

[Contents]

3	Chair and CEO's Report
5	About Us
7	Research Projects
10	Governance
11	Board of Directors
12	Expert Research Panel
13	Policy Working Group
14	Staff
15	Financial Report 2020
16	Directors' Report
18	Auditor's Independence Declaration
19	Financial Statements
23	Notes to the Financial Statements
30	Directors' Declaration
31	Independent Auditor's Report to Members

Cover image: PIJI's Australian Newsroom Mapping Project

PIJI is a non-partisan organisation that conducts research to inform policy solutions and public discussion on a sustainable future for public interest journalism. PIJI operates as a Major Research Project of the newDemocracy Foundation

newDEMOCRACY

Our supporters



H & L
Hecht Trust



PIJI acknowledges that our work is conducted on the unceded sovereign land of the Kulin Nation. We acknowledge Kulin Elders past and present, as well as their ongoing connection to country.

[Chair and CEO's Report]



Professor Allan Fels AO

Chair

Since the Public Interest Journalism Initiative (PIJI) launched 18 months ago – as a non-partisan start-up to focus on the necessary pre-conditions to sustain diverse news journalism as a key pillar for democracy in Australia – we have witnessed an extraordinary and rapidly changing media landscape.

Amid this turbulence, PIJI has established itself as a neutral but important facilitator and commentator, developing a research agenda that fills critical data gaps in industry and better informs debate and discussion on fit-for-purpose policy design.

We have engaged broadly across news media and the wider community, producing ten research projects, including submissions to the Australia Competition and Consumer Commission's Digital Platforms Inquiry, the Senate Standing Committees on Environment and Communications Press Freedom Inquiry and the News Media and Digital Platform Bargaining Code.

Our evidence-based approach focuses on three key research themes into public interest journalism: assessment of diversity, community value and support, and investment and financial sustainability.

Government agencies, regulators, news media and other actors continue to express an appetite for PIJI's work, including our widely-cited [Australian Newsroom Mapping Project](#), which has quickly been accepted as the central reference for tracking contractions and expansions in news production and availability across the country.



Anna Draffin

Chief Executive Officer

Impact

For public interest journalism to survive and thrive across the Australian community, we need a robust news media sector that boasts a diversity of players of all sizes and types.

Amid a raft of parliamentary and industry inquiries, PIJI has filled a vital role as a convenor across players and a considered and independent voice, underpinned by our research. Given our lack of commercial interest, we are uniquely positioned to influence and inform a supportive framework that will enable news media businesses, including new market entrants, to innovate and thrive beyond the current economic disruptions.

State-based contractions or growth from the Australian Newsroom Mapping Project as at June 30, 2020



[Chair and CEO's Report]

Financial Position

As a limited shelf-life initiative of no more than five years, we are focussed on delivering concrete outcomes in a feasible timeframe, without building operational legacy. Our fiscal approach is an efficient cost base and agile, time-responsive research that avoids duplication.

Following completion of our first operating year, a positive cash position of \$136,949 was recorded at 30 June 2020.

The Board warmly thanks our supporters the newDemocracy Foundation, the Susan McKinnon Foundation, Australian Communities Foundation, the Hecht Trust (through Perpetual), the Judith Neilson Institute for Ideas and Journalism and Thinkerbell.

Subsequent to year-end and the Annual General Meeting of the company, PIJI has been granted registration with the Australian Charities and Not-for-profits Commission (ACNC) and therefore tax-exempt status.

As a result the tax expense and provision for tax liability made in these financial statements is no longer necessary, meaning our net assets will effectively increase to \$289,470 as at 30 June 2020. This will be reflected in the annual financial report for the year ending 30 June 2021.

We continue to seek philanthropic support to ensure we can continue to shape the future of public interest journalism through our programs over July 2021 to June 2023.

Succession

Our thanks to the founding Executive Director, Eric Sidoti for his determination to realise PIJI's establishment and to the original Steering Group who were early, passionate champions for PIJI.

We also thank our board of directors for their hard work and commitment, including Grant Rule who finished in January 2020, and wish to acknowledge the huge contribution of our advisory groups – the Expert Research Panel, Policy Working Group and Finance & Risk Committee, who collectively ensure rigour and robustness across our research, policy development and operations.

Outlook

While the global emergencies of this year demonstrated not only the importance of reliable news media, they have also exposed vulnerability.

