

Understanding the role that  
philanthropy can play in  
supporting public interest  
journalism and how to  
enable it

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[Public  
Interest  
Journalism  
Initiative]

## Executive Summary

Previous research<sup>1</sup> conducted by the Public Interest Journalism Initiative (PIJI) found that despite repeated proposals to provide news media organisations with deductible gift recipient (DGR) status, there had been no study to interrogate the mechanical barriers for funders and news organisations, and the motivational factors that may affect philanthropic sector's appetite to fund public interest journalism.

This report draws on a series of interviews conducted with approximately forty stakeholders from news media organisations and philanthropy to provide insights into the motivations and mechanisms that impact philanthropic giving to public interest journalism.

This research was conducted on behalf of PIJI by Effective Philanthropy Director, Regina Hill, with guidance and support from PIJI's Project Steering Group and its Expert Research Panel. Further detail about these two groups can be found in Appendix B.

Australian Communities Foundation, Philanthropy Australia and Pro Bono Australia were project partners in this research and we are grateful for their support.

The research found that:

- There was a strong view that philanthropy does have a role to play in supporting the Australian news media industry, though participants did not anticipate that philanthropy would be likely to account for a substantial investment;
- A small but growing market of philanthropists is supporting public interest journalism, motivated by its nature as a public good; by its potential to further another cause they care about; and its importance to community infrastructure;
- Philanthropic funders lack awareness of the need for support;
- Current charity and taxation laws are a key constraint;
- Philanthropists and news media organisations may have only limited exposure to examples of what is being funded and the rationale for it, hindering development;
- News media organisations do not have experience engaging with philanthropy and can struggle to articulate the social and civic impact of public interest journalism;
- By addressing regulatory constraints and tapping into existing cause areas, there is potential to grow philanthropic support for the not-for-profit journalism sector.

**SUGGESTED CITATION:** Hill R. 2021. *Understanding the role that philanthropy can play in supporting public interest journalism and how to enable it*. Melbourne: Public Interest Journalism Initiative.

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<sup>1</sup> Dickson G. 2021. *A review of proposals to provide news organisations with access to tax deductible gifts in Australia*.

## Introduction

The news media landscape in Australia is experiencing unprecedented disruption with impacts to industry sustainability and diversity. Multiple inquiries have examined what supports can and should be provided to respond to these challenges. A recurring recommendation of these inquiries has been to provide incentives for philanthropic giving to support the news media sector through transition.

Australia's current taxation and regulatory framework has been identified as a barrier<sup>2</sup> to growing philanthropic support for public interest journalism, both in terms of how the terms charity and charitable purpose are defined and the associated ability to obtain tax deductible gift recipient (DGR) status.

The *Charities Act 2013* (Cth) sets out the definition of charity and charitable purpose.<sup>3</sup> While there is scope to include public interest journalism within the charitable purpose of 'advancing education' (as is the case in the UK and the US), the extent to which that can be done has not been fully tested in Australia.

There is also no defined DGR category within Division 30 of the *Income Tax Assessment Act 1997* (Cth) that can appropriately accommodate registered charities whose principal purpose is to produce or support public interest journalism. This is in spite of the 'public good' nature of public interest journalism, wherein journalism provides benefits to the whole of society and not only to those who pay for and consume it.<sup>4</sup>

Some charities have obtained endorsement under the Register of Cultural Organisations (ROCO), including the Walkley Foundation and the Melbourne Press Club. The Register requires that an organisation's principal purpose be to promote certain cultural activities including literature, visual arts, crafts and film.<sup>5</sup> Organisations whose primary purpose is to produce, rather than promote, public interest journalism may not be eligible.

Other news media organisations have been able to structure all or part of their business to come within the scope of another entity's charitable and DGR status (such as the Guardian Civic Journalism Trust, which involved a collaboration between the Guardian Australia and the University of Melbourne); however, structuring arrangements of this type requires dedicated governance and reporting resources which are not likely to be an option for most organisations.

News organisations that do not fall within any of the categories for deductible gift recipient status must instead seek a 'specific listing' in (as The Conversation Trust and the Australian Associated Press have done). Obtaining a specific listing is a time-consuming and complex process, which requires agreement from the Treasurer and other cabinet ministers

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<sup>2</sup> Ibid; see also Australian Competition and Consumer Commission 2019. *Digital Platforms Inquiry Final Report*. p. 338.

<sup>3</sup> *Charities Act 2013* (Cth) 12(1)(l).

<sup>4</sup> Australian Competition and Consumer Commission 2019. *Digital Platforms Inquiry Final Report*. p. 283.

<sup>5</sup> Department of Infrastructure, Transport, Regional Development and Communications 2021. Register of Cultural Organisations.

(presumably including, in the case of news organisations, the Communications Minister) and the passage of a legislative amendment to add the name of the organisation to the *Income Tax Assessment Act 1997*, limiting the viability of this pathway as a broad-based option.

The difficulty of obtaining DGR status as a not-for-profit news organisation in Australia has been raised at multiple inquiries over the past decade. The strength of the not-for-profit news sector in the United States, which has developed largely since the Global Financial Crisis, is often used as evidence of the potential power of this model for addressing the sustainability issues that the industry faces.<sup>6</sup>

Despite repeated policy attention to the potential of philanthropic support for news producers, there has been no Australian research on the supply side of such funding. No prior study has been conducted among philanthropists in Australia to understand their motivation in giving to news and the factors that might facilitate or constrain their ability to give. Similarly, the perspectives of news organisations that have, or desire DGR status, have not been well documented, particularly in light of the growing number of organisations looking to alternate business models. There is also a need to identify and assess mechanisms that could be used to enable and encourage philanthropic giving and to understand how they might influence philanthropic activity if they are adopted.

The purpose of this research is to address that gap and to provide evidence as to the motivations and mechanisms that facilitate and constrain philanthropic donations to public interest journalism.

## Research questions

The following research questions guided the interviews and subsequent analysis:

- What role can and should philanthropy play to support public interest journalism?
- How is philanthropy currently supporting public interest journalism?
- What factors are seen as enabling or inhibiting philanthropic engagement?
- What opportunities exist to unlock further philanthropic funding and support?

## Methodology

This project involved semi-structured individual interviews and focus group discussions with selected leaders from both the news media and philanthropic sectors.

37 individuals representing 41 different organisations participated in the interviews. Of these, nine organisations can be considered primarily prospective grant recipient organisations as they are either news producers themselves or are civic society organisations adjacent to news production. 32 organisations are primarily philanthropic organisations or funders, and are a mixture of individual donors, private or public ancillary funds, fund managers and community foundations. Included among funding participants are a few

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<sup>6</sup> For detail of the development of the not-for-profit news sector in the US, see in particular Birnbauer B. 2019. *The rise of nonprofit investigative journalism in the United States*.

organisations that are simultaneously recipients and providers of philanthropic funding to news production.

Most, but not all, philanthropic funders interviewed for this project have provided funding to news production or to news-adjacent civil society organisations.

All interviews were conducted via video conferencing between February and May 2021. Each interview lasted between 40 minutes and one hour and was conducted by Regina Hill. Interviews were conducted with staff from a single organisation, except for two focus groups comprising of four sub-fund holders and a separate group of three managers of community foundations. In keeping with best practice, the focus groups were kept as small as possible to maximise the opportunity for discussion.

A number of actions were undertaken to protect the confidentiality of participants and to prevent the risk or perception of a conflict of interest or misuse of research data. The report author is an experienced researcher and consultant with considerable expertise in the philanthropic sector. She was engaged to conduct the interviews independently of PIJJ. The interviews were not recorded, and the author took only summary notes. Observations from the research were de-identified and consolidated by the author before being provided to PIJJ or the Project Advisory Group.

