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Submission: Review of Philanthropy

Productivity Commission Inquiry

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Introduction

Australian Associated Press (AAP) welcomes the opportunity to make a submission to this inquiry.

AAP has been covering the news continuously since 1935 and became a not-for-profit company with charitable status in 2020 after being bought by a consortium of philanthropists.

In 2021, due to its unique public benefit and the essential role of philanthropic funding in supporting its charitable objects (see Appendix 1), AAP was granted DGR status by way of specific listing for five years from 1 July 2021 to 1 July 2026.

AAP is the only independent newswire service in the Australian media ecosystem, providing a unique public benefit by collecting and distributing fact based news across Australia. An independent newswire service is an essential part of Australia's democratic infrastructure.

At a time when public interest reporting is in decline, hundreds of media outlets across the country rely on AAP for accurate, fact-based reporting on issues important to Australians and our society.

AAP publishes more than 200 pieces of public interest journalism plus hundreds of images every day.

Amid the news media's polarisation and a debate about ever-diminishing media diversity, AAP stands alone in providing factual, objective and independent news to millions of Australians. ***No spin, no agenda, just the news.***

We supply content to more than 400 news outlets nationally, ranging from small local papers and regional radio stations, to major mastheads and the public broadcasters.

The core of AAP's news gathering operations service rural and regional Australia, where local journalism is particularly at risk; AAP's newswire ensures subscribers can deliver a comprehensive service to their readers and listeners that includes state and national news.

To be a viable participant in the Australian media industry AAP needs ongoing philanthropic donations, in addition to government grants and revenue from commercial distribution.

DGR status is critical to AAP's ability to raise the donations that enable it to provide the independent newswire platform critical to the fragile news media ecosystem in Australia, as well as media literacy initiatives, fact checking and other charitable activities.

Many donors (e.g. private ancillary funds) could not provide donations to AAP if it was not a DGR.

Philanthropic donations to newsrooms

AAP was 'saved' from closure by a consortium of philanthropists and social impact investors in 2020.

This intervention and the establishment of AAP as a not-for-profit has shifted AAP's mission and purpose, which is now entirely dedicated to serving the public interest, as per our charitable objects (see Appendix 1).

AAP receives untied philanthropic donations, including small amounts from individuals who want to contribute to news they can trust to be accurate and impartial, as well as larger donations that support the establishment of specialist desks, including arts, agriculture, environment, future economies, Indigenous affairs, regional and rural, and refugee issues.

The correspondents for these desks produce over 200 stories each year, reaching tens of thousands of Australians in print, on news websites and through social media shares.

Those who have donated to the creation of a desk dedicated to a specific topic area within AAP are doing so to ensure greater coverage of that subject in the Australian media landscape, and have no influence over the reporting.

All major donors to the specialist desks are named, and each sign up to the [AAP Charter of Editorial Independence](#) (see Appendix 2), which ensures that AAP maintains the highest standards of accuracy, impartiality, balance and fairness to ensure public trust and confidence.

The specialist desks are an important part of our newsroom. They enable coverage of issues that may otherwise not receive the attention they deserve in the 24 hour news environment, and enable our subscribers to publish a broad range of content that they could not cover without AAP. Regional media in particular lack specialists to produce the kind of content we generate from these desks.

Our international newswire partners and other news media outlets are also looking to philanthropy to help support their newsrooms and to address reporting gaps.

For example, in 2019 The Associated Press (the national newswire of America), in conjunction with nonprofit publisher The Conversation and the Religion News Services, received a USD\$4.9M grant from Lilly Endowment towards the creation of multi-format news desk providing coverage of the major faiths and underlying events and cultural movements.

In 2022, Associated Press also received USD\$8M in philanthropic donations towards the hiring of 20 reporters to create a specialised climate desk.

The Seattle Times has established an Investigative Journalism Fund to fund public interest journalism. As Jonathan Martin, Investigations Editor noted, "Investigative reporting is fundamental to the civic mission of The Seattle Times. It is vital for a healthy, transparent democracy as a check on power and a voice for the silenced".

Most newswire services around the world are loss making and would be unsustainable without a form of government support.

Increasingly, stretched newsrooms are also relying on philanthropic grants to undertake complex and resource intensive reporting.

DGR Public Interest Journalism Category

AAP supports the establishment of tax incentives for philanthropic giving to the news sector.

AAP requires a specific listing to qualify for DGR status, as it does not fit within the existing categories of charities eligible for DGR endorsement.

In particular, AAP does not qualify as a Public Benevolent Institution as it is not limited to providing benevolent relief to those in poverty or distress, and it does not qualify as one of the educational institutions or funds listed in the table in section 30.25 of the Income Tax Assessment Act 1997 (Cth).

