# Professional Services Review

Entity Resources and
Planned Performance

# Professional Services Review

[Section 1: Entity Overview and Resources 406](#_Toc4874677)

[1.1 Strategic Direction Statement 406](#_Toc4874678)

[1.2 Entity Resource Statement 407](#_Toc4874679)

[1.3 Budget Measures 408](#_Toc4874680)

[Section 2: Outcomes and Planned Performance 409](#_Toc4874681)

[2.1 Budgeted Expenses and Performance 409](#_Toc4874682)

[Section 3: Budgeted Financial Statements 412](#_Toc4874683)

[3.1 Budgeted Financial Statements 412](#_Toc4874684)

[3.2 Budgeted Financial Statements Tables 413](#_Toc4874685)

## Section 1: Entity Overview and Resources

### Strategic Direction Statement[[1]](#footnote-1)

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

PSR reviews and investigates health practitioners who are suspected of inappropriate practice, on request from the Chief Executive Medicare. ‛Inappropriate practice’ includes inappropriately rendering or initiating health services that attract a Medicare Benefits Schedule (MBS) payment, or inappropriately prescribing under the Pharmaceutical Benefits Scheme (PBS).

The PSR Scheme is part of a strong regulatory regime designed to ensure that appropriate and cost‑effective clinical services are delivered. The PSR Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists, osteopaths, audiologists, diabetes educators, dieticians, exercise physiologists, mental health nurses, occupational therapists, psychologists, social workers, speech pathologists, Aboriginal and Torres Strait Islander health practitioners, Aboriginal health workers and orthoptists.

Reviews are conducted by the Director of PSR who can take further action by entering into a negotiated agreement with the health practitioner or referring them to a committee of peers constituted by appointed PSR Panel members and Deputy Directors. This review could be undertaken in relation to the MBS and/or the PBS, both of which are administered by the Department of Human Services. The PSR Scheme also applies sanctions, if required, through the PSR Determining Authority[[2]](#footnote-2).

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

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

### 1.2 Entity Resource Statement

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

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

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

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

Table 1.1: PSR Resource Statement – Budget Estimates for 2019-20 as at Budget April 2019

|  |  |  |
| --- | --- | --- |
|  | **2018-19Estimatedactual**$'000 | **2019-20Estimate**$'000 |
| **DEPARTMENTAL** |  |   |
| Prior year appropriation available | 2,274 | 2,276 |
| **Annual appropriations** |  |  |
| Ordinary annual services (a) |  |  |
| Departmental appropriation | 6,006 | 9,556 |
| s74 retained revenue receipts (b) | - | - |
| Departmental Capital Budget (c) | 62 | 29 |
| Other services (d) |  |   |
| Equity injection | - | - |
| **Total departmental annual appropriations** | **6,068** | **9,585** |
| **Total departmental resourcing** | **8,342** | **11,861** |
| **Total resourcing for PSR** | **8,342** | **11,861** |
|  |  |  |
|   | **2018-19** | **2019-20** |
| **Average staffing level (number)** | 25 | 25 |

All figures are GST exclusive.

(a) Appropriation Bill (No. 1) 2019-20.

(b) Estimated retained revenue receipts under section 74 of the PGPA Act.

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

(d) Appropriation Bill (No. 2) 2019-20.

### 1.3 Budget Measures

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

Table 1.2: PSR 2019-20 Budget Measures

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | **Program** | **2018-19$'000** | **2019-20$'000** | **2020-21$'000** | **2021-22 $'000** | **2022-23 $'000** |
| **Guaranteeing Medicare - improving quality and safety through stronger compliance (a) (b)** |
| Professional Services Review |  |   |  |  |  |
| Departmental expenses | 1.1 | - | - | - | - | - |
| **Total**  |  | **-** | **-** | **-** | **-** | **-** |

(a) Full details of this measure are published under Department of Health (Table 1.2).

(b) Funding for this measure has already been provided for by the Government.

## Section 2: Outcomes and Planned Performance

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

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

Note:

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

PSR’s most recent Corporate Plan is available at: www.psr.gov.au/publications-and-resources/governance-and-corporate-documents

PSR’s most recent Annual Performance Statement is available at: www.psr.gov.au/publications-and-resources/annual-reports

### 2.1 Budgeted Expenses and Performance

**Outcome 1**

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

#### Program Contributing to Outcome 1

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

#### Linked Programs

| Other Commonwealth entities that contribute to Outcome 1 |
| --- |
| Department of Health (Health)Program 4.1: Medical BenefitsHealth has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS).Program 4.7: Health Benefit ComplianceUnder the Health Provider Compliance program, the Chief Executive Medicare refers suspected cases of inappropriate practice by health care service providers to the PSR for investigation. |
| Department of Human Services (DHS)Program 1.2: Services to the Community – HealthDHS administers the PBS, Repatriation PBS, Indigenous access to PBS, and Medicare services and benefit payments. |

