
Theme : Investigative journalism trends

1. Big news in a small country— developing independent public interest journalism in NZ

ABSTRACT

As pared-down newsrooms across the United States increasingly generate content for pay-walled online platforms, some of the country's best journalists are instead joining public interest start-ups in the hope of pursuing the type of investigative journalism projects the mainstream media is increasingly struggling to fund. The likes of Propublica, the Center for Public Integrity and the International Consortium of Investigative Journalists have found a viable niche in the US media ecosystem, one built on innovation, collaboration and philanthropic support. Could the success of these foundations be mirrored in a small country like New Zealand, where the media faces the same resourcing pressure but little philanthropic money goes into media-related ventures? This article is based on the author's Fulbright Harkness Fellowship-funded research trip to the US, visiting the organisations mentioned above and others, and suggests that while the US model of public interest journalism is unlikely to work in New Zealand, aspects of it coupled with clever use of technology and crowdfunding platforms could be harnessed to create a viable, nationally focused, public interest journalism venture.

Keywords: advertising, crowd-funding, data journalism, investigative journalism, philanthropy, new media, public interest

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ITS SIMPLE black and white logo cut an unlikely presence on the football-sized Las Vegas convention floor, nestled among prototypes of massive high-definition TV displays, wearable computers and driverless cars. But after spending half an hour in *The New York Times* booth at the 2013 Consumer Electronics Show—the largest annual showcase of new technology in the world, the newspaper publisher’s presence, shoulder to shoulder with Google, Samsung and Facebook, seemed to make perfect sense.

In the process of reinventing itself following several rounds of redundancies and financial losses, *The New York Times* revealed in 2013 that it had reached an important milestone—zero. Revenue growth for the newspaper publisher was virtually flat in 2012—just 0.3 percent. But that was the first increase since 2006. As Niemen Journalism Lab columnist Ken Doctorow described it:

Zero turns out to be an important number, a plateau on a long, downward journey, a stopping point on a mad path to finding growth somehow, somewhere. (Doctorow, 2013)

More importantly, for the first time, in 2012 *The New York Times* derived more revenue from circulation—print and digital subscriptions, than it did from advertising, long the bread and butter of newspaper publishers. With nearly 700,000 digital subscribers, *The New York Times* has proven remarkably successful at attracting engaged readers who are willing to pay for its content. As such, it has become the bellwether of the newspaper industry, the shining example of how the media can achieve a new lease of life behind the paywall. According to Pew Research, one third of US newspapers had already or planned to implement a paywall in 2013 (Pew Research, 2013a). After 15 years of giving away online the bulk of the content print subscribers pay several hundred dollars a year for, US newspaper publishers are making the awkward transition to the premium digital world.

Even a pacesetter like *The New York Times* continues to experience pain. As I scanned through *Times* articles on a tablet at its booth in Las Vegas in January 2013, a further wave of redundancies at the paper was being finalised. The highly-respected *Times* environment desk was disestablished, and in February 2013 the group sold one of its flagship papers, *The Boston Globe* to Boston Red Sox owner John W Henry. Just as the ink was drying on that deal, Amazon.com founder Jeff Bezos was finalising his purchase of

The Washington Post for US\$250 million.

Divestments and downsizing have helped *The New York Times* get to zero as much as digital subscriber growth has, but underpinning its transformation has been a commitment to innovation—from its treatment of content with the Snowfall long-form journalism project and numerous data journalism apps to the technology underpinning the reading experience.

That Las Vegas show floor presence was designed to impress potential content partners with *The New York Times* digital experience which spans the smartphone, tablet, e-book reader and plain old computer with apps that let you pick up reading on one device exactly where you left off on another.

The digital push is leading to changing priorities in newsrooms. One of the few areas of growth in editorial resourcing at *The New York Times* is in video production—*The Times*' team of video journalists has grown from eight to 20 people in recent years, *Times* video journalist Erik Olsen said: 'Everyone is struggling, including us, but this is one area that is growing' (Griffin, 2013a). A shift in emphasis away from print articles to video shows the newspaper is listening to the needs of subscribers—and advertisers, who favour ad spots inserted at the beginning of videos over banner and display adverts. But for all the US newspaper industry's efforts to adapt, what cannot be denied is that it is less able to undertake the sort of investigative journalism that the reputations of *The Times* and *The Post* were built on. Pew's *State of the News Media 2013* report clearly illustrates the problem:

Estimates for newspaper newsroom cutbacks in 2012 put the industry down 30 percent since its peak in 2000 and below 40,000 full-time professional employees for the first time since 1978. (Pew Research, 2013a)

The issue is not confined to print media:

In local TV, our special content report reveals sports, weather and traffic now account on average for 40 percent of the content produced on the newscasts studied while story lengths shrink. On CNN, the cable channel that has branded itself around deep reporting, produced story packages were cut nearly in half from 2007 to 2012. (Pew Research, 2013b)

