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Submission to Productivity Commission Review of Philanthropy

Submission by Croakey Health Media
to the Productivity Commission

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Contents page

1. Executive summary	4
2. Introduction: about Croakey Health Media.....	5
3. Addressing the terms of reference.....	6
4. Additional comments	9

1. Executive summary

Croakey Health Media warmly welcomes the Australian Government's commitment to doubling philanthropic giving by 2030. This is an important opportunity for addressing many public health concerns, including the crisis in public interest journalism, and the unsafe and often toxic news and information ecosystem experienced by Australians. It also would help to address health inequities by increasing investment in the social and cultural determinants of health and wellbeing. There is also potential for health gains to flow from the increased social cohesion and civic participation that could be expected as an outcome of increased philanthropic giving.

We also acknowledge the Productivity Commission's recognition of the importance of consulting with Aboriginal and Torres Strait people in this work, and the acknowledgement of the strong cultural traditions of reciprocity, helping and supporting communities and informal volunteering in Aboriginal and Torres Strait Islander communities.

In this submission, we focus on the potential benefits for developing and growing the not-for-profit public interest journalism sector, which is under-developed in Australia despite its potential to address many policy and public interest concerns. In our 2023-2024 Pre-Budget submission to the Australian Treasurer, we argued that the Government has an opportunity to support innovation and growth in this sector by developing a comprehensive policy framework and funding an implementation strategy over the next five years. This has the potential to address multiple areas of concern across a number of portfolios, and would align with Government objectives through:

- Contributing to greater media diversity and innovation that better serves communities' needs
- Developing more diverse economies
- Supporting a more informed public and policy debate
- Counteracting misinformation and disinformation
- Helping to address the dominant market power of digital platforms
- Supporting engaged, participatory communities.

A stronger and more sustainable not-for-profit public interest journalism sector would thus help to strengthen Australian democracy at a time when democracies globally face significant challenges and at a time of [escalating crises](#), including climate disruption, where equitable access to reliable news and the accountability roles of public interest journalism will become ever-more important.

The philanthropic sector has much to contribute to achieving these goals and we welcome reforms to enable and support the growth and development of philanthropy. Although we are a small, under-resourced organisation, we hope to contribute to the development of this reform agenda, and are also available to participate in any related consultations.

2. Introduction: about Croakey Health Media

Croakey Health Media is widely recognised as an innovator and leader in the emerging not-for-profit public interest journalism sector in Australia ([Public Interest Journalism Initiative, 2021](#)). We are innovative in our organisational structure, blended funding model and development of the practice of social journalism ([Sweet et al, 2017](#)). We focus on health equity, and the social, cultural and environmental determinants of health, including climate change. We privilege the voices and expertise of Aboriginal and Torres Strait Islander people through our work, including through [our governance](#). Our board is chaired by a leading Aboriginal health academic at UTS, Professor Megan Williams, who is Wiradjuri through paternal family.

Croakey Health Media Limited was registered on 24 August 2018 as a member-based company limited by guarantee, after evolving since 2007 as an independent journalism project. The ABN is 59 628 369 335 and the company is registered for GST.

Due to the lack of a clear pathway for public interest journalism organisations to establish as not-for-profit entities, Croakey Health Media is registered with the Australian Charities and Not-for-profits Commission (ACNC) as a charity under the subtypes of Advancing Health and Advancing Public Debate. We have not been able to obtain Deductible Gift Recipient (DGR) status, reflecting the lack of a transparent, equitable pathway for NFP public interest journalism organisations to do this. We have made a number of unsuccessful applications for DGR status, and have recently lodged another application. Not having DGR status has been an obstacle to our capacity to raise funds and to our efforts to become more sustainable.

Croakey Health Media's public interest journalism activities are supported by a blended funding model, including sponsorship, donations, subscriptions, the provision of professional services, advertising, and paid journalism activities, including the Croakey Conference News Service. Our funders and supporters include leading health organisations. We have firm policies on editorial independence and these are communicated to funders.

As an organisation, one of our five strategic priorities is to create a sustainable environment for public interest journalism, acknowledging the vision outlined in [our strategic plan](#), that "a vigorous and sustainable public interest journalism sector contributes to the health and wellbeing of people, families, communities, policies, societies and the environment".