#### Budgeted Expenses for PSR

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

Table 2.1.1: Budgeted Expenses for PSR

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19 Estimated actual**$'000 | **2019-20 Budget** $'000 | **2020-21 Forward estimate**$'000 | **2021-22 Forward estimate**$'000 | **2022-23 Forward estimate**$'000 |
| **Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme** |
| Departmental expenses |  |   |  |  |  |
| Departmental appropriation (a) | 6,946 | 8,616 | 8,673 | 8,729 | 8,792 |
| Expenses not requiring appropriation in the Budget year (b) | 298 | 325 | 322 | 313 | 224 |
| Operating deficit (surplus) | - | - | - | - | - |
| **Total for Program 1.1** | **7,244** | **8,941** | **8,995** | **9,042** | **9,016** |
| **Total expenses for Outcome 1** | **7,244** | **8,941** | **8,995** | **9,042** | **9,016** |
|   |   |   |  |  |  |
|  | **2018-19** | **2019-20** |  |  |  |
| **Average staffing level (number)** | 25 | 25 |  |  |  |

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s74)'.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

#### Planned Performance for PSR

Table 2.1.2 details the performance criteria for the program associated with Outcome 1. It also summarises how the program is delivered and where 2019‑20 Budget measures have materially changed the program.

Table 2.1.2: Performance Criteria for PSR

|  |
| --- |
| Outcome 1 |
| A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes. |
| Program Objective - Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme |
| The Australian Government, through PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. PSR works with Governments, medical and health care regulatory bodies, and professional organisations to protect the integrity of the Medicare Benefits Scheme and the Pharmaceutical Benefits Scheme. |
| Delivery |
| Protecting against inappropriate health care practice* Engage expert consultants to advise the Director of PSR regarding the conduct of persons under review.
* The Director enters into agreements, where appropriate, with persons under review who have acknowledged engaging in inappropriate practice.
* If an agreement is not made, establish PSR Committees to conduct hearings to investigate possible inappropriate practice.
* PSR’s Determining Authority determines appropriate sanction decisions and ratifies agreements that are fair and reasonable.
* Consult representative bodies to ensure that PSR can perform its peer review function, and raise awareness of inappropriate practice issues.
 |
| Performance Criteria |
| Total number of matters for review finalised.[[3]](#footnote-3) |
| 2018-19 Target | 2019-20 Target  | 2020-21 Target | 2021-22 Target | 2022-23 Target |
| 90 | 110 | 120 | 120 | 120 |
| **Estimated result** |
| 110 |
| Material changes to Program 1.1 resulting from the following measures:* *Guaranteeing Medicare – improved access to diagnostic imaging.*
 |
| Purpose |
| To protect the integrity of the Commonwealth Medicare Benefits and Pharmaceutical Benefits programs and in doing so safeguard the Australian public from the cost and risk of inappropriate practice. |

## Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 Budget year, including the impact of Budget measures and resourcing on financial statements.

### 3.1 Budgeted Financial Statements

#### 3.1.1 Differences Between Entity Resourcing and Financial Statements

This section is not applicable to PSR.

#### 3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

##### Departmental Resources

###### Comprehensive Income Statement

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

###### Balance Sheet

PSR’s total assets and liabilities are expected to remain relatively stable over the forward years.

### 3.2 Budgeted Financial Statements Tables

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19 Estimated actual**$'000 | **2019-20 Budget** $'000 | **2020-21 Forward estimate**$'000 | **2021-22 Forward estimate**$'000 | **2022-23 Forward estimate**$'000 |
| **EXPENSES** |  |   |  |  |  |
| Employee benefits | 3,168 | 3,598 | 3,676 | 3,759 | 3,873 |
| Supplier expenses | 3,810 | 5,043 | 5,031 | 5,005 | 4,955 |
| Depreciation and amortisation | 264 | 290 | 286 | 276 | 186 |
| Other | 2 | 10 | 2 | 2 | 2 |
| **Total expenses** | **7,244** | **8,941** | **8,995** | **9,042** | **9,016** |
| **LESS:**  |  |  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |  |  |
| **Revenue** |  |  |  |  |  |
| Sale of goods and rendering of services | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| **Total revenue** | **-** | **-** | **-** | **-** | **-** |
| **Gains** |  |  |  |  |  |
| Other | 34 | 35 | 36 | 37 | 38 |
| **Total gains** | **34** | **35** | **36** | **37** | **38** |
| **Total own-source income** | **34** | **35** | **36** | **37** | **38** |
| **Net cost of (contribution by) services**  | **7,210** | **8,906** | **8,959** | **9,005** | **8,978** |
| Revenue from Government | 6,946 | 8,616 | 8,673 | 8,729 | 8,792 |
| **Surplus (deficit)** | **(264)** | **(290)** | **(286)** | **(276)** | **(186)** |
| **Surplus (deficit) attributable to the Australian Government** | **(264)** | **(290)** | **(286)** | **(276)** | **(186)** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |
| Changes in asset revaluation reserves | - | - | - | - | - |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **-** |
| **Total other comprehensive income attributable to the Australian Government** | **(264)** | **(290)** | **(286)** | **(276)** | **(186)** |

