR Panel comprises health professionals from a range of professions, specialities, backgrounds and practice locations: 13% practise in inner regional areas, and 4% practise in outer regional areas. Women comprise 43% of the PSR Panel.

During 2019–20, the Director established 16 PSR Committees. Of the 16 practitioners referred to a PSR Committee, nine were general practitioners, one was a specialist, four were other medical practitioners and the remaining two were a dentist and a nurse practitioner.

At the end of the reporting period, all of the PSR Committees established in 2019–20 were still in progress. Committee hearings were held for 16 cases during the 2019–20 financial year. Hearings for four cases had to be deferred in whole due to COVID-19 travel restrictions, with the timeframes and hearing days for numerous other cases also being impacted by the pandemic. Nevertheless, eleven Committee final reports were completed and sent to the Determining Authority, and all contained findings of inappropriate practice.

¹ Under s 2C of the *Acts Interpretation Act 1901*, 'person' includes a body corporate.



The Determining Authority

During 2019–20, twelve final determinations became effective. The directions made by the Determining Authority were:

- + reprimand in all cases and counselling in ten cases
- + partial disqualification from Medicare benefits in eleven cases, for between 3 and 36 months
- + full disqualification in one case for 60 months
- + repayment of Medicare benefits, ranging from \$32,189.50 to \$1,186,093.00 (totalling \$5,731,504.20).

Re-referrals

In 2019–20 the Chief Executive Medicare made four requests to PSR to review practitioners who had previously been referred to, and reviewed by the Director of PSR, and had a previous effective negotiated agreement or determination. At 30 June 2020, three of these cases were still under review and one had been dismissed.

Referrals to medical boards and other authorities

The Act requires the PSR Director to refer practitioners to appropriate bodies when a significant threat to the life or health of any other person is identified, or if the person under review has failed to comply with professional standards.

In 2019–20, the Director referred 20 practitioners to AHPRA, medical boards or other bodies. This is an increase on the levels of referrals in the previous financial year.

Judicial review

Practitioners involved in the PSR process can seek judicial review in the Federal Courts. Further detail relating to matters under judicial review can be found in the 'Legal issues' section of the Performance Statement.

Performance against Portfolio Budget Statements 2019–20

Performance criteria

Table 2 outlines the quantitative key performance indicator specified for PSR in the Portfolio Budget Statements 2019–20.

In 2019–20, PSR will maintain the deterrent effect of the PSR Scheme by continuing to refer cases of practitioners who may pose a threat to the life or health of any other person to regulatory bodies for further action. PSR will also refer any practitioner to the major non-compliance unit in the Department of Health, where a serious compliance concern is identified.

Table 2: Protecting against inappropriate health care practice

Quantitative performance criteria	2019–20 Target	2019–20 Actual
Total number of matters for review finalised ^a	110	96

a This figure includes no further actions under s 91 of the Act, negotiated agreements under s 92 of the Act, final determinations resulting from a Committee hearing and cases where it was impossible to reach a final outcome. The figure excludes cases that have lapsed under s 94 of the Act and cases considered indefinitely in abeyance.

In 2019–20, PSR finalised 96 matters, which was under the target of 110. This target was set in 2017–18 based on expected increased referral levels for 2018–19. However, in 2018–19, PSR only received 101 referrals.

Appointments for the new Determining Authority (due in May 2020) were also delayed, which deferred the finalisation of seven matters until July 2020.

PSR continued to act on referrals from the Chief Executive Medicare during 2019–20, completing 96 matters.

As in other years, submissions made by practitioners reviewed by PSR indicate that a great majority made positive changes to their practice as a result of the review process. In most cases reviewed during 2019–20, inappropriate practice involved inadequate clinical notes, failure to comply with the particular requirements of the MBS items billed to Medicare, or prescribing concerns. Practitioners who were reviewed indicated frequently that they accepted the need to change their practices and were able to demonstrate practical measures undertaken to achieve the required improvements. This was the case for practitioners who were referred to Committees under s 93 of the Act, as well as practitioners who entered into voluntary agreements under s 92.

The AMA and other relevant organisations were consulted, as required by ss 84, 85 and 106ZPB of the Act, as part of the process of appointing the membership of the PSR Panel and the Determining Authority in 2019–20.



Director's Comments

Medicare, Australia's universal, taxpayer-funded medical insurance system, was established in 1984. The scheme is administered and financed by the Australian Government. In 2019–20, Medicare paid subsidies of over \$24.6 billion for 424.2 million medical services for the Australian population of over 25.3 million people.

Medicare operates on the basis of a 'clinically relevant service', defined in the legislation establishing the scheme as:

'... a service rendered by a medical practitioner that is generally accepted in the medical profession as being necessary for the appropriate treatment of the patient to whom it is rendered.'

PSR was established in 1994 and provides for peer review Committees to assess concerns of inappropriate practice in relation to billing under the MBS or prescribing under the PBS. The touchstone of PSR reviews is 'inappropriate practice', which is defined in s 82 of the *Health Insurance Act 1973* as conduct in connection with rendering or initiating services such that a Committee could reasonably conclude it would be unacceptable to the general body of the practitioner's peers. This broad test is applied by expert Committees constituted with peers drawn from the same specialty or profession of a practitioner under review.

The Department of Health has initial responsibility for monitoring compliance of practitioners who provide services under the Medicare and Pharmaceutical Benefits schemes. It undertakes a variety of compliance activities such as random audits, and also investigates suspected fraud. Department of Health staff evaluate unusual patterns of practice revealed by data analysis of Medicare payments. The kinds of practice that bring a practitioner to the attention of the Department include:

- + rendering a statistically abnormal volume of total and daily services
- + initiating a high volume of diagnostic imaging and pathology services
- + unusual prescribing habits or
- + other unusual practices.

Each year, the Department of Health's medical officers interview several hundred practitioners to gain further information about their practice as part of the Practitioner Review Program. A small proportion of these practitioners will be referred to the Director of PSR in the year following their review by the Department, where the medical officers have persisting concerns regarding their conduct in initiating or rendering services.

Once a matter has been referred to the Director of PSR, the Director decides whether she will commence a formal review. If a decision is made to conduct a formal review, the Director has the power to require referred practitioners to provide clinical records or other documents to facilitate that review.

Historic workload in 2019–20

During 2019–20, the Agency received the second highest number of referrals in the history of the Agency. There was considerable diversity in referrals. Referrals were received in respect to general practitioners, other medical practitioners, a range of medical specialists, nurse practitioners, optometrists and dentists as well as an increasing number of employer or corporate referrals.

Improved 80/20 outcomes

PSR was pleased to note only one referral for a breach of the 80/20 rule in 2019–20. This suggests practitioners are aware of the need for safe upper limits in performing medical services.

Billing more than 24 hours in a day

PSR reviewed a number of practitioners who billed more than 24 hours of timed services a day. In other cases, practitioners regularly billed minimum time requirements for more than 12 hours a day, before considering the time taken to perform their untimed services and to sleep, eat and travel. These cases raise concerns that minimum time requirements were not met.

Item 35 and flag fall 90001

PSR reviewed a number of cases involving MBS Item 35 and 90001/90035. PSR identified practitioners who worked in practices co-located within the grounds of a nursing home who were billing MBS Item 35 at \$85 per patient, rather than the correctly derived fee of approximately \$43 per patient if more than six patients are seen during a visit.

With the transition to MBS Item 90001 and 90035, the same group of practitioners billed MBS Items 90001 and 90035 for every patient seen in the nursing home, rather than a single MBS Item 90001 as a flag fall payment. The effect was that a practitioner would bill 35 x Item 90001 and 35 x Item 90035 if they saw 35 patients at a nursing home on the date of service.

Practitioners argued they were 'attending the nursing home' even though their practice was located in the same grounds or facility as the nursing home. Practitioners also argued they would conduct a nursing home ward round by walking from their surgery room to a ward in the nursing home and see one patient and then walk back to their surgery room. They alleged they would repeat this multiple times a day (sometimes up to 42 times a day). Therefore, they argued they could bill flag fall for every patient seen.

PSR found this billing behaviour represented a concern.



Items 132 and 133

For the first time in PSR history, specialist MBS items entered the 'top ten' reviewed services. The specialist treatment and management plan and review of a specialist treatment and management plan, were highly reviewed items. Specialists were reviewed from several physician specialties including cardiology, rheumatology, neurology and neonatology.

The main learning points from the reviews are:

- + services must be clinically indicated. The patient must benefit from a treatment and management plan of 'significant complexity' over and above a specialist opinion and management review billed as MBS Items 110 and 116
- + the patient's medical conditions must be eligible for the treatment and management plan
- + the content of the plan should support the minimum time requirements for the MBS Items.

PSR notes that treatment and management plans need to be of 'significant complexity' and should incorporate the elements outlined within the Associated Note 0.23 of the MBS Schedule for MBS Items 132 and 133. The notes specifically state the physician treatment and management plan should incorporate input from the patient's general practitioner management plan and health assessments, incorporate the results of requested pathology and investigations, as well as refer to feedback from any allied health providers who provide care for the patient. Plans should include advice on medications and their potential drug interactions and side effects.

Concerns over billing of MBS Items 132 and 133 occurred when:

- + there was no record of an attendance on the date of service
- + patients did not meet eligibility requirements
- + the required elements to be included in plans outlined in Associated Note 0.23 of the MBS Schedule for MBS Items 132 and 133 were not present
- + minimum time requirements were not met
- + the treatment and management plans of 'significant complexity' were instead letters back to referring practitioners as typically seen for MBS Item 110 and 116 services or else a short hand written paragraph in an inpatient patient record or a template or
- + paid public hospital time was spent seeing private patients, but the generated private income was not disclosed to the public hospital employer.

Some referred physicians repeatedly billed minimum time requirements totalling more than 15 hours a day for MBS Items 132 and 133, even before considering time required for their other billed items on the date of service, and their other daily commitments that sometimes included substantial public hospital roles.

Item 104 referred specialist consultation

PSR also reviewed a number of specialist MBS Item 104 services. These reviews involved radiologists, urologists, dermatologists and maxillofacial surgeons.

The common concerns identified were:

- + no evidence of a referral requesting a specialist consultation
- + no documentary evidence of the practitioner attending the patient
- + no documentary evidence of a patient consultation
- + documentary evidence of a consultation that failed to meet the criteria for being an ‘adequate and contemporaneous note’
- + clinical input concerns in relation to the consultation content
- + inadequate communication of consultation outcomes to the referring practitioner and
- + co-billing a consultation with a procedural service when the record did not support that a separate consultation was performed, after taking into consideration the requirements of the co-billed procedural service/s.

PSR notes that a consultation must have ‘adequate and contemporaneous documentation’ that supports the consultation item billed. It also notes that consultations are attendance items and figurehead billing does not apply.

Ordering pathology and radiology tests

PSR also reviewed practitioners who requested more pathology and radiology services than their peers, adjusted for patient load. The top reviewed items in 2019–20 in these categories were iron and Vitamin D studies for pathology and CT and MRI scans for radiology.

Concerns can arise when the clinical input leading to a decision to order a large volume of pathology tests or radiology investigations is not adequate. Some practitioners order ‘screening blood tests’ that may include more than ten separate blood investigations without documenting the clinical indication for any test. Sometimes practitioners order multiple radiology investigations before taking a history, examining the patient or considering radiology already ordered within the prior 12 months.

In several reviews, practitioners ordered iron studies in patients every three to six months, across many years, despite the test results remaining normal. The same patients repeatedly had normal haemoglobin and ferritin levels, yet iron studies were repeated without documented clinical indication.

In another case reviewed, a national top requester of CT and MRI services failed to document a single patient examination for any reviewed record and ordered repeated imaging without following up issues identified in prior studies before ordering the same investigations again.



Practitioners should consider if a requested service is clinically indicated.

Investigations and reports

PSR has reviewed a number of practitioners who billed for performing investigations and did not have a corresponding investigation report for the billed service. PSR reminds practitioners that if an investigation is billed, then a report should be generated, unless the item number specifically states that a report is not required.