Where direct quotes are provided in the context of the research interviews they have been drawn from the public domain. Participants were provided an opportunity to review the report prior to its publication. A list of those participants who consented to being identified is included as Appendix A.

The insights provided in this report are both direct responses to the research questions by participants and subsequent analysis of trends across the interviews by the lead author.

Two further case studies of not-for-profit news outlets are also provided to elaborate on trends identified in the research. Interviews for these case studies were conducted in August 2021 by Gary Dickson, Research and Projects Manager at PIJJ.

After the research interviews were completed, the Government introduced a Bill<sup>7</sup> that gives the Australian Charities and Not-for-profits Commissioner the ability to deregister any charity if that charity's resources are used to commit certain summary offences. The timing meant that that regulation was not discussed with research participants, despite being a potential mechanical barrier to the viability of a not-for-profit public interest journalism organisation.

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<sup>7</sup> Australian Charities and Not-for-profits Commission Amendment (2021 Measures No. 2) Regulations 2021.

## What role can and should philanthropy play to support public interest journalism?

There was a strong view amongst both philanthropic and news media participants that philanthropy does have a role to play in supporting the Australian news media industry to respond to the challenges that it is facing in order to ensure that quality public interest journalism continues to be a strong part of the Australian media landscape.

These participants did not anticipate that philanthropy would be likely to account for a substantial share of the overall investment required, but there was a clear sense that philanthropy can play a constructive and important role in highlighting areas of need and providing targeted funds to help the news media sector navigate the current market transition.

Many of the funder research participants pointed to the ability of philanthropy to be responsive and to apply funding in ways that government, because of its broader responsibilities and political orientation, is not always able or incentivised to do. Some media and philanthropic participants suggested that, in the case of public interest journalism, the Government is disincentivised to protect the news media's ability to act as a public watchdog, making the role of philanthropy particularly important. They also highlighted philanthropy's ability to draw attention to the challenges being faced by the news media sector and to support industry to push for timely action by government.

A mix of both groups of participants noted that philanthropy can support the industry by playing a number of roles. It can:

- Play an awareness building and advocacy role and support civic dialogue to inform and mobilise community and government action to protect public interest journalism;
- Support media diversity and provide funding for public interest journalism in under-served areas or on under-represented issues, help amplify under-represented voices and promote media literacy;
- Support sector capacity building and innovation, both of which were seen as being critical in the context of the current industry disruption; and
- Act as an intermediary to convene diverse stakeholders to explore and test different ways of addressing the challenges facing the news media industry.

The role for philanthropy was highlighted by the Judith Neilson Institute for Journalism and Ideas, a philanthropic organisation with a remit to support journalism, in a 2019 submission to the Australian Competition and Consumer Commission:

*Philanthropy ... can inject new funds into the industry ... it can also help the media and correspondingly, the public, in other less immediate ways by taking the commercial risk out of innovation; by supporting emerging and local media that is not initially commercially viable; and by ensuring that issues that are neglected for*

*commercial or other reasons receive appropriate coverage for the benefit of all Australians.*<sup>8</sup>

The potential role for philanthropy in the public interest journalism space was essentially seen as being similar to the role that philanthropy plays in relation to other civic, social and environmental causes. Participants did not see philanthropy as substituting for industry or government action, but as complementing and augmenting it.

While it was acknowledged that current philanthropic funding for public interest journalism is relatively small, there was a sense, amongst both media and philanthropic stakeholders, that interest in the area is growing and that there is potential to increase the amount of funding being allocated to it.

## How are Australian philanthropists supporting public interest journalism?

The research confirms that a small but growing market of Australian philanthropists is actively supporting public interest journalism in a range of different ways. Funders are adopting different approaches depending on the philanthropic lens through which they are looking to fund news media producers. Those approaches fall into three broad categories.

**Category 1: Funding public interest journalism as a public good on the basis it is a critical part of a well-functioning democracy and civic society.**

Philanthropists are responding to the transitional challenges facing the news media sector by framing their giving against the need to preserve an effective and diverse fourth estate for the purposes of an engaged, well-functioning civic society and democracy.

Some funders are supporting initiatives that seek to draw attention to the challenges that are facing Australia's news media sector and advocate for government, media and philanthropic sector action. Activities within this advocacy spectrum include research, community education, awareness raising and mobilisation, and policy development through the preparation and dissemination of submissions to government committees and representatives. The Public Interest Journalism Initiative is one example.

Another example of this is the Ian Potter Foundation's funding to the Centre for Advancing Journalism, University of Melbourne, to support a research study into the impact of journalism on Australian civic life. The research used a case study-based approach to examine the institutional, social and individual impact of investigative journalism, campaigning journalism, and reporting of civic fora such as government and the courts. One outcome of the work was to assess the case for ongoing investment in and support for public interest journalism.<sup>9</sup>

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<sup>8</sup> Judith Neilson Institute for Journalism and Ideas 2019. *Submission in response to the ACCC Digital Platforms Inquiry Preliminary Report*. p. 2.

<sup>9</sup> Centre for Advancing Journalism 2021. *The Civic Impact of Journalism*.

Another approach is to support sector transition at an organisational and industry level. This can include funding or investment to support the incubation of new not-for-profit and for purpose enterprises; to help existing news providers to pilot and implement new business models; as well as funding for equipment and infrastructure to help providers to reconfigure their service delivery (e.g., pivot from traditional to digital distribution media).

The Vincent Fairfax Family Foundation (VFFF) announced in June 2021 that it would provide \$1.3m over three years to support rural and regional community representation. The funding will support the Guardian Australia to develop a network of freelancers across rural and regional areas. Funding will also be provided to the Centre for Media Transition at the University of Technology Sydney to conduct research into post-philanthropic business models which can sustain commercial news companies in rural and regional Australia.<sup>10</sup>

The third approach that the consultations identified within this category is supporting training and professional development-based initiatives to help journalists and news media professionals share and extend their skills and better position them to work within the emerging news media landscape.

**Category 2: Using public interest journalism as a mechanism through which to build awareness, understanding and discussion of social and environmental issues that the funder cares about.**

Some philanthropists are recognising the role that quality public interest journalism can play in social and environmental issues they care about by building public awareness and discussion, contributing to an evidence base and holding government to account for its actions and/or inaction.

Three common funding approaches were identified within this category.

The first is funding editorial and reporting roles focussed on particular topics. Examples of this include funding to support public interest reporting on government accountability, environment, Indigenous affairs, the Arts, refugees and the recent COVID-19 public health crisis.

For example, in 2018 the Balnaves Foundation funded an Indigenous Affairs reporter at the Guardian Australia for three years in 2018. The objective of the Foundation was to “see a shift in the systemic treatment and the public discussion about Indigenous Australians”.<sup>11</sup>

The funding allowed the Guardian to hire Indigenous Affairs Editor, Lorena Allam, an experienced journalist and Gamilarai-Yawalaraay woman, from North-West NSW and undertake a series of investigative reports. The quality and impact of that reporting has been recognised through two Walkley Awards for excellence in journalism.

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<sup>10</sup> Vincent Fairfax Family Foundation 2021. VFFF supports rural and regional media.

<sup>11</sup> The Balnaves Foundation 2020. Telling the stories that matter.



This type of funding requires careful handling by the recipient news media provider to ensure the protection of editorial independence, free from any funder influence on stories produced or how they are reported.

Secondly, philanthropists are supporting specific projects that might include setting up or resourcing a particular part of an organisation's website or producing a particular suite of documentary or online resources.

