

Professional Services Review

Entity resources and planned performance

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Professional Services Review

Section 1: Entity overview and resources

1.1 Strategic direction statement¹

The Australian Government, through the Professional Services Review (PSR), protects the integrity of Medicare, Child Dental Benefits and Pharmaceutical Benefits programs against the risks of inappropriate practice by health practitioners, thereby safeguarding patients and the Australian community in general.

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

The PSR reviews and investigates health practitioners and corporate entities who are suspected of inappropriate practice² on request from the Chief Executive Medicare. The PSR administers the PSR Scheme as part of a strong regulatory regime designed to ensure appropriate 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 may seek to enter into a negotiated agreement with the health practitioner, or may refer them to a committee of their professional peers. This review could be undertaken in relation to the Medicare Benefits Schedule (MBS), the Pharmaceutical Benefits Scheme (PBS) or the Child Dental Benefits Schedule (CDBS), which are administered by Services Australia. Any sanctions in agreements, including MBS, CDBS or PBS disqualifications and financial repayments, must be ratified by the PSR Determining Authority.³ If a PSR committee makes findings of inappropriate practice, the sanctions for that conduct are determined by the PSR Determining Authority.

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/publications/corporate-documents/corporate-plan-2024-25

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

³ The PSR Determining Authority is the body established by section 106Q of the *Health Insurance Act 1973* that determines the sanctions that should be applied in cases where 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 resourcing 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, please refer to the *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 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis. Amounts presented below are consistent with amounts presented in the Appropriation Bills themselves.

Table 1.1: PSR resource statement – Budget estimates for 2025–26 as at Budget March 2025

	2024–25 Estimated actual \$'000	2025–26 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	11,696	11,880
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	15,942	16,104
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	240	241
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	16,182	16,345
Total departmental resourcing	27,878	28,225
Total resourcing for PSR	27,878	28,225
	2024–25	2025–26
Average staffing level (number)	40	40

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2025–2026 and Supply Bill (No. 1) 2025–2026.

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

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

^(d) Appropriation Bill (No. 2) 2025–2026 and Supply Bill (No. 2) 2025–2026.

1.3 Budget measures

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

Table 1.2: PSR 2025–26 Budget measures

Part 1: Measures announced since the 2024–25 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000
Savings from External Labour – further extension ^(a)					
Professional Services Review					
Departmental payments	1.1	-	-	-	(504)
Total payments	-	-	-	-	(504)

Prepared on a Government Financial Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

^(a) PSR is not the lead entity for this measure. PSR impacts only are shown in this table.

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 which 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 Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure 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 a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for PSR can be found at:
www.psr.gov.au/publications-and-resources/publications/corporate-documents/corporate-plan-2024-25

The most recent Annual Performance Statements can be found at:
www.psr.gov.au/publications-and-resources/publications/annual-reports/annual-report-2023-24

2.1 Budgeted expenses and performance for Outcome 1

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 and Aged Care
<p>Program 2.1: Medical Benefits Program 2.5: Dental Services Program 2.6: Health Benefit Compliance</p> <p>The Department of Health and Aged Care has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS). Under the Health Provider Compliance program, the Chief Executive Medicare requests that the Director of PSR review suspected cases of inappropriate practice by health care service providers referred to the PSR for investigation.</p>
Services Australia
<p>Program 1.2: Customer Service Delivery</p> <p>Services Australia administers the PBS, Repatriation PBS, access to PBS for First Nations peoples, and Medicare services and benefit payments.</p>

Budgeted expenses for Outcome 1

This table 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 Outcome 1

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	15,560	15,681	16,182	15,880	15,534
Expenses not requiring appropriation in the Budget year ^(b)	1,203	1,235	1,107	1,018	1,018
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	16,763	16,916	17,289	16,898	16,552
Total expenses for Outcome 1	16,763	16,916	17,289	16,898	16,552

	2024–25	2025–26
Average staffing level (number)	40	40

^(a) Departmental appropriation combines 'Ordinary annual services Appropriation Bill (No. 1), Supply 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 and audit fees.

Performance measures for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It is used by entities to describe the results they plan to achieve and the related key activities, as detailed in the current corporate plan, the context in which these activities are delivered, and how the performance of these activities will be measured. Where relevant, details of the 2025–26 Budget measures that have created new programs or materially changed existing programs are provided.

Table 2.1.2: Performance measures for Outcome 1

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 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme	
The Australian Government, through the PSR, aims to safeguard the community against the risks and costs of inappropriate practice by health practitioners. The PSR liaises with governments, medical and health care regulatory bodies, and professional organisations to protect the integrity of the Medicare Benefits, Pharmaceutical Benefits, and Child Dental Benefits programs.	
Key Activities	<ul style="list-style-type: none"> Investigate through peer review whether practitioners have engaged in inappropriate practice. Actively engage with professional bodies through consultation.

