**IPEd Business Case**

**Discussion paper regarding options on
IPEd’s future structure, functions and funding**

**IPEd Review Working Party 2012–13**

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#  1. Summary

This discussion paper presents the business case for increasing funding to the Institute of Professional Editors (‘IPEd’) and forms the background to the national vote planned for November 2013 by the members of the societies of editors on the future of IPEd. It is part of a long process of review initiated by IPEd due to fundamental concerns about financial and other constraints resulting in the inability to fulfil its key functions.

When members were consulted and surveyed in June 2013, they identified two potential models for IPEd that the members wished to see a business case presented for. The vast majority of survey respondents indicated their support of IPEd but acknowledged that it is unable to fulfil its key functions with current funding levels. The two proposed models are

* IPEd as is with increased funding model (IFM)
* Direct membership model (DMM)

A business case has been provided for increasing the funding to IPEd, and then the two models identified in the survey are presented, both of which could achieve this increase. The models need to be considered in terms of fulfilling the key functions and in mitigating the constraints identified with the current structure and levy level.

Based on a conservative estimate of membership numbers, an indicative budget is presented in the Appendix, based on an annual levy of $150 per member for the IFM and $240 per member for the DMM.

Under both proposed models, the Accreditation scheme can be secured and developed, and IPEd (in whatever form) can focus on advocating for editors and potentially help secure the future of professional editing.

Members will be canvassed to decide whether to increase the funding to IPEd, and which model to move forward with, in a national vote planned for November 2013. Before then, societies need to widely disseminate this paper to their members and promote discussion. They are encouraged to share the separate Q and A paper with their members to ensure all are fully informed.

A separate paper, *Membership structure and possible share functions*, discusses a possible national membership structure and shared functions, especially from the point of view of the IFM but also relevant to the DMM. A vote for the IFM could offer a further vote as to whether the model is to simply increase funding to cover the current IPEd key functions or to increase it to also include a national membership structure and shared functions.

# 2. Business case for increasing funding to IPEd

As has previously been described, for example, in the report of WP2, it is felt that IPEd cannot survive in the long term due to financial and other constraints, volunteer burn out in particular.

Increasing funding to IPEd would resolve most of these constraints and ensure the survival of IPEd and the Accreditation scheme. Increased funding would mean the key functions of IPEd could be fulfilled, whichever model was chosen.

IPEd was formed over five years ago and the current structure chosen. But the expectations and needs of the members have changed and IPEd has to adapt to those changes. Increasing the funding would ensure IPEd can do what it was designed to do—advocate for the societies at a national level.

One of the main changes would be employing paid staff, for example, paying for an Executive Officer to advocate and lobby at a national level, draft a Marketing Plan and develop the brand of IPEd (or equivalent). IPEd has struggled to find and retain a Communications Committee Convenor in the past couple of years, so no promotion, advocacy or Marketing Plan has been achieved in that period.

Another area in need of development is governance. Currently the Honorary Treasurer is drafting the relevant policies but a Risk Management Plan and Strategic Plan are also needed. With increased funding, the paid Financial Officer can ensure all these governance mechanisms are in place. Paying an FO would also help to ensure the financial security of the national body.

Paid staff at the national level would also free up time for the volunteers at the local level.

Professional and ethical standards are an important aspect of our profession. A Code of Ethics needs to be developed and then promoted to editors and clients. This could be drafted by the current Council, but demand on volunteer time and no current method of promoting this beyond the members has meant it has not been done. Increased funding would ensure this important work is drafted and promoted.

A lot of time and volunteer effort has gone into the Accreditation scheme, and increased funding would ensure Accreditation has a future. As well as continuing, Accreditation could be further developed, in terms of how exams are conducted (for example, on–screen or online), and also in how AEs are regulated. Another area of direct interest to members is Professional Development. With increased funding this could be enhanced through a national system of training and the development of online resources. Networking and training would still be delivered at the state level, but with a state and national focus. With reaccreditation now starting, continued professional development is essential.

Both proposed models continue to include a state level, so there is effectively no change to the individual editor with monthly meetings, email groups, newsletters etc. But with an increased focus on professional development, an increase in spread of national information, and the promotion of editing and editors nationally, individual members become part of the national body of editors.

The two proposed models could both achieve this. However, there are significant differences between the two models. With the IFM, the current structure still remains, which means issues of direct communication and state level volunteer effort still remain. All state societies would also remain responsible for their own administration, except if shared functions are implemented. Through the DMM, there would be direct communication between members, reduced volunteer effort required at the national and state levels, centralisation of all administrative functions with the resulting cost and efficiency benefits, and the national body would become more comparable to other professional bodies, putting members on a similar professional standing.