The Barlow Foundation has provided the Guardian Civic Journalism Trust, a not-for-profit partnership between the Guardian Australia and the University of Melbourne, with a grant for three projects to explore under-reported issues of inequality affecting Australia's youth, two of which have been completed: Dreams Interrupted, exploring youth unemployment and Childhood in Custody detailing the stories of Indigenous children in custody in Australia.<sup>12</sup>

Finally, funding has been provided to support the production of public interest journalism more broadly, without reference to a specific project or area of coverage.

In April 2020, as COVID-19 reduced advertising revenue, the Guardian Australia launched the Coronavirus Crisis Project, seeking donations to the Guardian Civic Journalism Trust to support its journalism. VivCourt provided \$200,000 through the Trust.<sup>13</sup>

### Category 3: Funding local news production as a form of community infrastructure

Some philanthropists view their support from a critical infrastructure perspective and therefore fund local (often regional and rural) communities and organisations or provide equipment on that basis. This ensures that there are local trusted news sources able to provide community members with

- reliable information in the event of an emergency such as a bushfire, cyclone, flood or public health crisis; and
- news and information about local events and issues (e.g. through local newsletters or other distribution channels).

The Foundation for Rural & Regional Renewal (FRRR) is set up to facilitate tax deductible giving that enables funding to reach community groups and non-profits in remote, rural, and regional communities for charitable projects that promote remote, rural and regional renewal, regeneration and development. Because of its focus, FRRR often works at a hyper-local level and has supported neighbourhood houses and community resource centres to produce and distribute community newsletters and information services to support community connectedness and ensure that community members have reliable access to information about current issues or events. They have also supported investments in community infrastructure (e.g. community radio) as part of their disaster prevention and

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<sup>12</sup> Guardian Australia 2021. Dreams interrupted: how the pandemic is shaping a generation; Guardian Australia 2021. Childhood in custody.

<sup>13</sup> Guardian Australia Press Office. 2020. VivCourt supports Guardian Australia with the Coronavirus Crisis Project. 30 April.

remediation work to ensure that communities have reliable access to media and communications in the event of a disaster.

The Australian Neighbourhood Houses & Centres Association (ANHCA) Inc has also supported neighbourhood houses and community resource centres in a similar way.

These three different categories of philanthropic are all supporting the provision of public interest journalism in a meaningful way.

Not unexpectedly, the consultations found that within each category there are differences in the perspectives and preferences that funders bring to their grant making. Some funders prefer longer versus shorter term commitments. Some are keen to support discrete project-based initiatives and others are prepared to cover specific operational or infrastructure costs, although there is little appetite to provide funding for general overhead costs.

The type of funding support may also vary. The consultations indicate that some funders are open – and technically able to – to provide funding without receiving a tax deduction. Other funders are open to impact investment-based approaches, which does not require DGR status. Each approach carries differences in how funders assess and manage risk.

The common theme through the consultations is the appetite and role for all types of philanthropic funding as the news media sector navigates the transition to a digital landscape.

## Establishing a not-for-profit newswire: Australian Associated Press

Australian Associated Press (AAP) is a news organisation founded in 1935. As a news agency, it acts as a wholesale supplier of written and visual journalism to other news organisations and does not have a direct interface with news consumers. It has been called the ‘silent partner’ of Australian news due to its role in providing a reliable first draft of news: one 2009 study of *The Daily Telegraph* and *The Age* found that an average of 57 and 65 per cent of breaking news published online was directly from the agency.<sup>14</sup> Until early 2020, it was providing approximately 400 outlets with news content, including significant numbers of rural and regional media as well as national brands from *The Australian* to the ABC.

The newsgathering and sale portion of the business – the newswire – was its most expensive undertaking and was cross-subsidised by other B2B services, including press release distribution, media analysis and editorial and web services.<sup>15</sup> The newswire reportedly lost money in FY20 under its former owners.<sup>16</sup>

In March 2020 AAP’s two largest shareholders, News Corp Australia and Nine Entertainment Co., ended their partnership with the agency, publicly citing their own financial pressures for the decision.<sup>17</sup> This led AAP to announce that it would be closing the newswire and selling other parts of the business by 30 June.<sup>18</sup>

The newswire was subsequently purchased by a consortium of philanthropists and social impact investors led by the former Foxtel executive Peter Tonagh. The motivation for that sale, according to Chair Jonty Low speaking to a University of Melbourne audience in late 2020, was an interest in protecting Australia’s democratic infrastructure and seeing AAP as critical to that goal.<sup>19</sup>

The newswire portion of AAP, along with its fact-checking unit, were re-incorporated as a not-for-profit and registered as a charity in July 2020.<sup>20</sup>

Emma Cowdroy was appointed Chief Executive Officer of AAP following the sale confirmation. She had previously served as the company’s General Counsel for nearly two decades. She said that the shift from a commercial to a not-for-profit entity has created a different value proposition for funders.

“The mission is different, and I really like that. The measurement of impact and purpose, and overlaying that with public interest journalism, I think creates a really powerful message.”

The new organisation has a small administrative staff, and philanthropic engagement is directly managed by Cowdroy and the Board, which includes experienced philanthropists

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<sup>14</sup> Johnston J. & Forde S. 2009. ‘Not wrong for long’: the role and penetration of news wire agencies in the 24/7 news landscape. *Global Media Journal Australian Edition* 3(2).

<sup>15</sup> Centre for Advancing Journalism 2020. A.N. Smith Lecture in Journalism. Interview with Jonty Low and Emma Cowdroy, November.

<sup>16</sup> Samios Z. 2020. AAP newswire lost \$10 million before rescue deal. *Sydney Morning Herald*. 2 November.

<sup>17</sup> Grieve C., Samios Z. & Hunter F. 2020. ‘Tragedy’: AAP newswire to close in June, jobs to go. *The Age*. 3 March.

<sup>18</sup> Mason M. 2020. AAP set to close after 85 years. *Australian Financial Review*. 3 March.

<sup>19</sup> Centre for Advancing Journalism 2020. A.N. Smith Lecture in Journalism. Interview with Jonty Low and Emma Cowdroy, November.

<sup>20</sup> Australian Charities and Not-for-profits Commission 2021. Australian Associated Press Limited.

such as Dr John McKinnon. Of its 21 non-editorial employees, nobody is in a dedicated partnerships or fundraising role.

“We prioritise journalists’ jobs and tried to keep the corporate side of the business as small as possible,” Cowdroy said. “That means that lots of us have to wear many hats, myself included.”

AAP relaunched with 72 editorial staff, down from 140 immediately prior to the sale. In the period since it has expanded to ‘around 82’ staff journalists, Cowdroy said, or up to 90 including casuals. Much of that expansion has been enabled by philanthropic giving to the organisation.<sup>21</sup> The company has received capacity funding as well as targeted support to establish four news desks: an arts desk supported by the Loti and Victor Smorgon Family Foundation;<sup>22</sup> an agriculture desk supported by John Sevier and Rebecca Gorman; a refugee desk supported by VivCourt and an environment desk supported by a number of smaller donations.<sup>23</sup> Discussions with funders for more philanthropically-supported news desks are ongoing, and the organisation has also received capacity funding untethered to specific projects.

Cowdroy says that in her experience, the relationship between philanthropy and public interest journalism is starting to get more sophisticated.

“If you donate to build a hospital, you can see the outcome of your donation because it’s tangible. When you’re donating to public interest journalism, for the purpose of ensuring robust and informed debate in society, it’s intangible. You can measure story distribution and engagement, for example, but it’s harder to give concrete impact measurements. Not impossible, but much more difficult.”

