

PROFESSIONAL SERVICES REVIEW

Entity Resources and Planned Performance

PSR

PROFESSIONAL SERVICES REVIEW

Section 1: Entity Overview and Resources	400
1.1 Strategic Direction Statement	400
1.2 Entity Resource Statement	401
1.3 Budget Measures	401
Section 2: Outcomes and Planned Performance.....	402
2.1 Budgeted Expenses and Performance	402
Section 3: Budgeted Financial Statements	406
3.1 Budgeted Financial Statements	406
3.2 Budgeted Financial Statements Tables	407

Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT¹

The Australian Government, through the Professional Services Review (the 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.

The PSR reviews and investigates health practitioners who are suspected of inappropriate practice², on request from the Chief Executive Medicare. The PSR administers the PSR Scheme as part of a strong regulatory regime designed to ensure 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 the 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 Medicare Benefits Schedule (MBS) and/or the Pharmaceutical Benefits Scheme (PBS), both of which are administered by Services Australia. The PSR Scheme also applies sanctions, if required, through the PSR Determining Authority³.

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

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

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

² 'Inappropriate practice' includes inappropriately rendering or initiating health services that attract a MBS payment, or inappropriately prescribing under the PBS.

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

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

Table 1.1: PSR Resource Statement – Budget Estimates for 2020-21 as at Budget October 2020

	2019-20 Estimated actual \$'000	2020-21 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	1,382	2,437
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	8,616	8,529
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	29	274
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	8,645	8,803
Total departmental resourcing	10,027	11,240
Total resourcing for PSR	10,027	11,240
	2019-20	2020-21
Average staffing level (number)	26	25

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2019-20, Supply Act (No.1) 2019-20, Appropriation Act/Bill (No. 1) 2020-21 and Supply Act (No. 1) 2020-21.

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

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

^(d) Appropriation Bill (No. 2) 2020-21 and Supply Act (No. 2) 2020-21.

1.3 BUDGET MEASURES

This section is not applicable to the PSR.

Section 2: Outcomes and Planned Performance

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

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

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance 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.

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

The most recent Annual Performance Statement can be found 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
<p>Department of Health (Health) Program 4.1: Medical Benefits Program 4.7: Health Benefit Compliance</p> <p>Health has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS). Under the Health Provider Compliance program, the Chief Executive Medicare refers suspected cases of inappropriate practice by health care service providers to the PSR for investigation.</p>
<p>Services Australia Program 1.2: Services to the Community – Health</p> <p>Services Australia administers the PBS, Repatriation PBS, access to PBS for Aboriginal and Torres Strait Islander Australians, and Medicare services and benefit payments.</p>

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	8,300	8,196	8,217	8,012	8,270
Expenses not requiring appropriation in the Budget year ^(b)	690	671	679	699	702
Operating deficit (surplus)	(432)	-	-	-	-
Total for Program 1.1	8,558	8,867	8,896	8,711	8,972
Total expenses for Outcome 1	8,558	8,867	8,896	8,711	8,972
	2019-20	2020-21			
Average staffing level (number)	26	25			

^(a) Departmental appropriation combines 'Ordinary annual services Appropriation Bill (No. 1) and Supply Act (No. 1) 2020-21' and 'Receipts from independent sources (s74)'.

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

Planned Performance for 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 2020-21 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 the PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. The PSR works with governments, medical and health care regulatory bodies, and professional organisations to protect the integrity of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme.				
Delivery				
<ul style="list-style-type: none"> Engage expert consultants to advise the Director of the 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. The PSR's Determining Authority determines appropriate sanction decisions and ratifies agreements that are fair and reasonable. Consult representative bodies to ensure that the PSR can perform its peer review function, and raise awareness of inappropriate practice issues. 				
Performance Criteria				
Total number of matters for review finalised.⁴				
2019-20 Target	2020-21 Target	2021-22 Target	2022-23 Target	2023-24 Target
110	80% of the number of matters referred in the prior year.	80% of the number of matters referred in the prior year.	80% of the number of matters referred in the prior year.	80% of the number of matters referred in the prior year.
2019-20 Result				
96 ⁵				
Material changes to Program 1.1 resulting from the following measures:				
There are no material changes to Program 1.1 resulting from measures.				
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.				

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

⁵ Target not met due to the delays in appointment of members of the Determining Authority, which resulted in nine matters not finalised until early 2020-21.

