

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 - Conversion to a for-profit business enterprise

Question reference number: F6 (a-c)

Type of Question: Hansard F&PA 13, 27 May 2009

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

Number of Pages: 2

Senator CORMANN asked:

(a) Senator CORMANN – Firstly, who initiated the conversion of Medibank Private to a for-profit business enterprise?

Dr Watt – ...We could undertake to see if we can get that.

Senator CORMANN – Can you please take that on notice...

(b) Senator CORMANN – When did you first provide advice to the government in relation to the conversion of Medibank to a for-profit health fund?

...

Mr Lewis – Again, we could take that on notice.

(c) Senator CORMANN – As you are taking it on notice, if Medibank did indeed approach the government, did Medibank approach the government in relation to both conversion to a for-profit business enterprise and a sale, or was it exclusively in relation to the conversion to a for-profit business?

Mr Lewis – I would need to check out records on that, but I do not have any recollection of the issue of the sale being raised.

Answer:

(a) On 19 December 2007, Mr Paul McClintock, Chair of Medibank Private Limited (Medibank), wrote to the Minister for Finance and Deregulation (Finance Minister) on several matters, including the prospect of conversion to for-profit.

The option of converting Medibank to a for-profit organisation has been under consideration by the current Government since the middle of 2008. Mr McClintock also wrote to the Finance Minister on two subsequent occasions on 23 September 2008 and 3 April 2009 in support of conversion.

The Government announced the proposed conversion of Medibank to a for-profit health fund, subject to approval by the Private Health Insurance Administration Council in the 2009-10 Budget.

(b) In November 2007, we advised the Government on a number of matters in relation to the future of Medibank, including Medibank's conversion to a for-profit entity.

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(c) On 19 December 2007, Mr Paul McClintock, Chair of Medibank, wrote to the Finance Minister on several matters, including the prospect of conversion to for-profit. Mr McClintock did not raise any issues relating to the sale of Medibank.

The option of converting Medibank to a for-profit organisation has been under consideration by the current Government since the middle of 2008. Mr McClintock also wrote to the Finance Minister on two subsequent occasions on 23 September 2008 and 3 April 2009 in support of conversion.

The Government announced the proposed conversion of Medibank to a for-profit health fund, subject to approval by the Private Health Insurance Administration Council in the 2009-10 Budget.