AAP also ensures that its editorial independence is not compromised by philanthropic support, including in perception. It requires that its major donors be named and provides only a broad topic area of what the funding might be used for.

“Our philanthropists are very aware of our editorial independence and that that’s the value of the brand,” Cowdroy said. “AAP has never had any political axe to grind, nor advertisers to please and our mandate is to supply objective, accurate news. We make it very clear that you’re going to be identified, that the desk is subject to our charter of editorial independence, that there’s no interrelationship between the donors and the newsroom.

“There’s not been an issue where anybody has attempted to influence us.”

AAP has accessed deductible gifts through two partnerships established during the sale period: one with the University of Melbourne, the other with Social Enterprise Finance Australia (SEFA) Partnerships. The Federal Government also announced the special listing of AAP as a deductible gift recipient in its 2021 budget, though at time of writing that legislative amendment had not yet passed the Parliament.

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<sup>21</sup> The company’s financial results from its first year as a not-for-profit were not yet available at the time of writing in August 2021.

<sup>22</sup> Magnusson T. Australia’s fine art of philanthropy. Australian Associated Press. 2 July.

<sup>23</sup> Ward M. 2021. AAP invests in specialist reporting, expands board. *Australian Financial Review*. 23 August.

The Government has also provided AAP with two grants: \$5 million through the Public Interest News Gathering program in September 2020<sup>24</sup> and a further \$15 million allocated in the 2021 Federal Budget.<sup>25</sup> Cowdroy said that this arrangement brought AAP in line with other global newswires who all receive a form of government support either by way of funding or procurement of the wire service.

A GoFundMe campaign launched by AAP in September 2020 raised \$130,000 of a \$500,000 goal.<sup>26</sup>

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<sup>24</sup> Mason M. 2020. Morrison government gives AAP \$5m. *Australian Financial Review*. 18 September.

<sup>25</sup> Pash C. 2021. Federal Budget – AAP gets another \$15 million from Canberra. *AdNews*. 12 May.

<sup>26</sup> GoFundMe 2021. #aapneedsyou.

## What factors are impacting philanthropic engagement?

A range of factors were identified in the consultations as playing a role in limiting the amount of philanthropic support currently being provided for public interest journalism.

**A lack of awareness of the need for philanthropic support was identified as a baseline issue.**

Both media and philanthropic stakeholders noted that there appeared to be a general lack of awareness within the philanthropic sector - and the broader community - of the financial sustainability challenges being faced by the news media sector and the subsequent risks to public interest journalism.

There was a view that, even where there was awareness of the above challenges, a range of factors prevented prospective philanthropic funders from identifying or prioritising public interest journalism as an area needing their support. Those factors included:

- a. A lack of awareness of, or importance placed on, the role played by the news media sector in a well-functioning democracy and the attendant risks to that as a result of the current market disruption and transition.**

Both news media and philanthropic participants noted the importance of an effective and diverse news media or 'fourth estate' to a well-functioning democracy. In different ways they noted the diverse and important roles that the news media plays in amplifying different voices and perspectives, keeping people informed, helping them to understand and engage with the issues facing the community at a global, national and local level, encouraging debate and holding those with political, economic or social power accountable for their actions.

Some of these stakeholders also noted that the recent rise of the 'fake news' discourse had increased the importance of media diversity and media literacy.

While there was a view that the increased accessibility of information through digital platforms and the 'fake news' discourse had increased awareness of the role and importance of a strong independent news media, many of the participants raising this concern felt that awareness had not translated into a broader philanthropic appetite for funding public interest journalism.

Some participants, both from news media and philanthropy, felt this reflected a lack of appreciation of the risks being faced by the broader news media sector, its implications on public interest journalism and the real risk for Australia if there is no mechanism through which diverse communities can have a voice and hold governments and others with power to account.

- b. A view that it is primarily the role of the news media industry itself and government to respond to commercial challenges facing the sector.**

Some participants from both sectors suggested that the failure to translate awareness of need into action is due to a belief that the responsibility for navigating the current challenges primarily lies with industry and government, drawing parallels with other sectors' past experiences of market-based transitions, such as the agricultural, textiles and motor vehicle manufacturing sectors.

**c. An expectation that government is taking appropriate steps to support the news media industry to respond to the challenges posed by the rise of digital platforms and citizen journalism.**

Some participants, predominantly those from news media, said that the failure of philanthropists to act in support of public interest journalism may be reinforced by a perception that the government is taking action, such as through News Media and Digital Platforms Bargaining Code.

**d. A belief that the existence of the ABC and SBS as public broadcasters is sufficient to ensure the ongoing provision of public interest journalism.**

Some stakeholders, mainly news media participants, questioned whether there was a belief among philanthropists that government investment in the ABC and SBS was sufficient to ensure that there is an appropriate focus on public interest journalism and representation of diverse voices within the Australian news media. Participants raising this point noted that while government investment in strong public broadcasters was important, it was not the only action that needed to be taken for the news sector, and that recent reductions in funding for public broadcasting was a concern.

**e. A perception that news media is commercial in character and is not eligible for philanthropic support.**

Both media and philanthropic stakeholders noted that many funders viewed the industry as being made up largely of commercial, for-profit entities, and therefore many prospective funders simply see public interest journalism outside of the remit of philanthropy.

**Current charity and taxation law settings were seen as a key constraint**

There was consensus that current charity and taxation laws make it very difficult for news media providers to achieve deductible gift recipient (DGR) status, without which the ability to access philanthropic funding is limited.

The bulk of the Australian news media sector, outside of its public broadcasters, has historically been commercially based. Although there are not-for-profit providers, they have tended to make up a relatively small part of the sector.<sup>27</sup>

While some organisations have been able to achieve DGR status, there is no easy, clearly defined or efficient pathway through which to do that. As noted in the introduction to this report, where organisations have secured DGR status, they have done so by falling within the

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<sup>27</sup> Dickson G. 2021. *A review of proposals to provide news organisations with access to tax deductible gifts in Australia.*

education category as their entity's purpose or through a collaboration with an established educational institution; by achieving a specific listing through legislation or, as in the case of a number of community radio organisations, by being listed on the Register of Cultural Organisations (ROCO).

Both media and philanthropic stakeholders observed that the time, cost and complexity of accessing DGR status have meant that it has most often been larger, rather than smaller, organisations that have been able to secure tax deductibility.

The difficulty of obtaining DGR status was almost uniformly identified as a key mechanical barrier that prevents news media organisations from accessing philanthropic funding.

A number of news media participants raised concerns about the inherent bias in the way that the current regulatory system works, in practice favouring larger news media organisations and leaving a 'long tail' of smaller providers unable to access DGR status as a result. A few philanthropic participants also made this point.

### News media organisations generally lack an understanding of, and experience in engaging with, philanthropy and vice versa

It was noted by both media and philanthropic stakeholders that the above factors have limited the engagement between news media organisations and the philanthropic sector.

The news media participants that we spoke to indicated that most news media organisations (including those with DGR status) continue to rely on commercial advertising, subscription revenue, sponsorships and individual (often non-tax deductible) gifts.

While organisations with DGR status have had some engagement with philanthropy, the media stakeholders we noted that, as a general rule, news media organisations have often had no or only limited involvement with the philanthropic sector. As a result, the news media sector is not generally familiar with the way that funders work, or the time and effort involved in building and managing relationships or applying for, managing and acquitting grants. It was noted that only a small number of news media organisations have dedicated staff with knowledge and experience in engaging with the philanthropic sector, and that many of those are larger organisations. Finding and affording staff able to navigate regulatory constraints and build the relationships required to secure philanthropic funding was identified as a significant challenge for many, particularly smaller, news media organisations.