We advocate for policy reform to support a sustainable public interest journalism sector, through making [submissions](#), and through [journal and book publications](#), research, and presentations to conferences. We are also proactive in engaging with other public interest journalism publishers and organisations to help build momentum for better policy to support public interest journalism. Croakey Health Media is a member of the Local and Independent News Association (LINA), and we thank and acknowledge Claire Stuchbery, executive director of LINA for reviewing this submission. Our members belong to various professional organisations, including the Media, Entertainment and Arts Alliance.

We work to increase public awareness of the challenges facing public interest journalism and its important role for the health of communities, policies and democracy. Journalistically, we cover public interest journalism as a critical determinant of health. See our [archives on public interest journalism as a determinant of health](#).

3. Addressing the terms of reference

This section addresses:

ToR 2: Identify opportunities to increase philanthropic giving and the extent of their potential impact

ToR 3: Examine current barriers to giving

One way to increase philanthropic giving is to increase the range of activities that can be supported. In Australia, there is huge scope to increase philanthropic giving to the not-for-profit public interest journalism sector. This would be enabled by a more supportive policy framework and greater awareness among philanthropists, the public and policymakers about the benefits of developing a stronger, more sustainable not-for-profit public interest journalism sector in Australia.

Compared with many other countries, the not-for-profit public interest journalism sector is under-developed in Australia ([Birnbauer, 2019](#); [Public Interest Journalism Initiative, 2021](#)). The lack of diversity in the Australian media sector, including the concentration of corporate ownership, is [globally acknowledged](#) as a critical public interest and policy concern. Improving Australia's poor record on media diversity will help address some of our most pressing social, health and economic challenges such as racism, justice for First Nations peoples and combatting the COVID-19 pandemic.

Amid grim global projections for the sustainability of public interest journalism generally ([Reuters Institute, 2023](#)), increasing the diversity of business models is an important measure for helping to contribute to a more sustainable public interest journalism sector. Ongoing contractions in the Australian media industry, as documented by the Public Interest Journalism Initiative and other organisations, also provide an urgent reason to provide better support to those seeking to develop new models. That so many communities – including geographic communities and communities around specific topics of public interest or specific contexts – do not have access to reliable news tailored to their needs and context is nothing less than a public health crisis, especially at a time of escalating misinformation and disinformation.

Our own experience at Croakey has been that Government policies and initiatives have often disadvantaged innovative models such as ours, because we do not fit a standard corporate model, and because Australian media policy has a long history of privileging the needs of large corporate stakeholders.

For example, we raised such concerns in [our submission](#) to a Review by The Treasury of the News Media and Digital Platforms Mandatory Bargaining Code:

“As a small, under-resourced organisation, we have invested a great deal of our scarce resources in contributing to policy discussions around the Code, to meeting with other publishers and related negotiations around the code, and to making approaches to Meta and Google.

We have had absolutely no reward from this considerable investment of our time and effort, which has had a big impact on our costs and diverted our attention and time away from our core business of producing and trying to sustain our public interest journalism. We encourage this review to consider the unfair costs of this process on small publishers

that are not supported by legal and HR teams and do not have the resources of large media organisations.

We have been disproportionately penalised by this process and have reaped no financial rewards from it. Rather than helping to sustain our public interest journalism, it could be argued that this unproductive and time consuming process has undermined our capacity to remain sustainable.”

These concerns underscore the importance of developing a policy framework tailored to the needs and potential of the NFP sector. Anecdotally, we have heard from other small independent media organisations that they would have preferred to establish as a NFP model if there had been a straightforward pathway to do so.

Growing the not-for-profit sector has the potential to help address many other policy challenges, including the dissemination and impact of misinformation and disinformation. The sector’s role in contributing to more engaged and informed public and policy debate is especially important at a time of polycrisis, including [escalating climate disruption](#). The potential for NFP models to embed community representation and participation into governance and practice also can help to empower and engage communities at a time when democracy and accountability of power-holders is declining.

In our 2023-2024 Pre-Budget Submission (January, 2023), Croakey Health Media requested that the Government commit appropriate resources to develop a policy framework specifically to support and grow the NFP public interest journalism sector, with a particular focus on meeting the needs of under-served communities and topics. The Government has announced plans for media reform, including for developing a more diverse sector. A NFP policy framework would align well with these plans. If there is not explicit attention to NFP policy as part of the Government’s media reform agenda, there is a very real risk that the sector will be left out or disadvantaged further.