# 3. Structure and functions

The two proposed models, the IFM and DMM, have significant differences in the structure and functions of the national body and the state societies or branches, as detailed in Table 1. In both models, the state societies are still the main focus for the individual editor, as the society or branch will still be responsible for holding regular networking meetings, organising workshops etc. State-based communication would also be maintained in the DMM, through state content in the national newsletter and website and through state-based email groups, with the advantage of national content.

IPEd was and always will be accountable to its members. In both models members will be able to access financial and other information through the Annual Report and audited financial statements.

**Table 1: Comparison of the structure and functions of the two models**

|  |  |  |  |
| --- | --- | --- | --- |
| **Feature** | **IPEd as is (fees unchanged)** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Structure | Current structure* No reorganisation required
* Ownership of state societies by members

*Issues:** Lack of ownership of IPEd by individual editors
* Could be difficult to achieve other objectives (see below)
* Reliance on volunteers continues
 | Current structure* No reorganisation required
* Allows for some paid positions
* Ownership of state societies by members

*Issues:** Societies’ capacity to pay, dependent on maintaining membership levels
* Lack of ownership of IPEd by individual editors
 | Significant change to a single national body with individuals as direct members. Societies would become state/territory/regional branches*Issues:** Cost of reorganisation
* Support of societies needed (as members of IPEd)
* Societies will be asked to windup
* Need for a well-planned transition
* Ownership of national body by members
 |
| Name (IPEd) | Remain as IPEd or change, e.g. Editors Australia | Remain as IPEd or change, e.g. Editors Australia | Remain as IPEd or change, e.g. Editors Australia |
| Name (societies) | Societies keep their names, but potential to change, e.g. Editors Australia (VIC) | Societies keep their names, but potential to change, e.g. Editors Australia (VIC) | Societies’ names disappear but regions identified in branch names, e.g. Editors Australia (Vic)  |
| Accreditation | Accreditation scheme managed by IPEd.Its future is in doubt due to resourcing issues | Accreditation scheme managed by IPEd Increased fees give sufficient resources for accreditation to be further developed and promoted | Accreditation scheme managed by IPEd Increased fees give sufficient resources for accreditation to be further developed and promoted |
| *Australian Standards for Editing Practice* (ASEP) | Currently managed by IPEdLack of resources has led to delays in revisions | Currently managed by IPEdIncreased resourcing is expected to deliver more timely revisions | Currently managed by IPEdIncreased resourcing is expected to deliver more timely revisions |

***Table 1 (continued)***

|  |  |  |  |
| --- | --- | --- | --- |
| **Feature** | **IPEd as is (fees unchanged)** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Advocacy and PR | Currently very little advocacy due to a lack of resources (financial and volunteer) at both the local/state/territory and national levelsSome local partnerships have been developed on an *ad hoc* basisNo single voice or national brand for Australian editors as each society maintains its own identityRisks continuing fracturing of editors’ image and voice, and deterioration in influence and recognition | Some national advocacy and representation of the profession (due to increased resourcing)Capacity to seek external grants and develop national partnershipsNo national brand for Australian editors as societies maintain their own identity. Potential for conflicting messages from individual societies.Risks continuing fracturing of editors’ image and voice, and deterioration in influence and recognition | Unified, national voice in all advocacy and promotion due to increased resourcing and centralised managementStrength of a national brand and image backed by national membership criteria and standardsCapacity to seek external grants and develop national partnerships |
| Professional development and networking events | All administration and event management by societies with some financial support from IPEd (currently $1000/year for training) | All administration and event management by societies with some financial support from IPEdIPEd develops and administers a national professional development strategy | IPEd develops and administers and national professional development strategy.Branches run training and local events, with administrative support (for registration/handling money) from IPEd |
| National conference | National conference management is a society responsibility, and is heavily reliant on volunteers | National conference management is a society responsibility. Reliance on volunteers continues, but with increased admin support from IPEd | IPEd manages and funds the national conference. Branches provide volunteer labour for on-the-ground activities |
| Freelance register | Managed by the societies*Issues:** Inconsistencies in listing criteria and usability
* Some people are in several registers
* Duplication of effort
* Heavy reliance on volunteer support
 | Managed by the societies*Issues:** Freelance registers are an important source of membership and finance for some societies. This could affect a society’s choice to join a national register rather than maintain its own
 | One national freelance editor register*Issues:** Reduces duplication
* Requires significant database cleaning from current status (multiple databases, formats, criteria etc.)
* Presents a national point of access to freelance members.
* Paid staff reduce reliance on volunteers
 |

