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# THE AUSTRALIAN FINANCIAL REVIEW

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► Medibank Private avoids medical mishap costs

## Hospitals to give surgery 'warranties'

Tim Binsted

Medibank Private has forced Healthscope, Australia's second-biggest private hospital operator, to cover the cost of patients who are injured or become sick in its hospitals, a major shift in the power balance between insurers and hospitals.

Chief executive George Savvides signed a two-year contract with Healthscope on Monday that he said was a "tipping point" in his campaign to slow rises in health policy premiums, which rose 6.2 per cent this year.

The health insurer has been in a bruising public fight over the introduction of "quality and affordability" criteria into contracts with hospitals.

The new contracts make hospital providers cough up for medical claims that result from poor quality care. Medibank refuses to pay if a patient returns to hospital 28 days after surgery due to complications. It also refuses to pay for any of 165 "hospital acquired complications", such as an incorrect blood transfusion, a fall while in care or bed sores, which it says should not occur in good-quality hospitals.

"We are talking about hospital acquired-complications," Mr Savvides said. "Why would a health fund pay for them? Would you pay for your car dur-

### Points for fitness



The rationale behind Qantas' surprise move into health insurance is simple. The airline's most profitable business unit has 11 million members after years of rapid growth.

Michael Smith p28, Companies p9

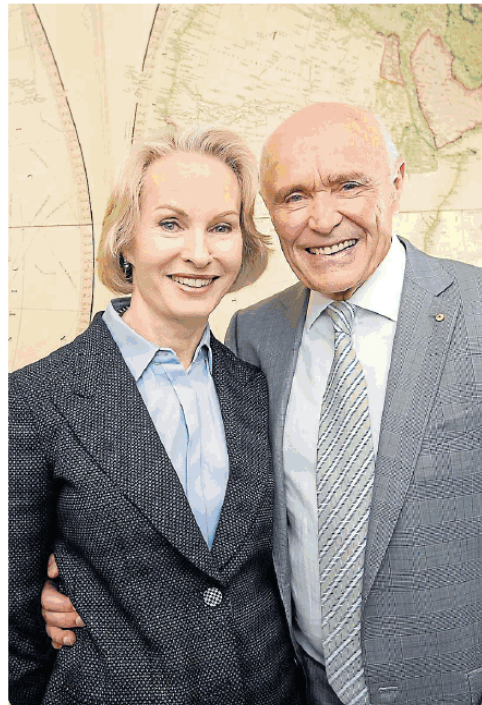
ing a warranty period when a breakdown occurs?

"It will flow into lower premium increases on a year-to-year basis."

Medibank's success pushing financial responsibility for the health of its patients back onto hospitals is a key part of a strategy to reduce costs and boost profits. It could have broader benefits for the health system and economy by creating a greater incentive for private hospitals to protect patients under their care.

The agreement with Healthscope takes the share of hospital beds covered by Medibank's new contracts from below 50 per cent to over 70 per cent. Around \$3.5 billion of the \$5 billion Medibank pays in claims each year

Continued p6



## Little's \$10m rewrites history

A passion for ancient Greece and the Renaissance has led BRW Rich Lister Paul Little and his wife Jane Hansen to donate \$10 million to the University of Melbourne to improve history teaching. "Who wouldn't want to know what made the 300 stand their ground at Thermopylae or why Caesar crossed the Rubicon," Ms Hansen said. News p5 PHOTO: PETER CASAMONTO

## Business tax cut could pay for itself

Exclusive

Jacob Greber  
Economics correspondent

Lowering the corporate tax rate to 25 per cent from 30 per cent would deliver the economy a \$291 billion growth dividend that would generate enough extra tax to more than pay for itself within five years.

In findings that bolster the case for lower corporate taxes, consulting firm PwC calculated that the economy would be around \$100 billion larger by 2025, increasing revenue to the federal budget thanks to higher employment, larger dividends and business taxes.

Five years after being phased in, the federal budget would be ahead by \$4 billion. Annual tax receipts would be \$10 billion higher by the middle of the next decade, according to PwC.

The Turnbull government is at the centre of a debate about how to use additional revenue from an increased goods and services tax.

Groups such as the Business Council of Australia and welfare lobby group the Australian Council of Social Services are pushing for corporate tax cuts.

The government is weighing up how much of any increased or broadened GST revenue should be used to cut income taxes to reduce the impact of bracket creep, compensation to the poor and the need to boost funding to states.

