

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: F7

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Senator CORMANN asked:

Senator CORMANN—But Minister Tanner’s view has actually hardened as he has gone along—and I am sure you are across the particular research paper I am talking about. He commissioned a Parliamentary Library research paper, which he released in September 2006. He made a statement that the government was not the beneficiary owner of Medicare Private fund assets and this position did not change after corporatisation in 1998. In the same media release—

Senator Sherry—You are questioning the departmental officials about the minister’s stated views. I take you at your word that the quotes are accurate. I do not have them in front of me, nor do I know the source, but I will accept for the moment that they are accurate. I will have to take it on notice to the minister direct whether he has any response to the questions you are asking about the quotes you are referring to.

Answer:

The Government expects that the conversion of Medibank to a for profit entity will promote greater commercial disciplines, bringing it into line with the operations of other commercial businesses operating in Australia, including its major health benefit fund competitors, and also with other Government Business Enterprises.

In the long term, the Government expects that the conversion will provide Medibank the freedom and incentive to continue to innovate. This will come about through the removal of restrictions imposed upon Medibank by the Private Health Insurance Act 2007, which restrict the use of assets within a not for profit health benefit fund. It will also encourage greater competition between major health insurers.