***Table 1 (continued)***

|  |  |  |  |
| --- | --- | --- | --- |
| **Feature** | **IPEd as is (fees unchanged)** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Communication with members | Societies manage websites, newsletters, email lists*Issues:** Significant duplication
* Inconsistent ‘look and feel’
* Varying standard across societies
* Heavy reliance on volunteer support
* Little direct communication and engagement by the members with IPEd
 | Societies manage websites, newsletters, email lists *Issues~~:~~** Significant duplication
* Inconsistent ‘look and feel’
* Varying standard across societies
* Heavy reliance on volunteer support
* Little direct communication and engagement by the members with IPEd, but potentially stronger ability to provide direct communication with members
 | IPEd manages national communications in the context of a communications strategy. This includes a national website and magazine/newsletter, and email list*Issues:** Reduced duplication (and costs) due to centralised services provision
* Single ‘look and feel’ for all communications
* Paid staff reduce reliance on volunteers
* Direct communication and engagement by the members with the national body
 |
| Administration of the organisation | Societies and IPEd each bear the costs (time and money) of their own administration*Issues:** Significant duplication (e.g. auditing, annual reporting and insurance)
* Current heavy reliance on volunteers in each society and IPEd continues
 | Societies and IPEd each bear the costs (time and money) of their own administration*Issues:** Significant duplication (e.g. membership and event administration, accounting, banking, auditing, annual reporting and insurance)
* Current heavy reliance on volunteers in each society continues
* Paid staff reduce reliance on volunteers to administer national projects (e.g. ASEP, the national conference)
 | IPEd responsible for administration. Consolidated accounting and financial management, including banking, supplier payments, state committee expenses. Paid staff free national board to focus on strategy and high-level representation of editors*Issues:** Reduced duplication and improved economies of scale
* Paid staff enable IPEd to offer professional-standard support services to members
* Paid staff reduce reliance on volunteers
* Better resources and services at lower overall cost through sharing
* Requirements on branches need to be defined (such as event bookings, news lists) and requirements for volunteers for branch administration
* Recruitment
 |

# 4. IPEd key functions

Six key functions of IPEd have been previously identified and detailed in the WP2 report. Table 2 compares how the key functions are fulfilled in the current situation and under the proposed models.

**Table 2: The two proposed models compared to the present situation in respect to the key functions of IPEd**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key functions**  | **IPEd as is with no change** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Maintain a viable national accreditation scheme | Yes, but danger of losing perceived value through lack of promotion and resources | Yes | Yes, with active promotion through strong advocacy resources |
| Maintain ASEP | Yes, but will require extra society contributions | Yes | Yes |
| Promote accreditation and ASEP to editors and industry | Very limited | Yes | Yes, with unified national brand and voice, and strong advocacy resources |
| Promote editing nationally | No | Yes, but no consistent brand or image, without cooperation of societies for national membership structure | Yes, with unified national brand and voice, and strong advocacy resources |
| Advance quality, skills and expertise of members of editing profession | Very limited | Yes, via training support to societies and shared resources if included in shared functions | Yes, full budgetary support of branch programs |
| Ensure response to national issues of relevance  | Very limited | Yes, but with limited voice and authority, unless sufficient funding given to promotion and advocacy | Yes, with unified national brand and voice, and strong advocacy resources |

IPEd as is fulfils few of the key functions, whereas the IFM fulfils most, with some limitations, and the DMM fulfils all of the key functions.

# 5. Mitigation of current constraints

Various constraints relating to the current structure and levy level of IPEd have been identified during the review process. Mitigating these constraints is an important consideration in the two proposed models, as detailed in Table 3.

**Table 3: Mitigation of current constraints by the two proposed models**

|  |  |  |
| --- | --- | --- |
| **Mitigation of current constraints**  | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Ability to fulfil key functions, especially promotion | Yes (see Table 2) | Yes (see Table 2) |
| Reduction in demands on volunteer time and burnout | Reduced, but still some reliance nationallySimilar time required in the societies, unless agreement on some voluntary shared functions or paid positions to provide services | Reduced, but still some reliance at the national and branch level |
| Ability to remain financially viable | Yes, but with continuing duplication and inefficiencies in societies | Yes |
| Direct communication and engagement between IPEd and members | No, communication from IPEd has to go through the state society committees, or via IPEd notes and forums | Yes, leading to increasing engagement between members and the national body |
| Equitable advancement of the quality, skills and expertise of members of the editing profession via nationally coordinated professional development programs | To the extent that societies are willing to cooperate actively; not assured | Yes |
| Ability to advocate at the national level, including:* Ability to respond to issues of national relevance
* Establishment of national identity and branding
* Promotion of accreditation and ASEP to editors and industry
* National promotion of editing as a profession
 | Yes, but not backed by a unified brand, image or ‘quality’. | Yes |

Through the DMM, members are in direct communication with the national body and so members would have a greater feeling of ownership and responsibility. Volunteer burnout would be further reduced through the DMM as more administration, such as membership, accounting and finance etc., is taken on by the national body. This could be achieved to some level in the IFM through societies working towards and agreeing to the formation of shared functions (see section 8).