Safety net concern

PSR has reviewed a practitioner who charged fees above the Medicare rebate when a patient reached the safety net. In the case, the practitioner billed more than \$1000 for a MBS item with a fee under \$60 once the patient reached the safety net. This practice was found to be one of a number of concerns identified by the PSR Committee.

Other MBS and PBS items

The top MBS items reviewed in 2019–20 also included general practitioners consultation items (MBS Items 23, 36 and 44) as well as chronic disease management items (MBS Items 721, 723, 732).

The top reviewed PBS items were again Schedule 4 and 8 medications and second tier antibiotics.

The same concerns reported in previous years were again found in 2019–20 reviews.

Legal issues

Practitioners involved in the PSR process can seek judicial review in the Federal Court.

In 2019–20 the Federal Court delivered a judgment in the first corporate case referred to PSR. In *National Home Doctor Service Pty Ltd v Director of PSR* [2020] FCA 386 the Federal Court set aside the Director's decision to refer National Home Doctor Service Pty Ltd (NHDS) to a Committee for investigation, but indicated that it remained open for the Director to do so again.

A number of medical practitioners associated with NHDS had previously been referred to PSR and, of these practitioners, 14 had acknowledged that they had engaged in inappropriate practice in connection with rendering urgent after-hours MBS items while associated with NHDS. The nature of the conduct identified as raising a concern about inappropriate practice included clinical decision-making in prescribing antibiotics and schedule 4 and 8 medications, poor clinical input, inadequate record-keeping, and a

concern that a large proportion of the services rendered involved conditions that either did not require treatment or could have reasonably waited until the next in-hours period.

The Court said that the Director was entitled to have regard to those practitioners' conduct when referring NHDS to a PSR Committee to investigate whether NHDS engaged in inappropriate practice through the provision of urgent after-hours services by a further 56 practitioners.

The Court said that it was not unreasonable or irrational for the Director to have made that referral. However, the Court said that, before doing so, the Director should have provided NHDS with more information specific to the practitioners' conduct and their relationship with NHDS that caused the Director concern so that NHDS would have had an opportunity to make submissions to dissuade the Director from referring the services of the 56 practitioners to a PSR Committee.

The Court held that the Director did not need to make a positive finding concerning the legal relationship between NHDS and the practitioners, but merely have a concern that an employment relationship may have existed, that the practitioners may have engaged in inappropriate practice in providing services, and that NHDS may have knowingly, recklessly or negligently caused or permitted a practitioner to engage in inappropriate practice.

Summary

In 2019–20, PSR has successfully managed a historic workload despite the disruptions caused by COVID-19 and the bushfire emergency and simultaneously achieved all qualitative key performance indicators. PSR now tackles reviews in many professional areas including complex and litigious corporate reviews. PSR now reviews cases from a broad spectrum of clinicians.

3. Management and accountability

Structure and organisation

The Director of PSR is an independent statutory officer appointed by the Minister for Health under s 83 of the Act. PSR is a listed entity for the purposes of the PGPA Act, and the Director is prescribed as the agency's chief executive (accountable authority).

Professor Julie Quinlivan commenced an appointment for three years as Director on 13 February 2017. In May 2020, Professor Quinlivan's appointment was extended a further three years.

Corporate governance and business planning

Overall accountability for PSR rests with the Director, who has primary authority and legal responsibility for the agency. The PSR Executive Officer, Mr Bruce Topperwien, reports to the Director. He is the Senior Executive Service (SES) officer responsible for the administrative management of the agency and also fulfils the role of General Counsel.

During 2019–20, there were no significant instances of non-compliance with the finance law.

In 2019–20, PSR further reviewed its Corporate Plan and progressed the staffing of positions following a minor review of its organisational structure. The review focused on the resources and capability of the Case Management Unit.

The PSR Corporate Plan is publicly available on the [PSR website](#). During 2019–20, PSR used this Corporate Plan as the basis for its performance reporting framework.



Table 3: Six key performance indicators from the Professional Services Review Corporate Plan 2019–20

Key Performance Indicators	Outcome
1 Number of s 92 agreements entered into, exceed the number of cases referred to a Committee	In 2019–20, there were 78 s 92 agreements entered into and 16 cases referred to a Committee (78 > 16)
2 80% of Committees will finalise their investigations within 18 months of commencing investigation	In 2019–20, 11 investigations were completed, with 10 out of 11 completed within 18 months. This represents 91% of Committees which finalised their investigation within 18 months of commencing their investigation. ¹
3 The Director has made a decision under s 91, s 92 or s 93 within 12 months in all cases	During 2019–20, the Director made a decision under s 91, s 92 or s 93 within 12 months in all cases.
4 The Determining Authority makes a decision on 100% of s 92 agreements	During 2019–20, the Determining Authority made a decision on all s 92 agreements.
5 In 80% of cases, the Determining Authority issues its final determination within 6 months of receiving a final report	In 2019–20, the Determining Authority made 15 final determinations, of which 12 ² were finalised within 6 months of receiving a final report. This represents 80%.
6 PSR will consult with the relevant professional bodies on behalf of the Minister in respect of every appointment	PSR consulted with the relevant professional bodies on behalf of the Minister for 30 appointments that were made during the year.

¹ The one instance in which the Committee could not finalise their investigation within 18 months of commencement was due to a PUR being suspended for non-compliance.

² Four out of the 12 final determinations in this count represent cases where an extension of time was granted to the PUR to provide their submissions. Where a PUR has requested an extension, PSR will often allow the request to ensure procedural fairness. As a result, extensions granted to the PUR can delay the Determining Authority's capacity to issue a final determination within 6 months of receiving the final report.

Agency Structure

The agency's current structure (Figure 1) is consistent with prior years. A minor review of the organisational structure in 2019–20 improved reporting lines for each of the business units. This structure continues to provide for:

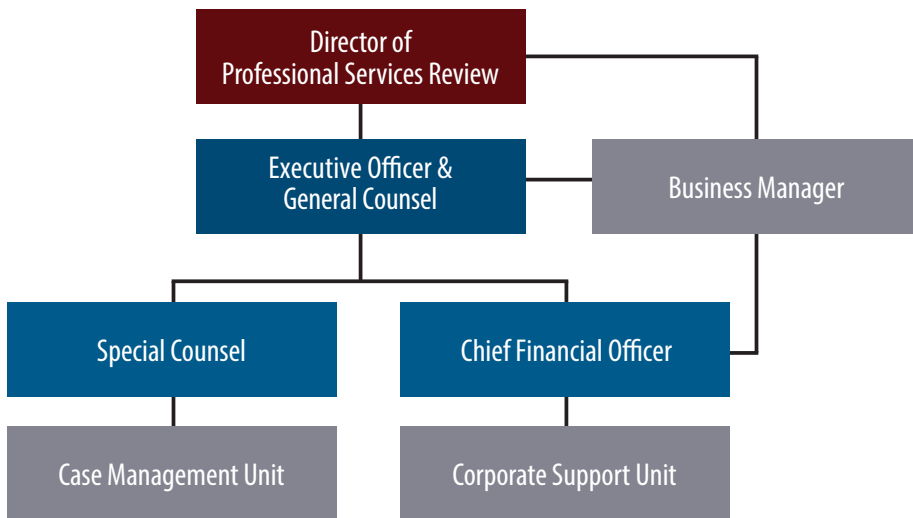
- + a Case Management Unit, (managed by the Special Counsel), to manage the increasing number of referrals from the Provider Benefits Integrity Division in the Department of Health and a resulting increase in the number of Committee hearings held
- + an integrated Corporate Support Unit that reports to the Chief Financial Officer, and is responsible for finance, payroll, human resources, security and property management, ICT and information management, and reporting.

- + a Business Manager, who supports the PSR executive team, coordinates administrative tasks across the agency and manages communications, media and parliamentary functions
- + the Executive Officer who also fulfils the role of General Counsel.

The Case Management Unit at the end of 2019–20 had three Legal EL 2 Principal Legal Officers, three Legal EL 1 Senior Legal Officers and four Legal APS 6 Case Managers.

Document preparation and management for Director reviews and PSR Committee hearings are provided by an administrative team comprising four APS 4 administrative case officers. This team is supported by senior records management staff.

Figure 1: Professional Services Review organisational chart, 2019–20



Portfolio shared services arrangements

Since PSR is a small agency, it is not realistic or financially viable for it to employ the number or range of staff required to provide all of the specialist services that the agency may need from time to time. The ability to access specialist advice and services from the Department of Health under portfolio shared services arrangements has enabled PSR to manage a range of corporate support functions cost effectively.

PSR accesses human resources and payroll services, including ad-hoc advice from the Department of Health.

Executive management team

The PSR executive management team is made up of the Director, the Executive Officer (who is also the General Counsel), the Special Counsel (who is also the manager of the Case Management Unit) and the Chief Financial Officer (who is also the manager of the Corporate Support Unit). The team has twice-monthly meetings, and meets as required at other times.

The executive management team is responsible for advising the Director on planning, budgeting, financial management, performance monitoring and corporate governance (including human resources), physical and IT security, and workplace health and safety.

Standing agenda items at executive management team meetings include:

- + reports from the Director, the Executive Officer, the Special Counsel, and the Chief Financial Officer
- + reports on case activities, budget and financial reporting, risk management, internal audit, procurement and contracting, human resources, workplace health and safety, security, records management, and
- + reports on information and communications technology, noting the executive management team's dual role as members of the Information and Communications Technology and Information Management Governance Committee.

In providing leadership for the agency, the executive management team promotes the core principles of good public sector governance, including accountability, transparency, integrity, efficiency and risk management.

Given the small agency size of PSR, the executive management team undertakes a variety of functions that might be performed by specialist committees in a larger organisation.

Identifying and managing risk

In prior years, PSR invested in the development of a robust risk management framework. In April 2020, PSR reviewed its Risk Management Plan, and conducted a risk assessment of its activities, covering both strategic and operational risks in planning for the financial year ahead. This exercise was facilitated by three focus groups. The focus groups involved the executive management team, and staff from the case and corporate teams.

The PSR Risk Management Plan summarises the strategic risk context and operational risk assessment for the agency. The risk assessment was based on a methodology that recognises inherent risk and control effectiveness, and outlines key mitigation strategies to be implemented, and roles and responsibilities for monitoring and reviewing risks.

Progress against the 2019–20 Risk Action Plan was monitored and actioned throughout the year. A new Risk Action Plan for 2020–21 was developed and identifies and prioritises



further opportunities for improvement in risk management, taking into account both the maturity of the agency's risk management practices, and its capacity for developing and implementing further change.

Outcomes from the focus groups also provided an opportunity for the agency to consider any risks or compliance issues in the context of developing PSR's annual Internal Audit Plan. The Internal Audit Plan includes provision for additional audits should circumstances change during the year.

PSR reports on the Internal Audit Plan and provides regular updates on the status of audit recommendations at each Audit and Risk Committee meeting.

Although the Audit and Risk Committee oversee risk management and internal controls, primary responsibility for managing risk and internal controls rests with PSR management.

Fraud control

Training on fraud awareness is conducted every two years. PSR last held its fraud awareness training in February 2019, which involved all staff. A focus group with the executive management team was also facilitated to review the fraud risk assessment and the Fraud Control Plan (the Plan). The Plan was developed to ensure PSR has effective systems and processes in place to manage its fraud risks. The Plan complies with the Commonwealth Fraud Control Framework under the PGPA Act, and is consistent with PSR's Risk Management Plan and Accountable Authority Instructions.

Fraud control is a standing agenda item at PSR's executive management team meetings, and Audit and Risk Committee meetings.

External scrutiny

Apart from Federal Court litigation discussed above, PSR was not subject to any other external scrutiny in 2019–20.

Audit and Risk Committee

The PSR Audit and Risk Committee is established by the PSR Director under s 45(1) of the PGPA Act.

It provides independent advice on the agency's governance arrangements, risk management framework, internal control and compliance framework, and financial statement responsibilities.