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme		
Year	Performance Measure	Expected Performance Results
Current Year 2024–25	Progression of cases with the PSR. ⁴	At 30 June, more than 50% of active cases have been with PSR for less than one year. At 30 June, fewer than 15% of active cases have been with PSR for more than 3 years. On track
Year	Performance Measure	Planned Performance Results
Budget Year 2025–26	As per 2024–25.	As per 2024–25.
Forward Estimates 2026–29	As per 2025–26.	As per 2025–26.
Material changes to Program 1.1 resulting from 2025–26 Budget Measures: Nil		

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

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2025–26 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

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

Balance Sheet

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

3.2. Budgeted financial statements tables

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

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
EXPENSES					
Employee benefits	7,496	7,664	7,925	8,194	8,473
Supplier expenses	7,996	7,966	8,224	7,673	7,069
Depreciation and amortisation	1,145	1,177	1,049	960	960
Interest on RoU	117	100	82	62	40
Other expenses	9	9	9	9	10
Total expenses	16,763	16,916	17,289	16,898	16,552
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Recoveries	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	58	58	58	58	58
Total gains	58	58	58	58	58
Total own-source income	58	58	58	58	58
Net cost of (contribution by) services	16,705	16,858	17,231	16,840	16,494
Revenue from Government	15,942	16,104	16,648	16,393	16,098
Surplus (deficit)	(763)	(754)	(583)	(447)	(396)
Surplus (deficit) attributable to the Australian Government	(763)	(754)	(583)	(447)	(396)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	(763)	(754)	(583)	(447)	(396)

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

Note: Impact of net cash appropriation arrangements

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
Total comprehensive income(loss) attributable to the Australian Government	(763)	(754)	(583)	(447)	(396)
plus non-appropriated expenses depreciation and amortisation expenses	687	719	591	502	502
plus depreciation and amortisation expenses for RoU	458	458	458	458	458
less lease principal repayments	(382)	(423)	(466)	(513)	(564)
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	350	350	350	350	350
Receivables	11,972	12,377	12,728	13,028	13,232
Total financial assets	12,322	12,727	13,078	13,378	13,582
Non-financial assets					
Land and buildings	4,930	3,976	3,022	2,068	1,114
Property, plant and equipment	412	291	301	396	495
Intangibles	318	457	596	742	888
Other	312	347	382	417	417
Total non-financial assets	5,972	5,071	4,301	3,623	2,914
Total assets	18,294	17,798	17,379	17,001	16,496
LIABILITIES					
Payables					
Suppliers	211	643	1,021	1,349	1,546
Other payables	304	304	304	304	304
Total payables	515	947	1,325	1,653	1,850
Interest bearing liabilities					
Leases	2,689	2,266	1,800	1,287	723
Total interest bearing liabilities	2,689	2,266	1,800	1,287	723
Provisions					
Employees	1,794	1,794	1,794	1,794	1,794
Other provisions	206	214	222	229	236
Total provisions	2,000	2,008	2,016	2,023	2,030
Total liabilities	5,204	5,221	5,141	4,963	4,603
Net assets	13,090	12,577	12,238	12,038	11,893
EQUITY					
Contributed equity	6,066	6,307	6,551	6,798	7,049
Reserves	1,141	1,141	1,141	1,141	1,141
Retained surpluses or (accumulated deficits)	5,883	5,129	4,546	4,099	3,703
Total equity	13,090	12,577	12,238	12,038	11,893

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2025–26)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2025				
Balance carried forward from previous period	5,883	1,141	6,066	13,090
Surplus (deficit) for the period	(754)	-	-	(754)
Capital budget – Bill 1 (DCB)	-	-	241	241
Estimated closing balance as at 30 June 2026				
	5,129	1,141	6,307	12,577

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	16,028	15,699	16,297	16,093	15,894
Net GST received	470	470	470	470	-
Total cash received	16,498	16,169	16,767	16,563	15,894
Cash used					
Employees	7,093	7,664	7,925	8,194	8,473
Suppliers	8,565	7,982	8,294	7,794	6,817
Interest payments on lease liability	117	100	82	62	40
Total cash used	15,775	15,746	16,301	16,050	15,330
Net cash from (or used by) operating activities	723	423	466	513	564
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	311	241	244	247	251
Total cash used	311	241	244	247	251
Net cash from (or used by) investing activities	(311)	(241)	(244)	(247)	(251)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	240	241	244	247	251
Total cash received	240	241	244	247	251
Cash used					
Lease principal repayments	382	423	466	513	564
Total cash used	382	423	466	513	564
Net cash from (or used by) financing activities	(142)	(182)	(222)	(266)	(313)
Net increase (or decrease) in cash held	270	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	80	350	350	350	350
Cash and cash equivalents at the end of the reporting period	350	350	350	350	350

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	240	241	244	247	251
Total capital appropriations	240	241	244	247	251
Total new capital appropriations represented by:					
Purchase of non-financial assets	240	241	244	247	251
Total items	240	241	244	247	251
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)	311	241	244	247	251
Funded internally from departmental resources	-	-	-	-	-
Total acquisitions of non-financial assets	311	241	244	247	251
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	311	241	244	247	251
Total cash used to acquire assets	311	241	244	247	251

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

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

Table 3.6: Statement of departmental asset movements (Budget year 2025–26)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2025				
Gross book value	3,074	876	948	4,898
Gross book value – RoU	4,822	-	-	4,822
Accumulated depreciation/amortisation and impairment	(509)	(464)	(630)	(1,603)
Accumulated depreciation/amortisation and impairment – RoU	(2,457)	-	-	(2,457)
Opening net book balance	4,930	412	318	5,660
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – appropriation ordinary annual services	-	91	150	241
By purchase – internal resources	-	-	-	-
By purchase – RoU	-	-	-	-
Total additions	-	91	150	241
Other movements				
Depreciation/amortisation expense	(496)	(212)	(11)	(719)
Depreciation/amortisation expense – RoU	(458)	-	-	(458)
Remeasurement	-	-	-	-
Total other movements	(954)	(212)	(11)	(1,177)
As at 30 June 2026				
Gross book value	3,074	967	1,098	5,139
Gross book value – RoU	4,822	-	-	4,822
Accumulated depreciation/amortisation and impairment	(1,005)	(676)	(641)	(2,322)
Accumulated depreciation/amortisation and impairment – RoU	(2,915)	-	-	(2,915)
Closing net book balance	3,976	291	457	4,724

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