The final difference is that through the DMM a national brand would be able to give editors a strong voice and professional image on a par with other professions in Australia and internationally.

# 6. Transitional process

The transition process for the two proposed models is detailed in Table 4.

**Table 4: Details of the transitional processes of the two models**

|  |  |  |
| --- | --- | --- |
| **Feature** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Timing | An increased levy in the next financial year (from 1 July 2014)Increased levy comes into force depending on societies’ renewal period | An increased interim levy in the next financial year, to pay for processes and costs of transition and provide some funding to begin the national body, from 1 July 2014The increased levy would be charged based on member numbers as at 31 May 2014 following current practiceThe DMM would begin between January and July 2015, with a new membership fee |
| Staff | IPEd Council (the company directors) recruit an executive officer who arranges staffing of other roles as required | The company directors recruit an executive officer who arranges staffing of other roles as required |
| Functions | No change to IPEd or society functions.(Except if include shared functions, which are discussed as a separate issue to the IFM in section 8.) | Revise IPEd’s constitution to support a national, direct membership body with branches, and register a change in name, if so decidedSet up the new websiteSet up membership system, for transferred membersTransfer the membership of each society to the new national bodyTransfer from each society to the national body all except minimal funds required for closing society liabilities—funds to be held in individual trust accounts (see detail below)Appoint the initial directors of the new bodyAmend the national body’s bank account details, and hold society funds for their useCancel the registration of, or wind-up, each societyLaunch the new national body |

Under the direct membership model, IPEd proposes to increase the levy in 2014–15 to $70 as an interim measure in order to help with the transition costs and also give IPEd the means to hire an EO, pay for consultants etc. However, there will still be a heavy reliance on volunteers.

It is important to keep the transition phase, between the vote by the society members on IPEd’s future and the start of the routine operation of the new national body, if voted for, as short as possible. Separate documents will be developed and published by the IPEd review working party to provide detailed definition and plans for the transition tasks, for both IPEd and the societies.

On the winding up of the societies, any surpluses would be held in trust-type accounts by the national body. Branches will retain control over the use of these surpluses. For governance purposes the branches would not hold bank accounts. Branch committees would approve all branch expenses and purchases and the approved invoices and expense claims would be sent to the national office for processing and payment.

# 7. Summary budgets

The budget figures provided here are indicative and summarised to facilitate comparison between the two proposed models. The IFM budget does not include shared functions; these are detailed in section 8. The IFM is based on the assumption that IPEd does not exist to do the administration of the societies but to advocate nationally for the societies.

The summary budgets detailed in Table 5 show an example membership levy and fee that would be needed for a level of expenditure that would be required to run a national professional body, able to advocate for editors on a national level and fulfil the key functions identified by members.

**Table 5: Summary budgets with $150 levy and $240 fee**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **IPEd as is ($25 levy)** |  | **IPEd as is with increased funding (IFM) ($150 levy)** |  | **Direct membership (DMM)****($240 fee)** |
|  | **2013-14** |  | **2014-15** | **2015-16** |  | **2014-15** | **2015-16** |
| **Income** |  |  |  |  |  |  |  |
| Society levies | 40,000 |  | 195,000 | 195,000 |  | 98,000 | 0 |
| Direct membership fees | 0 |  | 0 | 0 |  | 0 | 312,000 |
| New member joining fees | 0 |  | 0 | 0 |  | 0 | 1,250 |
| Freelance register | 0 |  | 0 | 0 |  | 0 | 30,000 |
| Accreditation exam | 35,000 |  | 0 | 4,5000 |  | 0 | 45,000 |
| Accreditation renewal | 12,000 |  | 6,000 | 7,500 |  | 6,000 | 7,500 |
| Interest | 2,000 |  | 2,000 | 2,000 |  | 2,000 | 2,000 |
| Advertising | 0 |  | 500 | 3,000 |  | 500 | 3,000 |
| **Total income** | 89,000 |  | 203,500 | 252,500 |  | 106,500 | 400,750 |
|  |  |  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |  |  |
| Accreditation | 47,000 |  | 6,000 | 61,500 |  | 6,000 | 61,500 |
| Committee/board | 2,300 |  | 20,300 | 20,300 |  | 5,000 | 20,300 |
| Advocacy & PR | 3,750 |  | 74,000 | 74,000 |  | 11,500 | 74,000 |
| Branches | 4,000 |  | 14,000 | 14,000 |  | 9,000 | 62,500 |
| General & finance | 21,950 |  | 50,300 | 51,586 |  | 28,342 | 87,106 |
| Membership | 0 |  | 0 | 0 |  | 0 | 35,500 |
| Communication | 1,000 |  | 9,000 | 7,800 |  | 3,000 | 21,800 |
| ASEP & other projects | 0 |  | 5,000 | 15,000 |  | 1,000 | 15,000 |
| Set up | 7,500 |  | 0 | 0 |  | 25,000 | 0 |
| **Total expenses** | 87,500 |  | 179,520 | 245,106 |  | 88,842 | 377,606 |
|  |  |  |  |  |  |  |  |
| **Surplus/deficit** | **1,500** |  | **23,980** | **7,394** |  | **17,658** | **23,044** |