A paywall trajectory

Australasia's media industry has followed a similar trajectory to that of the US, although its move to implement paywall technology lags behind that of

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US newspaper publishers by 18-24 months. APN News and Media and Fairfax Media, the Australian-owned and listed media companies that publish the bulk of New Zealand's mainstream newspapers and websites, are expected to install paywalls in 2014. In a chat session with readers in November 2013 to celebrate the 150th anniversary of *The New Zealand Herald*, editor Shayne Currie said a paywall for the Herald Online was likely 'within 12 months':

For us to be able to sustain our journalism into the future, we'll need a strong business case to ensure we can continue to fund the newsroom. If we do have a paywall, I personally believe it needs to be quite 'porous'—so that readers can access a certain number of stories on each device (tablet, phone, desktop etc). (Herald Online, 2013)

APN's rival Fairfax Media, which publishes papers including *The Dominion Post*, *The Sunday Star-Times*, *The Press* and the country's busiest news website Stuff.co.nz, is also expected to implement a metered paywall in 2014. Its Australian stable mates, *The Sydney Morning Herald* and *The Age* established paywalls in July 2013, with readers able to read 30 articles a month for free before being prompted to subscribe for further access.

In November, Fairfax reported its paywall strategy had 'exceeded expectations' (Holgate, 2012) with *The Age* and *The Sydney Morning Herald* attracting 86,000 paid digital subscribers, and 102,000 existing print subscribers, who also receive digital access as part of bundled subscriptions.

AUT University lecturer and media researcher Merja Myllylahti analysed the figures from Fairfax and estimated that the new online-only and bundled print and digital subscriptions combined would generate A\$70 million for Fairfax—just 3.3 percent of the media group's annual revenue. Myllylahti concluded:

I guess it is fair to say that these two mastheads would not save Fairfax from sinking, but extra revenue is welcome for any news publishing company nowadays. (Myllylahti, 2013a)

Myllylahti's *New Zealand Media Ownership Report* (Myllylahti, 2013b) paints a picture of media consolidation, financial restructuring and cost cutting. MediaWorks, which owns television stations TV3 and Four and the Radio Live network, was placed in receivership and emerged with new owners consisting of private equity groups and the banks whose loans Mediaworks

had been unable to repay. APN revealed plans to sell its magazines, including the flagship current affairs title, *New Zealand Listener*, to German-based Bauer Media, which already owns New Zealand's other leading news and current affairs magazines *North & South* and *Metro*. Newsrooms faced further redundancies, notably Fairfax's decision to lay off 16 photographers. However, APN and Fairfax completed the bulk of their New Zealand job cuts in previous years, prior to the shock announcement of 2012, which saw Fairfax report a A\$2.8 billion loss and announce plans to trim 2,000 jobs.

In *Stop Press: The Last Days of Newspapers* Rachel Buchanan (2013), a former journalist for Fairfax Media, outlined the impact this newsroom consolidation has had on key newspaper functions such as sub-editing of content:

Although I tried to make light of it, the truth was that working in the hub was often brutally demanding, physically and intellectually ... The mathematics of hubbing—fewer staff do more in remote locations—means that every hub is the same. (Buchanan, 2013, p. 58)

Staffing levels in New Zealand newsrooms seem to have stabilised, however the nature of the work journalists are engaged in has changed, with a shift towards breaking news, online and multimedia content and lifestyle features. *The New Zealand Herald* and *Dominion Post* retain investigative journalists but they are tightly resourced. In television, the shift away from current affairs towards infotainment accelerated the trend identified by AUT University researcher Dr Sarah Baker, who studied current affairs TV programmes in New Zealand over the period 1984-2004.

Current affairs shows *Sunday* and *3rd Degree* still deliver solid public interest stories on a regular basis, but the rise of *Seven Sharp* and the *Paul Henry Show*, both of which replaced popular and well-respected news programmes, clearly shows TV executives favour light entertainment over in-depth public interest journalism.

A snapshot of the New Zealand media landscape in early 2014 then revealed many parallels with what the US media industry has experienced in recent years. They differ in one key aspect however—the woes of the US industry have spurred the rise of dozens of public interest journalism start-ups staffed with refugees from mainstream media outlets and backed by philanthropists. Many of these units are influencing the news agenda, breaking stories of national significance, winning awards and finding enthusiastic partners