We now have a unique, strategic window for PIJI to achieve real impact by 2023. Short-term interventions like JobKeeper remain critical, as news businesses continue to face daily pressures. Major reforms like the News Media and Digital Platforms Bargaining Code offer long-term opportunities to deliver innovation for the sector and therefore encourage media plurality.

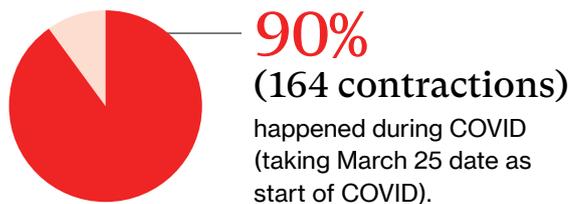
But it is important to note that no single initiative is the answer. We are investigating a mix of industry, philanthropic and government options such as the establishment of an independent public interest journalism fund and taxation incentives to encourage investment.

We are pleased with the specific value that PIJI has brought to news media since its inception; the need for PIJI has never been more evident.

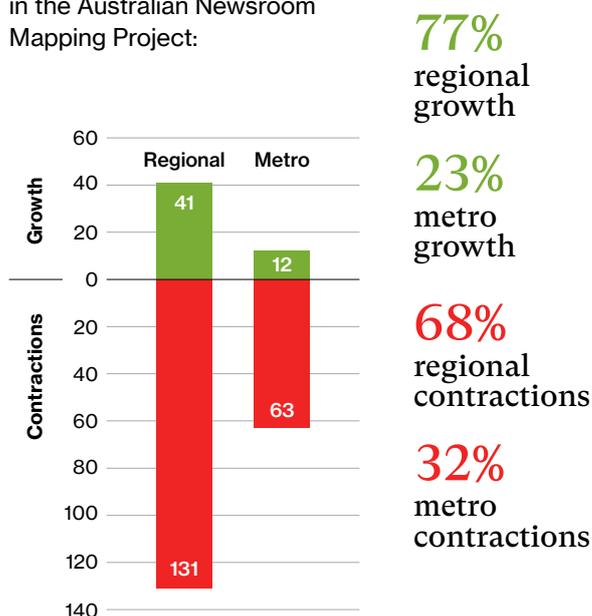
We welcome your support and collaboration in ensuring news media quality and diversity for future generations.

182 contractions in total

from start of mapping project (Jan 2019) to June 2020.



Based on a total of 194 contractions and 53 records of growth noted in the Australian Newsroom Mapping Project:



Prof Allan Fels AO
Chair

Anna Draffin
CEO

[About Us]

An informed community is crucial to our democracy.

Public interest journalism is the news and current affairs media that has the primary purpose of recording, investigating and explaining issues of public interest or significance. It plays a critical role in ensuring that the community is well, and fairly, informed. Without it, citizens' ability to engage in public debate and informed decision-making becomes challenged.

The development of online technologies and the evolution of social media has changed the media landscape. Advertising revenue that once funded reporting has shifted away from journalism, compromising the traditional media business model and pushing public interest journalism into crisis.

COVID-19's economic crunch has accelerated this decline.

PIJI's six guiding principles:

'In the public interest': the element of news that is deemed a 'public good', including a primary purpose of recording, investigating and explaining issues of civic significance; its roles as an essential service for the cohesion and well-being of community – most notably in rural and regional Australia, and as part of emergency infrastructure.

Plurality: diversity of voices, types and sizes of news media (i.e. production and delivery)

Evidence-based: policy design informed by rigorously established, objective evidence

Neutrality: does not unjustifiably favour any particular media outlet, type, platform or organisation

Independence: (e.g. non-partisan)

Practical: consideration of the context in which policy recommendations are implemented (e.g. timing of execution) and duration (e.g. short-term remedial or long-term support or stimulus)

Company

PIJI is a philanthropically-funded, non-profit company limited by guarantee (ABN 69 630 740 153). Established in December 2018, it is designed as a limited shelf-life entity of no more than five years.

It is governed by a board of independent, voluntary directors with expertise in media, law, public policy, research, philanthropy and business.

PIJI operates as a major research project of the NewDemocracy Foundation and a registered charity with the Australian Charities and Not-for-profits Commission.