Under the IFM, the individual societies would decide on their own membership structure and fees to incorporate the IPEd levy, so the individual member would pay $150 plus whatever the society charges. More detail on the budgets can be found in Appendix 5. The budget for the year 2013–14 is as already agreed by Council and presented at the AGM.

Accreditation

The accreditation exam is assumed to break even. In future exams, it is assumed that the additional cost of providing on-screen exams, estimated to be up to $14,000, would be covered by an increase in the exam fee to be paid by the candidate. Reaccreditation is also assumed to break even. The reaccreditation fee covers the assessors’ costs and admin.

Branch costs

In the DMM, branch costs have been estimated using financial information provided by the state societies. Although in the budget we have assumed a certain amount of expenses per branch, as there is such as disparity in size between the state societies, in reality the branches would have to submit budgets annually to the national body for funding committees and local activity programs.

Staffing

Under both models it is proposed that the national body seeks to employ an executive officer with business experience and proven ability in advocacy, representation and relationship building. While leading the national staff and working very closely with the board, the executive officer’s main focus will be to advocate and represent the interests of the profession to key stakeholder groups, such as government, academic organisations and the private sector.

The national office would continue to operate on a virtual basis, i.e. without a physical office. The ideal roles and full-time equivalent (FTE) for the two models are detailed in Table 6. In the summary budget, these costs have been apportioned by function.

**Table 6: Details of officers and required remuneration**

|  |  |  |
| --- | --- | --- |
| **Officer** | **IPEd as is with increased funding (IFM)** | **Direct membership (DMM)** |
| Executive officer | $100,000 @ 0.6 FTE | $100,000 @ 0.6 FTE |
| Finance officer | $75,000 @ 0.3 FTE | $75,000 @ 0.6 FTE |
| Membership/communication officer | CO only: $60,000 @ 0.1 FTE | $60,000 @ 0.8 FTE |

There would also be a national board in both models, comprising one director nominated by each society/branch, as there is currently. It is proposed that under the DMM, each director would have one vote.

# 8. Shared functions

To many members, developing shared functions is as important, if not more important, an issue than a potential change in the legal structure and there are compelling reasons to consider these seriously no matter what the outcome of the structure issue is.

Shared functions are not dependent on the membership levy apportioned to IPEd. Shared functions involve societies agreeing to centralise a particular function, to be managed by the societies or by IPEd on their behalf. This would therefore reduce the volunteer burden on the societies. Shared functions could include a national newsletter and website, mentoring scheme, freelance register and potentially membership administration.

However, there are significant costs to these services. Indicative costs are detailed in Appendix 4. These could either be funded through an additional blanket levy per member, or on a user basis, for example, members paying for mentoring services, or for being on the freelance register.

The most significant function in terms of cost and centralisation is the shared membership administration system. If hosted and operated by IPEd, this could potentially cost members an additional $65 in membership levy to IPEd.

Shared functions have the potential to work well with the current structure. However the centralisation of membership administration would mean a high cost for members, and without the efficiencies that would be generated if managed through the DMM.

For more information see the accompanying paper *Membership structure and possible shared functions*.

# 9. Appendices

1. Links

Please see links to the following websites and papers, which give detailed background to this paper.

**IPEd website**

http://iped-editors.org/

**IPEd review: A way forward**

<http://iped-editors.org/View_News/IPEd_> Review1.aspx

**Other papers**

2009 IPEd survey of members

A National Identity

2011 IPEd Editors survey report (long report)

AB conference presentation or other papers
Discussion paper: *Membership structure and possible shared functions*
Q and A to accompany this business case

2. Further detail on membership

Suggested membership levy/fee structure

For the IFM, a levy of $150 could be introduced in 2014–15. The levy amount would be reviewed every two years.

