

Philanthropy inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

I am the co-owner and managing editor of Murray Bridge News Pty Ltd, an online news service based in South Australia's Murraylands. I write to urge the commission to support reforms of Australia's DGR system which will allow publishers of public interest journalism to more easily access tax-deductible donations in support of their important work.

I would be in favour of either of two policy outcomes in response to the draft report:

- The addition of "public interest journalism" to the list of DGR categories in the *Income Tax Assessment Act 1997*
- Extension of DGR status to all registered charities, if "public interest journalism" is added to the list of charitable purposes in the *Charities Act 2013*

Public interest journalism is a public service, and – take it from me – providing it is not very profitable. For more than a century, most Australian journalism has been subsidised by advertising (or, in the case of the ABC and SBS, by taxpayers). However, in the 21st century, multinational corporations such as Google and Meta are able to reach and target audiences more effectively than any news publisher. As a result, the number of news publishers in Australia, and the number of journalists employed to provide public interest journalism, has declined significantly.

By contrast, we see that access to tax-deductible donations is powering strong growth in the non-profit news industry in the United States, particularly at a local level.¹ Hundreds of publishers are becoming not-for-profit organisations able to receive tax-deductible donations, including major metropolitan newspapers in cities like Philadelphia and Salt Lake

¹ <https://inn.org/about/network/>

City.² Millions of dollars are flowing into the industry as a result, including more than \$500 million through the recent Press Forward initiative.³

In Australia, deductible gift recipient status incentivises people to give to organisations which benefit the community by allowing them to claim their donations as a tax deduction. In effect, an Australian earning between \$45,000 and \$120,000 per year effectively gets a 32.5% discount. That's a big deal. However, as the commission is aware, legislation requires DGR recipients to fit into one of the listed categories, and journalism doesn't fit. Very few news organisations have managed it. This system is overly prescriptive.

I was disappointed to read in the draft report that the commission did not recommend the creation of a new DGR category specifically for public interest journalism, or the addition of public interest journalism to the list of charitable purposes in the *Charities Act*. I do not believe that including journalism under the DGR endorsement category "other" gives sufficient weight to the value of the service public interest journalism providers render to their communities. Every community needs schools, health care, the arts – and every community needs a local news service. Without local news, corruption flourishes, democracy suffers and people's wellbeing worsens.⁴⁵⁶ Without local news, without the shared stories that create a sense of community in a place, our suburbs and towns would become little more than collections of isolated households.

Briefly, I will mention that, while the option of lobbying parliament for specific listing for DGR status exists, it is patently absurd to suggest that an organisation such as mine would ever be able to access it, absent an arrangement of some kind which might allow a peak body such as the Local and Independent News Association to achieve a specific listing on behalf of its members.

² <https://share.america.gov/nonprofit-journalism-is-booming-in-us-heres-why/>

³

<https://www.pressforward.news/press-forward-will-award-more-than-500-million-to-revitalize-local-news/>

⁴ <https://journalistsresource.org/media/watchdog-public-corruption/>

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<https://www.nytimes.com/2023/09/07/business/media/macarthur-foundation-grants-to-local-news.html>

⁶ <https://www.tandfonline.com/doi/full/10.1080/22041451.2023.2281174?af=R>

The worst possible outcome of this inquiry would be the extension of DGR status to publishers of public interest journalism, but in such a circuitous way that only the largest and richest news organisations would be able to access it. It would be a disaster for the media in this country and, by extension, for communities around this country if small, independent publishers were excluded from this latest reform, as they have been excluded at times from previous reforms and grant programs.

Creation of a specific DGR category would be preferable.

Let me now be specific about how any change would impact my business.

The Murray Bridge district has a population of about 20,000 people and has a SEIFA index of 866, according to the Australian Bureau of Statistics, placing it among the 10 per cent of communities in the nation with the highest level of socio-economic disadvantage.⁷ This is not a community in which a majority of individuals are able to stump up for a news subscription, or in which small businesses are flush with revenue and eager to spend it on advertising.

I anticipate that DGR status would enable a publication like mine to increase its revenue base by incentivising subscribers (and, potentially, advertising clients) to give, and by increasing the size of voluntary contributions made by subscribers. In turn, this would allow my organisation to invest in the production of public interest journalism and better meet the information needs of my community.

I would gladly leap over any administrative hurdles – registration as a charity, or whatever else we might need to do – in order to access this benefit. As I said at the outset, my news business does not generate a great deal of profit anyway. I did not start an online news publication in a community of 20,000 people to get rich. I did it because everyone deserves access to reliable, local information that connects, uplifts and empowers them. If that's not a public benefit, I don't know what is.

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<https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release>

Yours faithfully,

Peri Strathearn

Managing editor, Murray Bridge News