What is exceptional about AAP is that the way it derives revenue for its charitable activities – its independent newswire service – is itself a vital public benefit for the whole of the Australian community.

This public benefit is in addition to the benefits generated by its charitable activities in relation to advancing education and its other objects.

These benefits are broad based, public benefits to the community as a whole. But they do not sit easily within the traditional concepts of charity or qualify within the current legal categories in the Tax Act. It is a special category of public benefit that can currently only be properly recognised and supported by a specific listing by name.

AAP supports the recommendation of the ACCC Digital Platforms Inquiry to create a new category of charitable purpose for public interest journalism:

Recommendation 11: Tax settings to encourage philanthropic support for journalism

Tax settings should be amended to establish new categories of charitable purpose and deductible gift recipient (DGR) status for not-for-profit organisations that create, promote or assist the production of public interest journalism.

To be eligible for ‘registered charity’ and DGR status through these new categories, organisations will need to comply with existing accountability measures overseen by the Australian Charities and Not-for-profits Commission (ACNC). The new charitable purpose and DGR categories should require minimum levels of transparency, impartiality and independence.¹

Establishing a public interest journalism category would be highly beneficial for AAP in the furtherance of its charitable objectives and would recognise the significant opportunity and need to grow philanthropic support for public interest journalism in Australia.

As the Inquiry found, “While there is value in a wide range of journalism, the reduced provision of ‘public interest journalism’ threatens to cause a more significant detriment to society than reduced provision of other forms of journalism.”²

The Public Interest Journalism Initiative (PIJI) has explored the establishment of a new deductible gift recipient category for journalism. AAP routinely engages with PIJI on the development of the not-for-profit news sector in Australia³ and sees this as an appropriate way to provide much needed incentives for philanthropic giving to the news sector.

¹ ACCC Digital Platforms Inquiry - Final Report, June 2019, p.338.

² ACCC Digital Platforms Inquiry - Final Report, June 2019, p.283.

³ See for example 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.

Appendix 1

AAP Objects

The objects of AAP, as defined by its constitution, are to advance social and public welfare, to advance education and promote mutual respect and tolerance between Australia for the benefit of the general public in Australia by:

- (i) promoting independent, ethical and sustainable news gathering and reporting to advance understanding in Australia of the social, economic and political circumstances of those in need, including in regional and rural Australia and Indigenous communities;
- (ii) promoting the employment and engagement of those in need in regional and rural Australia and in Indigenous communities in independent, ethical and sustainable news gathering and reporting;
- (iii) promoting activities and programs in primary and secondary schools and in tertiary institutions to support and develop the use of accurate, fact-based communications in social media and public discourse;
- (iv) providing access to accurate information about Australian society that enables and encourages widespread understanding and tolerance among all sectors of the community;
- (v) providing access to accurate, fact-based international media sources that enables broader public understanding of issues relating to the natural environment in Australia, and of issues relating to the security or safety of the Australian public (including from geo-political, environmental and health causes); and
- (vi) pursuing any other charitable purpose to advance any of those objects.

Appendix 2

AAP Charter of Editorial Independence

Introduction

AAP is an independent agency producing a timely not-for-profit news service to benefit the Australian public, delivered via media outlets and various other platforms.

Striving for the purest form of journalism, AAP holds no political bias nor is it beholden to advertisers or influencers. News value is paramount.

AAP's news in all formats will maintain the highest standards of accuracy, impartiality, balance and fairness to ensure public trust and confidence.

To achieve this AAP will operate under the following Principles.

Principles

Ownership – AAP is a not-for-profit company and does not have owners. It is motivated by public interest, ensuring the news service is not influenced by third parties.

Independence – With due regard to the public interest, AAP’s news service will remain free from government, corporate, client or factional influence.

Accuracy – AAP’s valued reputation as “the reliable source” will be maintained by ensuring all news is accurate, authoritatively sourced and visual news is not altered so as to misrepresent the news or subjects.

Impartiality – AAP will supply objective news free from political partisanship or bias to ensure its integrity and independence.

Balance and Fairness – AAP will not promote particular views or interests, either through undue emphasis or by suppressing relevant material. Individuals, organisations or groups will have a timely right of reply.

Trust and Confidence – AAP and its staff will work within all relevant legal frameworks to promote public trust and to avoid bringing the news service into disrepute.

Future – Opportunities to develop or adapt the AAP news service within the auspices of this charter will be assessed on merit and actioned as the Board and managers see fit.

Standards Committee

An AAP Editorial Standards Committee monitors the quality and independence of the AAP news service and promotes compliance with the principles.

The Committee comprises members appointed by the CEO who meet on a regular basis to review complaints and other editorial issues, as well as providing guidance and advice as necessary. It aims to preserve the integrity, independence, quality and freedom from bias of the AAP news service, as well as to protect and promote the value of AAP’s news to the Australian public.