For the DMM, an interim levy of $70 could be introduced in 2014–15, and then direct membership fees of $240 (an average) introduced in 2015–16. An average fee level has been assumed for budgeting purposes and for simplicity, but an indication of membership structure and fees is detailed in Table 8.

**Table 8: Example membership structure and fees**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Full** | **Full distance** | **Associate** | **Associate distance** | **Student** | **Life** | **Corporate** | **Total** | **Average fee** |
| **Currently** | 950 | 72 | 623 | 50 | 32 | 46 | 6 | 1,779 |  |
|  |  |
| **Without distance category** |  |
| Attrition | 75% |  | 70% |  | 50% | 100% | 100% | Total |  |
| Nationally | 767 |  | 471 |  | 16 | 46 | 6 | 1,306 |  |
| DMM fee | 275 |  | 220 |  | 110 | 0 | 500 |  | $244 |
|  |  |  |  |  |  |  |  |  |  |
| **With distance category** |  |
| Attrition | 75% |  | 70% |  | 50% | 100% | 100% | Total |  |
| Nationally | 652 | 115 | 400 | 71 | 16 | 46 | 6 | 1,306 |  |
| DMM fee | 290 | 193 | 232 | 155 | 116 | 0 | 500 |  | $245 |

Notes: Current national membership levels as at 31 May 2013

Only 2 states currently have distance membership category

Member numbers assumed in budgets of 1300 (approx. 75% of national total)

DMM fees, associate = 0.8 of full, distance = 2/3 of full or associate

15% of full or associate members take up distance membership category

The exact criteria and fee structure would need to be determined following consultation with members. Under the DMM, a Membership committee would be a standing committee of the board and be responsible for developing relevant policies, membership applications and fee levels.

One membership levy is charged for all members in the IFM regardless of the category of member as a blanket levy is the only possible way to implement this because of the varying membership structure and fees among the societies. It would then be up to the individual societies to decide what sort of membership categories they have and the fees they charge. See the accompanying membership paper for discussion on potential tiers of levy.

Member numbers/attrition

To be conservative, the working party has assumed a reduction of 25% of the membership on average. However, it is hoped that member numbers do not fall and that the new model will attract new members. At 31 May 2013 there were 1779 members, so we have assumed member numbers of 1300 for both the IFM and DMM budgets.

The actual member numbers would significantly affect the level of income. A membership number of 1300 has been assumed for budgeting purposes, but if the membership levels change then the surplus or deficit would be affected as shown in Table 9.

**Table 9: Sensitivity of surplus/deficit to membership numbers**

|  |  |  |  |
| --- | --- | --- | --- |
| **Membership number** | **1200** | **1300** | **1400** |
| **$150 levy** | -$7,606 | $7,394 | $22,394 |
| **$240 fee** | -$956 | $23,044 | $47,044 |

3. Taxation and GST

The tax implications of the two models have not yet been examined. Tax advice will be sought at the appropriate time once the outcome of the vote is known.

The budgets have been drafted inclusive of GST. Under both models IPEd would need to become registered for GST. Any advice needed on this matter will be sought at the appropriate time.

4. Estimated cost of selected shared functions

|  |  |  |
| --- | --- | --- |
| **Without the membership admin** | **Item** | **Estimated annual cost ($)** |
| Freelance register | Filemaker database | CO time | 3,000  | 6,000 |
| Newsletter | Editor | CO time | 5,000 | 6,000 |
| Website | Webminder | CO time | 3,000 | 6,000 |
| Mentoring | Organiser and mentor honoraria | 10,000 |
| Potential total cost | 39,000 |
| **Potential cost per member (assuming 1300 members)** | **$30** |
|  |  |
| **With membership admin** | **Item** | **Estimated cost ($)** |
| Membership system set up costs | Website & membership system setup | 7,500 |
|  | Membership & events setup & training | 5,000 |
| Membership system (includes freelance register) | Membership, events & mail system | 5,500 |
|  | Payment gateway fees | 4,500 |
|  | MO time | 30,000 |
|  | FO time | 15,000 |
| Other shared functions (as above) | 30,000 |
| Potential total cost | 97,500 |
| **Potential cost per member (assuming 1300 members)** | **$65 annually plus $10 for one-off set up costs** |