[Vision
A robust and
sustainable eco-system
for public interest
journalism in
Australia by 2023.]



[Over 50%
of local council media
managers can attest
to a decline in coverage
of council]

Source: PIJl's Availability of local news and information, June 2019

[35% of
Australians
are concerned
at too little local
reporting]

Source: PIJl's Community Value Survey, April 2020 ongoing

[Over 50%
of local councils say
no digital news outlets
are reporting on council
activities*]



[The shift to digital only
publishing by major print
media has accelerated
during COVID-19†]

Sources:

* PIJl's Availability of local news and information, June 2019

† PIJl's Community Value Survey, April 2020 ongoing



[Editors say their
reporting lacks desirable
depth, especially in
reporting of courts
and local government]

Source: The nature of editorial deficit, November 2019

[Research Projects]

It's important we know the facts about public interest journalism and the effects of its decline. PIJI's research into public interest journalism is structured around three key themes:

1. Assessment of media diversity
2. Community value and support
3. Investment and financial sustainability

All PIJI research is guided by our Expert Research Panel. The following projects were released in the 2020 financial year.

Digital Platforms Inquiry

Two submissions; February 2019 / September 2019

Responding to the Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry was PIJI's first research project. Our submission examined the advertising market power of Google and Facebook and the impact of that power on public interest journalism.

We participated in industry consultation and submitted responses to both the preliminary report (February 2019) and the final report (September 2019). Our recommendations included a review of media regulation; a grants scheme focussed on local journalism; the establishment of a new statutory authority to provide grants and conduct research and evaluation on the industry; longer funding cycles for the public broadcasters and changes to tax settings to encourage philanthropic investment.

Availability of Local News and Information

June 2019

This research was a survey of media managers in local government about their perceptions of news coverage of council. Follow-up interviews took place with seven subjects. The project showed an alarming decline in the availability of news about local government, particularly in the suburbs of major cities.

The majority (53%) of those surveyed said there had been decline in coverage of council in the previous five years, while only 16% said there had been 'some' or a 'significant' increase. Metropolitan councils were more likely to indicate decline (68%) than those in regional / rural areas (45%). Newspapers remain the most common source of local news in most of Australia and in most places new digital start-ups were not covering council activities at all.

Senate Press Freedom Inquiry

August 2019

Following the Australian Federal Police raids on journalists in June 2019, the Senate's Standing Committees on Environment and Communications commenced an inquiry into the impact of law enforcement powers on press freedom, with particular reference to the laws and protections for disclosing and reporting sensitive information.

PIJI appeared before the inquiry in October 2019 and its submission recommended:

- Positive protection for freedom of the press
- Harmonisation of definitions and protections provided for journalists in the Evidence Act and Telecommunications (Interception and Access) Act
- Stronger, clearer protection for whistleblowers whose disclosures are made in the public interest.

[The Availability of Local News and Information project showed an alarming decline in the availability of news about local government, particularly in the suburbs of major cities.]

[Research Projects]

The Nature of the Editorial Deficit

November 2019

For this project PIJI conducted interviews with 13 editors from a variety of newsrooms around the country about public interest journalism, how they manage limited resources and the challenges that they face in serving their communities.

Those surveyed nearly uniformly said that their reporting lacks desirable depth and that particularly in local government and court coverage, both breadth and depth have suffered. Investigative reporting is now out of reach for most publications except the large metropolitan and national media, where it is prized. Local news editors said that when a resourcing constraint limits their ability to serve their communities, it tends to undermine their position and their ability to gather news in the future.

Community Value of Public Interest

Two reports; November 2019 / April 2020

With these surveys we sought to understand whether and how the community values public interest journalism. The surveys are conducted by Essential Media for PIJI at six-monthly intervals and analysed by Professor Glenn Withers AO of Australian National University and Applied Economics.

The surveys have consistently found that Australians are strong users of media, want the media to inform, educate and investigate issues of national importance and that there is too little public interest journalism reporting on local government. The surveys also found almost half of Australians would pay higher taxes for increased public interest journalism.

Tax Incentives for Public Interest Journalism

November 2019

PIJI has an ongoing program of research into taxation reform to encourage investment in public interest journalism. This report, the first in a three-part series, considers the case for tax incentives and examines the potential application of the R&D model to the news media sector.

