

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Additional Estimates Hearing – February 2010

Medibank Private Limited

Finance and Deregulation Portfolio

Outcome 2, Program 2.1

Topic: Medibank Cash Return

Question reference number: F4

Type of Question: Hansard F&PA 8, 9 February 2010

Date set by the committee for the return of answer: 26 March 2010

Number of Pages: 1

Senator Joyce asked:

What return are you getting on your cash at the moment?

Mr Savvides: We are pretty well exposed in the equity portfolio to the average market in Australia and overseas, so we have enjoyed the very strong half-year that has occurred between July and December.

Senator Joyce: What return are you getting on your cash at the moment?

Mr Savvides: On the cash side—the interest return?

Senator Joyce: Yes.

Mr Savvides: I think those rates are sitting at around three per cent at the moment.

Senator Joyce: You could do better than that, couldn't you?

Mr Savvides: You can, but we are conservative cash investors. We will not play with artificial instruments that create jeopardy, which we have seen in the last 18 months. Yes, you can—you can find some manufactured synthetic products that will give you interesting returns, but we do not play in that game. The three per cent is a guesstimate. If you want a specific number, I will take that on notice.

Answer:

The portfolio when measured at 16 February 2010 was returning 4.25%. This compares to the index level of 4.14% and the then Reserve Bank of Australia's cash rate of 3.75%.