Both news media and philanthropic participants also observed that philanthropy does not have a good understanding of how the news media industry operates and the considerations and constraints that apply when a news organisation is seeking and receiving funds. The importance of editorial independence was raised as an example of this.

### The ways in which funders can support public interest journalism are not well known or established

Both philanthropic and media stakeholders noted that because the funding of public interest journalism is still relatively modest and not always well promoted, there is not broad



awareness within the philanthropic sector of how funders are engaging in this cause area. They observed that, because of this, philanthropists and news media organisations have limited exposure to examples of what is being funded and the rationale for it.

**It can be hard for funders to ‘fit’ public interest journalism within their existing funding programs.**

A number of the media organisations said that they often struggled to find a ‘fit’ within trusts’ and foundations’ defined funding programs areas. They noted that, because those program areas often tend to be oriented to more traditionally defined charitable purposes, cultural, social or environmental issues, it can be difficult for public interest journalism initiatives to meet the eligibility criteria.

**Funding public interest journalism can be seen as a more risky or bullish form of grant making**

Another factor that both media and philanthropic stakeholders identified as potentially limiting philanthropic support for public interest journalism was the fact that it was seen as being a more ‘bullish’ area of grant making, akin to campaign and advocacy-based funding.

Some of the philanthropic stakeholders drew an analogy between the hesitancy within philanthropy to fund advocacy and support for public interest journalism. They noted that up until recently – in the last three to five years or so – only a relatively small group of Australian philanthropists have tended to fund policy advocacy. It was observed that legal uncertainty about whether funding advocacy was a charitable purpose meant that many funders avoided this sort of activity until the High Court’s confirmation in the *Aid/Watch Incorporated v Commissioner of Taxation* case (2010)<sup>28</sup> that policy advocacy undertaken by charities to further a charitable purpose was itself charitable. The incorporation of that position in the *Charities Act 2013* (Cth) and the development of funding guides by groups such as Philanthropy Australia explaining how advocacy activity could be funded was seen as helping to shift funders’ perceptions of the risk associated with this type of funding, leading more funders to support advocacy related activities.<sup>29</sup> (As reflected in the levels of support for the Uluru Statement and the Home Stretch<sup>30</sup> and Raise the Rate<sup>31</sup> campaigns.)

It was observed that early support for public interest journalism can be seen in a similar light, with more progressive funders tending to be the ‘early movers’ in this space, working with news media organisations to demonstrate different ways of supporting public interest journalism.

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<sup>28</sup> *Aid/Watch Incorporated v Commissioner of Taxation* [2010] HCA 42; Joyce C, Harding M, O’Connell A 2011. Navigating the politics of charity: reflections on *Aid/Watch Inc v Federal Commissioner of Taxation*. *Melbourne University Law Review* 35(2).

<sup>29</sup> Philanthropy Australia 2018. *The power of advocacy: making the case for philanthropic support for advocacy*. p. 1.

<sup>30</sup> Home Stretch 2021. Supporters.

<sup>31</sup> Raise the Rate for Good. 2021. Campaign supporters.

Some of the media stakeholders with access to DGR have noted that more funders appear to be entering the space suggesting that there is potential to grow philanthropic contributions.

### News media organisations do not have experience articulating the case for investment in public interest journalism

A key consideration identified by both news media organisations and funders to expand philanthropic funding for public interest journalism is the need to articulate and demonstrate the deliverable outcomes.

Case study-based analysis undertaken both in Australia and overseas has demonstrated both the ability to measure the impact of public interest journalism and the significant role that quality reporting can play.<sup>32</sup> While many news media organisations are relatively well placed to measure the reach of their work in data terms (ie., of the number and profile of people accessing stories), it was noted that it can be harder for organisations to measure the way that stories impact government policy, institutional or organisational behaviour, or the action taken by individuals as a result of reading a story.

Both media and philanthropic stakeholders said that there is a need for news media organisations to be able to build and demonstrate the case for investing in public interest journalism initiatives and be able to report on the outcomes delivered through their work.

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<sup>32</sup> Centre for Advancing Journalism 2021. The Civic Impact of Journalism.

## Resourcing specialist public interest journalism: Croakey Health Media

Croakey Health Media<sup>33</sup> is a digital news organisation focussed on health. It is a registered not-for-profit charity<sup>34</sup> that produces public interest journalism ‘important for the health and wellbeing of people, families, communities, societies and the environment’.<sup>35</sup> It publishes an average of 15 articles on its website each week and reported 157,244 visitors and 194,213 page views across its site and Apple News channel in the first six months of 2021.<sup>36</sup>

Croakey also invests heavily in social media, particularly through a Twitter account<sup>37</sup> that rotates through different guest tweeters with an interest in public health on a weekly basis. Croakey reported 1.48m impressions across all its social media in July 2021 alone.<sup>38</sup>

Dr Melissa Sweet, editor-in-chief and a director of Croakey, described the development of the organisation as ‘an evolutionary process’.

Its genesis was in 2007 when Dr Sweet, along with Professor Simon Chapman and Dr Mark Ragg, established the Crikey Health and Medical Panel, a network of health experts and media who contributed to the news organisation Crikey. Dr Sweet was paid a retainer by Crikey to organise health stories for the daily email bulletin. Croakey was established as a standalone blog on the site in April 2008, providing a forum for the network to discuss bulletin content.<sup>39</sup>

When Crikey’s funding for the work ended in 2009,<sup>40</sup> a consortium of health organisations led by the Public Health Association of Australia (PHAA) stepped in to provide ongoing revenue.<sup>41</sup>

“The Public Health Association said, it was [then-CEO] Michael Moore who said, ‘we like what you’re doing, we want it to continue, and we know you can’t do it for nothing,’” Dr Sweet said.

“So they organised a few groups to all put in a bit of money. That essentially kept me going as the coordinator of the blog at Crikey.”

Seven organisations formed the initial consortium, for a total annual commitment of \$14,000, auspiced by the PHAA and invoiced monthly. A memorandum of understanding between Croakey and the individual funders protected the site’s editorial independence, and Dr Sweet has written<sup>42</sup> of the deliberate not-for-profit journalism strategy of addressing the potential for conflicts of interest and ownership by having no single organisation fund more than 20 per cent of any story and being transparent about the team’s conflicts of interest.

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<sup>33</sup> Croakey Health Media 2021.

<sup>34</sup> Australian Charities and Not-for-profits Commission 2021. Croakey Health Media Limited.

<sup>35</sup> Croakey Health Media 2021. About Croakey Health Media.

<sup>36</sup> Croakey Health Media 2021. Croakey readership.

<sup>37</sup> Croakey Health Media 2021. @WePublicHealth.

<sup>38</sup> Croakey Health Media 2021. Impact.

<sup>39</sup> Sweet M. A., Chapman S., Moynihan R. N. & Green J. H. 2009. CHAMP: a novel collaboration between public health and the media. *Medical Journal of Australia*. 190(4):206-207.

<sup>40</sup> Simons M. 2009. Health journalism – at risk in Crikey cutbacks. Crikey. 9 November.

<sup>41</sup> Sweet M. 2009. Saving Croakey: an announcement. Crikey. 14 December.

<sup>42</sup> Ibid.

The consortium's member organisations have changed over time but are primarily university health faculties, health organisations and research institutes.

The PHAA is an endorsed Item 1 deductible gift recipient,<sup>43</sup> and Dr Sweet said that it auspiced one grant that was provided for a specific journalism project.