A 25 per cent rebate would cost taxpayers \$188 million per year. But the benefit to public interest journalism would be between \$183 million and \$356 million.

Based on the report's modelling, a rebate of 50 per cent would cost around \$375 million a year, but the benefits to public interest journalism would be \$365 million to \$711 million.

The Community Value of Public Interest surveys have consistently found that Australians are strong users of media, want the media to inform, educate and investigate issues of national importance and that there is too little public interest journalism reporting on local government.

[Research Projects]

Australian Newsroom Mapping Project

April 2020

This project assesses the health of news production and availability around the country. The map has quickly become the central data set used across government (referenced in Parliamentary debate, Senate Estimates and committees, ministerial briefings), the media and wider industry, including the two major regulators. The map has illustrated the challenges faced by the news media industry, particularly during COVID-19, but has also provided examples of resilience and growth.

Some of its findings include volumes of newsroom closures and openings across the country and shifts to digital-only publishing by major print media companies. Hotspots for contractions include regional New South Wales and Queensland, particularly the Burnett region, southern Queensland and the Hunter region of New South Wales.



The Australian Newsroom Mapping Project has illustrated the challenges faced by the news media industry, particularly during COVID-19, but has also provided examples of resilience and growth.]

News Media and Digital Platforms Bargaining Code

June 2020

In April 2020 the Australian Government directed the ACCC to develop a mandatory code to address bargaining power imbalances between Australian news media businesses and each of Google and Facebook.

In the first stage of this research project PIJI partnered with the Judith Neilson Institute for Journalism and Ideas to prepare a joint submission responding to the proposed code. The submission was prepared after extensive consultation with the news industry, digital platforms and interested parties. It addressed issues such as how to define news and public interest journalism, the need for the code to include a spectrum of participants in the news media ecosystem, data sharing and algorithmic transparency, as well as code monitoring, enforcement and revision.

[Governance]

PIJI is a public company limited by guarantee (ACN 630 740 153), established in December 2018 with the purpose of ensuring a sustainable ecosystem for public interest journalism in Australia through research to inform policy design and public discussion. PIJI is philanthropically funded and operates as a major research project of the newDemocracy Foundation.

PIJI adopts methods of best practice with respect to its financial accounting and reporting. Commencing with this inaugural annual report, PIJI's financial reports are audited annually by William Buck. Subsequent to the confirmation of these financial statements and the AGM held on 20 November 2020, PIJI has been deemed a registered charity under the Australian Charities and Not-for-profits Commission (ACNC) and a Tax Concession Charity (TCC), which will require compliance with governance standards, record-keeping requirements and the submission of annual activity reports.

The PIJI board comprises highly credentialed, voluntary directors, and is committed to high quality governance advised by its Expert Research Panel and Policy Working Group. PIJI directors, advisory committees and management are guided by PIJI's core purpose of supporting public interest journalism over the long-term, while acting ethically and with integrity at all times.

Attendance at meetings of the Board of Directors by eligibility

Directors	Date Appointed to current term of office	Date of cessation during the year	2019/20 Board meetings	
			Eligible to Attend	Attended
Prof Allan Fels AO (Chair)	14 November 2019	-	5	5
The Hon Marilyn Warren AC QC	24 December 2018	-	8	5
Eric Beecher	24 December 2018	-	8	6
Karen Mahlab AM	24 December 2018	-	8	8
Prof Glyn Davis AC	24 December 2018	-	8	3
Leslie Falkiner-Rose	24 December 2018	-	8	7
Adam Ferrier	24 December 2018	-	8	6
Dr Margaret Simons	24 December 2018	-	8	7
Dr Sophie Oh	17 February 2020	-	3	2
Grant Rule	24 December 2018	11 February 2020	5	2

Board of Directors



Professor Allan Fels AO (Chair)

Professor Allan Fels AO is a Professor of Law and of Economics and a former Chair of the Australian Competition and Consumer Commission.
(From November 2019)



Karen Mahlab AM

Karen Mahlab is Founder and CEO of Pro Bono Australia. In 1999, Karen launched Pro Bono Australia as one of Australia's first social purpose business ventures.



Eric Beecher

Eric Beecher is Chair of two influential media groups – Private Media, which publishes *Crikey*, *The Mandarin* and *Smart Company*, and Solstice Media, which publishes *The New Daily* and *InDaily*.



