

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

November Estimates Hearings 2003-04 – 4 November 2003

**Question: 26A**

**Outcome 2 Improved and More Efficient Government Operations, Output 2.1.1**

**Asset Sales**

**Topic: Medibank Private Limited**

**Hansard page: N/A**

**Written Question on Notice: 4 November 2003**

**Senator Forshaw asked:**

What is the reason for not pursuing the sale of Medibank Private at this time?

**Answer:**

On 17 June 2003, a joint media release was issued by the Minister for Finance and Administration, Senator Minchin and the then Minister for Health and Ageing, Senator Patterson, announcing the Government's decision to retain Medibank Private Limited (Medibank Private) in government ownership.

In that press release the Ministers said, "in announcing its decision to retain Medibank Private in government ownership, the Government reaffirmed its commitment to further improving the viability and sustainability of the private health insurance industry, to take pressure off potential premium increases and increase the attractiveness of the industry for investors."

In the same press release, Senator Patterson said, "the Government is of the view that the reforms it has already put in place have strengthened the private health insurance industry and reduced pressure on public hospitals." Senator Minchin said in that press release, "that current market conditions and Medibank Private's \$175 million loss in 2001-02 financial year, also contributed to the Government's decision not to proceed with a sale at this time."

**Date: 8 December 2003**

**Cleared by (SES): Simon Lewis**

**Group/Branch: Asset Management Group**

**Contact Officer: Robin Renwick**

**Telephone No: 6215 2117**

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**November Estimates Hearings 2003-04 – 4 November 2003**

**Question: 26B**

**Outcome 2 Improved and More Efficient Government Operations, Output 2.1.3**

**Government Business Enterprises Monitoring and Advice**

**Topic: Medibank Private**

**Hansard page: N/A**

**Written Question on Notice: 4 November 2003**

**Senator Forshaw asked:**

Is Finance responsible for the implementation of Medibank Private's Business Improvement Plan, announced by the Minister for Finance and Senator Patterson in June 2003?

**Answer:**

No. This is the responsibility of the Board of Medibank Private.

**Date: 2 December 2003  
Cleared by (SES): Simon Lewis  
Group/Branch: AMG/GBAU  
Contact Officer: Philip Smith  
Telephone No: 6215 3805**

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**November Estimates Hearings 2003-04 – 4 November 2003**

**Question: 26C**

**Outcome 2 Improved and More Efficient Government Operations, Output 2.1.3**

**Government Business Enterprises Monitoring and Advice**

**Topic: Medibank Private**

**Hansard page: N/A**

**Written Question on Notice: 11 November 2003**

**Senator Forshaw asked:**

What new responsibilities has the Department gained by assuming the role of sole shareholder of Medibank Private?

**Answer:**

Following the Australian Government's decision to implement sole shareholder arrangements for Medibank Private, the Minister for Finance and Administration is now the responsible Minister for Medibank Private under the *Commonwealth Authorities and Companies Act*, and is responsible for all matters associated with Medibank's financial and operational performance, including board appointments and the tabling of the Annual Report and Statement of Corporate Intent. The Department has sole responsibility for providing advice to the Minister for Finance and Administration in performing this role.

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

November Estimates Hearings 2003-04 – 4 November 2003

**Question: 26D**

**Outcome 2 Improved and More Efficient Government Operations, Output 2.1.3  
Government Business Enterprises Monitoring and Advice**

**Topic: Medibank Private**

**Hansard page: N/A**

**Written Question on Notice: 11 November 2003**

**Senator Forshaw asked:**

What operational (or other) changes will this plan require and how will these be monitored? Who will be responsible for monitoring these changes?

**Answer:**

The Board of Medibank Private is responsible for the implementation of the Business Improvement Plan. The Business Improvement Plan is a strategic document which builds on Medibank Private's usual corporate planning process. Medibank Private is currently preparing the Business Improvement Plan and will submit it, once completed, to the Minister for Finance and Administration, as shareholder Minister, for consideration. Medibank Private will report its progress against the Business Improvement Plan to the Minister for Finance and Administration as part of its reporting obligations established under the *Commonwealth Authorities and Companies Act* and *Governance Arrangements for Commonwealth Government Business Enterprises*. The Department of Finance and Administration will monitor Medibank Private's performance against the plan, and will provide advice regarding this performance to the Minister for Finance and Administration.

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**November Estimates Hearings 2003-04 – 4 November 2003**

**Question: 26E**

**Outcome 2, Output 2.1.1**

**Topic: Medibank Private Limited**

**Hansard page: N/A**

**Written Question on Notice: 11 November 2003**

**Senator Forshaw asked:**

If the government decides to sell Medibank, will it have to conduct another scoping study? If so, what is the cost involved? How much did the scoping study cost?

**Answer:**

As part of any possible decision to sell Medibank Private Limited in the future, the Australian Government would consider whether there was a need for a further scoping study. Such consideration may have regard to the time elapsed since the last scoping study, any new issues which may need to be addressed, and whether decisions had been taken on the form of any sale process. Any further discussion is therefore hypothetical at this stage.

The cost of the scoping study external to the Department of Finance and Administration (that is, excluding the Department's own staff and overhead costs) was approximately \$853,000.

**Date: 23 December 2003**

**Cleared by (SES): Simon Lewis**

**Group/Branch: Asset Management Group**

**Contact Officer: Robin Renwick**

**Telephone No: 6215 2117**

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**November Estimates Hearings 2003-04 – 4 November 2003**

**Question: 26F**

**Outcome 2 Improved and More Efficient Government Operations, Output 2.1.1**

**Asset Sales**

**Topic: Medibank Private Limited**

**Hansard page: N/A**

**Written Question on Notice: 4 November 2003**

**Senator Forshaw asked:**

Can the Department provide some detail on the findings and recommendations of the scoping study?

**Answer:**

The scoping study was an internal Government review of the Australian Government's shareholding in Medibank Private Limited (Medibank) and contains sensitive commercial information, the provision of which may result in commercial harm to Medibank. The practice of this and past Governments since the inception of the asset sales programme is to not release scoping study reports or the findings and recommendations of such reports.

**Date: 2 December 2003**

**Cleared by (SES): Simon Lewis**

**Group/Branch: Asset Management Group**

**Contact Officer: Robin Renwick**

**Telephone No: 6215 2117**