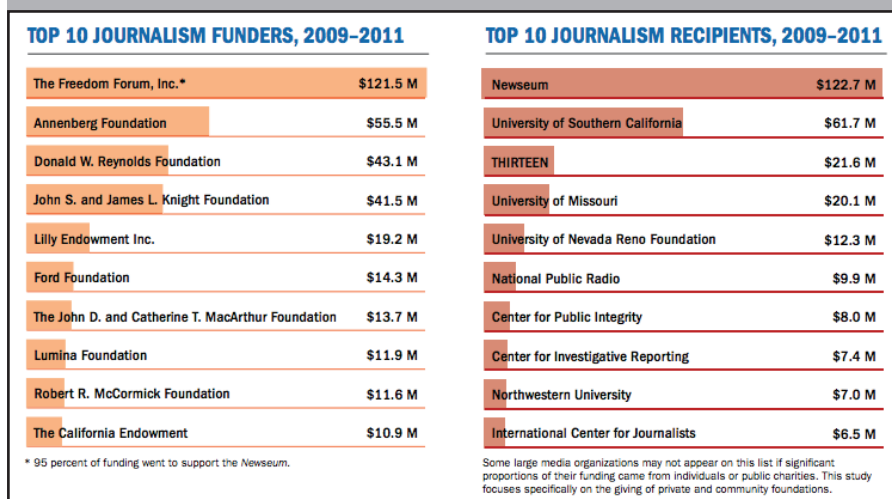
among the traditional media.

The question then is whether New Zealand can and will play host to a similar movement, one that will safeguard the type of in-depth, public interest journalism much of the media has turned its back on.

The rise of non-profit news

They are past and present titans of US industry—Ford, Hewlett and Gates. They also represent some of the country’s greatest philanthropists, with billions flowing from the foundations set up in their names to health, education, scientific research, the arts, and increasingly—the media. According to a study by the Knight Foundation, itself a generous donor to media initiatives, US\$1.86 billion in media-related grants was distributed by US charitable foundations between 2009 to 2011 (Henry-Sanchez, 2013). The study said 1,012 foundations made 12,040 media-related grants and 10 foundations accounted for 42 percent of all grants awarded.

Figure 1: US journalism funding, 2009-2011



Source: Knight Foundation (2013)

Grants to media organisations are outstripping growth in foundations giving to other types of organisations—21 percent versus 5.8 percent for grant making overall for the surveyed period. The media was the seventh biggest category for US domestic philanthropy (US\$687.6 million), behind environment (US\$1.5 billion) and ahead of science and technology (US\$535 million). The

figure is less impressive when you consider how thinly it is spread across large categories including journalism, news and information, media access and policy, media applications and tools, media platforms, and telecommunications infrastructure.

Investigative journalism projects, for instance, received just US\$27.8 million in the period, with the median grant amount being US\$52,500. Nevertheless, the figures suggest that online media in particular is being heavily supported with philanthropic dollars in the creation of multimedia platforms, data journalism projects, citizen journalism platforms and even interactive games. Funding of the development of media applications and tools grew 107.8 percent in the period, while growth in investment in web-based and mobile projects far outstripped traditional media investments (116.5 percent versus 29.4 percent). Competition for this philanthropic funding is fierce and the larger public interest journalism organisations, such as Propublica and the Center for Public Integrity, maintain permanent fundraising staff to pursue grants from foundations.

A non-profit news existing primarily on funding from philanthropic sources must demonstrate it is making an impact if it is to stay in business. When visiting one such organisation, it was putting the finishing touches on a project that would fulfill that requirement in spectacular fashion.

Investigative journalism in action

When meeting investigative journalist Gerard Ryle in February 2013, he was slumped on a couch in his poky Washington DC office, suffering a cold and exhausted from months of intensive work on what was dubbed the ‘Offshore Project’. The director of the International Consortium of Investigative Journalists and his global network of affiliated reporters was soon to reveal how the mega-rich use secret offshore firms to funnel money into tax havens and hide their wealth.

After the Offshore coverage was published in April, 2013, its findings reverberated around the world. Thousands of people, from senior politicians and wealthy industrialists to family doctors and accountants were revealed to be tied-up in the business of covertly shuttling wealth around the world. In its Global Muckraker blog (Porteous, 2014), the ICIJ outlined the project’s long list of achievements, including sparking numerous government investigations around the world into offshore companies.

The European Parliament voted to strengthen its requirements for auto-

matic exchange of tax data between EU member nations. In Colombia, new regulations were announced to impose a 33 percent tax on financial transactions between Colombian companies or individuals and third parties in 44 countries identified as tax havens. Much of the activity revealed was not illegal, but news of the extent that companies and individuals went to cover their tracks, employing bankers and middlemen to do so along the way, was met with widespread alarm and criticism.

The success of the *Offshore* project, which continues to yield scoops, relied on three things—which it was apparent from this US research, are common to most public interest journalism organisations: collaboration, innovative use of computer-assisted reporting (data journalism) and arms-length philanthropic funding support.

An international collective of 160 investigative journalists, the ICIJ employed 86 journalists from 46 countries on the Offshore project, including New Zealand investigative reporter Nicky Hager and data journalist Keith Ng. As such, it represents one of the largest investigative journalism projects in history. But the distributed nature of the investigation was by necessity.

The ICIJ was founded in 1997 as a small unit of the Center for Public Integrity, a Washington DC-based organisation, where this researcher spent two weeks during the US research trip. While the Center for Public Integrity has secured a fierce reputation as a watchdog on government spending and efforts to manipulate America's political power brokers, the ICIJ was established to cast its gaze across borders and conduct international investigations.