Dr Sophie Oh

Sophie Oh, with her husband Grant Rule, is co-founder of the Susan McKinnon Foundation.
(From February 2020)



Professor Glyn Davis AC

Glyn Davis is the Distinguished Professor of Political Science at the Australian National University, a Visiting Fellow at the Blavatnik School of Government and a Visiting Fellow at Exeter College, Oxford.



Grant Rule

Grant is co-founder and Executive Director of MessageMedia, Australia's largest cloud based, business SMS solution provider. He is also co-founder of the Susan McKinnon Foundation.
(To February 2020)



Leslie Falkiner-Rose

Leslie is an experienced print, radio and television journalist who now focuses on strategic communications and collaborative educational, social and cultural change initiatives.



Dr Margaret Simons

Margaret is an award-winning freelance journalist and author, who is currently an Associate Professor in the School of Media, Film and Journalism at Monash University.



Adam Ferrier

Adam Ferrier is a multi-award-winning advertising creative strategist and founder of the agency, *Thinkerbell*.



The Honourable Marilyn Warren AC QC

Professor Marilyn Warren is a Vice-Chancellor's Fellow of Monash University and an Adjunct Professor at the Law Schools of Monash and Victoria Universities.

Expert Research Panel



Margaret Simons (Chair)

Margaret Simons is the Chair of Research and member of the board of directors.



Andrew Dodd
University of Melbourne

Associate Professor Andrew Dodd is the Director of the Centre for Advancing Journalism at the University of Melbourne.



Jason Bosland
University of Melbourne

Associate Professor Jason Bosland is Deputy Director of the Centre for Media and Communications Law at Melbourne Law School.



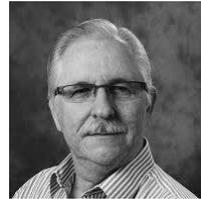
Julian Thomas
RMIT University

Professor Julian Thomas is Director of the Technology, Communications and Policy Lab in RMIT University's Digital Ethnography Research Centre.



Axel Bruns
Queensland University of Technology

Professor Axel Bruns is an Australian Research Council Future Fellow and Professor in the Digital Media Research Centre at Queensland University of Technology.



Glenn Withers
Australian National University

Glenn Withers is an Economics Professor at the Australian National University and an Adjunct Professor at the University of New South Wales.



Andrea Carson
La Trobe University

Andrea Carson is an Associate Professor in the Department of Politics, Media and Philosophy at La Trobe University in Melbourne.

Policy Working Group



Richard Eccles (Chair)

Richard Eccles chairs the Policy Working Group. As a senior public servant, Richard Eccles led changes in how Government regulates digital platforms.



Professor Allan Fels AO

Professor Allan Fels AO is a Professor of Law and of Economics and a former Chair of the Australian Competition and Consumer Commission.



Professor Glyn Davis AC

Glyn Davis is the Distinguished Professor of Political Science at the Australian National University, a Visiting Fellow at the Blavatnik School of Government and a Visiting Fellow at Exeter College, Oxford.



The Honourable Marilyn Warren AC QC

Professor Marilyn Warren is a Vice-Chancellor's Fellow of Monash University and an Adjunct Professor at the Law Schools of Monash and Victoria Universities.

Staff



Anna Draffin
Chief Executive Officer

Anna Draffin is a senior executive with over 15 years of experience in policy, social impact and stakeholder engagement.



Isabelle Oderberg
Communications Strategy And
Media Manager

Isabelle Oderberg is a former journalist and was Australia's first social media editor.



Gary Dickson
Research And Projects Manager

Gary Dickson is a journalism researcher, teacher and freelance writer.



April Tyo
Finance Manager

April Tyo is a CPA qualified accountant. She joined the PIJI team as Finance Manager in February 2020.

[Financial Report 2020]

The following financial statements represent the activity of the Public Interest Journalism Initiative Limited for the year ended 30 June 2020.

Public Interest Journalism Initiative Ltd
A.B.N. 69 630 740 153

[Directors' Report]

The Directors of Public Interest Journalism Initiative (PIJI) submit herewith the annual financial report for the financial year ended 30th June 2020. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Principal Activities

The principal activities of PIJI during the financial year were to conduct research to inform practical policy solutions and public conversation on the importance of an effective, independent news media.

Incorporation

The Company is incorporated under the *Corporation Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$90 (2019: \$70).