The PSR Audit and Risk Committee consists of an independent chair, an independent member, and the agency's Executive Officer who is also the General Counsel. In 2019–20, Ms Gayle Ginnane was the independent chair. Ms Ginnane has extensive experience in the public sector at a senior executive level, and was previously the CEO of the Private Health Insurance Administration Council. Amongst her vast experience, Ms Ginnane has over 10 years' experience as a director on a number of boards in government and the private sector.

PSR's independent member, Mr Paul Groenewegen, has extensive experience in executive and consulting roles, working with corporates, not-for-profits and government. Mr Groenewegen has a strong background in governance practice, strategy development and implementation, financial management, compliance & risk activities and government operations involving regulation and policy. Mr Groenewegen is an active participant in the governance operations of a number of entities, including roles as chair and independent member to a number of audit and risk committees in government and private sector organisations.

The internal member of PSR's Audit and Risk Committee is Mr Bruce Topperwien, who is the agency's Executive Officer and General Counsel, and is also PSR's Senior Executive Service (SES) employee. Mr Topperwien has previously been a Senior Executive Lawyer with the Department of Veterans' Affairs, and a manager, member, and senior executive in Commonwealth tribunals.

PSR's participating observers included representatives from the Australian National Audit Office, and PricewaterhouseCoopers (PwC), who are currently PSR's internal auditors.

In 2019–20, the Audit and Risk Committee met on four occasions. In addition, the chair reported regularly to the Director of PSR. During 2019–20, Ms Ginnane was remunerated a total of \$7,700 (GST inclusive), while Mr Groenewegen was remunerated a total of \$4,350 (no GST) for attendance at three out of the four meetings. Mr Topperwien, as a SES employee was remunerated under an individual agreement in accordance with s 24 of the *Public Service Act 1999*, and consistent with the Department of Health's SES Performance and Remuneration Framework and practices for SES employees.

During the course of the year, the PSR Internal Audit Plan included a range of audits that focused on governance, internal controls, and compliance. These included reviews of the agency's compliance against the Protective Security Policy Framework (PSPF), cyber security, two reviews of the agency's key controls, and a review of recommendations implemented from past audits.

PSR's Audit and Risk Committee Charter can be found at: <https://www.psr.gov.au/publications-and-resources/governance-and-corporate-documents>



Ethical standards

PSR recognises its responsibilities as part of the APS. As a statutory agency, PSR is committed to the APS Values and the Code of Conduct outlined in the *Public Service Act 1999*. In addition, to help guide its performance, PSR has defined its own values and behaviours, which are underpinned by the APS Values. PSR's values and behaviours—fair, transparent and professional—address the unique aspects of our business and environment, and guide us in how we conduct ourselves in performing our role.

To PSR, being fair means:

- + providing procedural fairness in the operation of the PSR Scheme
- + using a consistent approach to arrive at timely, justifiable decisions
- + delivering an effective and impartial PSR Scheme
- + explaining the process to stakeholders.

To PSR, being transparent means:

- + accurately informing practitioners of their rights and responsibilities
- + accurately informing practitioners of PSR's powers, responsibilities and intentions
- + proactively sharing information about the scheme, our outcomes and our activities
- + providing defensible reasons for outcomes.

To PSR, being professional means:

- + complying with Commonwealth legislative requirements and expectations
- + being accountable for our actions and decisions
- + protecting the privacy and confidentiality of the information we receive, use and create
- + operating with integrity and honesty
- + treating all people with courtesy and respect
- + using time and resources effectively.

Management of human resources

PSR staff are covered by PSR's 2016–19 Enterprise Agreement, which came into effect in February 2017. A Determination under subsection 24(1) of the *Public Service Act 1999* was approved by the Director of PSR (Accountable Authority) on 3 February 2020.

PSR has developed a culture where staff are treated fairly, equitably and with respect. PSR is committed to maintaining a work environment that encourages and supports all employees in raising concerns about unacceptable behaviour, is free from bullying and harassment, and provides protection to employees who report instances of suspected

breaches of the Code of Conduct. Agency procedures for managing alleged breaches of the Code of Conduct set out how allegations will be managed; these procedures are available to all employees via the PSR intranet.

Australian Public Service staff

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

At 30 June 2020, PSR had 26 APS staff members. Given PSR's role as a regulatory agency, PSR has a number of specialist Legal EL 2 positions, despite its small agency size. These positions are filled by senior lawyers with extensive administrative law experience. They have specific responsibility for managing PSR cases, and providing legal advice to the Director and PSR Committees.

Tables 4 and 5 provide details of staff numbers.

Table 4: PSR Australian Public Service staff at 30 June 2020

Classification	Male	Female	Ongoing employment	Non-ongoing employment	Full time	Part time	Total
SES Band	1	0	1	0	1	0	1
Legal/EL 2	2	3	5	0	5	0	5
EL 1	0	3	3	0	1	2	3
APS 6	2	6	7	1	8	0	8
APS 5	1	4	4	1	3	2	5
APS 4	1	3	4	0	4	0	4
Total	7	19	24	2	22	4	26

APS = Australian Public Service; EL = Executive Level; SES = Senior Executive Service

Table 5: PSR FTE at 30 June

Staff	30 June 2020	30 June 2019
Full Time Equivalent (FTE)	24.64	21.24



Enterprise agreement and Australian Workplace Agreements

All staff employed by PSR at 30 June 2020 were based in the ACT. There were nine employees who did not speak English as their first language and 35% had parents who did not speak English as their first language. PSR had no employees who identified as Aboriginal or Torres Strait Islander, and one employee with an identified disability.

During 2019–20, PSR recruited one non-ongoing employee, and seven ongoing employees. Five ongoing employees left PSR through resignation.

Table 6: Current PSR salary ranges

Classification	Minimum (\$)	Maximum (\$)
APS 4	67,691	75,606
APS 5	73,653	81,048
APS 6	81,588	99,717
Legal APS 6	83,412	95,759
EL 1	103,089	119,757
Legal EL 1	106,963	131,968
EL 2	115,485	148,585
Legal EL 2	138,721	155,913

APS = Australian Public Service; EL = Executive Level

Note: Salary ranges are from the Public Service (Subsection 24(1)—Professional Services Review Non-SES Employees) Determination 2020.

Non-salary benefits

PSR provided non-salary benefits to attract and retain capable staff. In 2019–20, benefits included:

- + allowance for mobile phones for relevant personnel
- + home internet access to PSR's ICT network
- + paid car parking for all employees
- + professional memberships
- + travel lounge membership for employees who travel more than six times a year.

Performance Pay

During 2019–20, PSR awarded performance pay to executive and senior management level employees who satisfied certain performance conditions specified by individual flexibility agreements.

Table 7 provides details of employees by classification, who received performance pay relating to the PDS cycle ending 30 June 2020. The total amount paid was \$53,490.

Table 7: Performance pay to PSR employees

Classification	Employees	Total Paid (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES Band 1/ Legal/EL 2	3	53,490	17,830	14,017	20,581

Key Management Personnel

During the reporting period ending 30 June 2020, PSR had five executives who met the definition of key management personnel (KMP). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of PSR, directly or indirectly, including any director (whether executive or otherwise) of PSR. PSR has determined the key management personnel to be those occupying the roles of Director, Executive Officer, Special Counsel, and the Chief Financial Officer. Their names and the length of term as KMP are summarised below:

Table 8 outlines the key management personnel during the reporting period ending 30 June 2020.

Table 8: 2019–20 Key Management Personnel

Name	Position title	Term as KMP
Professor Julie Quinlivan	Director of PSR (Accountable Authority)	Full year
Dr David Rankin ¹	Acting Director PSR	Part year—appointed on 10.2.2020, ceased on 21.2.2020
Bruce Topperwien	Executive Officer and General Counsel	Full year
Andrew Shelley	Special Counsel	Full year
Linnet Lee	Chief Financial Officer	Full year

¹ The Acting Director was appointed during the period the Director was on leave.

In the notes to the financial statements for the period ending 30 June 2020, PSR disclosed the following KMP expenses:

Note 10: Key management personnel remuneration for the reporting period	2020
Short-term benefits	\$
Salary	864,064
Performance bonuses	53,490
Other ²	41,705
Total short-term employee benefits	959,259
Post-employment benefits	
Superannuation	111,528
Total post-employment benefits	111,528
Other long-term benefits	
Annual leave	70,452
Long-service leave	39,309
Total other long-term benefits	109,761
Termination benefits	-
Total	1,180,548

2 Includes Executive vehicle allowance, car parking and mobile allowance.

Note 10 above has been further disaggregated into the following detail:

Table 9: KMP Remuneration

Name	Position title	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits			
Professor Julie Quinlivan	Director PSR (Accountable Authority) ⁴	355,028	-	3,847	22,281	10,807	25,834	-	417,797	
Dr David Rankin	Acting Director PSR ^{3,4}	15,238	-	-	2,092	-	-	-	17,330	
Bruce Topperwien	Executive Officer and General Counsel ⁵	186,509	14,017	28,958	36,895	11,939	16,920	-	295,238	
Andrew Shelley	Special Counsel ⁶	155,358	20,581	4,450	26,300	6,402	13,583	-	226,674	
Linnet Lee	Chief Financial Officer ⁶	151,931	18,892	4,450	23,960	10,161	14,115	-	223,509	
Total		864,064	53,490	41,705	111,528	39,309	70,452	-	1,180,548	

³ The Acting Director was appointed for part of the year during the period the Director was on leave.

⁴ Remunerated under the Remuneration Tribunal Determination for Full-Time Office Holders.

⁵ Remunerated under a s 24 agreement under the *Public Service Act 1999*.

⁶ Remunerated under Individual Flexibility Arrangements (IFAs), which includes car parking, performance bonuses linked to annual performance ratings, and pay rises in line with the agency's current Enterprise Agreement. IFAs are determined by the Director (Accountable Authority).



Senior Executive Remuneration

PSR's Senior Executive Service (SES) employee is remunerated under an individual agreement in accordance with s 24 of the *Public Service Act 1999*. The Director of PSR has authority to approve s 24 agreements, which is consistent with the Department of Health's SES Performance and Remuneration Framework and practices for SES employees.

During the reporting period ended 30 June 2020, PSR had one SES employee who was also a KMP, and holds the position title of Executive Officer and General Counsel. Details of PSR's SES remuneration are included in table 9.

Other Highly Paid Staff

During the reporting period ended 30 June 2020, PSR did not have any employees who met the threshold for other highly paid staff, where an individual's total remuneration was \$225,000 or more, and who was not a KMP or SES employee.

Holders of full-time and part-time public office

The Director of PSR is a holder of full-time public office whose remuneration and allowances are set annually by the Remuneration Tribunal. PSR Panel and Determining Authority members are holders of part-time public office. The Remuneration Tribunal also sets their remuneration and allowances on an annual basis.

Panel members and deputy directors who are appointed to specific PSR Committees are paid in accordance with the Remuneration Tribunal rates and allowances.

Table 10 shows the number of statutory appointments to PSR by practice location and gender.

Table 10: Statutory Appointment Holders as at 30 June 2020

Location	Male	Female	Total
Australian Capital Territory	7	6	13
New South Wales	24	24	48
Northern Territory	0	1	1
Queensland	14	4	18
South Australia	4	7	11
Tasmania	2	3	5
Victoria	22	10	32
Western Australia	6	5	11
Total	79	60	139

A full list of statutory appointment holders is available at Appendix 4

Training and development

PSR employees, in consultation with their managers, identify their training and development needs through individual development plans made under the organisation's Performance Development Scheme. As a result of this consultation, PSR employees accessed a range of learning and development opportunities during 2019–20, including external courses and workshops in areas including leadership and management, security, work health and safety, law, finance, risk, and records management. Online training events and resources were utilised more than previously, due to COVID-19.

PSR allocates a portion of its annual departmental expenditure to training and development during the financial year.