In the lead up to the Offshore project, the ICIJ had won praise for cross-border investigations like *Looting the Sea*, which looked at large-scale illegal fishing in the Pacific and *Skin and Bone*, which unveiled the illicit global trade in human tissues. But Offshore was a bigger undertaking altogether. The basis of the investigation was a collection of thousands of files, 260 gigabytes of data leaked to Ryle, who was then a senior journalist working for Fairfax Media in Australia. With so many names and companies mentioned in the files, spread across so many countries, the project required manpower unlike any other the ICIJ had previously undertaken. As ICIJ deputy director Marina Walker Guevara later told Niemen Lab:

The natural step wasn't to sit in Washington and try to figure out who is this person and why this matters in Azerbaijan or Romania, but to go to our members there—or a good reporter if we didn't have a

member—give them the names, invite them into the project, see if the name mattered, and involve them in the process. (O'Donovan, 2013)

While enjoying infrastructural support from its parent the Center for Public Integrity, the ICI's remit of going after issues of global concern attracts funding in its own right. Its 2012 budget stood at US\$1.6 million (Center for Public Integrity, 2013a), with foundations including the Netherlands-based Adessium and the Open Society Foundation lending financial support. The Offshore project appears to demonstrate a good return on investment for the philanthropists who made it possible. The 9,000 articles published within the first month of the Offshore project's release certainly made an impact.

But each non-profit news organisation is only as good as its last project, which is why this researcher was fortunate to have been able to spend time at several organisations that have consistently broken stories that have had impact, and in doing so have also secured ongoing funding:

Center for Public Integrity

Staff: 43

Budget: US\$9.1 million

Four floors up from Gerard Ryle's office just off Washington DC's K Street, the home of numerous firms tasked with lobbying on Capitol Hill, is the headquarters of the Center for Public Integrity. One of the older news non profits in the US, the Center for Public Integrity traces its origins back to 1989 when disillusioned *60 Minutes* investigative reporter Charles Lewis went out on his own, determined to pursue the type of hard-hitting stories news executives had grown wary of.

The early days of the center saw Lewis operate out of his home, funded by trade unions and private companies. Later, he used his house as collateral and raised additional funding to open an office in Washington DC. He had a budget in year one of US\$200,000. The early projects were pure watchdog journalism—stories of abuses of power, corruption and dereliction of duty by government officials and company executives alike.

The CPI set up a website in 1996 and the internet became a new vehicle for distribution of the center's work. From day one, Lewis' strategy was to partner with mainstream news outlets to distribute the center's work. Completed stories as well as source data and research material would be shared with

partner organisations, with included the countries, most influential newspapers, magazines and TV and radio stations.

The strategy has allowed the CPI, now run by veteran radio journalist Bill Buzenberg, to achieve impact with its investigations, which prior to internet distribution were also published as printed reports. In 2012, the Center for Public Integrity had revenue of US\$9.1 million, sourced from as many as 50 foundations. At any given time, the CPI may run 12 or more ongoing investigations. One such project, Consider the Source (Center for Public Integrity, 2013b), has been successful not only in generating news coverage, but in attracting fresh funding from foundations who want to see its continuation.

As I watched President Obama deliver his second inaugural address on the National Mall in January 2013, political action committees were already mobilising to raise money for the next presidential race. The 2010 Supreme Court *Citizens United v. Federal Election Commission* decision effectively allows individuals and companies to funnel unlimited amounts of money into activities pushing the virtues of candidates—or attacking their political rivals.

It has led to the rise of the ‘SuperPAC’, political action committees that generate tens of millions of dollars, much of it in anonymous donations. The CPI’s Consider the Source team headed by experienced reporter John Dunbar, tracks the money flows in and out of the SuperPACs, attempting to follow the money back to the source to determine the motivations of the ‘superdonors’.

The 2012 US Presidential Election saw nearly US\$570 million spent by political action committees, a record figure (*Wall Street Journal*, 2012). US\$142 million was spent by the Restore Our Future PAC in support of Presidential candidate Mitt Romney. Meanwhile, \$64.7 million was spent to support Barack Obama by the Priorities USA Action PAC.

Consider the Source comes into its own in election year, but its ongoing disclosures based on the investigative team’s work show ongoing impact. In January 2014, for instance, the CPI revealed that US companies in a one-year period secretly funded politically active nonprofits to the tune of US\$173 million:

The millions of dollars in corporate expenditures highlighted by the Center for Public Integrity’s research flowed to more than 1,000 politically active non-profits, from major trade associations such as the US Chamber of Commerce to pro-business alliances such as the Fix the Debt Coalition. (Beckel, 2014)

A news app featuring the data accumulated by the Consider the Source team, features on the CPI website and is constantly updated to give the public one of the fullest and most up-to-date snapshots of SuperPAC funding. Another project, the State Integrity Investigation, seeks to identify corruption-risk in all 50 state governments and grades each state based on its record of transparency and accountability.

