



**Senate Select Committee on the Future of Public Interest
Journalism
Public Hearing – Wednesday 17 May 2017**

**Questions Taken on Notice – Media, Entertainment & Arts Alliance
(MEAA)**

Questions On Notice

1. HANSARD, Page 12

Senator XENOPHON: Would you mind, on notice and fairly urgently, giving us details of what you say works around the world on those tax incentives and the like for media, short of direct subsidies?

MEAA response:

Tax exemptions Many countries provide either a full exemption from, or a substantial reduction of, the various forms of Value Added Tax (VAT) that operate. Typically sales of newspapers and subscriptions are covered in this. In at least one jurisdiction some production costs such as newsprint and plant are also covered. In France publishers are generally exempted from a category known as “professional tax”.

Distribution costs Various jurisdictions provide discounted transportation or postage rates and in some cases subsidies for the distribution of print products.

There are also in place a range of grant and subsidy schemes around the world.

MEAA is preparing a full submission for the Committee to explore these and other issues in greater detail.

2. HANSARD, Page 12

Senator LUDLAM: One of the other ones that you mentioned on the way through is tax deductibility for subscriptions — that is really interesting. At the moment, you can get tax deductibility for donating money to public interest organisations, not-for-profits, enviro groups or... Are there any jurisdictions in the world where you can get a tax deduction for donating to something like the *Guardian* or *Crinkling News*—bless them? What models can we look to?

MEAA response:

Perhaps the most prominent example is in the USA which has a long history of philanthropy. Legislation provides tax deductibility or exemption to low or non-profit organisations. Some states in the USA also have provision for what are known as *low profit limited liability corporations* (L3Cs).

Australia already does have a scheme to grant charitable or tax exempt status to organisations, including in the cultural space. An expansion of this in the area of public interest journalism may be worth examining.

3. HANSARD, Page 18

Senator XENOPHON: Mr Murphy and the rest of the panel, you could take this on notice. How would you work out the tax deductibility? A few models have been floated about and, because of time constraints, please take this on notice. How would you work out the tax deductibility? Would it be for publications that are new or emerging or those that have a certain turnover or are below a certain turnover? Would it be across the board? And would you allow for philanthropic donations to be tax deductible—a bit like the widow of Ray Kroc who kept NPR going with a massive bequest? How would you do that? Also, are there real risks if you have public funding, where you end up with a minister of the day deciding who gets the grants? I find that very worrying.

MEAA response:

There are certainly risks that would need to be eliminated before any consideration of public funding. The detail of this question will be dealt with in our substantive submission.

4. HANSARD, Page 19

CHAIR: Mr Murphy, if we are going to list the ideas, that is the third big idea that has been floated with you. I think there are half a dozen American examples. There is Pure Swell and a few others, including the John C McCarthy Foundation. Whenever you listen to anything on PBS, there is a list of things that comes first. As Senator Ludlam pointed out earlier, there is *Crinkling News*, which we all donated to this morning. That is not, as I understand it, tax deductible. The third big idea, if you could take it on notice, would be creating a DGR status for investment in journalism, or donations to journalism, coming from foundations and funds. The question would be: does that extend just to charity grants or does that go as far as subscription? I guess that is a question that the committee itself will need to ask.

MEAA response:

MEAA believes proposals should be considered for philanthropic donations/bequests to news media and to fund innovation/retooling/new technology for news media. Clearly we cannot expect to match the philanthropic experience of the US but the situation is so dire for the Australian media that every opportunity should be explored and encouraged.