

Deductible Gift Recipient (DGR) Registers Reform

Response to the Exposure Draft consultation

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Via email to: charitiesconsultation@treasury.gov.au

The Local and Independent News Association (LINA) welcomes the opportunity to submit comments on the Exposure Draft Legislation: Deductible Gift Recipient (DGR) Registers Reform.

LINA represents 46 digital news publishers, producing 74 mastheads in all States and Territories across Australia. LINA members are locally owned and controlled news publishers, creating high-quality public interest news content that meets professional Editorial Standards, by and for a defined community. LINA membership is open to all digital news publishers who meet our membership requirements, however, most of our services are tailored to capacity building for small publishers, with most LINA members having an annual income less than \$350k and operating with fewer than 5 staff.

LINA sees these news businesses as the 'green shoots' of the news industry, observing the expansion of digital newsrooms in the wake of newsroom contractions. This change reflects an audience shift to digital news consumption over decades and the weakening of business models sustained by advertising and user-fees on a global scale. LINA's role is to support hyperlocal and independent digital news publishers, including the development of complementary revenue streams to ensure the sustainability of essential local news services.

Through this work, the Commonwealth, LINA and its members are strongly aligned in the ambition to increase the sustainability of news services to communities across Australia, and therefore the diversity of local news services available to audiences. LINA notes Government priorities to meet the information needs of geographically and culturally diverse audiences, address news deserts and increase media diversity. Amendments to charity registration and DGR processes would integrate with other policy interventions in development to strengthen public interest journalism in Australia.

Given the limited staff and income pressures facing local newsrooms, LINA supports any amendments to DGR registration that streamline application and assessment processes. The consolidation of administration to the Commissioner of Taxation for all four DGR categories appears to support consistency in administration processes and would hopefully reduce timeframes for the consideration of applications. The expectation outlined in the explanatory materials of expediting approvals from a two-year turnaround to one month is particularly positive.

In addition, LINA asks that the Commonwealth extend charitable status and DGR consideration to include public interest journalism published by locally controlled media outlets. LINA supports the restriction of DGR status to organisations that provide a broad public good and highlights linkage between a healthy media sector and a strong democracy. Correlations between a strong fourth estate and healthy communities are well established in the academic literature and in practice. For this reason, governments in France, Tunisia, Lebanon, Colombia, Indonesia, the U.S. and Canada (to name a few examples) have implemented varying tax credits and concessions to support donations from both the philanthropic sector and individuals supporting public interest journalism.

In the U.S. where journalism *is* recognised as a public good attracting tax deductibility for donors, the industry has been highly successful in drawing philanthropic support. The Institute for Non-Profit News runs an annual *NewsMatch* program pairing gifts from community members with family, local and national foundations. The program has raised \$223 million since 2016. According to a Reuters Institute study, the percentage of people donating to news organisations is still only 1% in the UK, and 3% in the US, where such donations attract tax relief. However, they found this source of funds could increase with nearly a quarter of respondents (22%) stating

they might be prepared to donate to a news organisation in the future, motivated by the need to support fact-based journalism in an era of fake news and to secure a greater variety of independent voices (Cairncross, 2019).

In the Australian market, smaller populations and cost of living pressures will limit the potential scope of donations, however an increasing number of people are making donations to support a digital news service, up by +1 to 4% in 2022 (Digital News Report, 2022) and feedback LINA has received from the philanthropic community to date indicates a willingness to support newsrooms with donations should DGR status be applicable.

While community radio and television services are required to be not-for-profit to meet licensing eligibility requirements, community-based digital newsrooms in Australia are disincentivised from establishing themselves as not-for-profits and/or charitable organisations by a lack of recognition for public interest news services as a public good. While some newsrooms have aligned themselves with education activities to access ACNC registration, it is not a neat fit in terms of core objective, despite every newsroom taking an active role in informing communities every day. Consequently, most newsrooms have been established as private businesses, trusts, sole traders, or partnerships, and are not eligible to apply for donor gift recipient status, significantly curtailing their capacity to attract donations from both individuals and foundations.

Becoming a registered charity would enable hyperlocal and independent news publishers to benefit from income tax exemptions, fringe benefit tax rebates, GST concession and potential DGR status. Public interest news organisations require a relevant charitable purpose in the Charities Act, in addition to an aligned DGR category, as a pathway to charity status. This could be administered in a similar manner to the Register of Cultural Organisations (ROCO) which already includes a range of principles relevant to the promotion of history, literature, arts and media formats that contribute to community building and celebrating diversity. A similar register of charitable public interest journalism organisations could be established with appropriate caveats focused on local journalism production, diversity of news content, editorial policies and masthead limitations, administered through the ATO in line with the proposed amendments or through the Australian Communications and Media Authority to provide a pathway for charitable registration and DGR application for newsrooms providing a public service in their communities. A similar two-step process was introduced by the Canadian Government in 2019 and provides a template for [eligibility criteria](#) and registration requirements which Australia could draw from.

LINA asks the Commonwealth to introduce amendments to the Charities Act and a DGR category for public interest journalism to support donations from the public, philanthropic grants, and, where appropriate, corporate sponsors. LINA would be happy to contribute further information to policy development relating to DGR reforms and thanks the Government to its efforts to streamline existing processes.

Sincerely,



Claire Stuchbery
Executive Director