For two weeks, I sat in on the CPI's daily editorial meetings where updates were given on long-running investigations and strategies for dealing with content partners were discussed. While CPI investigations involve months of work involving teams of journalists and data experts, the non-profit's website requires daily updating.

While I was with the team in January 2013, the CPI launched a blog Primary Source, edited by recent recruit and former *Politico* reporter David Levinthal. Within days, the success of the blog, which drew on the continuous flow of information the Consider the Source team was tapping into, was obvious. Levinthal's blog posts were resulting in follow-up articles by mainstream news outlets and an increase in website traffic to the CPI's site. This is very important for news non-profits as staying visible means continuing to catch the attention of funders and the public and acting as a constant source of valuable content for media partners. The Center for Public Integrity's Chris Hamby was awarded a Pulitzer Prize—the Center's first, in April 2014 for a year-long investigation into sick Appalachian miners who were denied medical care and benefits by the coal industry.

Propublica

Staff: 48

Budget: US\$11.9 million

In a Lower Manhattan office tower not far from Wall Street, resides Propublica, the darling of the news non-profits. Set up in June 2008 as the global financial crisis was gathering momentum and newsrooms were undergoing savage cuts, Propublica has made remarkable progress in its short history. Its investigations have won two Pulitzer Prizes and Propublica has been praised for its use of data journalism and pioneering work on news applications.

For its first three years, Propublica was funded to the tune of around US\$10 million per year, by billionaires Herbert and Marion Sandler, through the Sandler Foundation. However, Propublica's high-impact investigations

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have allowed it to diversify its funding base. Revenue in 2013 was US\$11.9 million (Propublica, 2013a) drawn from dozens of foundations and wealthy individuals.

Reflecting on Propublica's progress as it reached its fifth birthday, editor Stephen Engelberg told Niemen Lab that the organisation measured the impact of its investigations as closely as possible using all sorts of web and readership metrics. But often, the impact was hard to miss:

Sometimes it's pretty darn clear, like when we published with the *Los Angeles Times* our piece on California nurses, and Governor Schwarzenegger fired the entire nursing board — that was impact. It's always going to be a mix of things. I don't think our reporting on New Orleans was solely responsible for each and every prosecution. But it certainly played a role in a number of them. (O'Donovan, 2013)

An example of that impact is Propublica's Dollars for Docs project, which is centred around a massive database that contains records of more than US\$2 billion in incentive payments made to doctors and health care institutions since 2009, as disclosed by 15 pharmaceutical companies who made the payments. Dollars for Docs for the first time revealed the extent to which pharmaceutical companies pay doctors who prescribe their drugs for speaking, travel and consulting fees. Propublica has identified 22 doctors who earned at least US\$500,000 through such payments since 2009, with one doctor being paid more than US\$1 million.

Figure 2: Dollars for Docs



Source: Propublica.org Dollars for Docs

The project involved scraping unstructured data from dozens of websites where payments were disclosed—the result of lawsuits people had brought against pharmaceutical companies over the years. Propublica gathered all of this data—which in 2011 represented pharmaceutical companies responsible for 47 percent of all prescription drug sales in the US.

Developed in 2010 as a news application, Propublica made the database searchable, so any member of the public could check to see if their own doctor had received any payments from ‘Big Pharma’.

The Dollars for Docs news app is updated as new information comes to hand and will be expanded greatly in 2014 as the Affordable Care Act requires all pharmaceutical and medical device companies to publicly report payments they make to doctors and health institutions. In December 2013, drug maker GlaxoSmithKline, which according to Propublica was responsible for US\$238.6 million in payments to doctors between 2009 and 2012, said it would stop the physician payouts (Roland, 2013).

In 2013, Propublica became involved in one of the biggest stories of the year when it partnered with *The Guardian* and *The New York Times* to reveal information from documents leaked by National Security agency contractor Edward Snowden. The leaks formed the basis of a surveillance series by Propublica that has produced several major stories including the ‘decryption investigation’ which outlines, according to Propublica, efforts by the NSA to ‘undermine the major tools protecting the privacy of everyday communications in the internet age’ (Propublica, 2013b).

The surveillance investigation embodies, perhaps more than any other Propublica project, the organisation’s mission statement, which is:

To expose abuses of power and betrayals of the public trust by government, business, and other institutions, using the moral force of investigative journalism to spur reform through the sustained spotlighting of wrongdoing. (Propublica, 2013c)

Alongside its news apps, prolific website and social media channels, Propublica has also experimented with crowd-sourcing information for its investigations. The Free the Files project requested the assistance of Propublica readers in the run-up to the 2012 Presidential election to help track down and review documents revealing spending on TV advertisements by political action committees. Such spending, primarily on political attack ads, was

‘locked in documents filed at TV stations across the country’, according to Propublica, and in many cases could only be accessed if requests were made in person at the TV station. Mobilising around 1,000 supporters, Propublica was able to obtain and categorise tens of thousands of files detailing nearly US\$1 billion in political ad buying.