**Note: Reconciliation of comprehensive income attributable to the agency**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19** $'000 | **2019-20** $'000 | **2020-21** $'000 | **2021-22** $'000 | **2022-23** $'000 |
| **Total comprehensive income (loss) attributable to the Australian Government** | (264) | (290) | (286) | (276) | (186) |
| plus non-appropriated expenses depreciation and amortisation expenses | 264 | 290 | 286 | 276 | 186 |
| **Total comprehensive income (loss) attributable to the agency** | **-** | **-** | **-** | **-** | **-** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19 Estimated actual**$'000 | **2019-20 Budget** $'000 | **2020-21 Forward estimate**$'000 | **2021-22 Forward estimate**$'000 | **2022-23 Forward estimate**$'000 |
| **ASSETS** |  |   |  |  |  |
| **Financial assets** |  |   |  |  |  |
| Cash and cash equivalents | 80 | 80 | 80 | 80 | 80 |
| Receivables | 2,245 | 2,318 | 2,322 | 2,323 | 2,344 |
| **Total financial assets** | **2,325** | **2,398** | **2,402** | **2,403** | **2,424** |
| **Non-financial assets** |  |   |  |  |  |
| Land and buildings | 388 | 286 | 165 | 144 | 152 |
| Property, plant and equipment | 347 | 285 | 307 | 232 | 199 |
| Intangibles | 445 | 409 | 376 | 347 | 338 |
| Other | 45 | 47 | 47 | 48 | 49 |
| **Total non-financial assets** | **1,225** | **1,027** | **895** | **771** | **738** |
| **Total assets** | **3,550** | **3,425** | **3,297** | **3,174** | **3,162** |
| **LIABILITIES** |  |   |  |  |  |
| **Payables** |  |   |  |  |  |
| Suppliers | 329 | 324 | 324 | 320 | 327 |
| Other payables | 134 | 143 | 136 | 126 | 139 |
| **Total payables** | **463** | **467** | **460** | **446** | **466** |
| **Provisions** |  |   |  |  |  |
| Employees | 721 | 850 | 864 | 878 | 878 |
| Other provisions | 97 | 100 | 102 | 104 | 106 |
| **Total provisions** | **818** | **950** | **966** | **982** | **984** |
| **Total liabilities** | **1,281** | **1,417** | **1,426** | **1,428** | **1,450** |
| **Net assets** | **2,269** | **2,008** | **1,871** | **1,746** | **1,712** |
| **EQUITY** |  |   |  |  |  |
| Contributed equity | 1,613 | 1,642 | 1,791 | 1,942 | 2,094 |
| Reserves | 831 | 831 | 831 | 831 | 831 |
| Retained surpluses or accumulated deficits | (175) | (465) | (751) | (1,027) | (1,213) |
| **Total equity** | **2,269** | **2,008** | **1,871** | **1,746** | **1,712** |

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2019-20)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Retained earnings** $'000 | **Asset revaluation reserve** $'000 | **Contributed equity/capital** $'000 | **Total equity** $'000 |
| **Opening balance as at 1 July 2019** |  |  |  |  |
| Balance carried forward from previous period | (175) | 831 | 1,613 | **2,269** |
| Surplus (deficit) for the period | (290) | - | - | **(290)** |
| Capital budget - Bill 1 (DCB) | - | - | 29 | **29** |
| **Estimated closing balance as at 30 June 2020** | **(465)** | **831** | **1,642** | **2,008** |