Review of Operations

The net operating surplus after income tax amounted to \$202,622 (2019: operating surplus of \$10).

The current global pandemic and recent bushfires have demonstrated not only the importance of reliable news media – to provide accurate information and to bind communities – but also their vulnerability. Government, business and the community are now confronted on an almost daily basis with the existential threat facing the news industry. PIJI's independent and neutral research and comment has become increasingly important as the sector looks to define and design the policy settings and industry initiatives for public interest journalism to survive and thrive in Australia.

PIJI's first 18 months of existence saw the Company establish its operating base and define its strategic direction guided by its founding board of directors and advisory expert research panel. During this time, PIJI developed its research themes and commenced the first rounds of projects under each.

Dividends

Payment of dividends is prohibited under our current Constitution.

Director's Remuneration

No fees were paid or are payable to the Directors. (2019: \$0).

Change in State of Affairs

During the Financial Year there was no significant change in the state of affairs of the Company other than that referred to in the Accounts or notes thereto.

Indemnification of Officers and Auditors

In accordance with the constitution, an officer shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company has not entered into any agreements to indemnify their auditors, William Buck for any liabilities to another person (other than the Company or a related body corporate) that may arise from their position as auditors.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Subsequent Events

No matter or circumstances has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years, except to note that the Company has applied for tax exempt status with the Australian Charities and Not-for-profits Commission. Should tax exempt status be granted to the Company, the provision for income tax of \$86,838 would be removed and net assets would increase to \$289,470.

[Directors' Report]

Members liability on winding up

In the event of the Company winding up, each member of the Company undertakes to contribute to the property of the Company for payment of the debts and liabilities of the Company, such amounts as may be required not exceeding ten dollars. The maximum total amount that members of the Company are liable to contribute is \$120, if wound up.

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 17.

Signed in accordance with a resolution of the Directors made pursuant to the *Corporations Act 2001*.

On behalf of the Directors



Prof Allan Fels AO
Director



Karen Mahlab AM
Director

Dated: 11 November 2020

[Auditor's Independence Declaration]



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE MEMBERS OF
PUBLIC INTEREST JOURNALISM INITIATIVE**

I declare that, to the best of my knowledge and belief during the year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A handwritten signature in blue ink that reads 'J.C. Luckins'.

J.C. Luckins
Director

Melbourne, 11 November 2020

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(WB015_2007)



[Financial Statements]

Statement of comprehensive income

For the year ended 30 June 2020

	2020 \$	2019 \$
Revenue		
Donations & Gifts – Monetary	574,428	10
Partnerships	12,200	-
Other Income	-	-
Total revenue	586,628	10
Expenditure		
Administration, Travel & Conferences	14,316	-
Financial	11,737	-
Technology, Infrastructure & Premises	15,118	-
Research Programs & Communications	73,931	-
Human Resources	182,065	-
Total expenditure	297,168	-
Surplus before income tax expense	289,460	10
Income tax expense	(86,838)	-
Total comprehensive income	202,622	10

The accompanying notes form part of these financial statements.

[Financial Statements]

Statement of financial position

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		136,949	10
Receivables	5	214,500	372,890
Prepayments		1,245	-
Total current assets		352,694	372,900
Non-current assets			
Deposits		1,216	-
Total non-current assets		1,216	-
Total assets		353,909	372,900
Liabilities			
Current liabilities			
Payables	6	57,244	-
Provisions		94,033	-
Deferred income		-	372,890
Total current liabilities		151,277	372,890
Total liabilities		151,277	372,890
Net assets		202,632	10
Equity			
Retained earnings	7	202,632	10
Total equity		202,632	10

The accompanying notes form part of these financial statements.

[Financial Statements]

Statement of changes in equity

For the year ended 30 June 2020

	\$ Retained Earnings	\$ Total
Balance at 24 December 2018	-	-
Surplus for the year	10	10
Balance at 30 June 2019	10	10
Surplus for the year	202,632	202,632
Balance at 30 June 2020	202,632	202,632

The accompanying notes form part of these financial statements.

[Financial Statements]

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Donations & Gifts – Monetary		415,502	10
Donations		13,420	-
Other income		-	-
Payments to suppliers & employees		(291,983)	-
Net cash provided by (used in) operating activities		136,939	10
Cash flows from investing activities		-	-
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash held		136,939	10
Cash at beginning of year		10	-
Cash at end of year	3	136,949	10

The accompanying notes form part of these financial statements.

