

# The Walkley Foundation Limited Response to the Australian Competition and Consumer Commission Digital Platforms Inquiry Issues Paper

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The Walkley Foundation is at the heart of the Australian media. We recognise and promote excellence in our craft. We advocate for great journalism. The Walkleys is a well-regarded and respected brand within both the industry and the public mind. The Foundation has celebrated the best in Australian journalism since 1956, through awards that showcase all that journalism can achieve: work that prompts legal and social change, political transparency, and real human impact. The Walkley Foundation stands with all Australian media organisations and journalists. The Awards are aspirational, but peer-driven. They serve as a platform for discussion and reflection both within the industry and among the public.

We sustain journalism that enriches our communities by:

- Managing the Walkley Awards for Excellence in Journalism
- Promoting the public value of journalism and press freedom
- Fostering innovation in news gathering and storytelling
- Working collaboratively with all media
- Funding and facilitating reporting through mentorships, fellowships, and scholarships
- Independence and good governance

The Walkley Foundation is ideally positioned to help the industry. Ten years ago, the Foundation launched the Future of Journalism Project. We held the first summit of Australian editors and publishers to discuss the issues emerging as a result of the digital revolution. There, Emily Bell, then *Guardian* digital director, told the conference, “We are on the brink of two years of carnage for western media.” Two years have now become a decade.

Since those discussions, the Foundation has continued to deepen and inform the industry’s conversation about its future. We engage with many of the country’s leading universities and journalism schools, including QUT Creative Industries, The University of Sydney, Monash University, RMIT, Curtin University, Western Sydney University, Macleay College, The University of Queensland and University of New South Wales, supporting industry research and encouraging the next generation of young journalists.

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The Walkley Foundation now partners with not only traditional media industry players but also the start-ups, both global and local, that have entered the Australian journalism field over the last 10 years. The Foundation remains an independent umbrella industry body that works with all media organisations including Fairfax, News Corp, Sky, Channel Ten, Nine Network, SBS, Seven West Media, the ABC, The Conversation, The Guardian, The New York Times Australia, BuzzFeed Australia, Crikey, Mamamia, Schwartz Media, Junkee, Vice, Pedestrian TV, Umbrella, Broadsheet, Griffith Review, The Newcastle Herald, the Community Broadcasters Association of Australia, The Weekly Times and more.

As a company limited by guarantee the Foundation is represented by independent directors who, governed by corporations law, serve and act in the best interests of the Foundation. Therefore, media organisations or publishers have no influence with regard to Walkley processes. We have decades of experience maintaining the independence of the awards – under the scrutiny of the country’s best journalists – while working with media organisations. That integrity is recognised by the industry, and this recognition and trust is a key part of what makes the awards so successful.

## Public interest journalism’s impact

At the centenary celebration of the Pulitzer Prizes in March this year, *Washington Post* columnist and Pulitzer Board Chairman Eugene Robinson said in his opening remarks, “This is a moment where journalism is under attack. The very concepts of fact and truth are under assault...by a concerted and constant and very serious attempt to discredit and disqualify the voices of the news media.” This holds true for Australia, too. At the Walkley Foundation, we have witnessed the ways that the digital revolution has impacted every media organisation we work with.

Our response below outlines the challenges facing the industry, as well as what we believe are the most urgent and effective measures needed to safeguard and strengthen Australian journalism.

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The starting point should be understanding the impact journalism has on Australian society, politics and culture. It is expensive to produce, because it requires research, expertise and specialised skills. It has long been a loss leader for media organisations.

Yet it is essential that public interest journalism survive this crisis, as these examples from the Walkley Award archives illustrate.

**Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry: Following a series of investigations into CBA by Adele Ferguson and Peter Ryan, winners of 2014 and 2017 Walkley Awards respectively.**

Adele Ferguson and the *Four Corners* team won the 2014 Gold Walkley for their extraordinary work in uncovering unconscionable banking practices among some of Australia's biggest banks, notably the Commonwealth Bank. Ferguson has pursued CBA for years; investigating the practices of financial advisers who signed customers up to high-risk financial products that exposed them to the worst effects of the 2007 financial crisis and led to some ordinary Australians losing their life savings. Her research also uncovered the failure of corporate regulator ASIC to respond to the concerns of whistleblowers inside the Commonwealth Bank.

As a result the Commonwealth Bank overhauled its financial advice branch; bankers were called to account before Senate committees and a second inquiry was established into the effectiveness of the corporate regulator. And yet, three years later in 2017, Peter Ryan broke the news that AUSTRAC, Australia's financial intelligence agency, would allege that the Commonwealth Bank had allowed money launderers and other criminal elements to exploit the bank's deposit machines on 53,700 occasions.

