

Australia to sell biggest health insurer

March 26 2014

The conservative government of Prime Minister Tony Abbott on Wednesday said it would press ahead with the sale of Australia's largest health insurer Medibank Private via an initial public offering.

Medibank welcomed the announcement which reports said could value the provider at up to Aus\$4 billion (US\$3.7 billion).

"Subject to market conditions, Medibank Private will be sold through an [initial public offering](#) in the 2014-15 financial year," Finance Minister Mathias Cormann said, with the proceeds going towards infrastructure projects.

Cormann refused to comment on the amount the sale would generate, and said the precise timing and structure of the IPO were yet to be determined.

He also would not comment on which other public assets might be sold to pay down debt as part of a government-wide audit to eliminate wasteful spending.

The minister said an independent scoping study had confirmed the government's view that there were no compelling reasons for it to own Medibank which provides cover to some 3.8 million people.

"The sale of Medibank will remove the inherent conflict currently in place where the government is both the market regulator and the owner of a large participant in the market," he said.

Cormann said Medibank was one of 34 competing funds in the private health insurance [market](#) in Australia, and the scoping study found no evidence that premiums would rise as a result of the sale.

Medibank managing director George Savvides assured members that the brand would not change as a result of the IPO.

"We welcome the government's decision today, we're 37 years old, we have a wonderful inheritance and a brand that people trust," he said.

"Let me reassure you that the Medibank Australians have trusted for years is the very same Medibank that will continue to look after your health well into the future."

Medibank made Aus\$315 million profit last year. It is the only asset the government has spoken about selling.

New Zealand has decided to sell stakes in energy companies and flag carrier Air New Zealand as part of a plan to raise US\$4.2-5.9 billion from asset sales and return the budget to surplus by 2014-15.

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