[Notes to the Financial Statements]

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies

The financial statements cover Public Interest Journalism Initiative Ltd as an individual entity, incorporated and domiciled in Australia. Public Interest Journalism Initiative Ltd is a Company limited by guarantee.

The financial statements were authorised for issue on 16 October 2020 by the directors of the Company.

The financial statements are general-purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements (including Australian accounting interpretations) and the Corporations Act 2001. The Company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Donated Services

Volunteers have donated a significant amount of their time in the Company's services, these services are not reflected in the accompanying Financial Statements.

(b) Depreciation

Depreciation is provided on fixed assets and is calculated on a straight-line basis to write off the net cost of each fixed asset over its expected useful life, useful life of fixed asset is between 3 and 10 years.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments.

(d) Employee Entitlements

Provisions made in respect of wages and salaries, annual leave, and other employee entitlements expected to be settled within 12 months, are calculated at salary rates effective at 30 June 2020. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(e) Income Tax

Income tax at the annual corporate rate of 30% has been recorded in this financial report as the Company is not exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* or in accordance with requirements for charities registered with the Australian Charities and Not-for-profits Commission ["ACNC"]. Exemption from company tax has been applied for with the ACNC however not granted at the date of this financial report, accordingly tax expense and provision has been determined based on the taxable income of the company for the year.

(f) Payables

Payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- or
- b) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authority is classified as operating cash flows.

[Notes to the Financial Statements]

(h) Receivables

Receivables are recorded as amounts due to PIJI at the end of the reporting period.

(i) Revenue Recognition/Deferred Income

General donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue from donations and contributions to specific programs are recognised by reference to the stage of completion of activities to which the revenue relates.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Leases

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor is charged as expenses on a straight-line basis over the lease term.

(k) Financial Instruments

Financial assets and liabilities in the scope of AASB 139 Financial Instruments: Recognition and Measurement, are classified as either financial assets at fair value through the Statement of Comprehensive Income, loans and receivables or payables, held-to-maturity investment, or available for sale investments, as appropriate. When financial assets and liabilities are recognised initially, they are measured at fair value, plus, in the case of instruments not at fair value through the Statement of Comprehensive Income, directly attributable transaction costs.

The classification of financial assets is determined after initial recognition and, when allowed and appropriate, are re-valued at each financial year end. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(l) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

a) *Revenue Recognition*

Key judgements have been made around the recognition of income as defined in note 1(i).

b) *Impairment*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

c) *Income tax*

The Company has recognised tax expense and payable for the year on the basis that it does not have exemption from the liability to income tax at the date of this financial report being issued. The Company has applied for the exemption, however, without the exemption being granted or alternative arrangements being in place, the Company has determined that it should recognise the income tax expense and provide for its payment.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards.

2. Related Party Transactions

There were no monetary transactions with related parties during the Financial Year. (2019; \$0).

Public Interest Journalism Initiative Ltd has obtained professional pro-bono services from members of the Board of Directors. No payment was made for these services.

[Notes to the Financial Statements]

3. Notes to the Cash Flow Statement

Reconciliation of Cash

Cash at the end of the Financial Year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2020 \$	2019 \$
Cash at Bank	136,949	10
	136,949	10

Reconciliation of profit from ordinary activities to net cash flows from operating activities

	2020 \$	2019 \$
Surplus/(Deficit) from ordinary activities	289,460	10
Non-cash flows in operating surplus (accruals)	12,987	-
Changes in assets and liabilities, net of the effects of purchase and disposals		
Increase in Assets	-	-
Increase (Decrease) in Payables	51,453	-
Decrease (Increase) in Receivables	214,500	(372,890)
Decrease (Increase) in Prepayments & Deposits	(2,461)	-
Increase (Decrease) in Deferred Income	(372,890)	372,890
Cash flows from operations	136,939	10

4. Remuneration of Auditors

	2020 \$	2019 \$
William Buck – Auditing the financial report	4,000	-
William Buck – Other compliance services	2,250	-
	6,250	-

[Notes to the Financial Statements]

5. Receivables

	2020 \$	2019 \$
newDemocracy Foundation	214,500	372,890
Total receivables	214,500	372,890

6. Payables

	2020 \$	2019 \$
Payables	44,257	-
Accrued Expenses	12,987	-
	57,244	-

7. Retained Earnings

	2020 \$	2019 \$
Balance at beginning of Financial Year	-	-
Surplus for year	289,470	10
Balance at end of Financial Year	289,470	10

8. Operating and Leasing Commitments

Operating Lease Commitments

There are no non-cancellable operating leases at report date.