5. Detailed budgets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **IPEd as is with increased funding (IFM)** |  | **Direct Membership (DMM)** | **Assumptions** |
|  | **2013–14** |  | **2014–15** | **2015–16** |  | **2014–15** | **2015–16** |  |
| **Income** | Society levies | 40,000 |  | 195,000 | 195,000 |  | 98,000 | 0 | IFM: membership decrease to 1300 (75%) of current membership with levy of $150 per memberDMM: membership decrease to 1400 of current membership with levy of $70 per member |
|  | Direct membership fees | 0 |  | 0 | 0 |  | 0 | 312,000 | DMM: membership decrease to 1300 of current membership with direct membership fee of $240 (on average) per member |
|  | New member joining fees | 0 |  | 0 | 0 |  | 0 | 1,250 | 50 new members @ $25 |
|  | Freelance register | 0 |  | 0 | 0 |  | 0 | 30,000 | 400 members @ $75 |
|  | Accreditation exam | 35,000 |  | 0 | 45,000 |  | 0 | 45,000 | Increase in fees to cover costs of on-screen exam |
|  | Accreditation renewal | 12,000 |  | 6,000 | 7,500 |  | 6,000 | 7,500 | Take up rate of 75% of number of relevant AEs |
|  | Interest | 2,000 |  | 2,000 | 2,000 |  | 2,000 | 2,000 | Steady interest rates, $50k @ 4% |
|  | Advertising | 0 |  | 500 | 3,000 |  | 500 | 3,000 | In newsletter and on website |
| **Total income** |  | **89,000** |  | **203,500** | **252,500** |  | **106,500** | **400,750** |  |
| **Expenses** |  |  |  |  |  |  |  |  |  |
| **Accreditation** | Honoraria | 0 |  | 0 | 4,000 |  | 0 | 4,000 | Additional honorarium to AB not covered by candidate fees |
|  | Exam delivery | 35,000 |  | 0 | 45,000 |  | 0 | 45,000 | Break even exam costs |
|  | Accreditation renewal | 12,000 |  | 6,000 | 7,500 |  | 6,000 | 7,500 | Admin and assessor costs |
|  | Promotion | 0 |  | 0 | 5,000 |  | 0 | 5,000 | Targeted PR as part of the marketing strategy |
|  |  | **47,000** |  | **6,000** | **61,500** |  | **6,000** | **61,500** |  |
| **Committee/Board** | Meetings | 300 |  | 1,200 | 1,200 |  | 1,000 | 1,200 | $100 x 12 months teleconference costs |
|  | Supplies & allowances | 0 |  | 2,100 | 2,100 |  | 0 | 2,100 | $300 per board member |
|  | Honoraria | 2,000 |  | 5,000 | 5,000 |  | 2,000 | 5,000 | Discretionary payments to particular board members |
|  | AGM/conference | 0 |  | 7,000 | 7,000 |  | 0 | 7,000 | $1000 x 7 board members for travel and accommodation |
|  | Consultants | 0 |  | 5,000 | 5,000 |  | 2,000 | 5,000 | For governance etc. |
|  |  | **2,300** |  | **20,300** | **20,300** |  | **5,000** | **20,300** |  |

5. Detailed budgets (continued)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **IPEd as is with increased funding (IFM)** |  | **Direct Membership (DMM)** | **Assumptions** |
|  |  | **2013–14** |  | **2014–15** | **2015–16** |  | **2014–15** | **2015–16** |  |
| **Advocacy & PR** | Executive officer | 0 |  | 50,000 | 50,000 |  | 0 | 50,000 | EO: $100,000 @ 0.5FTE |
|  | Travel/Allowances | 0 |  | 8,500 | 8,500 |  | 0 | 8,500 | For mobile phone, travel etc. |
|  | Advertising/mail-outs | 3,500 |  | 10,000 | 10,000 |  | 5,000 | 10,000 | Targeted PR as part of the marketing strategy |
|  | Patron expenses | 0 |  | 5,000 | 5,000 |  | 5,000 | 5,000 | For conference and event travel and accommodation costs |
|  | Awards & prizes | 250 |  | 500 | 500 |  | 500 | 500 | Part of the marketing strategy |
|  |  | **3,750** |  | **74,000** | **74,000** |  | **11,500** | **74,000** |  |
| **Branches** | Meetings/teleconferences | 0 |  | 0 | 0 |  | 0 | 21,000 | IFM: no branch costs. DMM:$250 per month per society |
|  | Supplies & allowances | 0 |  | 0 | 0 |  | 0 | 10,500 | IFM: no branch costs. DMM: $1000 allowance per society, plus $500 per society for PPS/Christmas dinners etc. |
|  | Honoraria | 0 |  | 0 | 0 |  | 0 | 7,000 | IFM: no branch costs. DMM: $1000 per society |
|  | Training support | 4,000 |  | 14,000 | 14,000 |  | 4,000 | 14,000 | Up to $2000 per society per year |
|  | Mentoring | 0 |  | 0 | 0 |  | 5,000 | 10,000 | DMM: To pay mentors and organisers |
|  |  | **4,000** |  | **14,000** | **14,000** |  | **9,000** | **62,500** |  |
| **General & Finance** | General admin | 16,000 |  | 17,500 | 17,500 |  | 20,000 | 23,500 | EO: $100,000 @ 0.1FTE + FO: $75,000 @ 0.1FTE + M/CO: $60,000 @ 0.1FTE |
|  | Financial Officer | 400 |  | 15,000 | 15,000 |  | 500 | 37,500 | FO: $75,000: IFM: @ 0.2FTE. DMM: @ 0.5FTE (includes bookkeeping) |
|  | Audit | 1,600 |  | 2,000 | 2,000 |  | 1,600 | 2,000 | Based on current fees |
|  | Insurance | 3,000 |  | 3,000 | 3,000 |  | 3,000 | 3,000 | Based on current fees |
|  | Credit card fees/payment systems | 0 |  | 0 | 0 |  | 0 | 4,500 | DMM: Bank merchant fees and payment gateway fees |
|  | Staff internet and VOIP | 0 |  | 3,000 | 3,000 |  | 0 | 3,000 | For the 3 officers |
|  | Staff travel | 0 |  | 4,500 | 4,500 |  | 0 | 4,500 | $1500 each for the 3 officers |
|  | Supplies & services | 950 |  | 1,700 | 1,700 |  | 1,500 | 1,700 | PPS, memberships etc. |
|  |  | **21,950** |  | **46,700** | **46,700** |  | **26,600** | **79,700** |  |
| **Membership & events management** | Membership officer | 0 |  | 0 | 0 |  | 0 | 10,000 | IFM: not required. DMM: MO: $60,000 @ 0.5FTE |
| Membership system | 0 |  | 0 | 0 |  | 0 | 5,500 | IFM: not required. DMM: annual fee |
|  | **0** |  | **0** | **0** |  | **0** | **35,500** |  |