Many economists, including former Treasury secretary Martin Parkinson, argue the lion's share of the benefit from lower company taxes flows directly to workers through higher wages and more jobs.

Continued p4

► Opinion Craig Emerson p38

## Greens, Nats set roadblock for Chinese

Primrose Riordan, Angus Grigg and Matthew Cranston

A deal between the Coalition and the Greens that will increase scrutiny of Chinese investment was slammed as discriminatory by Chinese investors, authorities and the Labor opposition, who say it will slow economic growth and impose new red tape on much needed investment.

The agreement in the Senate to

require all investments in farm land above \$15 million from Chinese and some other Asian companies to seek Treasury approval provoked calls for retaliatory trade measures from Beijing. An official in China's Ministry of Commerce said it was "serious discrimination against China".

In return for the rule, which is designed to appease Nationals MPs, the government agreed to a Greens plan for a national register of foreign owner-

ship of water entitlements and promised to review how foreign investment in water is approved.

The laws could upset Chinese investors such as Lanny Xu, the chief executive of investment firm Ironfish, who said the move was discriminatory and Australia was giving mixed signals

Continued p6

► Editorial Axis of Inwardness p38  
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## Reliance targets \$1b IPO and hires JPMorgan

Exclusive | A Melbourne plumbing-parts company established in 1949 and owned by the wealthy Munz family, Reliance Worldwide Corporation, plans a \$1 billion float. Investment bank JPMorgan will manage the initial public offering next year and introduce the company's executives to investors in December. Reliance is a leader in products for home and industrial hot water systems.

► Street Talk p10

## Long way down

The new threat to Slater & Gordon

Companies p9,16



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# History fervour spurs \$10m uni donation

John Stenshot

A passion for ancient Greek wars, the Renaissance and art has led to the biggest individual donation for history studies for an Australian university.

BRW Rich Lister Paul Little and his wife Jane Hansen have donated \$10 million to the University of Melbourne to boost teaching standards for history studies in the arts faculty.

Ms Hansen, a former investment banker who is currently undertaking an arts degree at the university, said when asked about the donation and why she was so passionate about the importance of studying history: "Who wouldn't want to know what made the 300 stand their ground at Thermopylae or why Caesar crossed the Rubicon, or Hitler pushed on towards Stalingrad or what caused Gorbachev to tear down the [Berlin] Wall?"

"It is my intention this will change the conversation about history. I want to encourage awareness of the significance of an education in history and nurture a passion and appreciation for

**Key points**

**Gift held unprecedented for history at local university.**

**Couple also funds award for Victorian Artists Society artist of year.**

its relevance in the wider community," she said.

Federal government statistics show enrolments for society and culture courses such as history have held up well in the past few years, despite the clamour for more graduates from the so-called STEM (science, technology, engineering and mathematics) subjects.

The donation is claimed to be the most significant gift to the advancement of history at an Australian university and will be the first of many in the arts sector, Mr Little said.

The couple announced the donation on Monday, which is the first significant



Paul Little, far right, and wife Jane Hansen with Professor Mark Considine, left, dean of Arts faculty, University of Melbourne and Professor Glyn Davis, Vice-Chancellor University of Melbourne, at the announcement of The Hansen Trust. PHOTO: PETER CASAMENTO.

philanthropic effort of their Little Foundation and will fund several initiatives in history studies.

Ms Hansen has long been a strong advocate for the arts. She is on the board of the Melbourne Theatre Company and as well as her current arts degree, has degrees in economics and a master of finance and business administration from Monash and Columbia universities.

The foundation will, via \$8 million from the Hansen Trust, fund the Hansen Chair in History, three Hansen lectureships, an annual Hansen PhD

scholarship and, in conjunction with the faculty of arts, a senior lectureship in history.

Melbourne University vice-chancellor Glyn Davis said: "This is the largest gift for the faculty of arts in its history [and] it's an investment in history that we have never seen before."

Mr Little, the former chief executive of Toll Holdings, has a long involvement with the transport company's First Step and Second Step drug treatment and rehabilitation programs.

"The foundation will continue to stay involved in and fund those programs

and we will look to more in that space at the appropriate time," Mr Little said.

He and Ms Hansen are also funding the Mavis Little Award for the Victorian Artists Society artist of the year.

Several business identities have made large donations to universities this year.

Barry Lambert gave \$34 million to the University of Sydney for cannabinoid research and Michael Buxton donated \$10 million of contemporary art to Melbourne University and \$16 million to build a gallery to house the works.



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