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31 August 2009

Dear Sole Subscriber,

James Murdoch, the eponymous empire's heir apparent, gave the annual James MacTaggart lecture at the Edinburgh Television Festival late last week. Just like his father did 20 years before.

James was "chilled" by the expansion of public broadcasting in the UK:

"The expansion of state-sponsored journalism is a threat to the plurality and independence of news provision."

But one day we will all pay:

"It is essential for the future of independent digital journalism that a fair price can be charged for news to people who value it."

It's the market, stupid:

"The consensus appears to be that creationism -- the belief in a managed process with an omniscient authority -- is the only way to achieve successful outcomes. There is general agreement that the natural operation of the market is inadequate, and that a better outcome can be achieved through the wisdom and activity of governments and regulators. This creationist approach is similar to the industrial planning which went out of fashion in other sectors in the 1970s. It failed then. It's failing now."

Which is all very well. His views, however, have a major credibility problem -- they are the views of a Murdoch.

How can the Murdochs talk about preserving quality journalism given their own so often dubious, self serving sensationalist, damaging, socially corrosive, biased, power crazed, doctrinaire contributions to quality journalism? How can they talk about profits being everything when they run *The Times* at a huge loss and *The Australian* at dubious profit in order to maintain their political influence?

If these arguments came from any credible quarter they could and should be debated seriously. Coming from the son of the Sun King they are part of a consistent pattern of rhetoric aimed only at entrenching one family's global power and making more and more money from downmarket journalistic trash and entertainment -- which is precisely the reason for the existence of importance of organisations like the BBC (and, in Australia, the ABC) -- to offer the public an alternative to the pap the Murdoch family so lucratively dominate.

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TOP STORIES

- [1 . Profit season's last day dross and \\$1 billion loss](#)

Crikey founder [Stephen Mayne](#) writes:

Today is the last day of the 2008-09 profit season and what a shocker it has been. Never before have we seen so many losses driven by \$47billion in write-downs, but the stockmarket has been remarkably buoyed by the developments as the All Ords pushed through 4500 in morning trade.

The last day of any profit reporting season usually turns up the corporate dross -- companies which are either too disorganised, close to going under or run by cynics who deliberately seek to avoid attention by hiding their red ink in the last-minute deluge of figures.

However, after four hours surveying the last day dregs, it doesn't appear that today will get anywhere near the extraordinary events of Friday, February 27, 2009, when almost 200 companies reported losses exceeding \$1 million for the half year.

The full list from that fateful day is documented [here](#) and there were a [staggering 16 companies](#) that managed losses exceeding \$100 million. On February 27 we had three companies join the \$1 billion-plus loss club -- GPT with \$3.25 billion, Oz Minerals with \$2.4 billion and Babcock & Brown Capital with \$1.43 billion.

We'll probably get through the day with only a single \$1billion-plus loss from the ING Industrial Fund, which at 9.57am [revealed a \\$1.174 billion full year loss](#) after slashing property and equity investment values.

The ING Industrial Fund board, chaired by Sydney Swans president of the past 15 years Richard Colless AM, have probably still got more to go because claimed net assets were only cut from \$2.09 to 96c a unit, still well above the current market price which jumped 5c to 51c in morning trade.

Amcor's teetering spin-off Paperlinx should have declared a 10-figure loss but only managed

to come up with a [bottom line figure of \\$798 million](#) at 8.56am. The write-downs were certainly on the light side given the Paperlinx board, which in June flogged its paper manufacturing assets to Nippon Paper for \$600million to stave off financial disaster, is now claiming to have net assets worth \$1.27billion. That looks over-optimistic when compared with the market capitalisation of only \$420 million, even after the stock leapt 4.5c to 70c in morning trade.

Sir Ron Brierley's London-based corporate raider GPG was the other candidate to produce a \$1billion-loss but it stoically refused to hack into balance sheet values and only claimed \$40million had been dropped when [the figures](#) finally appeared at 8.20am. Other notable contributors today included the old Everest Babcock & Brown Alternative Investment Trust which has been re-badged but still dropped \$45.23 million for the year.

CBH Resources almost joined the \$100million loss club with \$96.6 million worth of red ink, whilst Keybridge Capital made the grade with a \$129.14 million loss.

However, it wasn't all bad news. Alco Finance Group's two founders, John Kinghorn and David Coe, continue to serve on the RHG board and the RAMS Home Loans run-off business isn't going too badly at all after an [impressive \\$120 million profit](#) for the full year.

We'll be tracking all the earnings announcement today -- profits and losses -- so [keep an eye on this page](#) throughout the day.

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2 . Melbourne Uni's \$265m slush fund won't save job cuts

Andrew Crook writes:

University of Melbourne Vice Chancellor Glyn Davis is under mounting pressure to explain

recent job cuts after leaked internal documents uncovered a \$265 million donations plan to line university coffers.

The "University Campaign Plan", launched last July, aims to tap private donors for millions of dollars in fresh funds, according to [a report](#) in next month's edition of student newspaper *Farrago*.

The philanthropy push, currently in a pre-launch "quiet phase", includes initial plans to raise up to \$100 million with a target of \$265.4 million by 2015. It already contains around \$50 million and was expected to be publically launched next July.

The campaign will employ 50 full-time staff, including a well-paid "Chief Advancement Officer" to head it up. Leaked meeting minutes say that a glossy brochure, dubbed a "Book of Dreams", will be used to spruik the initiative.

The Medicine, Dental and Health Sciences faculty will receive \$86 million by 2012, while Arts, VCA and music and Economics and Commerce will receive around \$25 million, according to the report. The Science faculty will receive \$9.3 million. However estimates show the additional income is yet to be attached to the faculties' bottom lines.

Davis blamed the recent axing of 220 staff cuts in the Economics and Commerce, Medicine, Engineering and the Victorian College of the Arts on the \$191 million gouging of endowment revenue in the wake of the global financial crisis. He claimed the cuts would save the university around \$30 million.

But the endowment fund, buoyed by the sale of Melbourne IT for \$85 million a decade ago, is believed to contain around \$800 million. Critics say cuts to teaching could be easily avoided by tapping the fund or the \$50 million received under the new donations plan.

Ted Clark, head of the National Tertiary Education Union's Melbourne University branch, said the fresh push for private funds was hypocritical.

"While we would endorse any effort by the University to raise money, it is dubious to blame the global financial crisis for the sacking of 220 staff, and then try to recoup more than the amount saved through donations."

Mr Clark said it was foolish to proceed with the cuts because the hit to the university's reputation could end up dissuading potential donors.

Davis has blamed a reduction in government funding for a shift towards private sources of revenue. The University has modelled itself on United States institutions which rely heavily on the largesse doled out by wealthy benefactors.

Some say Davis' personal friendship with Prime Minister Kevin Rudd has also inhibited more militant appeals for public funding. Last December, [Crikey revealed](#) that Mr Rudd attended Mr Davis' son's birthday at the Prince Alfred hotel in Grattan Street, abutting the University.

A spokesperson for the University, Christina Buckridge, said that she wasn't aware of the new fundraising plans.

"The way you do major fundraising is that you don't tell anyone about it before you announce it", she said.

Ms Buckridge said donations are linked to specific outcomes and are not factored in to ongoing operations. The University's central budgeting process for next year was still proceeding, Buckridge said.

The University are on edge over the fallout from the cuts and the well-attended public protests over cuts to the VCA. This morning, following [Crikey's](#) queries, its media unit despatched an officer to confront *Farrago* staff over the source of the leak.

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