With 1.3 million page views per month as of 2013 and content partners that range from NPR News and *The Los Angeles Times* to *Time Magazine* and BuzzFeed, Propublica has shaken off early concerns that its sustainability may not outlast the initial financial support of the Slanders to become one of the leading news nonprofits in the world.

Center for Health Reporting

Staff: 7

Budget: US\$1.2 million

A short drive out of downtown Los Angeles brings one to Alhambra, a town of around 80,000 people that’s notable for its diverse ethnic mix and which is home to the Center for Health Reporting. Founded in 2009 by former *Los Angeles Times* editor and Pulitzer Prize winner Michael Parks, The Center for Health Reporting’s remit, is ‘not only to spotlight problems with health care and public policy, but also to identify and explain possible solutions’ (Center for Health Reporting, 2013). Like Propublica and the Center for Public Integrity, it partners with media outlets to publish the results of its investigations, in this case local newspapers and radio stations.

But the Center for Health Reporting differs from the two other non-profits I visited in three ways: it has a narrow geographical focus—it mainly looks at health-related issues in the state of California, and is operated by a university—the USC Annenberg School of Journalism.

The center also has just one funder—the California Healthcare Foundation, a philanthropic organisation founded in 1996 that has US\$750 million in assets and supports ‘ideas and innovations that improve quality, increase efficiency, and lower the costs of care’ (California Healthcare Foundation, 2013). After an initial US\$3.2 million three-year grant, the center was in 2012 successful in securing an additional three-year US\$3.7 million grant from the California Healthcare Foundation.

The center’s team consists of veteran former-mainstream-media reporters who know the health beat inside out. In its first three years of operation, the

center undertook 68 investigations covering everything from hospital-caused infections to the health implications of poor air quality.

When visiting the center in January 2013, staff were still on a high, having had their funding renewed, and were gearing up for the introduction of the *Affordable Care Act (ACA)*, which came into force on 1 January 2014.

Dubbed Obamacare, the ACA is the biggest overhaul of healthcare delivery in 50 years and will have major implications for patient services and benefits across the US. The Centre for Health Reporting has run numerous articles in conjunction with its media partners explaining Obamacare and what Californians in particular need to know about it.

While the ACA's implementation will keep the center's small team busy, investigations into negligence, inefficiency and corruption in California's healthcare system remains its focus. The result is projects like Cavity Kids, an investigation into Sacramento County's managed dental care programme. The center's reporters found that in the 2010-2011 fiscal year, only 30 percent of children covered by this programme actually visited a dentist—well below the state average of 50 percent (Center for Health Reporting, 2013). The findings of the investigation, which were published in the *Sacramento Bee* and other newspapers, led to new legislation being introduced to help prevent future failures in state dental care programmes.

The center publishes its investigations on its own website once its media partners have carried the story. While it lacks the resources of a ProPublica, it has been innovating to improve distribution of its work. Journalists at the center produce and edit audio packages of content for use across California's network of public radio stations.

Freedom of the Press Foundation

Staff: 3

Budget: \$500,000

An investigative non-profit of a very different kind emerged in late 2012 with the arrival of the Freedom of the Press Foundation. Run by a board of trustees made up of journalists, activists and including the Hollywood actor John Cusack, the Freedom of the Press Foundation's stated aim is to 'promote and fund aggressive, public-interest journalism focused on exposing mismanagement, corruption, and law-breaking in government' (Freedom of the Press Foundation, 2013).

Figure 3: Crowd funding via online fundraising



Source: pressfreedomfoundation.org

NSA whistleblower Edward Snowden joined the foundation’s board in January 2014. The foundation does not undertake investigations itself, rather it raises money on behalf of investigative journalism projects.

Crowdfunding undertaken via online fundraising campaigns held every few months raises money for clearly articulated projects. Organisations such as WikiLeaks, The Bureau of Investigative Journalism, the Center for Public Integrity and Truthout have benefitted from the foundation’s fundraising efforts. By January 2014, the foundation had raised around \$500,000 for projects. Fundraising for an individual project usually aims to raise \$100,000.

In 2013, the foundation secured crowdfunding to install a stenographer in court at the trial of army intelligence analyst Bradley Manning after the government refused to hand over full transcripts to the media. Other investigations funded examine the US military’s use of drones and a project to develop SecureDrop, an ‘open-source whistleblower submission system’ developed by the Freedom of the Press Foundation.

Trevor Timm, the foundation’s co-founder and executive director, said the organisation benefitted from its lean structure and kept five percent of money raised to fund its own administrative costs.