"A philanthropy organisation in Europe wanted to give us a small grant for work around Indigenous knowledge and climate change. That grant had to go to an organisation with DGR status, which we didn't have, so the PHAA auspiced the grant. That's the only time I can think of."

The consortium remains a source of funding for Croakey, though the company now manages it directly. The most recent financial results available state that it received \$40,800 from the consortium in FY20. An additional \$20,000 was reported from a single 'premium sponsor', cohealth, which Dr Sweet said has been critical for enabling the growth and development of the company.

Chief Operating Officer Laurell Grubb said that the pandemic has reduced the consortium membership considerably in FY21.

"It's an ongoing battle. I think we lost seven consortium members in the last year. We have got a couple of new funders, but it's really difficult to expect universities to continue funding us in the current climate when their own research funding is being diminished."

Despite being editorially and financially independent, Croakey remained on the Crikey website until a 2015 grant from the Walkley Foundation enabled them to build a standalone platform. It was incorporated as a not-for-profit in 2018<sup>44</sup> and its registration as a charity commenced in the following year.<sup>45</sup>

Even before COVID-19, the business model had developed such that its professional services – report writing, workshops and design – accounted for almost two thirds (62 per cent) of total revenue in FY20. Consortium funding, a lifeline in the early evolution of the business, amounted to only 11 per cent of total revenue.

Building a professional services business that cross subsidises the journalism has taken a lot of work, and both Dr Sweet and Grubb note the ongoing challenges they face, particularly when the events sector collapsed at the beginning of 2020.

"For a lot of the work we are doing at Croakey, among the weekly editors, the core team of Laurell, myself, and a graphic design and web person, we're paid way below market rates," Dr Sweet said. The business is able to pay well for freelance journalism providing conference coverage and professional services. More limited funds have been available for public interest journalism commissions in recent years, she added.

Grubb said that the team's limited capacity has also meant that at times, the success of the professional services can come at the expense of the journalism output, as editorial resources have to be reallocated to meet demand.

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<sup>43</sup> Australian Business Register 2021. Public Health Association of Australia Incorporated.

<sup>44</sup> Australian Business Register 2021. Croakey Health Media Limited.

<sup>45</sup> Australian Charities and Not-for-profits Commission 2021. Croakey Health Media Limited.

Croakey has had only limited engagement with philanthropy. It reported \$13,437 (4 per cent total revenue) in gifts in FY20; this was overwhelmingly individual contributions made through the website. In the past Dr Sweet says they have been supported by the Lord Mayor's Charitable Foundation (via a grant to IPC Health) and the Judith Neilson Institute for Journalism and Ideas (JNI). Funding from these organisations has contributed to editorial projects, such as JNI's recent support for coverage of the impact of COVID-19 on the health and wellbeing of prisoners and their families.<sup>46</sup> This is in addition to the Walkley Foundation's support for the development of a dedicated website for Croakey in 2015.

Dr Sweet said that in some of her conversations with philanthropists and other potential funders, she has been told that if Croakey had DGR status they would be much more likely to donate. The company pursued endorsement by the Australian Taxation Office when it was established in 2019 but were not eligible. They have not sought special listing.

"When you look at who has got DGR [among news organisations], it's because they were written into the legislation by somebody, through having contacts," Dr Sweet said. "We haven't got the contacts, and, honestly, we are really stretched. It's not like we have the capacity to go around and knock on doors in Canberra."

Not seeking special listing is a resourcing problem, she said, but it's also borne of their desire for structural change to support not-for-profit journalism.

"What we want is a fair and transparent process for the sector. Part of our mission is support for public interest journalism as a determinant of health, so it's not just about us. It's about having a flourishing public interest journalism sector and non-profit sector."

"It would be nice to have DGR status and to be able to be transparent about why we have it," Grubb added. "As opposed to it being because somebody did a favour for us."

The organisation has repeatedly recommended reform to recognise public interest journalism as a charitable activity and provide pathways for not-for-profit news to access DGR, including in its submissions to the Senate's 2017 Future of Public Interest Journalism Inquiry<sup>47</sup> and in response to the Australian Competition and Consumer Commission's examination of the impact of digital platforms on the viability of the Australian news media.<sup>48</sup>

Even if Croakey successfully obtains endorsement as a deductible gift recipient, applying for and acquitting philanthropic grants are likely to continue to stretch the organisation's limited administrative resources. Two recent grants provided by media regulator the Australian Communications and Media Authority (ACMA) have taken "an enormous in-kind contribution" to manage, according to both Grubb and Dr Sweet. Though some project management capacity funding was included in one of the grants, it was insufficient to cover the costs.

"That reporting is very onerous, trying to live up to the line items that they put into their templates," said Grubb.

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<sup>46</sup> Croakey Health Media 2021. #JusticeCOVID; see also Judith Neilson Institute for Journalism and Ideas 2021. Croakey examines prison life during the pandemic.

<sup>47</sup> Croakey 2017. Submission 25. p. 7

<sup>48</sup> Croakey Health Media 2019. *Response to ACCC Digital Platforms Inquiry*. p. 11.

## What potential is there to grow philanthropic engagement and how do we do it?

### There is a clear opportunity to build on existing activity and increase philanthropic funding for public interest journalism

This research suggests that there is real appetite to grow the amount of philanthropic funding for public interest journalism.

Philanthropy in general in Australia is growing and strategies are in place that seek to double structured giving from \$2.5b to \$5b per annum in 2030.<sup>49</sup> While philanthropic support for public interest journalism in Australia is still relatively modest, this research suggests that such support is growing and that there is potential to broaden philanthropic engagement and increase the amount of funding.

Family foundations, in particular, were identified as appearing to be more agile and open to engaging as early movers in this area. It was also noted that, perhaps not unexpectedly, some of the earliest funders were ones that had a deeper exposure to, or connection with, the news media industry.

Tapping into next gen philanthropy<sup>50</sup> was identified as an area worth exploring, especially given their experience as 'digital natives'.

Exploring options for impact investment was also identified as something that could be leveraged to support the emergence of new for purpose business models.

News media organisations with access to deductible gifts said that the ability to engage philanthropists in conversations about funding public interest journalism has opened up significantly over the last couple of years. Being able to point to examples where funding had been provided and to demonstrate how it had been used and what it had enabled were identified as having contributed to that shift.

### Tapping into more familiar causes for funding are likely to be most successful

In the 'crowded', highly-competitive market for philanthropic dollars, the role of public interest journalism as part of a strategy to build awareness and mobilise action and change on key social issues, or as part of necessary community infrastructure, was seen by both media and philanthropic interviewees as having broader-based appeal than seeking support for 'the fourth estate' per se.

In considering the different approaches that are being taken to funding and which are likely to drive the broadest engagement, the ability of public interest journalism to support awareness building and mobilise change and its role in supporting community connection and providing critical emergency infrastructure were generally seen as being the more likely

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<sup>49</sup> Philanthropy Australia 2021. *A Blueprint to Grow Structured Giving*.

<sup>50</sup> A term that refers to philanthropy pursued by a younger generation of philanthropists, often second-generation philanthropists, whose strategies differ from those who preceded them.

to encourage philanthropic engagement. While continuing to advocate for support for public interest journalism as being crucial to Australian democracy was seen as being important, it was generally expected to attract a narrower cohort of funders.

### Addressing current regulatory constraints is a key to unlocking funding

Making it easier for not-for-profit news providers to access tax deductible status was identified as a key step in unlocking mechanical barriers to philanthropic funding.