Work health and safety

PSR is committed to protecting the health, safety and welfare of its employees, contractors and visitors.

PSR undertook a number of health and safety initiatives in 2019–20, including:

- + workstation assessments for new employees
- + onsite influenza vaccinations offered for all employees and immediate family members
- + access to the employee assistance program for employees and their immediate families and
- + modifications to work practices and increased workplace flexibility, to support staff to work safely remotely, to stagger office occupancy and enact increased cleaning protocols to address the pandemic.

PSR's work health and safety representative is responsible for monitoring workplace hazards. The work health and safety representative and human resources officer conduct workplace inspections and report their findings to the Health and Safety Committee for action. Employees can also raise any health and safety issues with the work health and safety representative.

Disability reporting mechanisms

The National Disability Strategy 2010–2020, set out a 10-year national policy framework to:

- + improve the lives of people with disability
- + promote participation
- + create a more inclusive society.

The Australian Government Department of Social Services is currently working with stakeholders to develop the new National Disability Strategy, due for release in 2021.



Accommodation

In 2017–18, PSR entered into a new lease of its premises at Brindabella Business Park for five years. As part of lease negotiations, PSR made modifications to the present accommodation space to better suit the needs of the organisation. The refit included:

- + a new meeting room to facilitate formal Committee hearings and meetings suitable for the Determining Authority, as well as all staff meetings and workshops
- + converting workstations into two new offices
- + reconfiguration of workstations to better position staff within teams
- + more secure office storage to improve management of physical case records.

While all of that work was successfully completed by 30 June 2018, further minor modifications were completed during 2018–19 and also in 2019–20 to accommodate a small increase in staff and consultants. This was necessary, in order to manage the agency's significantly increased workload. PSR is efficiently maximising use of its office premises.

4. Financial performance

PSR's departmental appropriation for 2019–20 was \$8,645,000, which includes \$29,000 for a departmental capital budget.

The agency's 2019–20 departmental expenses were \$8,557,511 (excluding GST).

A resource summary of PSR's departmental expenses is provided at Appendix 1. Further information on PSR's financial performance is available in the audited financial statements and accompanying notes at Appendix 2.

Purchasing

In 2019–20, PSR sourced goods and services in accordance with the principles set out in the Commonwealth Procurement Rules.

The agency's purchase of goods and services reflected the mandatory guidelines, focusing on:

- + value for money
- + encouraging competition
- + efficient, effective and ethical use of Australian Government resources
- + accountability and transparency
- + compliance with other Australian Government policies.

PSR has outsourced some air travel management services. As part of service delivery arrangements with the provider, PSR requires the 'lowest practical fare' when procuring air travel for all PSR employees and part-time office holders.

Asset management

Management of physical assets is not a significant part of PSR's business. A departmental capital budget has been developed to ensure that there are sufficient funds to replace assets, as required.

PSR maintains an asset register and conducts an annual asset stocktake, in accordance with accounting standards and better practice asset management.

Consultants

PSR engages consultants where it lacks specialist expertise, or when independent research, review or assessment is required. Consultants are typically engaged to:

- + investigate or diagnose a defined issue or problem
- + carry out defined reviews or evaluations or
- + provide independent advice, information or creative solutions to assist with the agency's decision making.

Before engaging consultants, PSR takes into consideration the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related Rules, including the Commonwealth Procurement Rules. A consultant provides professional advice on subject matter in which they have expertise.

During 2019–20, PSR engaged 18 consultants under s 90 of the *Health Insurance Act 1973*, with a total value of \$345,965 (inclusive of GST), to assist with the performance of the functions, duties and powers of the Director. Six out of the 18 consultancy contracts were ongoing contracts (totalling \$299,091 GST inclusive). Four out of the six consultancy contracts represented 5% or more of total expenditure for services provided by Dr D Brand, Dr A Di Dio, Dr R Sharma, and Dr E Bucknell. PSR relies on peer review to assist in Director stage reviews and some clinicians are engaged under a labour hire consultancy for this purpose. The remaining 12 consultancies represent new contracts in specialist areas, entered into during the financial year (totalling \$46,874 GST inclusive).

In addition, PSR incurred further expenditure of \$1,087,335 (inclusive of GST) in relation to four ongoing contracts for the provision of legal services from Clayton Utz, Sparke Helmore, Maddocks, and the Australian Government Solicitor.

PSR spent a cumulative amount of \$24,115 (inclusive of GST) on five consultancies during 2019–20 to provide professional, independent and expert advice to PSR. Two out of the five were new contracts (totalling \$7,675 GST inclusive).

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.

Australian National Audit Office access clauses

During 2019–20, PSR had no contracts over the value of \$100,000 (inclusive of GST) that did not provide for the Auditor-General to have access to the contractor's premises.

Exempt contracts

In 2019–20, PSR had no contracts over the value of \$10,000 (inclusive of GST) that were exempt from being published on AusTender on the basis that to do so would disclose exempt matters under the *Freedom of Information Act 1982*.



Procurement initiatives to support small business

PSR supports small business participation in the Australian Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.

PSR recognises the importance of ensuring that small businesses are paid on time.

The results of the survey of Australian Government payments to small business are available on the Treasury’s website.

PSR applies procurement practices that are consistent with the Commonwealth Procurement Rules and the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 (inclusive of GST) that do not unfairly discriminate against small and medium enterprises. PSR recognises the importance of timely payments to small businesses, and ensures that key financial systems and processes are robust to facilitate these payments.

Advertising and market research

During 2019–20, PSR undertook one advertising campaign with Universal McCann for the recruitment of members to the Determining Authority. Total payments to Universal McCann were \$3,389 (GST inclusive).

Grants programs

PSR does not administer any grants programs.

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires that PSR reports 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 by installing energy efficient light bulbs and using sensor light technology. PSR also encourages ecologically sustainable practices, such as paper, plastic and aluminium recycling and has implemented systems and processes to encourage greater reliance on electronic records in preference to paper.

Publications

PSR produced one publication in 2019–20:

- + Annual report 2018–19

Appendix 1

Professional Services Review's resource statement and outcome summary 2019–20

Table 11: Resource statement, 2019–20

Resource		Actual available appropriations for 2019–20 (\$'000) ^(a)	Payments made in 2019–20 (\$'000) ^(b)	Balance remaining (\$'000) ^(a-b)
Ordinary Annual Services ^a	Departmental appropriation ^b	8,997	7,936	1,061
Other services	Departmental non-operating	–	–	–
	Equity injections	–	–	–
	Previous year's outputs	–	–	–
	Total other services	–	–	–
	Total resourcing and payments	8,997	7,936	1,061

Note: All figures are GST exclusive.

a Appropriation Acts (No. 1) 2019–20.

b Includes an amount of \$29,000 for the Departmental Capital Budget.

Table 12: Resource summary, Outcome 1^a

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme	[A] Budget 2019–20 (\$'000)	[B] Actual expenses 2019–20 (\$'000)	[A - B] Variation (\$'000)
Departmental outputs	8,616	8,558	58
Average staffing level (number)	26	26	0

a 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.

Appendix 2

Financial statements

Independent Auditor's Report

Statement by Accountable Authority and Chief Financial Officer

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Cash flow statement

Overview

Note 1: Expenses

Note 2: Income

Note 3: Financial assets

Note 4: Non-financial assets

Note 5: Payables and Interest Bearing Liabilities

Note 6: Provisions

Note 7: Appropriations

Note 8: Cash Flow Reconciliation

Note 9: Employee Provisions

Note 10: Key Management Personnel Remuneration

Note 11: Related Party Disclosures

Note 12: Contingent Assets and Liabilities

Note 13: Financial Instruments

Note 14: Fair Value Measurement

Note 15: Aggregate Assets and Liabilities



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

Opinion

In my opinion, the financial statements of the Professional Services Review (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Director is also responsible for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Lorena Skipper

Executive Director

Delegate of the Auditor-General


Canberra

18 September 2020


STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42 (2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Professional Services Review will be able to pay its debts as and when they fall due.


.....
Professor Julie Quinlivan
Director, Accountable Authority
Professional Services Review

18 September 2020


.....
Linnet Lee
Chief Financial Officer
Professional Services Review

18 September 2020

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2020*

	Notes	2020 \$	2019 \$	Original Budget 2020 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	3,561,912	3,032,112	3,598,000
Supplier expenses	1B	4,330,029	3,996,435	5,037,052
Depreciation and amortisation	4A	652,451	268,003	290,116
Finance costs	1C	8,960	1,908	8,946
Impairment loss allowance on financial instruments	1D	-	7,000	7,000
Losses from disposal of assets	1E	4,159	9,858	-
Total expenses		8,557,511	7,315,316	8,941,114
Own-Source Income				
Own-source revenue				
Rendering of services	2A	-	45,000	-
Other revenue	2B	37,000	35,000	35,000
Total own-source revenue		37,000	80,000	35,000
Gains				
Other gains	2C	7,500	3,183	-
Total gains		7,500	3,183	-
Total own-source income		44,500	83,183	35,000
Net cost of services		8,513,011	7,232,133	8,906,114
Revenue from Government - departmental appropriations	2D	8,616,000	6,946,000	8,616,000
Surplus (Deficit) attributable to the Australian Government		102,989	(286,133)	(290,114)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		(60,130)	11,059	-
Total other comprehensive income		(60,130)	11,059	-
Total comprehensive income attributable to the Australian Government		42,859	(275,074)	(290,114)

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

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

Budget Variances Commentary

Statement of Comprehensive Income

Supplier expenses were \$707K (14%) lower than budget. The variance was due to COVID-19, with committee hearings ceasing in March 2020 due to travel restrictions.

Depreciation and amortisation were \$362K higher than budget as the balance includes amortisation on PSR's office lease, in line with AASB 16 which became effective on 1 July 2019. Amortisation on PSR's office lease was not determined at the time of budget.

Impairment loss allowance on financial instruments was lower than budget by \$7K and relates to the allowance for credit losses. A settlement in favour of PSR for a litigation case recognised in a prior year has been partially paid (90%). The remaining balance is overdue. At the time of budget, PSR had assessed total impairment at 11% of the remaining balance based on repayment activity to date.

Losses from disposal of assets were higher than budget by \$4K. The variance was due to disposal of obsolete plant and equipment. These assets would not have been identified for disposal at the time of budget.

An increase in other gains of \$7K represents a reversal of prior year allowance for credit losses which has been recovered from the debtor.

At 30 June, PSR undertook a desktop valuation of its assets. At the time of budget, movements in asset carrying amounts from the desktop valuation could not be estimated, and were not likely to be significant. For leasehold improvement asset classes, the valuation resulted in fair value movements greater than 10% and decreased the asset revaluation reserve by \$60K.

The year end surplus was mainly due to the decrease in supplier expenses explained above.

STATEMENT OF FINANCIAL POSITION*as at 30 June 2020*

	Notes	2020 \$	2019 \$	Original Budget 2020 \$
ASSETS				
Financial Assets				
Cash and cash equivalents	3A	73,178	78,925	80,000
Trade and other receivables	3B	3,333,653	2,290,886	2,318,000
Total financial assets		3,406,831	2,369,811	2,398,000
Non-Financial Assets				
Buildings	4A	914,583	375,300	286,000
Plant and equipment	4A	259,600	346,963	285,000
Intangibles	4A	385,499	425,500	409,000
Other non-financial assets	4B	60,602	51,709	47,000
Total non-financial assets¹		1,620,284	1,199,472	1,027,000
Total assets		5,027,115	3,569,283	3,425,000
LIABILITIES				
Payables				
Suppliers	5A	875,445	306,779	324,000
Other payables	5B	104,804	119,635	143,000
Total payables		980,249	426,414	467,000
Interest bearing liabilities				
Leases	5C	673,533	-	-
Total interest bearing liabilities		673,533	-	-
Provisions				
Employee provisions	9	866,801	789,514	850,000
Provision for restoration obligations	6	102,000	96,300	100,000
Total provisions		968,801	885,814	950,000
Total liabilities		2,622,583	1,312,228	1,417,000
Net assets		2,404,532	2,257,055	2,008,000
EQUITY				
Contributed equity		1,737,497	1,708,497	1,642,000
Reserves		782,402	842,532	831,000
Retained surplus/(Accumulated deficit)		(115,367)	(293,974)	(465,000)
Total equity		2,404,532	2,257,055	2,008,000

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

1. Right-of-use assets are included in Buildings.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

Budget Variances Commentary

Statement of Financial Position

Trade and other receivables were higher than budget by \$1,016K (44%). The variance is mostly represented by \$940K in appropriation revenue relating to the Medicare Compliance Expansion of Data Matching Activities Measure announced in late 2018-19, which was received in 2019-20.

