

## Standing Committee on Finance and Public Administration

### ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

**Outcome General, Program General**

**Topic: Medibank Private**

**Question reference number: F2**

**Type of Question: Hansard F&PA 72 19 October 2010**

**Date set by the committee for the return of answer: 3 December 2010**

**Number of Pages: 1**

**Senator Cormann asked:**

I am not verballing you, believe you me. When you make these acquisitions, is that a decision for Medibank on its own or do you have to get approval from the finance department?

**Mr Savvides** — We have a materiality rule. I do not actually know what the number is today, but I can get that on notice.

**Answer:**

Under clause 3.3 of the Medibank Constitution, Medibank must seek the Shareholder Minister's approval, or as allowed by the Commercial Freedom Framework agreed between Medibank and the Shareholder Minister, to acquire a business.

Under clause 2.18 of the *Governance Arrangements for Commonwealth Government Business Enterprises 1997* and section 15 of the *Commonwealth Authorities and Companies Act 1997*, Medibank is required to immediately give the Shareholder Minister written particulars of the proposal when it proposes to acquire a significant business.

Whilst the Commercial Freedoms Framework allows Medibank to undertake some business activities without requiring the Shareholder Minister's prior approval, Medibank will notify the Shareholder Minister of any proposed activities with adequate time ahead of execution.

Under the Commercial Freedom Framework Medibank may make some acquisitions without prior approval from the Shareholder Minister if a number of criteria are met. These include:

1. in the case of acquiring other private health insurance businesses, the transaction value must be \$50 million or less; and
2. in the case of acquiring a non-private health insurance businesses, the transaction value must be \$15 million or less.