The framework could include:

- A clear, transparent, equitable pathway for appropriate entities to set up as a NFP public interest journalism organisation with DGR status, meeting criteria for editorial independence and ethical professional practice. It would be important to have a rigorous review process to ensure that applicants are not serving commercial, partisan or other sectional interests.
- Support for a peak body to represent and support growth and sustainability of this under-developed sector, including support for the many small outlets that now exist that might opt for NFP structure if it was more accessible and affordable. Initially, this could be done through an existing entity, such as the Local and Independent News Association (LINA).
- Government to identify a percentage of funds from Government advertising and other campaigns to be allocated to NFP public interest journalism organisations. It is suggested that the percentage of funds allocated commence at 0.5% and rise to 2% over the budget forward estimates.
- Initiatives to encourage philanthropists and other potential funders to consider supporting NFP public interest journalism models, and to encourage public awareness of the benefits of NFP models.

- The Government's planned framework on media diversity should include data on the NFP sector, with diversity of business models being considered as one of the measures of diversity.
- The NFP sector should be eligible for all support programs for journalism and media organisations, with a specific funding pool established for the NFP sector.

4. Additional comments

In addition to the suggestions above, we include the following suggestions, from members of our team.

4.1. Health equity recommendations

Croakey Health Media has an editorial focus on the many ways that policies can – often inadvertently or unintentionally – undermine health and health equity, and contribute to greater health inequalities. We recommend that in making recommendations, the Productivity Commission systematically consider any potential impacts on health equity and health inequity. On related matters, we highlight the importance of embedding cultural safety into the philanthropic sector to ensure the voices, expertise and aspirations of Aboriginal and Torres Strait Islander people and organisations are properly represented.

4.2. Specific recommendations

These specific recommendations have been put forward by Croakey Health Media's Chief Operating Officer David Morgan, who has more than three decades of experience working in the not-for-profit sector.

Under topic 2

- There should not be an increase in the minimum \$2 donation before a tax deduction can be claimed. If this is increased those people who do donate only \$2 as this is all they can afford, will not donate. Small donations do add up. My suggestion is that the minimum level be abolished and tax deductions for individuals be available for every cent of cash donations made.
- To make it more attractive for people to donate, the tax deduction should be on a sliding scale depending on the value of the donation. An example being: John donates \$2 and receives a tax deduction at his marginal tax rate of 30 cents in the dollar. Kelly donates \$1,000 and even though her marginal tax rate is 30 cents in the dollar, due to the value of the donation she receives a tax deduction at the top marginal tax rate of 47 cents in the dollar. A simple table can be created which lists donation values that will generate the relevant tax deduction. This should only be available to individuals.
- If a person wants to donate their estate to a charity when they pass away, it would encourage more legacies of this type if a tax deduction was available while the person was still living. There would have to be strict rules around this such as, only available to people aged 60 (example minimum age could be higher but not lower) years and over; must enter into a binding commitment; estate must not be liable for any debts such as loans; tax deduction would be for a percentage of the estate after it is valued by an appropriately qualified valuer. This would be an attractive option for many people, including me. I would definitely sign up for it now if it was available.
- There are many people who do volunteer work for charities and there are many who would like to volunteer but cannot due to work, family and other commitments. To encourage more volunteers, the volunteer time to a registered charity should be tax deductible. Rules would

include the charity maintaining records of the volunteer's work hours which are submitted through the ATO employer portal at the same time as the charity's employee wages details are submitted. The tax deduction would be at a designated value, not the person's marginal tax rate. e.g. 20 cents in the dollar tax deduction for each hour worked.

Under topic 5

DGR categories for charities are many and varied, as well as being difficult to understand how they apply. There should only be one DGR category for all approved charities. Additionally, when an entity gains their charity status, they should also be automatically endorsed with DGR status. If an entity is thought to be worthy enough to be a charity, they should also be able to accept Tax deductible donations. I am sure there is some confusion in the general public about charities and DGR entities. Many people would think that donations to an entity that is a charity would be tax deductible. This of course is not the case and on face value is misleading.

See Croakey Health Media's [previous submissions](#) to inquiries on media policy and related (2017-2023).