Buildings were higher than budget by \$629K (220%). The variance represents the NBV of PSR's right of use (ROU) asset on the office lease in line with AASB 16, which became effective on 1 July 2019. At the time of budget, the ROU on the office lease was not determined.

Other non-financial assets were higher than budget by \$14K (29%). The variance represents prepayments of airfare and accommodation expenses, for travel postponed due to COVID-19.

Suppliers were higher than budget by \$551k (170%). At year end, suppliers included a cost order of \$464K from a Federal Court matter, and \$64K in unforeseen additional legal fees to defend another matter in Court, which could not be forecasted at the time of budget.

Other payables were lower than budget by \$38K (27%). The budget includes a lease incentive liability of approximately \$42K which is no longer applicable under the new lease standard AASB 16.

Leases were higher than budget by \$674K. The variance represents the lease liability at 30 June, which was not determined at the time of budget.

STATEMENT OF CHANGES IN EQUITY*for the period ended 30 June 2020*

	2020	2019	Original Budget 2020
Notes	\$	\$	\$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	1,708,497	1,646,497	1,613,000
Opening balance	1,708,497	1,646,497	1,613,000
Transactions with owners			
Contributions by owners			
Departmental capital budget	29,000	62,000	29,000
Total transactions with owners	29,000	62,000	29,000
Closing balance as at 30 June	1,737,497	1,708,497	1,642,000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(293,974)	(7,841)	(175,000)
Adjustment on initial application of AASB 16	75,618	-	-
Opening balance	(218,356)	(7,841)	(175,000)
Comprehensive income			
Surplus/(Deficit) for the period	102,989	(286,133)	(290,000)
Total comprehensive income	102,989	(286,133)	(290,000)
Closing balance as at 30 June	(115,367)	(293,974)	(465,000)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	842,532	831,473	831,000
Opening balance	842,532	831,473	831,000
Comprehensive income			
Other comprehensive income	(60,130)	11,059	-
Total comprehensive income	(60,130)	11,059	-
Closing balance as at 30 June	782,402	842,532	831,000

STATEMENT OF CHANGES IN EQUITY (Continued)

for the period ended 30 June 2020

	Notes	2020 \$	2019 \$	Original Budget 2020 \$
TOTAL EQUITY				
Balance carried forward from previous period		2,257,055	2,470,129	2,269,000
Adjustment on initial application of AASB 16		75,618	-	-
Opening balance		2,332,673	2,470,129	2,269,000
Comprehensive income				
Surplus (Deficit) for the period		102,989	(286,133)	(290,000)
Other comprehensive income		(60,130)	11,059	-
Total comprehensive income		42,859	(275,074)	(290,000)
Transactions with owners				
Contributions by owners				
Departmental capital budget		29,000	62,000	29,000
Total transactions with owners		29,000	62,000	29,000
Closing balance as at 30 June		2,404,532	2,257,055	2,008,000

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

Budget Variances Commentary

Statement of Changes in Equity

Total comprehensive income has increased by approximately \$333K (115%). The variance is represented by an increase of \$393K in the agency's anticipated surplus, offset by a decrease in the asset revaluation reserve of \$60k, after an asset valuation was conducted on the agency's leasehold improvements and plant and equipment at 30 June 2020.

CASH FLOW STATEMENT*for the period ended 30 June 2020*

	2020	2019	Original Budget 2020
Notes	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	7,935,586	7,060,408	8,227,000
Sale of goods and rendering of services	-	48,183	-
Net GST received	<u>280,284</u>	<u>282,357</u>	<u>308,000</u>
Total cash received	<u>8,215,870</u>	<u>7,390,948</u>	<u>8,535,000</u>
Cash used			
Employees	3,437,788	2,808,240	3,440,000
Suppliers	4,027,593	4,273,153	5,034,000
Interest payments on lease liabilities	8,057	-	-
Section 74 receipts transferred to OPA	<u>352,229</u>	<u>364,262</u>	<u>-</u>
Total cash used	<u>7,825,667</u>	<u>7,445,655</u>	<u>8,474,000</u>
Net cash from/(used by) operating activities	<u>8</u> <u>390,203</u>	<u>(54,707)</u>	<u>61,000</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	43,486	72,903	40,000
Purchase of intangibles	<u>57,087</u>	<u>135,995</u>	<u>50,000</u>
Total cash used	<u>100,573</u>	<u>208,898</u>	<u>90,000</u>
Net cash (used by) investing activities	<u>(100,573)</u>	<u>(208,898)</u>	<u>(90,000)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget	<u>29,000</u>	<u>262,766</u>	<u>29,000</u>
Total cash received	<u>29,000</u>	<u>262,766</u>	<u>29,000</u>
Cash used			
Principle payments of lease liabilities	<u>324,377</u>	<u>-</u>	<u>-</u>
Total cash used	<u>324,377</u>	<u>-</u>	<u>-</u>
Net cash (used by) financing activities	<u>(295,377)</u>	<u>262,766</u>	<u>29,000</u>
Net increase/(decrease) in cash held	<u>(5,747)</u>	<u>(839)</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	<u>78,925</u>	<u>79,764</u>	<u>80,000</u>
Cash and cash equivalents at the end of the reporting period	<u>3A</u> <u>73,178</u>	<u>78,925</u>	<u>80,000</u>

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

CASH FLOW STATEMENT

for the period ended 30 June 2020

Budget Variances Commentary

Cash Flow Statement

Cash drawn from the consolidated revenue fund was lower than budget by \$291K, which is consistent with a decrease in supplier expenses.

Cash used for suppliers was \$1,006k (20%) lower than budget. The variance is partially represented by \$324K in principle payments of lease liabilities in line with AASB 16, and \$8k in lease liability interest payments, previously forecasted in suppliers. The remaining variance of \$674K is consistent with a 15% decrease in supplier expenses.

Section 74 receipts were higher than budget, as the budget did not take into consideration GST refunds or transfers of leave liabilities that were returned to consolidated revenue during the year.

Cash used for intangibles was higher than budget by \$7K (14%). The budget did not include costs associated with commissioning an in-house developed software solution to convert records into an appropriate format for case related reviews.

Overview

Objectives of the Professional Services Review

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 the Chief Executive Medicare.

PSR has 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 the entity in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for PSR administration and programs.

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

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements 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.

Overview

Adoption of New Australian Accounting Standard Requirements

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

The following new standard was adopted by PSR:

AASB 16 Leases

AASB 16 became effective on 1 July 2019. This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

Application of AASB 16 Leases

PSR adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

PSR elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. PSR applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

Overview

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, PSR previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, PSR recognises right-of-use assets and lease liabilities for most leases.

On adoption of AASB 16, PSR recognised a right-of-use asset and lease liability in relation to the lease of its office space, which had previously been classified as an operating lease.

The lease liability was measured at the present value of the remaining lease payments, discounted using PSR's incremental borrowing rate as at 1 July 2019. PSR's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 0.98%.

The right-of-use assets were measured as follows:

a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on transition

On transition to AASB 16, PSR recognised a right-of-use asset and lease liability, with the difference recognised in retained earnings. The impact on transition is summarised below:

	1 July 2019
Departmental	\$
Right of use assets - building	1,023,289
Lease liabilities	(997,910)
Prepayment - rent	(25,378)
Lease incentive	61,667
Provision for straight lining rent	13,950
Retained earnings	75,618

Overview

The following table reconciles the minimum lease commitments disclosed in PSR's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$
Minimum operating lease commitment at 30 June 2019	1,113,571
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	115,661
Lease liabilities recognised at 1 July 2019	997,910

Accounting Judgements and Estimates

PSR has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements is taken to be the depreciated replacement cost as determined by an independent valuer. Make good was determined by taking into consideration the lease term, consumer price index, and the Australian Government Bond rate.

- The long service leave liability is calculated using the shorthand method developed by the Australian Government Actuary. This method is influenced by fluctuations in the Commonwealth Government 10 year Treasury Bond rate and PSR's estimated salary growth rates.

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 with the next accounting period.

Overview

Transactions with the Government as Owner

Equity Injections

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

Taxation / Competitive Neutrality

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:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

Events After the Reporting Period

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

Explanation of major budget variances

AASB 1055: Budgetary Reporting requires explanations of major variances between the original budget as presented in the 2019-20 PBS. The variance commentary that appears in the face statements should be read in the context of the following:

1. The original budget was prepared before the 2019-20 final outcome could be known. As a result, the opening balance of the Statement of Financial Position was estimated and in some cases, variances between the 2019-20 outcome and budget estimates can be partly attributed to unanticipated movement in prior year figures.
2. PSR considers that major variances are those greater than 10% of the original estimate. Variances below this threshold are not included unless considered significant by their nature. Variances relating to cash flows are a result of factors detailed under expenses, own source income, assets or liabilities. Unless otherwise individually significant or unusual, no additional commentary has been included.

Financial Performance

This section analyses the financial performance of PSR for the year ended 2020

Note 1: Expenses

	2020	2019
	\$	\$
Note 1A: Employee Benefits		
Wages and salaries	2,631,957	2,319,688
Superannuation		
Defined contribution plans	358,245	303,006
Defined benefit plans	68,658	64,641
Leave and other entitlements	503,052	344,777
Total employee benefits	3,561,912	3,032,112

Accounting Policy

Accounting policies for employee related expenses are contained in Note 9.

Note 1B: Suppliers

Goods and services supplied or rendered

Legal expenses	988,487	222,756
Case related fees	680,380	923,629
Other case related expenses	1,108,632	824,612
Consultant fees	502,067	641,067
Contractor expenses	438,553	372,996
Telephone and internet	77,697	75,863
Recruitment expenses	21,971	11,678
Other expenses	405,106	430,487
Total goods and services supplied or rendered	4,222,893	3,503,088

Other suppliers

Operating lease rentals ¹	-	307,676
Workers compensation expenses	107,136	185,671
Total other suppliers	107,136	493,347
Total suppliers	4,330,029	3,996,435

1. PSR has applied AASB 16 using the modified retrospective approach, and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 4A and 5C.

PSR's lease agreement consists of the lease premises and car parking at the Canberra Airport from the Capital Airport Group Pty Ltd. PSR entered into a five year lease from 1 August 2017.

Financial Performance

This section analyses the financial performance of PSR for the year ended 2020

Note 1: Expenses

	2020	2019
	\$	\$
Note 1C: Finance Costs		
Interest on lease liabilities	8,057	-
Unwinding of discount	903	1,908
Total finance costs	8,960	1,908

Accounting Policy**Borrowing Costs**

All borrowing costs are expensed as incurred.

Note 1D: Impairment Loss Allowance on Financial Instruments

Impairment on trade and other receivables	-	7,000
Total impairment on financial instruments	-	7,000

Note 1E: Losses on Disposal of Assets

Dispose of property, plant and equipment	4,159	-
Dispose of intangibles	-	9,858
Total losses on disposal of assets	4,159	9,858

Financial Performance

This section analyses the financial performance of PSR for the year ended 2020

Note 2: Income

	2020	2019
Own-Source Revenue	\$	\$

Note 2A: Rendering of Services

Settlement from litigations	-	45,000
Total rendering of services	-	45,000

Accounting Policy

Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) 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:

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

Note 2B: Other Revenue

Resources received free of charge	37,000	35,000
Total other revenue	37,000	35,000

Accounting Policy

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.