Ultimately Ferguson's and Ryan's stories, and others, built pressure and prompted a Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, but not before CBA eliminated bank withdrawal fees and the rest of the big four, ANZ, NAB and Westpac followed suit. The move will save Australian consumers hundreds of millions of dollars a year—it's an impact felt by almost everyone, almost every day.



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## **Essendon Club doping scandal: Chip Le Grand, Winner, 2016 Walkley Book Award**

In November 2011, Essendon Club scientist Stephen Dank administered a new supplements program to the club's players. The program consisted of injections that improved soft tissue recovery, allowing the sportsmen to endure more rigorous training loads. But the injectables used would later be deemed by the Court of Arbitration for Sport as an illegal performance-enhancing drug. In 2012 the Club administration ordered Dank to cease the program. Evidence from players later revealed that the program was slowed, but not altogether ceased.

Le Grand's rolling coverage of the scandal reverberated across Australia. In 2013, Essendon reported itself to the AFL and the Australian Sports Anti-Doping Authority (ASADA). Essendon was handed a two million dollar fine, the largest imposed on a sporting club in Australian history. The club was also ruled ineligible to participate in the 2013 AFL series. Senior coach James Hird was suspended for 12 months. Initially all 34 Essendon players were found not guilty of deliberate doping. This ruling was later overturned by the Court of Arbitration for Sport (CAS). The involved players were found guilty and handed a full two year suspension. Many were barred from the sport until the start of the 2016 season. The mastermind behind the doping scandal, scientist Stephen Dank, was found guilty on ten charges. He was suspended from the AFL for life.

## **'7-Eleven: The Price of Convenience': Adele Ferguson, Sarah Danckert and Klaus Toft, winners, 2016 Walkley Award for Business Journalism**

By interviewing corporate whistleblowers and a number of staff, Adele Ferguson revealed that the corporate giant was systematically overworking and underpaying its workers by nearly half of the \$24.50 minimum award rate.

Ferguson's explosive story kickstarted a multitude of reforms within the 7-Eleven corporate structure. Company founder Russ Withers and chief executive Warren Wilmont resigned from their positions. The company's franchisor/franchisee agreement was also updated, giving franchisees greater financial benefits. On the 27 May, 2016, 7-Eleven launched a compensation scheme known as the '7-Eleven wage repayment program'. As of the 3rd Nov 2017, the scheme had processed 3,666 claims and repaid a total of \$151,026,940 in unpaid wages.



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## **‘The foam and the fury’ The Newcastle Herald team, winner, 2016 Walkley for Regional and Community Affairs reporting.**

Six reporters from the Newcastle Herald collectively published over 100 articles exposing the Department of Defence’s attempt to cover up the dumping of toxic waste at the Williamstown RAAF base. Reporters at the Newcastle Herald had been pursuing state and federal governments since 2015, after soil tests revealed that toxic chemicals from Williamstown RAAF base had leached into the waterways and affected neighbouring properties.

Despite knowing that the toxic chemicals had spread off site as early as 2003, the Defence Force gave no official warning to the residents of the Williamstown community. Consequently, property values in the area plummeted and waterways have been closed to commercial fishers.

Building on the work of the Newcastle Herald journalists, *Four Corners* expanded the investigation to RAAF air bases near Oakey, QLD and Katherine, NT where the same toxic chemicals had been used. *Four Corners* revealed the ADF had access to documents which detailed the dangers of chemicals from as early as 1987 and yet had failed to warn residents. In the wake of the ABC program, the Department of Defence admitted that it should have warned residents in affected areas three years earlier than it did, and the Queensland community of Oakey launched a class-action suit against the Defence Force.

## **Reform for Greyhound Racing: Caro Meldrum Hanna & Four Corners team, Winner, 2015 Gold Walkley**

Using up-to-the-minute facial recognition technology and geographical location indicators, the *Four Corners* team forensically analysed hundreds of hours of covert footage to piece together a picture of the extent of greyhound trainers’ involvement in the cruel and illegal practice of live baiting. Obtaining remarkable interviews, including candid admissions from racing industry insiders, the team proved that things were rotten in the greyhound racing industry in Australia. The investigation led to at least five government inquiries, entire racing boards and CEOs being sacked, mass graves being uncovered and multiple life bans from the sport.



