

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome: 2, Program: 2.1

Topic: Medibank

Question reference number: F10

Type of Question: Hansard F&PA 25, 27 May 2009

Date set by the committee for the return of answer: 10 July 2009

Number of Pages: 1

Senator CORMANN asked:

Senator CORMANN – No, I did not even suggest that. But when I asked you whether the government considered the implications of this decision for the structure of the private health insurance market you said yes, and clearly moving the private health insurance market from 38 per cent for-profit to 62 per cent plus for-profit is accelerating the trend away from the not-for-profit mutual model to the for-profit model. So presumably the government has made a decision that that is something that it wants to see happen.

Senator Sherry – These issues, I am sure, would have been considered and canvassed by cabinet and the minister. The department of finance has been providing appropriate advice and input, but at the end of the day the decision has been made by cabinet and the minister. I am happy to take on notice the general questions that you have been posing about implications and whether they were considered. I will take that on notice. Whether the minister is able to respond I do not know, but I am happy to take it on notice.

Answer:

The Government has noted the outlook of the private health insurance industry in its decision to convert Medibank to a for-profit entity. Prior to the conversion of Medibank to for-profit, the private health insurance industry has been experiencing consolidation and demutualisation. As at 31 December 2008, approximately 37.7% of the industry was comprised of not-for-profit funds, compared with 22.3% at 31 December 2007.