Financial Performance

This section analyses the financial performance of PSR for the year ended 2020

Note 2: Income

	2020	2019
	\$	\$
Gains		
Note 2C: Other Gains		
Reversal of impairment on trade and other receivables	7,500	-
Insurance refunds received and other	-	3,183
Total other gains	<u>7,500</u>	<u>3,183</u>
Revenue from Government		
Note 2D: Revenue from Government		
Appropriations		
Departmental appropriations	8,616,000	6,946,000
Total revenue from Government	<u>8,616,000</u>	<u>6,946,000</u>

Accounting PolicyRevenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 3: Financial Assets

	2020	2019
	\$	\$

Note 3A: Cash and Cash Equivalents

Cash on hand or on deposit	73,178	78,925
Total cash and cash equivalents	73,178	78,925

Accounting Policy

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand.

Note 3B: Trade and Other Receivables

Good and services receivables

Settlement from litigations and leave transfers	6,500	33,963
Other	-	941,340
Total goods and services receivables	6,500	975,303

Appropriations receivable

Existing programs	3,294,161	1,221,141
Departmental capital budget	9,976	81,550
Total appropriations receivable	3,304,137	1,302,691

Other receivables

GST receivable from the Australian Taxation Office	29,516	26,892
Other	-	-
Total other receivables	29,516	26,892
Total trade and other receivables (gross)	3,340,153	2,304,886

Less impairment loss allowance

Goods and services	(6,500)	(14,000)
Total impairment loss allowance	(6,500)	(14,000)
Total trade and other receivables (net)	3,333,653	2,290,886

Accounting Policy

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

Impairment of Financial Assets

All assets were assessed for impairment at 30 June 2020. 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.

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 4: Non-Financial Assets

Note 4A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles for 2020

	Buildings	Plant & equipment	Computer software	Total
	\$	\$	\$	\$
As at 1 July 2019				
Gross book value	375,300	346,963	550,122	1,272,385
Accumulated depreciation, amortisation and impairment	-	-	(124,622)	(124,622)
Net book value as at 1 July 2019	375,300	346,963	425,500	1,147,763
Recognition of right of use asset on initial application of AASB 16	1,023,289	-	-	1,023,289
Adjusted total as at 1 July 2019	1,398,589	346,963	425,500	2,171,052
Additions				
Purchase	-	43,486	17,887	61,373
Internally developed	-	-	39,200	39,200
Revaluations and impairments recognised in other comprehensive income	(57,297)	1,964	-	(55,333)
Revaluations recognised in net cost of services	-	-	-	-
Reversal of revaluation previously recognised in other comprehensive income	-	-	-	-
Other movements	29,591	(29,591)	-	-
Reversal of impairments recognised in net cost of services	-	-	-	-
Depreciation and amortisation	(124,594)	(99,063)	(97,088)	(320,745)
Disposal on right-of-use assets	(331,706)	-	-	(331,706)
Disposals	-	-	-	-
Other	-	(4,159)	-	(4,159)
Net book value as at 30 June 2020	914,583	259,600	385,499	1,559,682
Net book value as at 30 June 2020 represented by				
Gross book value	1,246,289	259,600	607,209	2,113,098
Accumulated depreciation and impairment	(331,706)	-	(221,710)	(553,416)
Net book value as at 30 June 2020	914,583	259,600	385,499	1,559,682

The carrying amount for buildings of \$914,583 (2019: \$375,300) and plant and equipment of \$259,600 (2019: \$346,963) were included in the valuation figures above. No indicators of impairment were found for property, plant and equipment.

During the year, PSR completed an upgrade of its ICT servers and standard operating environment. No other property, plant and equipment, or intangible assets are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 4. At 30 June 2020, an independent valuer, B&A Valuers, conducted a desktop valuation of PSR's leasehold improvements and property, plant & equipment.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

No contractual commitments were entered into for property, plant and equipment at 30 June 2020 (2018-19: \$0).

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 4: Non-Financial Assets

Accounting Policy

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's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for individual purchases costing less than \$1,000, which are expensed in the year of acquisition.

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 'make good' provisions in property leases taken up by PSR where there exists an obligation to restore the property to its original condition. These costs are included in the value of PSR's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from 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 as at the reporting date. The regularity of independent valuations depended 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 reversed 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 reversed 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.

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 4: Non-Financial Assets

Accounting Policy

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:

	2020	2019
Leasehold improvements	Lease term 3 to 10	Lease term 3 to 10
Plant and equipment	years	years

Impairment

All assets were assessed for impairment at 30 June 2020. 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 of disposal 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 the entity 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.

Intangibles

PSR's intangibles comprise of purchased and internally developed 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 are 4 to 10 years (2019: 4 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2020.



Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 4: Non-Financial Assets

	2020	2019
	\$	\$
Note 4B: Other Non-Financial Assets		
Prepayments	60,602	51,709
Total other non-financial assets	<u>60,602</u>	<u>51,709</u>

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

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 5: Payables and Interest Bearing Liabilities

	2020	2019
	\$	\$
Note 5A: Suppliers		
Trade creditors and accruals	875,445	292,829
Operating lease rentals	-	13,950
Total suppliers	<u>875,445</u>	<u>306,779</u>

Settlement is made within 30 days.

Note 5B: Other Payables

Wages and salaries	98,349	54,985
Superannuation	6,455	2,983
Lease incentive	-	61,667
Total other payables	<u>104,804</u>	<u>119,635</u>

Settlement is made within 30 days.

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 5: Payables and Interest Bearing Liabilities

	2020	2019
	\$	\$
Note 5C: Interest bearing liabilities		
Leases liabilities	673,533	-
Total interest bearing liabilities	<u>673,533</u>	<u>-</u>

1. PSR has applied AASB 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$324,377.

Accounting Policy

Refer Overview section for accounting policy on leases.

Financial Position

This section analyses PSR's assets used to conduct its operations and the operating liabilities incurred as a result

Note 6: Provisions

	2020	2019
	\$	\$
Note 6: Provision for restoration obligations		
Make good obligation	<u>102,000</u>	96,300
Total provision for restoration obligations	<u>102,000</u>	<u>96,300</u>

	Provision for restoration
	\$
Carrying amount 1 July 2019	<u>96,300</u>
Amounts reversed	4,797
Finance cost - unwinding discount	903
Closing balance 2020	<u>102,000</u>

PSR currently has an agreement for the leasing of premises which include provisions requiring PSR to restore the premises to its original condition at the conclusion of the lease. PSR has made a provision to reflect the present value of this obligation.

Funding

This section identifies PSR's funding structure

Note 7: Appropriations

ZA: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2020

	Annual Appropriation ¹	Adjustment to appropriation ²	Total appropriation	Appropriation applied in 2020 (current and prior years)	Variance ³
	\$	\$	\$	\$	\$
DEPARTMENTAL					
Ordinary annual services	8,616,000	80,891	8,696,891	(7,551,006)	1,145,885
Capital Budget ⁴	29,000	-	29,000	(100,574)	(71,574)
Total departmental	8,645,000	80,891	8,725,891	(7,651,580)	1,074,311

Notes:

1. In 2019-20, PSR received \$8,645,00 under Appropriation Bill (No. 1) 2019-20.
2. Adjustment includes PGPA Act section 74 receipts.
3. Departmental appropriations were under drawn by \$1,145,885. The variance was due to approximately \$841K in supplier payables at year end. Committee hearings also ceased in March 2020 due to travel restrictions.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Payments made on non-financial assets include purchases of assets, and expenditure on assets which have been capitalised.

Funding

This section identifies PSR's funding structure

Note 7: Appropriations

ZA: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019

	Annual Appropriation ¹	Adjustment to appropriation ²	Total appropriation	Appropriation applied in 2019 (current and prior years)	Variance ³
	\$	\$	\$	\$	\$
DEPARTMENTAL					
Ordinary annual services	6,946,000	86,149	7,032,149	(6,782,295)	249,854
Capital Budget ⁴	62,000	-	62,000	(262,766)	(200,766)
Total departmental	7,008,000	86,149	7,094,149	(7,045,061)	49,088

Notes:

1. In 2018-19, PSR received \$6,006,000 under Appropriation Bill (No. 1) 2018-19 and an additional \$940,000 which is to be received under Appropriation Bill (No.1) 2019-20.
2. Adjustment includes PGPA Act section 74 receipts.
3. Departmental appropriations were underspent by \$249,854. The variance was due to the delayed announcement of the Medicare Compliance Expansion of Data Matching Activities Measure.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Payments made on non-financial assets include purchases of assets, and expenditure on assets which have been capitalised.



Funding

This section identifies PSR's funding structure

Note 7: Appropriations**7B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

Authority	2020	2019
	\$	\$
DEPARTMENTAL		
Appropriation Act (No. 1) 2018-19	-	1,283,140
Appropriation Act (No. 1) 2017-18	-	19,550
Appropriation Act (No. 1) 2019-20	3,304,137	-
Cash balance	73,178	78,925
Total	3,377,315	1,381,615

The cash balance of \$73,178 represents unspent departmental appropriation from Appropriation Act (No.1) 2019-20; (2019: \$78,925 from Appropriation Act (No.1) 2018-19). Unspent departmental appropriation also includes a departmental capital budget of \$9,976 (2019: \$81,550).

Funding

This section identifies PSR's funding structure

Note 8: Cash Flow Reconciliation

	2020	2019
	\$	\$
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	73,178	78,925
Statement of financial position	73,178	78,925
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/ (used by) operating activities:		
Net cost of services	(8,513,011)	(7,232,133)
Add revenue from Government	8,616,000	6,946,000
Adjustments for non-cash items		
Depreciation / amortisation	652,451	268,003
Net write down of non-financial assets	-	7,000
Reversal of impairment on trade and other receivables	(7,500)	-
Loss on disposal of assets	4,159	9,858
Finance costs	903	1,908
Changes in assets / liabilities		
(Increase) / decrease in net receivables	(1,035,267)	(255,762)
(Increase) / decrease in prepayments	(34,271)	(6,811)
Increase / (decrease) in employee provisions	77,287	234,484
Increase / (decrease) in supplier payables	568,666	(10,947)
Increase / (decrease) in other payables	60,786	(16,307)
Net cash from/ (used by) operating activities	<u>390,203</u>	<u>(54,707)</u>

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

Note 9: Employee Provisions

	2020	2019
	\$	\$
Note 9: Employee Provisions		
Leave	866,801	789,514
Total employee provisions	866,801	789,514

Accounting Policy

Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of the 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.

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

Note 9: Employee Provisions

Accounting Policy

Leave

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 be applied at the time the leave is taken, including PSR employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The long term leave 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 as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. The other factors which have been considered in determining the long term leave liability for long service leave include salary growth, probability factors and on costs.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

PSR's staff 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 reported in the Department of Finance's administered schedules and notes.

PSR makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. 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.

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

Note 10: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of PSR, directly or indirectly, including any director (whether executive or otherwise) of PSR. PSR has determined the key management personnel to be the Director of PSR, Executive Officer, Special Counsel, and the Chief Finance Officer. Key management personnel remuneration is reported in the table below:

	2020	2019
	\$	\$
Short-term employee benefits	959,259	908,242
Post-employment benefits	111,528	121,274
Other long-term employee benefits	109,761	105,879
Total key management personnel remuneration expenses¹	<u>1,180,548</u>	<u>1,135,395</u>

The total number of key management personnel included in the above table represents 5 individuals (2019: 5 individuals). During the reporting period, 1 of the 5 individuals was on acting arrangements.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people

Note 11: Related Party Disclosures

Related party relationships:

PSR is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

The entity transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums. These are not considered individually significant to warrant separate disclosure as related party transactions (2019: nil).

Refer to Note 9 Employee Provisions for details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed (2019: nil).

Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

Note 12: Contingent Assets and Liabilities

Quantifiable Contingencies

At 30 June 2020, PSR did not have any quantifiable contingencies (2019: nil).