I basically make the decisions or come up with the ideas and then bring it to the board and ask for feedback. If everyone likes the idea, we go

ahead with it, with the three staff members doing the logistical legwork. The board members usually help with promotion afterwards. (T. Timm, personal communication, 12 October 2013)

Beyond philanthropy

A common theme emerges among the large news non-profits visited as part of this US research project—almost exclusively they are unable to derive more than 10 percent of their funding from sources other than philanthropic foundations. The rise of online crowdfunding platforms may serve to change that in the next few years, as well as the ease with which fundraising campaigns can be run through social media networks and directly through the news organisations' own websites.

The world's largest crowdfunding website, Kickstarter, has delivered US\$38.5 million to publishing projects to date. While a minority of those publishing projects are of an investigative journalism nature, there have been some notable successes on Kickstarter for journalism. In 2012, a campaign for *Matter*, which aimed to generate long-form science journalism articles online, raised US\$140,000, well above its \$50,000 target (Kickstarter, 2013). The funding allowed *Matter* to launch its first wave of journalism projects. It has since been acquired by the online magazine *Medium* and continues to publish science features.

Commercialisation of content is an obvious area of revenue-generation for news non-profits. California Watch charges between \$75 and \$500 for articles it creates and the New England Center for Investigative Reporting charges regional newspapers and broadcast media on a sliding scale. However, the bulk of support for nonprofits from the media partners they are relying on to give exposure to their work, comes in the form of in-kind support—contributions to project costs, free labour, data journalism and/or technical expertise.

An emerging source of revenue exists in the form of e-book versions of investigations, an area both ProPublica and the Center for Public Integrity have experimented with on Amazon.com and other platforms. Elsewhere, investigative journalism training, contract research, public events and subscription/membership models have the potential to generate supplementary revenue for news non-profits. *Columbia Journalism Review's* Curtis Brainard, who has covered science, environment and medical news for the magazine since 2006, said the news non-profit space was increasingly crowded, with few viable models yet identified beyond philanthropic support from foundations:

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A lot of them live paycheck to paycheck. They don't have big budget surpluses. Propublica is and has seen remarkable success. Hopefully it will live on for many decades. But there aren't many Propublicas. (Griffin, 2013a)

A plan for a New Zealand public interest journalism start-up

In early 2013, a group of journalists, including the author, came together to develop plans for a public interest journalism organisation for New Zealand, inspired by the work of some of the organisations mentioned above. The formation of PublicEyes, a trust in the process of being registered with the New Zealand Charities Commission under its formal title, Aotearoa New Zealand Foundation for Public Interest Journalism, is intended to serve the following functions:

- Fund and foster in-depth investigative journalism to provide the New Zealand public with the information and analysis required for active engagement in our political and cultural life
- Serve as a consistent, reliable watchdog to help expose corruption and hold in check those with the power to affect our lives
- Educate the public in New Zealand about the role and function of independent journalism in an open, democratic society

PublicEyes will rely on a mix of philanthropic grants and crowdfunding to generate money to invest in public interest journalism projects. It has a governance model similar to US news nonprofits with a board of trustees responsible for strategy and fundraising, company directors to oversee a limited liability company that will contain the PublicEyes publishing activities and an editorial panel that will select and oversee editorial projects. It is anticipated that PublicEyes will, in its initial stages, have no fulltime staff, with volunteer trustees and editorial panel members undertaking the bulk of the foundation's work.

Crucial to the work of PublicEyes will be collaboration with New Zealand's universities, polytechnics and journalism schools. Not only does the PublicEyes steering committee envisage journalism students gaining experience by contributing to projects funded by the foundation, but tertiary students being eligible to apply for funding themselves. In his 2011 examination of university-based investigative journalism initiatives in the US, Australian journalism and Monash University journalism lecturer Bill Birnbauer identified models that could be employed in Australia and New Zealand.

What the university centres have in common is that they are supported by philanthropic foundations, many use research produced by students and, like other centres, they believe they are filling a gap in the ability of the mainstream media to produce quality, in-depth journalism. (Birnbauer, 2011, p. 38)

Birnbauer's research led him to develop the UniMuckraker project (Birnbauer, 2011), which aims to coordinate investigative journalism efforts across universities in Australasia. A more recent development is the founding of the New Zealand Centre for Investigative Journalism, which will act as a training and support network for those engaged in investigative journalism in New Zealand. Its founders include experienced investigative journalist Nicky Hager and Massey University journalism lecturer Dr James Hollings.

PublicEyes has so far received strong support from New Zealand's journalism training organisations, with the project officially launched at the Journalism Education Association of New Zealand (JEANZ) annual conference in November, 2013. Partnering with journalism schools is an effective way to gain infrastructural support and input from students who are training to become the next generation of investigative journalists.