5. Detailed budgets (continued)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **IPEd as is with increased funding (IFM)** |  | **Direct Membership (DMM)** | **Assumptions** |
|  |  | **2013–14** |  | **2014–15** | **2015–16** |  | **2014–15** | **2015–16** |  |
| **Communication** | Website hosting/tech support | 1,000 |  | 3,000 | 1,800 |  | 3,000 | 1,800 | $150 per month |
|  | Communication Officer | 0 |  | 6,000 | 6,000 |  | 0 | 12,000 | CO: $60,000: IFM: @ 0.1FTE. DMM: @ 0.2FTE |
|  | Newsletter editor | 0 |  | 0 | 0 |  | 0 | 5,000 | IFM: assume no shared functions. DMM: contractor fees for newsletter editor |
|  | Webminder | 0 |  | 1,000 | 1,000 |  | 0 | 3,000 | IFM: assume no shared functions. DMM: contractor fees for national website webminder |
|  |  | **1,000** |  | **10,000** | **8,800** |  | **3,000** | **21,800** |  |
| **ASEP revision & other projects** | ASEP revision | 0 |  | 0 | 10,000 |  | 0 | 10,000 | Revision as necessary or development of competency standards etc. |
|  | Other projects | 0 |  | 5,000 | 5,000 |  | 1,000 | 5,000 | Honorarium, other costs |
|  |  | **0** |  | **5,000** | **15,000** |  | **1,000** | **15,000** |  |
| **Set up** | Website and membership system | 0 |  | 0 | 0 |  | 7,500 | 0 | IFM: not required. DMM: based on quotes to EdVic |
|  | Membership & events set up & training | 0 |  | 0 | 0 |  | 5,000 | 0 | As above |
|  | Regulatory | 0 |  | 0 | 0 |  | 500 | 0 | IFM: not required. DMM: name changes etc |
|  | Other reorganisation costs | 7,500 |  | 0 | 0 |  | 12,000 | 0 | IFM: not required. DMM: total $25k allowed for potential costs, e.g. hiring EO before year end |
|  |  | **7,500** |  | **0** | **0** |  | **25,000** | **0** |  |
| **Total expenses** |  | **87,500** |  | **176,000** | **240,300** |  | **87,100** | **370,300** |  |
| **Contingency** |  | 0 |  | 3,520 | 4,806 |  | 1,742 | 7,406 | Assumed contingency of 2% of total expenses |
|  |  |  |  |  |  |  |  |  |  |
| **Net surplus/deficit** |  | **1,500** |  | **23,980** | **7,394** |  | **17,658** | **23,044** |  |

Capital expenses have not been identified here. Potentially the surpluses could be used to purchase laptops/software etc. for the staff and/or board members. Otherwise any surpluses could be put towards maintaining and improving the services provided by IPEd.