There was a clear view among media and philanthropic stakeholders that the most effective way of encouraging philanthropic funding would be to make it easier for not-for-profit public interest journalism producers to secure charitable and DGR status.

Though having DGR status was not a guarantee that a news organisation would receive philanthropic dollars, those that have received donations have had DGR status; those without it have not.

There was not a fixed or consistent view on how greater access to DGR status for news organisations should be realised, whether through the recognised interpretation or extension of existing charitable and DGR categories, the creation of new categories or the establishment of a dedicated mechanism. Recent Canadian reforms provide an alternative model for giving charitable and tax deductibility status to Registered Journalism Organisations (RJOs) so long as the organisations meet ownership, operational and ethical criteria designed to limit the scope of the provision to credible, original news production-based organisations servicing the Canadian community.<sup>51</sup>

In many cases the stakeholders we spoke with, both media and philanthropic, acknowledged that they did not necessarily have the technical expertise to identify what the appropriate tax settings should be.

Recognising that, most stakeholders we spoke with agreed that tax deductibility should be limited to not-for-profit entities in Australia producing news content, applying recognised professional ethics frameworks and that the nature of reporting covered be subject to provisions preventing the promotion of political parties or individuals for public office. Some media stakeholders noted that the eligibility requirements associated with the recent *News Media Bargaining and Digital Platforms Code* could be a model to draw on.<sup>52</sup> A number of media stakeholders were quick to note, however, that any definition should be framed to allow organisations of any size to access DGR and should be sufficiently broad to include emerging models for content creation and dissemination.

There was some support for allowing collaborative structures including not-for-profit and commercial entities where the funded activity meets a public benefit test (i.e., no private benefit). It was noted that care would need to be taken in defining the limits around such a test.

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<sup>51</sup> Government of Canada 2020. Guidance on the income tax measures to support journalism.

<sup>52</sup> *Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021* (Cth) 52(F)-52(G); 52(M)-52(P).

It was recognised that in light of the Government’s lack of adoption<sup>53</sup> of the ACCC’s recommendation to extend DGR status to news organisations in the 2019 Digital Platforms Inquiry Final Report,<sup>54</sup> the likelihood of being able to secure the timely amendment of Australia’s current charity and DGR law is remote.

### Intermediary models could be a useful mechanism through which to enable action

The opportunity to set up a dedicated intermediary organisation through which philanthropic funding could be distributed was seen by a number of media and philanthropic stakeholders as a way to fast-track access and make it easier for news producers and prospective funders to connect with one another.

Some, mainly philanthropic, stakeholders noted that it may be worthwhile exploring the potential of establishing a specifically listed entity through which support could be provided to not-for-profit public interest journalism providers meeting defined requirements (such as those referred to above).

There are precedents for the use of special listings to create independent bodies that support philanthropy for particular cause areas, such as the Foundation for Regional & Rural Renewal (FRRR) and Australian Schools Plus (ASP). These entities have the authority to receive and make grants to not-for-profit charitable organisations for designated purposes as per their special listing and constitution, without requiring those recipient organisations to have DGR status. In the case of both FRRR and ASP, philanthropic funding was used to incentivise and leverage government funding to support the setup of the institutional entity.

Some, mainly media, stakeholders suggested that funded activity could be defined to align with the definition of public interest journalism identified in the 2019 ACCC Report to support the provision of content that “reports on, investigates or explains issues or events that are relevant in engaging Australians in public debate and in informing democratic decision making or current issues or events of public significance for Australians at a local, regional or national level”.<sup>55</sup> The inclusion of the later part of that definition covering current issues or events of public significance at a local level was seen by a number of media and philanthropic stakeholders as being of particular importance in allowing support for more grassroots, community based reporting.

There were a range of views as to whether an existing entity or a new entity would be best positioned to take up this sort of role. Some stakeholders, mainly from the news media, felt that it would be important that any such entity be a dedicated body with a well credentialled governance and management leadership, coupled with deep knowledge of, and/or experience in, the Australian news media sector.

There was also consideration of whether provision could be made so that local community foundations could be used to provide a funding mechanism to support hyperlocal news

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<sup>53</sup> Australian Government 2019. *Regulating in the digital age: Government Response and Implementation Roadmap for the Digital Platforms Inquiry*. p. 10.

<sup>54</sup> Australian Competition and Consumer Commission 2019. *Digital Platforms Inquiry Final Report*. p. 338.

<sup>55</sup> *Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021* (Cth) 52(A).



production in order to meet key social and critical infrastructure needs. This was seen by those active in the community foundation space as being consistent with broader calls to amend taxation law to encourage and enable community-based philanthropy and place-based investment.

To be effective it was felt that any entity would ideally need to be set up as both a grant taker and a grant maker (akin to the FRRR and ASP), allowing it to receive grants as an Item 1 DGR entity and to make grants to both not-for-profit and commercial entities where the funded activity is charitable and the public benefit outweighs any private benefit.

Adopting this approach was seen as having the benefit of increasing the ability of smaller news media producers, who might not otherwise have the knowledge or resources to be able to access DGR in their own right, to be able to access philanthropic support.

There is also precedent for establishing entities designed to attract philanthropic giving to particular sectors, such as Creative Partnerships Australia (CPA). CPA is a government-owned company limited by guarantee with DGR Item 1 status that is responsible for coordinating the operation of the Australian Cultural Fund (ACF), as a similar structural mechanism to the FRRR and ASP. In the case of CPA, government funding covers the running costs of the organisation, enabling philanthropic funding to flow into the Arts sector.

One stakeholder suggested that a sunset provision could be applied - if needed to secure Government approval - to limit the period over which a central entity could operate, ensuring that the focus would be on supporting industry transition and looking to viable future models. In saying that, a number of media and philanthropic stakeholders noted that there was likely to be an ongoing need, particularly in smaller and commercially unviable markets and topic areas.

### Matching funding models may also be useful and help unlock different sources of funds

It was noted that establishing an intermediary entity could provide a platform through which the news media industry could broaden its revenue base more generally.

A small number of both news media and philanthropic stakeholders noted that there would be the opportunity for such an entity to establish and run a matching grants scheme, similar to the NewsMatch program in the USA. NewsMatch is a matching grant program that helps non-profit news outlets in the USA to fundraise from their local communities in response to a general funding pool provided by a collective of national and local foundations. As in the USA, there would be potential to link into local communities and community foundations to help support this type of activity as a means of encouraging support for (hyper) local news media organisations.

Run as an annual fundraising campaign, NewsMatch has successfully leveraged the support of multiple community stakeholders in the USA to raise over \$150 million for not for profit newsrooms since 2016. It has done that through.<sup>56</sup>

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<sup>56</sup> NewsMatch Headquarters 2021. How NewsMatch Works.

- A matching gift program that sparks giving to not-for-profit newsrooms;
- Learning resources and experiences that help newsrooms strengthen their fundraising capacities, expand their giving pipeline and increase the dollars coming into their organisation; and
- A public awareness campaign that engages new supporters and highlights the impact of quality journalism in their community to generate increased financial support.

In terms of being able to attract philanthropic dollars, the establishment of a dedicated intermediary entity not attached to government and overseen by a well-credentialed board was strongly preferred to a government-based or coordinated fund, such as the Public Interest News Gathering (PING) Trust being considered by government.

While there was an openness for government to help seed-fund an intermediary (similar to support for the Foundation for Rural & Regional Renewal and Australian Schools Plus) there was a clear view that philanthropic funders would be unlikely to contribute to a government-led or -co-ordinated fund and that, while some funders might match grants coming out of such a fund, greater philanthropic engagement would be likely through an independent entity.