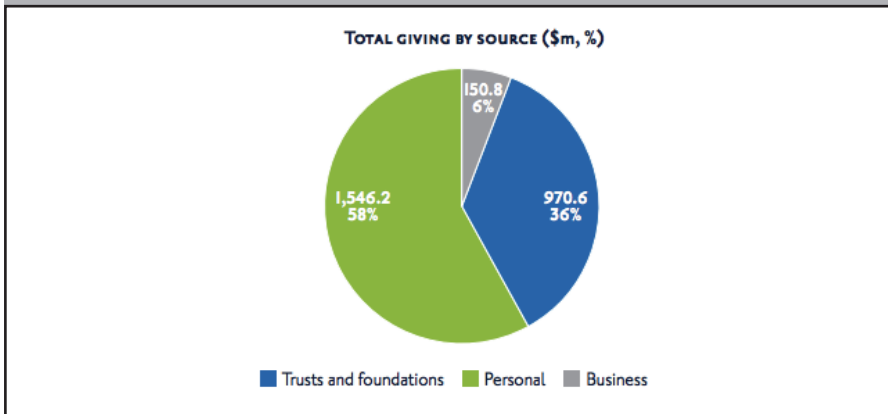
Part Kickstarter, part Propublica

The aim of the founding PublicEyes trustees is to raise \$100,000 in the organisation's first year, to fund three or four high-impact public interest journalism projects. This would involve using crowdfunding platforms to raise money for public interest journalism projects, identifying the projects in advance in much the same way as the Freedom of the Press Foundation operates. A regular call for project proposals will be undertaken, with freelancers, students and teams from universities and the mainstream media itself expected to express interest in applying for funding.

The appetite for this type of giving in New Zealand is hard to gauge. But one thing is certain—New Zealanders are generous donors. In 2011, they gave an estimated \$2.6 billion in philanthropy—everything from corporate giving to community trusts to donations dropped in collection buckets on street corners. The majority (nearly \$1.6 billion) is individual giving. Capturing just 0.01 percent of that philanthropic spend would equate to \$260,000 that could be invested in investigative and data journalism projects.

Initial discussions with philanthropists who were approached about investing seed funding in PublicEyes were very positive. PublicEyes has also

Figure 4: Not-for-profit funding sources in NZ



Source: Philanthropy New Zealand (2011)

secured an agreement with one of the country’s largest crowdfunding platforms, to use its infrastructure to raise money, free of charge. A measure of philanthropic support above and beyond what can be raised via crowdfunding will be crucial to develop the online infrastructure PublicEyes will require, as well as to fund investigations that, by nature, must be conducted in secret. In addition to existing philanthropic funds such as the Tindall Foundation and the Morgan Family Foundation, new opportunities in not-for-profit funding are emerging that could be exploited by PublicEyes and other ventures if journalistic endeavour can be aligned with the goals of these funds. The Next Foundation, a privately backed \$100 million philanthropic fund was announced in March, 2014 (‘\$100m “Next Foundation” launched’, 2014). It will focus on environmental and education projects and will begin taking funding applications in June.

Like its larger US equivalents, PublicEyes will rely on partnerships with mainstream news outlets for its investigations to find an audience and have impact. Investigations will also be published online on the PublicEyes website and made available under a Creative Commons licence.

Data journalism will be an integral component of PublicEyes’ work. This is an emerging field in New Zealand, but PublicEyes has the potential to foster development of the discipline by giving journalists and data experts opportunities to work together on investigative projects.

The elements essential to the successful launch of PublicEyes in 2014 include:

- Non-profit status—crucial to the operation of PublicEyes, ensuring that tax-deductible donations can be given to the trust and tax advantages are received by the trust.
- A strong and credible governance structure that provides robust oversight and maintains a clear separation between funding activities and the editorial aspects of the investigations being funded.
- Partnerships with established media outlets which PublicEyes can team up with to break stories that result from funded investigations.
- A user-friendly way to donate to PublicEyes investigations online accompanied with effective marketing and promotion.
- A secure and trusted mechanism for whistle blowers and concerned citizens to send story tips and documents to PublicEyes anonymously.
- Support from a handful of philanthropic backers who will enable PublicEyes to invest in the infrastructure that will ensure its ongoing success.

Conclusion

This researcher's Fulbright-Harkness Fellowship visit to US news non-profits was convincing that a mini version of either of these great organisations will be hard to achieve in a relatively tiny market like New Zealand. Instead, a leaner, less resource-intensive organisation relying on seed-funding from philanthropists and donations via crowdfunding platforms is more appropriate—and realistic. Such an organisation faces a greenfields opportunity in New Zealand, at a time when numerous issues in the public interest deserve deeper investigation than our underresourced mainstream media can provide.

With a general election to be held in September 2014, the arrival of PublicEyes is timely. From environmental issues like fracking to the impact of dairying on water quality, from the influence hundreds of lobbyists in Wellington have on government to working conditions in some of our more dangerous industries, the opportunities for delivering hard-hitting, investigative journalism projects are numerous.

For PublicEyes to succeed, it would require a great effort and commitment of time, money and energy from a large number of people. But its potential to make an impact and engage in the type of watchdog journalism that made ProPublica and the Center for Public Integrity centres of journalistic excellence, is great. The next phase of development of PublicEyes is likely to make it an important part of the new media landscape in New Zealand.

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