

The Value of Medibank Privatization

Crafting a market-based approach to health care, focused on the goals of equity and efficiency bring into evaluation issues on the role of government and the impact of restructuring social services. These are fundamental concerns that influence both the very heart of households and the marketplace at large. Through these analytical underpinnings, the market-approach taken by the Australian government tends to be the favorable option at this point in time.

Why privatize? In a welfare system such as Australia, government support can only go so far and like an anticipated vicious cycle, time will come where budgets become unsustainable. According to minister of social services Kevin Andrews, at a cost of more than \$70 billion, one out of five Australians are obtaining some type of government financial sustenance in 2012. This covers payments for the elderly, the disabled and those caring for people with disability, those who are frail aged, pensioners, students and other labor-associated payments. Fiscal reformation and supplementary means of financing the total government expenditure is vital to Australia. Hence, the privatization of Medibank Privatization is opted for its favorable political effect in readdressing the burdens of the state. In this framework, privatization could give the Australian government a common remedy to the waning expectancies in both political support and economic performance (Starr 1988). Even if this entails substantial administrative effort and transitional time, consider the opportunity cost of governance, which could have been put to better use elsewhere (Wortzel & Wortzel, 1989, p.635) This is where infrastructure, education and other supporting services are given attention as a result of privatization.

The remunerations of restructuring social services in such a way can also trickle down to the consumers. For the past ten years at least, government spending on public hospitals has increased by more than 60% (Sammur, 2013). However, waiting times, especially for emergency admission, has become an unfortunately grave problem. This is caused by health inflation and increasing demand from an ageing and diversifying population. More importantly, this is due to the non-competitive background in which these public hospitals operate (Sammur, 2013). Through the financial organization of this new setup, privatization allows a wider scope of choice for consumers in terms of care provider and accessibility while generally bringing down costs (Osborne & Gaebler, 1993).

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