The Company has no finance leases.

[Notes to the Financial Statements]

9. Financial Risk Management

The Company's financial instruments consist of deposits with banks, accounts receivable and payable and leases.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2020 \$	2019 \$
Financial Assets		
Cash and cash equivalents	136,949	10
Receivables	214,500	372,890
Total Financial Assets	351,449	372,900
Financial Liabilities		
Trade and other payables	57,244	-
Total Financial Liabilities	57,244	-

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising adverse effects on financial performance. Risk management policies and matrix are reviewed and approved by the board on a regular basis. These include credit risk and future cash flow requirements.

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Company. The Company, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counter parties to fail to meet their obligations.

The Company's only significant credit risk exposure to any single counterparty is with its bankers Commonwealth Bank. The carrying amount of financial assets recorded in the balance sheet, net of any provision for doubtful debts, represents the Company's maximum exposure to credit risk.

(b) Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. The Company's exposure to liquidity risk is low due to the active and regular monitoring of financial performance, approved budgets and future cash flows, coupled with the significant reserves held by the Company.

(c) Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalent assets. The Company has no borrowings.

[Notes to the Financial Statements]

9. Financial Risk Management (continued)

At balance date the Company had the following mix of financial assets exposed to Australian variable interest rate risk:

	Interest Rate %	2020 \$
Cash at bank	0.00 - 0.25%	136,949
Term Deposits	0.90% to 1.10%	-
		136,949

	Interest Rate %	2019 \$
Cash at bank	0.00 - 0.25%	10
Term Deposits	0.90% to 1.10%	-
		10

10. Reserves

There are no reserves of the Company.

11. Contingent Assets and Liabilities

The directors have determined that no other contingent asset or liability exists at the end of the reporting period.

12. Fair Value Measurements

The Company does not have any assets or liabilities that are required to be measured at fair value on a recurring or non-recurring basis.

13. Segment Reporting

The Company conducts research to inform practical policy solutions and public conversation on the importance of an effective, independent news media in Australia.

14. Remuneration & Retirement Benefits

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company is considered key management personnel. The total of remuneration paid to key management personnel of the Company during the year are as follows:

	2020 \$	2019 \$
Key management personnel compensation	102,527	-

Directors of the Company receive no financial benefits. They provide their services on an honorary basis.

[Notes to the Financial Statements]

15. Events occurring after the reporting date

No matter or circumstances has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years, except to note that the Company has applied for tax exempt status with the Australian Charities and Not-for-profits Commission. Should tax exempt status be granted to the Company, the provision for income tax of \$86,838 would be removed and net assets would increase to \$289,470.

16. Additional Company Information

The Public Interest Journalism Initiative Ltd is a Company limited by Guarantee, incorporated and operating in Australia.

Principal Place of Business

Level 6
126 Wellington Parade
East Melbourne Vic 3002

Principal Registered Office

Level 6
126 Wellington Parade
East Melbourne Vic 3002

[Directors' Declaration]

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that that in the Director's opinion:

1. The financial statements and notes, as set out on pages 7 to 18, are in accordance with:
 - a. the Corporations Act 2001
 - b. Australian Accounting Standards applicable to the Company; and
 - c. give a true and fair view of the financial position of the Company as at 30 June 2020 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements and
2. There are reasonable grounds to believe that the Company is able to pay all of its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Prof Allan Fels AO
Director



Karen Mahlab AM
Director

Dated: 11 November 2020

[Independent Auditor's Report to Members]



Public Interest Journalism Initiative

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Public Interest Journalism Initiative (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 15 of the financial report, which describes the effects of an application for tax exempt status should it be granted to the Company. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

[Independent Auditor's Report to Members]



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

J. C. Luckins

J. C. Luckins
Director

Melbourne, 11 November 2020

[Public Interest Journalism Initiative]

CONTACT US

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