Unquantifiable Contingencies

PSR is currently involved in litigation cases before the Federal Court which may result in costs awarded for or against PSR. PSR has been advised by its solicitors that the amounts cannot be reliably estimated. No further disclosure has been made on the grounds that it can be expected to seriously prejudice the outcome of the litigation (2019: nil).

Significant Remote Contingencies

At 30 June 2020, PSR did not have any significant remote contingencies (2019: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the 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.

Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

Note 13: Financial Instruments

	2020	2019
	\$	\$
Note 13A: Categories of Financial Instruments		
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	73,178	78,925
Trade and other receivables	6,500	961,303
Total financial assets at amortised cost	79,678	1,040,228
Total financial assets	79,678	1,040,228
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - Suppliers	875,445	306,779
Total financial liabilities	875,445	306,779

Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

Note 13: Financial Instruments

Accounting Policy

Financial Assets

PSR classifies its financial assets as financial assets measured at amortised cost.

The classification depends on both PSR's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when PSR becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

PSR classifies its financial liabilities as financial liabilities at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).

Managing uncertainties

This section analyses how PSR manages financial risks within its operating environment

Note 14: Fair Value Measurement

Accounting Policy

Fair Value Measurement

PSR deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

Note 14: Fair Value Measurements

	Fair value measurements at the end of the reporting period	
	2020	2019
	\$	\$
Non-financial assets		
Leasehold improvements	223,000	375,300
Other property, plant and equipment	259,600	346,963
Total non-financial assets	482,600	722,263
Total fair value measurements of assets in the statement of financial position	482,600	722,263

1. No change in valuation technique occurred during the period

2. Recurring level 3 fair value measurements reconciliation - valuation process

PSR procured valuation services from B&A Valuers and relied on valuation models provided by B&A Valuers. PSR tests the procedures of the valuation model at least once every 12 months. B&A Valuers has provided written assurance to PSR that the model developed is in compliance with AASB 13.



Other information

Note 15: Aggregate Assets and Liabilities

	2020	2019
	\$	\$
Note 15: Aggregate Assets and Liabilities		
Assets expected to be recovered in		
No more than 12 months	3,466,097	2,422,487
More than 12 months	1,561,018	1,146,796
Total assets	<u>5,027,115</u>	<u>3,569,283</u>
Liabilities expected to be settled in		
No more than 12 months	1,458,118	545,632
More than 12 months	1,129,971	766,596
Total liabilities	<u>2,588,089</u>	<u>1,312,228</u>

Appendix 3



Freedom of information statement

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display, on its website, a plan showing what information it published in accordance with the IPS requirements.

Information on PSR's IPS can be accessed via the PSR website.

Contact Officer:

All freedom of information requests should be directed to:

Freedom of Information Coordinator
Professional Services Review
PO Box 74 Fyshwick ACT 2609

Appendix 4

Statutory Appointments

The PSR Agency is required to publish the details of statutory appointments made under the Act to enable the operation of the PSR Scheme. The roles described below are statutory appointments made by the Minister for Health.

The following table of statutory appointments sets out a full list of current appointees, as at 30 June 2020, their dates of appointment and the roles to which they have been appointed

Title	First Name	Last Name	Latest Appointment	Expires	Type
Professor	Julie	Quinlivan	15-May-20	13-Feb-23	Director, PSR
Ms	Katerina	Angelopoulos	30-May-20	30-Jun-22	Determining Authority
A/Prof	Mark	Arnold	12-Sep-18	29-May-22	Panel
Dr	Caroline	Badam	29-Jan-20	31-Mar-24	Panel
Dr	Michael	Badham	30-May-20	30-Jun-22	Determining Authority
Dr	Michael	Badham	25-Jan-19	29-May-22	Panel
Dr	Robert	Bailey	25-Jan-19	29-May-22	Panel
Dr	Annette	Barratt	30-May-17	29-May-22	Panel—Deputy Director
Dr	Richard	Barry	19-Oct-17	29-May-22	Panel
Professor	Hugh	Bartholomeusz	29-Jan-20	31-Mar-24	Panel—Deputy Director
A/Prof	Kevin	Bell	5-Oct-17	29-May-22	Panel
Dr	Sara	Booth-Mason	29-Jan-20	31-Mar-24	Panel
Dr	Kerrie	Bradbury	30-May-17	29-May-22	Panel
Dr	Kathryn	Brotchie	26-Mar-18	29-May-22	Panel

Title	First Name	Last Name	Latest Appointment	Expires	Type
Dr	Peter	Cheung	30-May-17	29-May-22	Panel
Dr	Eleanor	Chew	26-Mar-18	29-May-22	Panel
Dr	Weng	Chin	1-Apr-19	31-Mar-24	Panel
Dr	Yan	Chow	1-Apr-19	31-Mar-24	Panel
Dr	Helen	Chriss	30-May-17	29-May-22	Panel
Dr	Rachel	Christmas	1-Apr-19	31-Mar-24	Panel
Dr	Antonio	Cocchiaro	30-May-17	29-May-22	Panel
Dr	Debra	Coleman	19-Oct-17	29-May-22	Panel
Professor	Alan	Cooper	30-May-17	29-May-22	Panel—Deputy Director
Dr	Heather	Coventry	12-Sep-18	29-May-22	Panel
Dr	Marcela	Cox	30-May-17	29-May-22	Panel—Deputy Director
Ms	Dianne	Crellin	15-Nov-17	29-May-22	Panel
Dr	Marjorie	Cross	30-May-17	29-May-22	Panel
Dr	Nicholas	Demediuk	30-May-17	29-May-22	Panel—Deputy Director
Dr	Antonio	Di Dio	30-May-17	29-May-22	Panel—Deputy Director
Dr	Thomas	Douch	30-May-17	29-May-22	Panel
Ms	Jane	Duffy	30-May-17	29-May-22	Panel
Dr	Stephen	Dunn	30-May-17	29-May-22	Panel
Ms	Marijke	Eastaugh	8-Oct-18	29-May-22	Panel
Dr	Pathma	Edge	25-Jan-19	29-May-22	Panel
Dr	Stewart	Einfeld	29-Jan-20	31-Mar-24	Panel
Mrs	Esther	Eurpidou	30-May-17	29-May-22	Panel
Dr	Timothy	Flanagan	30-May-17	29-May-22	Panel—Deputy Director
Dr	Karen	Flegg	30-May-17	29-May-22	Panel—Deputy Director
Dr	Karen	Flegg	30-May-20	30-Jun-22	Determining Authority
Dr	Howard	Galloway	5-Oct-17	29-May-22	Panel

Title	First Name	Last Name	Latest Appointment	Expires	Type
Dr	Stuart	Game	30-May-17	29-May-22	Panel
Dr	Alison	Garvin	25-Jan-19	29-May-22	Panel
A/Prof	Kurt	Gebauer	29-Jan-20	31-Mar-24	Panel
Professor	John	Gibson	12-Sep-18	29-May-22	Panel
Professor	Gerard	Gill	30-May-17	29-May-22	Panel
Dr	Nicole	Goh	25-Jan-19	29-May-22	Panel
Dr	Nicole	Gorddard	29-Jan-20	31-Mar-24	Panel
Professor	John	Grigg	19-Oct-17	29-May-22	Panel
Professor	Ronald	Grunstein	13-Dec-16	12-Dec-21	Panel
A/Prof	John	Gullotta	30-May-17	29-May-22	Panel
Dr	Peter	Habersberger	29-Jan-20	31-Mar-24	Panel
Dr	Kerry	Harris	30-May-17	29-May-22	Panel
Dr	Charlotte	Hespe	30-May-17	29-May-22	Panel
Professor	Peter	Hewett	1-Apr-19	31-Mar-24	Panel
Dr	Kian Yong	Ho	29-Jan-20	31-Mar-24	Panel
Dr	Alan	Hodgson	30-May-17	29-May-22	Panel
Dr	Charles	Howse	12-Sep-18	29-May-22	Panel—Deputy Director
Dr	Michael	Hurley	30-May-17	29-May-22	Panel—Deputy Director
Dr	Cathy	Hutton	12-Sep-18	29-May-22	Panel
A/Prof	Aniello	Iannuzzi	30-May-20	30-Jun-22	Determining Authority Chair
Dr	Gerard	Ingham	30-May-17	29-May-22	Panel—Deputy Director
Dr	Fiona	Joske	29-Jan-20	31-Mar-24	Panel
A/Prof	Rajeev	Jyoti	5-Oct-17	29-May-22	Panel
Dr	Kathleen	Keating	1-Sep-19	31-Aug-20	Panel
Dr	Glynn	Kelly	30-May-17	29-May-22	Panel
Dr	Jennifer	Kendrick	30-May-17	29-May-22	Panel

Title	First Name	Last Name	Latest Appointment	Expires	Type
Mr	John	Kilmartin	30-May-20	30-Jun-22	Determining Authority
Dr	Heather	Knox Kairaitis	30-May-17	29-May-22	Panel
Dr	Lana	Kossoff	29-Jan-20	31-Mar-24	Panel
A/Prof	Vicki	Kotsirilos	30-May-17	29-May-22	Panel
Dr	Alan	Leeb	30-May-17	29-May-22	Panel
Dr	Peter	Lorenz	30-May-17	29-May-22	Panel
Dr	Caroline	Luke	25-Jan-19	29-May-22	Panel
Dr	Peter	Lynch	30-May-17	29-May-22	Panel—Deputy Director
Mr	Stuart	Macfarlane	30-May-20	30-Jun-22	Determining Authority
Mr	Stuart	Macfarlane	30-May-17	29-May-22	Panel
Dr	Ross	Mackay	1-Jan-19	31-Aug-20	Panel
Dr	Gavin	Mackie	5-Oct-17	29-May-22	Panel
Dr	Peter	Maguire	15-Aug-17	29-May-22	Panel
Dr	Lawrence	Malisano	20-Jan-20	31-Mar-24	Panel—Deputy Director
Dr	Linda	Mann	30-May-17	29-May-22	Panel
Ms	Donna	Mansell	24-Jul-18	29-May-22	Panel—Deputy Director
Dr	Mona	Marabani	1-Apr-19	31-Mar-24	Panel
Dr	Geoff	Markov	30-May-17	29-May-22	Panel—Deputy Director
Professor	Susan	McDonald	30-May-20	30-Jun-22	Determining Authority
Professor	Susan	McDonald	30-May-17	29-May-22	Panel
Dr	Mark	McEwan	25-Jan-19	29-May-22	Panel
Dr	Cathy	McGuckin	29-Jan-20	31-Mar-24	Panel
Dr	Rodney	McMahon	30-May-17	29-May-22	Panel—Deputy Director
Dr	Robert	Menz	29-Jan-20	31-Mar-24	Panel
Dr	Suzanne	Miau	26-Mar-18	29-May-22	Panel
Dr	Wayne	Minter	25-Jan-19	29-May-22	Panel—Deputy Director