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2020-21 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 net assets are expected to remain relatively stable over the forward years.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
EXPENSES					
Employee benefits	3,562	3,673	3,814	3,889	3,968
Supplier expenses	4,330	4,555	4,440	4,154	4,336
Depreciation and amortisation	653	632	638	656	658
Interest on RoU	9	5	2	10	8
Other expenses	4	2	2	2	2
Total expenses	8,558	8,867	8,896	8,711	8,972
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	8	-	-	-	-
Total revenue	8	-	-	-	-
Gains					
Other	37	39	41	43	44
Total gains	37	39	41	43	44
Total own-source income	45	39	41	43	44
Net cost of (contribution by) services	8,513	8,828	8,855	8,668	8,928
Revenue from Government	8,616	8,529	8,558	8,344	8,602
Surplus (deficit)	103	(299)	(297)	(324)	(326)
Surplus (deficit) attributable to the Australian Government	103	(299)	(297)	(324)	(326)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	103	(299)	(297)	(324)	(326)
Note: Reconciliation of comprehensive income attributable to the agency					
	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Total comprehensive income(loss) attributable to the Australian Government	103	(299)	(297)	(324)	(326)
plus non-appropriated expenses					
depreciation and amortisation expenses	321	300	306	324	326
plus depreciation and amortisation expenses for RoU	332	332	332	332	332
less lease principal repayments	(324)	(333)	(341)	(332)	(332)
Total comprehensive income (loss) attributable to the agency	432	-	-	-	-

RoU = Right-of-Use asset

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	73	73	73	73	73
Receivables	3,334	3,033	3,060	3,074	3,076
Total financial assets	3,407	3,106	3,133	3,147	3,149
Non-financial assets					
Land and buildings	914	503	1,825	1,421	997
Property, plant and equipment	260	387	399	348	334
Intangibles	385	316	292	541	548
Other	61	61	62	63	63
Total non-financial assets	1,620	1,267	2,578	2,373	1,942
Total assets	5,027	4,373	5,711	5,520	5,091
LIABILITIES					
Payables					
Suppliers	875	434	405	405	405
Other payables	105	105	117	130	130
Total payables	980	539	522	535	535
Interest bearing liabilities					
Leases	674	341	1,723	1,391	1,059
Total interest bearing liabilities	674	341	1,723	1,391	1,059
Provisions					
Employees	867	1,014	1,028	1,028	1,028
Other provisions	102	100	102	104	106
Total provisions	969	1,114	1,130	1,132	1,134
Total liabilities	2,623	1,994	3,375	3,058	2,728
Net assets	2,404	2,379	2,336	2,462	2,363
EQUITY					
Contributed equity	1,737	2,011	2,236	2,686	2,913
Reserves	782	782	782	782	782
Retained surpluses or accumulated deficits	(115)	(414)	(682)	(1,006)	(1,332)
Total equity	2,404	2,379	2,336	2,462	2,363

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2020-21)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	(115)	782	1,737	2,404
Surplus (deficit) for the period	(299)	-	-	(299)
Capital budget - Bill 1 (DCB)	-	-	274	274
Estimated closing balance as at 30 June 2021	(414)	782	2,011	2,379

DCB = Departmental Capital Budget

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,936	8,830	8,531	8,330	8,600
Net GST received	280	352	387	426	469
Total cash received	8,216	9,182	8,918	8,756	9,069
Cash used					
Employees	3,438	3,526	3,788	3,876	3,968
Interest payments on lease liability	8	5	2	10	8
Cash to the OPA	352	-	-	-	-
Suppliers	4,028	5,313	4,787	4,538	4,761
Total cash used	7,826	8,844	8,577	8,424	8,737
Net cash from (or used by) operating activities	390	338	341	332	332
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	101	279	225	450	227
Total cash used	101	279	225	450	227
Net cash from (or used by) investing activities	(101)	(279)	(225)	(450)	(227)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	29	274	225	450	227
Total cash received	29	274	225	450	227
Cash used					
Lease principal repayments	324	333	341	332	332
Total cash used	324	333	341	332	332
Net cash from (or used by) financing activities	(295)	(59)	(116)	118	(105)
Net increase (or decrease) in cash held	(6)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	79	73	73	73	73
Cash and cash equivalents at the end of the reporting period	73	73	73	73	73

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	274	225	450	227
Total capital appropriations	29	274	225	450	227
Total new capital appropriations represented by:					
Purchase of non-financial assets	29	274	225	450	227
Total items	29	274	225	450	227
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)	57	274	225	450	227
Funded internally from departmental resources	61	5	-	-	-
Total acquisitions of non-financial assets	118	279	225	450	227
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	101	279	225	450	227
Total cash used to acquire assets	101	279	225	450	227

^(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 2020-21)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020				
Gross book value	222	260	607	1,089
Gross book value - RoU	1,023	-	-	1,023
Accumulated depreciation/ amortisation and impairment	-	-	(221)	(221)
Accumulated depreciation/ amortisation and impairment - RoU	(332)	-	-	(332)
Opening net book balance	913	260	386	1,559
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	-	-
By purchase - internal resources	29	213	37	279
By purchase - RoU	-	-	-	-
Total additions	29	213	37	279
Other movements				
Depreciation/amortisation expense	(107)	(86)	(107)	(300)
Depreciation/amortisation expense - RoU	(332)	-	-	(332)
Total other movements	(439)	(86)	(107)	(632)
As at 30 June 2021				
Gross book value	251	473	644	1,368
Gross book value - RoU	1,023	-	-	1,023
Accumulated depreciation/ amortisation and impairment	(107)	(86)	(328)	(521)
Accumulated depreciation/ amortisation and impairment - RoU	(664)	-	-	(664)
Closing net book balance	503	387	316	1,206

RoU = Right-of-Use asset