DCB = Departmental Capital Budget.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19 Estimated actual**$'000 | **2019-20 Budget** $'000 | **2020-21 Forward estimate**$'000 | **2021-22 Forward estimate**$'000 | **2022-23 Forward estimate**$'000 |
| **OPERATING ACTIVITIES** |  |   |  |  |  |
| **Cash received** |  |   |  |  |  |
| Appropriations | 6,651 | 8,227 | 8,314 | 8,370 | 8,411 |
| Net GST received | 293 | 308 | 355 | 358 | 360 |
| **Total cash received** | **6,944** | **8,535** | **8,669** | **8,728** | **8,771** |
| **Cash used** |  |   |  |  |  |
| Employees | 2,985 | 3,440 | 3,649 | 3,733 | 3,860 |
| Suppliers | 3,784 | 5,034 | 5,015 | 4,995 | 4,911 |
| **Total cash used** | **6,769** | **8,474** | **8,664** | **8,728** | **8,771** |
| **Net cash from (or used by) operating activities** | **175** | **61** | **5** | **-** | **-** |
| **INVESTING ACTIVITIES** |  |   |  |  |  |
| **Cash used** |  |   |  |  |  |
| Purchase of property, plant and equipment | 237 | 90 | 154 | 151 | 152 |
| **Total cash used** | **237** | **90** | **154** | **151** | **152** |
| **Net cash from (or used by) investing activities** | **(237)** | **(90)** | **(154)** | **(151)** | **(152)** |
| **FINANCING ACTIVITIES** |  |   |  |  |  |
| **Cash received** |  |   |  |  |  |
| Capital budget - Bill 1 (DCB) | 62 | 29 | 149 | 151 | 152 |
| **Total cash received** | **62** | **29** | **149** | **151** | **152** |
| **Net cash from (or used by) financing activities** | **62** | **29** | **149** | **151** | **152** |
| **Net increase (or decrease) in cash held** | **-** | **-** | **-** | **-** | **-** |
| Cash and cash equivalents at the beginning of the reporting period | 80 | 80 | 80 | 80 | 80 |
| **Cash and cash equivalents at the end of the reporting period** | **80** | **80** | **80** | **80** | **80** |

DCB = Departmental Capital Budget.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19 Estimated actual**$'000 | **2019-20 Budget** $'000 | **2020-21 Forward estimate**$'000 | **2021-22 Forward estimate**$'000 | **2022-23 Forward estimate**$'000 |
| **CAPITAL APPROPRIATIONS** |   |   |  |   |   |
| Capital budget - Bill 1 (DCB) | 62 | 29 | 149 | 151 | 152 |
| **Total capital appropriations** | **62** | **29** | **149** | **151** | **152** |
| **Total new capital appropriations represented by:** |   |   |  |   |   |
| Purchase of non-financial assets | 62 | 29 | 149 | 151 | 152 |
| **Total items** | **62** | **29** | **149** | **151** | **152** |
| **PURCHASE OF NON-FINANCIAL ASSETS** |   |  |  |   |   |
| Funded by capital appropriation - DCB (a) | 75 | 29 | 149 | 151 | 152 |
| Funded internally from departmental resources | 162 | 61 | 5 | - | - |
| **Total acquisitions of non-financial assets** | **237** | **90** | **154** | **151** | **152** |
| **RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE** |  |  |  |  |  |
| Total purchases | 237 | 90 | 154 | 151 | 152 |
| **Total cash used to acquire assets** | **237** | **90** | **154** | **151** | **152** |

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

Table 3.6: Statement of Asset Movements (Budget year 2019-20)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Buildings** $'000 | **Other property, plant and equipment** $'000 | **Intangibles** $'000 | **Total** $'000 |
| **As at 1 July 2019** |  |  |  |  |
| Gross book value  | 509 | 490 | 850 | **1,849** |
| Accumulated depreciation/ amortisation and impairment | (121) | (143) | (405) | **(669)** |
| **Opening net book balance** | **388** | **347** | **445** | **1,180** |
| **CAPITAL ASSET ADDITIONS** |  |  |  |  |
| **Estimated expenditure on new or replacement assets** |  |  |  |  |
| By purchase - appropriation ordinary annual services | 19 | 26 | 45 | **90** |
| **Total additions** | **19** | **26** | **45** | **90** |
| **Other movements** |  |  |  |  |
| Depreciation/amortisation expense | (121) | (88) | (81) | **(290)** |
| **Total other movements** | **(121)** | **(88)** | **(81)** | **(290)** |
| **As at 30 June 2020** |  |  |  |  |
| Gross book value | 528 | 516 | 895 | **1,939** |
| Accumulated depreciation/ amortisation and impairment | (242) | (231) | (486) | **(959)** |
| **Closing net book balance** | **286** | **285** | **409** | **980** |

1. For more information about the strategic direction of the PSR, refer to the current Corporate Plan, available at: www.psr.gov.au/publications-and-resources/governance-and-corporate-documents [↑](#footnote-ref-1)
2. The Determining Authority is the body established by section 106Q of the *Health Insurance Act 1973* that determines the sanctions that should be applied in cases where PSR committees have found inappropriate practice, and decides whether or not to ratify negotiated agreements. [↑](#footnote-ref-2)
3. Reviews are requested by the Chief Executive Medicare to the Director of PSR. [↑](#footnote-ref-3)