Title	First Name	Last Name	Latest Appointment	Expires	Type
Dr	Rakesh	Mohindra	30-May-17	29-May-22	Panel
Ms	Suzanne	Morey	15-Nov-17	29-May-22	Panel—Deputy Director
Dr	Gregory	Morris	30-May-17	29-May-22	Panel—Deputy Director
Dr	Brian	Morton	30-May-17	29-May-22	Panel—Deputy Director
Mr	Paul	Murdoch	30-May-20	30-Jun-22	Determining Authority
Dr	Robyn	Napier	30-May-17	29-May-22	Panel—Deputy Director
Professor	Matthew	Naughton	13-Dec-16	12-Dec-21	Panel
Dr	Harry	Nespolon	30-May-17	29-May-22	Panel
Dr	Mark	Overton	12-Sep-18	29-May-22	Panel—Deputy Director
Dr	Emma	Palfreyman	25-Jan-19	29-May-22	Panel
Ms	Melissa	Pearce	24-Jul-18	29-May-22	Panel—Deputy Director
Dr	Russell	Pearson	30-May-17	29-May-22	Panel
A/Prof	Neil	Peppitt	30-May-20	30-Jun-22	Determining Authority
A/Prof	Neil	Peppitt	30-May-17	29-May-22	Panel
A/Prof	Christopher	Perry	19-Oct-17	29-May-22	Panel
Dr	Carolyn	Petersons	29-Jan-20	31-Mar-24	Panel
Dr	Angela	Pierce	29-Nov-18	29-May-22	Panel
Dr	Scott	Preston	29-Jan-20	31-Mar-24	Panel
Dr	Susanna	Proudman	1-Apr-19	31-Mar-24	Panel
Dr	Catherine	Reid	25-Jun-18	29-May-22	Panel—Deputy Director
Dr	David	Rivett	30-May-17	29-May-22	Panel—Deputy Director
Dr	Carolyn	Ross	29-Jan-20	31-Mar-24	Panel
Ms	Yvonne	Rowling	30-May-20	30-Jun-22	Determining Authority
Dr	Shaun	Rudd	30-May-17	29-May-22	Panel
Dr	William	Ryman	30-May-17	29-May-22	Panel
Dr	Leon	Shapero	30-May-17	29-May-22	Panel—Deputy Director

Title	First Name	Last Name	Latest Appointment	Expires	Type
Dr	Rashmi	Sharma	30-May-17	29-May-22	Panel—Deputy Director
Dr	Katherine	Smartt	30-May-17	29-May-22	Panel
Dr	David	Smith	30-May-20	30-Jun-22	Determining Authority
Dr	Thomas	Snow	5-Oct-17	29-May-22	Panel
Mr	David	Southgate	30-May-17	29-May-22	Panel—Deputy Director
Dr	Ben	Steinberg	30-May-17	29-May-22	Panel
Dr	Margaret	Stellingwerff	30-May-17	29-May-22	Panel
Professor	Stephen	Stuckey	5-Oct-17	29-May-22	Panel
Dr	Marietta	Taylor	29-Nov-18	29-May-22	Panel
Professor	John	Thompson	1-Apr-19	31-Mar-24	Panel—Deputy Director
Professor	Kenneth	Thomson	5-Oct-17	29-May-22	Panel
Dr	Neil	Vallance	19-Oct-17	29-May-22	Panel
Dr	Nedra	Vanden Driesen	19-Oct-17	29-May-22	Panel
A/Prof	Francis	Varghese	23-Nov-16	22-Nov-21	Panel
Dr	Martine	Walker	30-May-17	29-May-22	Panel—Deputy Director
Dr	Ingrid	Wangel	30-May-17	29-May-22	Panel
Ms	Cheryl	White	15-Nov-17	29-May-22	Panel
Dr	Colin	Whitewood	20-Jan-20	31-Mar-24	Panel
Dr	Richard	Widmer	1-Apr-19	31-Mar-24	Panel
Dr	Morgan	Windsor	30-May-17	29-May-22	Panel—Deputy Director
Dr	Felicity	Wivell	30-May-17	29-May-22	Panel—Deputy Director
Dr	Caroline	Wright	2-May-19	31-Mar-24	Panel
Dr	Daniel	Xu	30-May-17	29-May-22	Panel
A/Prof	Brendon	Yee	19-Oct-17	29-May-22	Panel
Dr	Guan	Yeo	30-May-17	29-May-22	Panel
Professor	Desmond	Yip	20-Jan-20	31-Mar-24	Panel

Glossary

The Act means the *Health Insurance Act 1973*.

AHPRA means the Australian Health Practitioner Regulation Agency.

AMA means the Australian Medical Association.

APS means the Australian Public Service.

Committee means a Professional Services Review Committee comprising at least three practitioners appointed under s 93 of the Act.

Committee member means a member of a PSR Committee, who must be a current PSR Panel member.

Deputy Director means a deputy director of PSR appointed under s 85 of the Act who serves as the chair of a Committee.

Determining Authority means the independent statutory body established under s 106Q of the Act.

Director means the Director of PSR appointed under s 83 of the Act.

Draft determination means the draft document detailing what action is proposed to be taken in a case, as required by s 106T of the Act.

Draft report means the preliminary findings of a Committee following a hearing, as required by s 106KD of the Act.

Final determination means the final document detailing what action will be taken in a case, as required by s 106TA of the Act.

GP means general practitioner.

Inappropriate practice is defined under s 82 of the Act as conduct in connection with rendering or initiating services that a Committee of the practitioner's peers could reasonably conclude was unacceptable to the general body of their profession.

IT means information technology.

MBS means the Medicare Benefits Schedule.

Medicare means the Medicare program administered by Services Australia and the Department of Health.

Medicare services means services provided by a practitioner that generated a Medicare benefit.



Minister means the Australian Government Minister for Health.

Negotiated agreement means a written agreement made under s 92 of the Act.

Panel means the Professional Services Review Panel established under subsection 84(1) of the Act, members of which are available for appointment to a Committee.

Panel member means a practitioner appointed under subsection 84(2) of the Act.

PBS means the Pharmaceutical Benefits Scheme.

Peers means the members of the PSR Panel who are appointed to represent the general body of their profession.

PGPA Act means the *Public Governance, Performance and Accountability Act 2013*.

Practitioner means a health professional who can access the Medicare and Pharmaceutical Benefits schemes, and includes a:

- + medical practitioner
- + dental practitioner
- + optometrist
- + midwife
- + nurse practitioner
- + chiropractor
- + physiotherapist
- + podiatrist
- + osteopath.

PSR means Professional Services Review.

Ratify means to authorise or approve. This term is used when the Determining Authority is deciding whether an agreement with the Director will come into effect.

Sanction means a direction from a range of directions specified in s 106U of the Act.

List of requirements

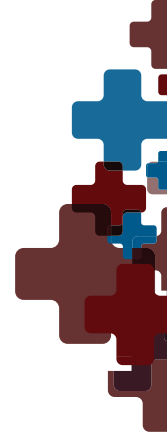
PGPA Rule Reference	Part of Report	Description	Requirement	Page Number
17AD(g)	Letter of transmittal			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	iii
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	v–vii
17AJ(b)		Alphabetical index.	Mandatory	97–99
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	88–89
17AJ(d)		List of requirements.	Mandatory	90–96
17AJ(e)		Details of contact officer.	Mandatory	ii
17AJ(f)		Entity's website address.	Mandatory	ii
17AJ(g)		Electronic address of report.	Mandatory	ii
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1–4
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	5–7
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	21–23
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	6–7
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	8–9
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority	Mandatory	30

17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	30
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	30
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	22–23
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	N/A
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	8–20
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	36–38
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	39
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	N/A
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	25
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii



17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	21–24
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non compliance with Finance law and action taken to remedy non compliance.	If applicable, Mandatory	N/A
<i>Audit Committee</i>			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	26
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	25–26
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	25–26
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	26
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	26
<i>External Scrutiny</i>			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	25
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	N/A

17AG(3)(b)	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	N/A
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	N/A
Management of Human Resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	27–28
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender (d) statistics on staff location	Mandatory	28
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non ongoing basis; including the following: + Statistics on staffing classification level; + Statistics on full time employees; + Statistics on part time employees; + Statistics on gender; + Statistics on staff location; + Statistics on employees who identify as Indigenous.	Mandatory	28–29
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	29
17AG(4)(c)(i)	Information on the number of SES and non SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	29
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	29
17AG(4)(c)(iii)	A description of non salary benefits provided to employees.	Mandatory	29
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	30



17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	30
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	30
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	30
<i>Assets Management</i>			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	36
<i>Purchasing</i>			
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	36
<i>Consultants</i>			
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	36–37
17AG(7)(b)	A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”	Mandatory	37
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	36–37
17AG(7)(d)	A statement that “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.”	Mandatory	37



Australian National Audit Office Access Clauses			
17AG(8)	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	37
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	37
Small business			
17AG(10)(a)	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	38
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	38
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, Mandatory	38
Financial Statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	40–80
Executive Remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2 3 of the Rule.	Mandatory	32

17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory	38
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	38
17AH(1)(b)	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory	N/A
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	34
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	81
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, Mandatory	N/A
17AH(2)	Information required by other legislation	Mandatory	38

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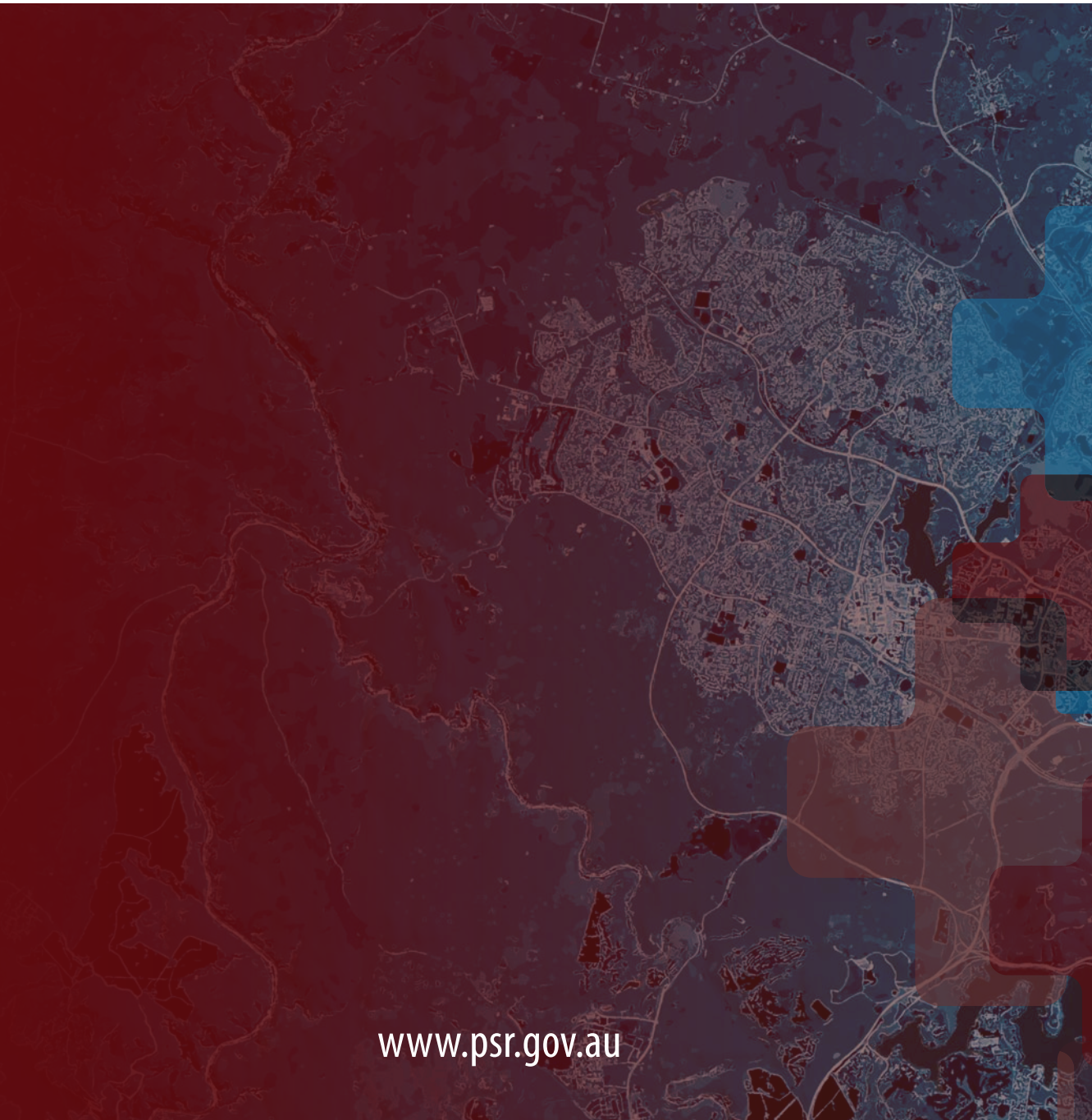
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