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## **The Royal Commission into Institutional Responses to Child Sexual Abuse: Joanne McCarthy, Winner, 2013 Gold Walkley**

Over seven years, Newcastle Herald reporter Joanne McCarthy wrote more than 350 articles detailing the sexual abuse of children, primarily at the hands of Catholic clergymen in Newcastle and the Hunter Valley. McCarthy interviewed 200 victims of sexual abuse, many of whom carried the fallout into later life, developing addictions and suffering from mental illness.

Then-Prime Minister Julia Gillard spent her “very final moments” in office writing a letter to McCarthy, personally thanking her for championing the plight of victims of sexual assault through journalism. Six months earlier Gillard had announced the creation of a national Royal Commission into Institutional Responses to Child Sexual Abuse.

From its first hearing in April 2013 to its conclusion in 2017, the royal commission heard evidence from almost 8,000 witnesses in private sessions, handled 40,000 phone calls and received 1,344 written accounts and held 444 days of public hearings. It made almost 2,000 referrals to authorities, and investigated a range of institutions, including the Catholic Church, the Anglican Church, government homes, sporting clubs, disability services, universities, secondary schools and the Australian Defence force.

## **Challenges faced by the industry**

### **Establishing a new building model in an ever-changing environment**

The stories above demonstrate the significant impact journalism has on the lives of Australians. But the industry faces significant challenges. The first is that the traditional business model has almost totally collapsed, leading to fewer jobs and other resources. The MEAA submission (the best detailed analysis of the crisis) estimates that perhaps 3,000 journalists have lost their jobs or left the industry since 2011. Many of these jobs have disappeared altogether, with vacancies never replaced.

This Australian trend aligns with global ones. In the US, for example, there are now about half as many journalists working in traditional media as there were early this century. Newsrooms



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are under great stress as journalists have to produce more stories, in less time, on more platforms than ever before.

From about 2005, advertising revenues in Australian newspapers started to decline by between 5 and 10 per cent a year. About two years ago, this started to accelerate to about 15 per cent. Last year, some companies were reporting a 25 per cent year-on-year decline in print revenues. Digital revenues have grown but have not come close to filling the gap. We are now seeing the effect of the shake-out in free-to-air television, where the impact of live-streaming services has reduced audiences and accelerated the advertising shift to digital.

This means that, as traditional media's revenues continue to slide, companies will continue to cut expenditures.

### **Significant risks posed by disinformation and a deterioration of trust in media**

Fake news and other digital disinformation are not marginal problems. Nor are they easily resolved at a national level, because the factors that drive their reach are global: First, fake news is successful precisely because it plays to the strengths of the global web. The internet is open and easy to access by design. The accelerated use of bots and AI in the social web allows for mass production of fake news, and amplifies its effects.

The global nature of the online gig economy that sustains so much internet content means there are hundreds of thousands of low-wage workers worldwide available to create fake news.

Secondly, fake news is simply easier. Shaping a fake story takes less time than digging out true stories. In fact, it's so simple (and our needs are so easily played on) that bots can do it (and do). This means that the sheer volume of manufactured news overwhelms true news.

In March this year *The Atlantic* reported the results of the largest every fake news study, by MIT, the results of which *The Atlantic* called "grim". Below are some of the findings:

The massive new study analyzes every major contested news story in English across the span of Twitter's existence—some 126,000 stories, tweeted by 3 million users, over more than 10 years—and finds that the truth simply cannot compete with hoax and



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rumor. By every common metric, falsehood consistently dominates the truth on Twitter, the study finds: Fake news and false rumors reach more people, penetrate deeper into the social network, and spread much faster than accurate stories.

“It seems to be pretty clear [from our study] that false information outperforms true information,” said Soroush Vosoughi, a data scientist at MIT who has studied fake news since 2013 and who led this study. “And that is not just because of bots. It might have something to do with human nature.

...

By scraping and analyzing six different fact-checking sites—including [Snopes](#), [Politifact](#), and [FactCheck.org](#)—they generated a list of tens of thousands of online rumors that had spread between 2006 and 2016 on Twitter. Then they searched Twitter for these rumors, using a proprietary search engine owned by the social network called [Gnip](#).

Ultimately, they found about 126,000 tweets, which, together, had been retweeted more than 4.5 million times. Some linked to “fake” stories hosted on other websites. Some started rumors themselves, either in the text of a tweet or in an attached image. (The team used a [special program](#) that could search for words contained within static tweet images.) And some contained true information or linked to it elsewhere.