### Awareness building and education is needed to engage and mobilise funders

In addition to addressing the question of how to expand not-for-profit news media's capacity and ability to access philanthropic funding, the consultations also identified a need to help build funders' awareness of the challenges faced by news media.

There was a consistent view across the media organisations that we spoke with and many of the funders that more needed to be done to build awareness of the need and opportunities for funding public interest journalism.

There was a sense that as philanthropists became more aware of what is and can be funded the more funding would be likely to flow.

Key themes identified by both media and philanthropic stakeholders as being important to cut through in any education or awareness-building campaign included the need to:

- Keep things simple (e.g. talk about 'keeping the bastards honest' rather than about democracy or the fourth estate);
- Clearly articulate the need for support and the role for philanthropy;
- Talk about the role public interest journalism plays in supporting communities and building awareness and mobilising action on social and environmental issues;
- Demonstrate what is possible by providing existing case studies and outcomes to build confidence and familiarity;
- Utilise philanthropic frameworks for supporting advocacy, such as that described in Philanthropy Australia's 2017 "*Power of Advocacy*" report;<sup>57</sup>

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<sup>57</sup> Philanthropy Australia 2018. *The power of advocacy: making the case for philanthropic support for advocacy*. p. 2.

- Help funders to identify organisations or pathways through which they can make grants or investments; and
- Reinforce the importance and value of editorial independence and what that means if funding in this area.

### Capacity building is also needed to help news media organisations access philanthropic support

Consultations also identified a need to improve the capacity of news media organisations to engage with philanthropy.

Both media and philanthropic stakeholders identified that it would not be enough just to increase the mechanical accessibility to philanthropic funding. Steps would also need to be taken to help news media organisations to understand how they could access those funds and to provide support, education and training to help news organisations, particularly smaller ones, to understand the relevant charitable regulatory environment, the process of applying for, managing and acquitting funds, including how to articulate and measure the impact of activity funded.

### Building relationships between the news media and philanthropic sectors will be critical

Creating channels and networks through which to help broker relationships and connections between eligible news media organisations and potential funders was also identified as being important in enabling philanthropic funding.

The role played by organisations such as the Documentary Australia Foundation (DAF) or the Australian Cultural Fund (ACF) in providing a crowdfunding platform for documentary film making or arts and cultural projects, allowing philanthropic funders and donors to connect with potential projects, was also identified as providing a potential model through which to support fundraising activity for public interest journalism projects.

Documentary Australia Foundation (DAF) is the only tax-deductible crowd-funding platform specifically available for documentaries. DAF is registered as a charity with the Australian Charities and Not-for-Profits Commission (ACNC) and is listed on the Register of Cultural Organisations (ROCO) with DGR 1 status. Its mission is to *“advance awareness and inspire action on important social issues by supporting independent documentary filmmakers and organisations on the front-lines of social change and amplifying the impact of their works to encourage empathy, activism and social transformation.”* DAF has established strong relations with the philanthropic sector and works to help connect documentary filmmakers with interested funders and support them to use the power of documentary as a tool for social change.<sup>58</sup>

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<sup>58</sup> Documentary Australia Foundation 2021.

## Conclusion

While it is not anticipated that public interest journalism will attract a large share of the Australian philanthropic funding pool, the consultations suggest a clear view that philanthropy is currently an under-utilised resource. There is a very real and urgent sense that there is a larger role for philanthropy to play in protecting quality public interest journalism, particularly in under-serviced regional markets, and in ensuring that under-represented voices are heard.

It is clear that government, philanthropy and industry will need to work together to unlock that opportunity, and there are existing models for how that can be done. News media organisation participants suggested that, due to the scale of the sustainability challenge facing public interest journalism, time is of the essence and that philanthropy can help promote and complement other fiscal measures to ensure that Australia maintains a robust and independent news media industry.

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## Appendix A: List of research participants

<b>Name</b>	<b>Position and organisation</b>
Hamish Balnaves	Chief Executive Officer, The Balnaves Foundation
Jon Bisset	Chief Executive Officer, Community Broadcasting Association of Australia
Cathy Bryson	Chief Executive Officer, Melbourne Press Club
Lina Caneva	Journalist; former Founding Editor, Pro Bono Australia News
Jo Curtin	Chief Executive Officer, Community Broadcasting Foundation
Andrew Eales	Chief Executive Officer, Ballarat Foundation
Natalie Egleton	Chief Executive Officer, Foundation for Rural & Regional Renewal
Nick Fairfax	Board Director, Jibb Foundation
Caitriona Fay	Managing Partner (Community and Social Investments), Perpetual
Louisa Graham	Chief Executive, The Walkley Foundation for Journalism
Laurell Grubb	Chief Operating Officer, Croakey Health Media
Sarah Hardy	Chief Executive Officer, The Ross Trust
Ferdi Hepworth	William Buckland Foundation Lead
Saffron Howden	Journalist & Editor, Crinkling News
Rob Keldoulis	Chief Executive Officer, VivCourt
Julia Limb	Chair, Limb Family Foundation
Georgia Mathews	Philanthropy and Engagement Lead, Australian Communities Foundation
Harriet McCallum	Executive Officer, Mannifera
Dr John McKinnon	Director, Australian Associated Press
Pamela McLure	Clack-McLure Fund
Ben Rodgers	Executive Officer, Inner North Community Foundation
Mark Ryan	Executive Director, Judith Neilson Institute for Journalism and Ideas
Joseph Skrzynski AO	Chair Policy and Research, Philanthropy Australia
Dan Stinton	Managing Director, The Guardian Australia
Dr Melissa Sweet	Editor in Chief and Director, Croakey Health Media
Damian Thompson	Chief Operating Officer, The Conversation International
Lisa Watts	Chief Executive and Executive Director, The Conversation Media Group
Deanne Weir	Director, The WeirAnderson Foundation

In addition to this list, ten research participants chose not to be identified.



## Appendix B: About the Public Interest Journalism Initiative

The Public Interest Journalism Initiative (PIJI) is a specialist think tank focussing on how Australia can secure the future of public interest journalism. Established in late 2018, PIJI's evidence-based work informs practical policy solutions and public conversation on the importance of an effective, pluralistic news media of all sizes.

As a registered charity (ACN 630 740 153), PIJI is governed by a board of independent directors and guided by an Expert Research Panel and Policy Working Group. PIJI is a limited shelf-life initiative, due to cease operation in June 2023 in line with achieving its intended impact.

### Board of Directors

Professor Allan Fels AO (Chair)

Eric Beecher

Professor Glyn Davis AC

Richard Eccles

Leslie Falkiner-Rose

Adam Ferrier

Karen Mahlab AM

Dr Sophie Oh

Mette Schepers

Dr Margaret Simons

Professor the Honourable Marilyn Warren AC QC

### Expert Research Panel

Dr Margaret Simons (Chair, to August 2021), University of Melbourne

Professor Derek Wilding (Chair, from August 2021), University of Technology Sydney

Associate Professor Jason Bosland, University of Melbourne

Professor Axel Bruns, Queensland University of Technology

Associate Professor Andrea Carson, La Trobe University

Associate Professor Andrew Dodd, University of Melbourne

Associate Professor Kristy Hess, Deakin University

Professor Sora Park, University of Canberra

Professor Julian Thomas, RMIT University

Professor Glenn Withers AO, Australian National University

### Project Steering Group

Dr Bill Birnbauer, Monash University

Krystian Seibert, Philanthropy Australia and Swinburne University

Anna Draffin, Public Interest Journalism Initiative

Gary Dickson, Public Interest Journalism Initiative

# [Public Interest Journalism Initiative]


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