## Recommendations

### Nonprofit news holds promise, but needs support

In the United States, a nonprofit news ecosystem began to emerge in 2008 to fill a gap in public service journalism left by years of decline in the industry — between 1990 and 2015, the number of professional journalists in the U.S. dropped from 56,900 to 32,900, [according to the American Society of News Editors](#)<sup>1</sup>. Today, mission-driven journalism is flourishing. The

<sup>1</sup> Doctor, Ken. “Newsonomics: The halving of America’s daily newsrooms,” NiemanLab, July 28, 2015.



nonprofit Institute for Nonprofit News<sup>2</sup> — formerly the Investigative News Network — began as a coalition of similar mission-driven investigative news nonprofits and now has more than 120 member organisations<sup>3</sup>. As Bill Birnbauer wrote in his submission to this committee, these organisations complement rather than compete with legacy news organisations, they have come to be a mainstream part of the news landscape, and they have now won every major American award for journalism.

They have made a particular impact on the quality of local news, because although there are a few larger, nationally and internationally focused nonprofits like ProPublica or the Center for Public Integrity, most are small and focused on cities, states or regions. Many also shine a light into specific issues like climate or justice. These small nonprofits are often highly audience-focused and nimble, experimenting with everything — how stories are gathered or told, distributed or discovered, and where the money comes from. Indeed, this ecosystem has birthed such a dizzying amount of innovation in part because so many of the nonprofits collaborate and share their lessons through INN and related networks.

We are inspired by this revitalisation of public service journalism as well as the business-model experimentation, and we seek to encourage a homegrown Australian nonprofit news ecosystem.

But US philanthropic investment in that country's nonprofit journalism is in the hundreds of millions of dollars and tracked by overarching bodies like the Institute for Nonprofit News. To a lesser extent, nonprofit journalism in Europe and the UK, through places like the European Journalism Centre and the UK-based Bureau of Investigative Journalism, are also growing. All of these are several orders of magnitude greater than our own modest Fund for Journalism, and not for profit news in Australia in general. While we are proud of our achievements thus far, the Australian news ecosystem needs a massive injection of investment for innovation to truly thrive.

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<http://www.niemanlab.org/2015/07/newsonomics-the-halving-of-americas-daily-newsrooms/>

<sup>2</sup> About the Institute for Nonprofit News: <https://inn.org/about>

<sup>3</sup> INN members: <https://inn.org/members/>



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## The Walkley Fund for Journalism

The Walkley Awards will always be the beating heart of the Walkley Foundation. But it has never been more important to find new ways to support quality journalism and improve public trust in the media.

In response to the challenges outlined above which are faced by Australian journalism as a result of digital platforms and the digital age more broadly, in 2018 the Walkley Foundation is taking a new strategic direction. We're broadening the work of the Walkley Public Fund for Journalism to ensure that Australians continue to benefit from the the ground-breaking public interest journalism so important to our communities. We're working to make the bonds of trust between the media and the public stronger than ever.

The Walkley Foundation is leveraging its reputation and position at the heart of the industry to build a broad funding base to scale up our programs that contribute directly to building sustainable, thriving, trusted media. We've set a goal of raising \$1 million by 2019 to invest in Australian journalism through initiatives including scholarships, grants, digital archives and content on the industry.

## Conclusion

In addition to the above response, we have provided a Submission to the Australian Senate Select Committee on the Future of Public Interest Journalism, a response to Regional & Small Publishers Innovation Package scoping documents, and a senate submission regarding the Communications Legislation Amendment (Regional and Small Publishers Innovation Fund) Bill 2017. We note with enthusiasm the recommendations that have come out of the Senate Inquiry and look forward to the outcomes of those recommendations. We expect to serve on the Small Publishers Innovation Fund advisory committee, as suggested in the scoping document.

While we cannot come to a concluded view on this at this stage, we await the ACCC's investigation with great interest. The Walkley Foundation submits that if the ACCC investigation concludes there have been audience aggregation and advertising practices by global digital

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platforms that have unfairly undermined the creation of quality public interest journalism in Australia, we would support appropriate countermeasures.

As a starting point for formulation of such countermeasures, we direct the ACCC's attention to the recommendations of the recent Parliamentary Inquiry into the Future of Public Interest Journalism, in particular Recommendation 4:

7.86 The committee recommends that the Commonwealth develop and implement a framework for extending deductible gift recipient (DGR) status to not-for-profit news media organisations in Australia that adhere to appropriate standards of practice for public interest journalism.

The Walkley Foundation stands ready to make further submissions as the investigation proceeds up to and beyond the ACCC's interim report due by the end of 2018.

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