

IPEd Business Case

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

IPEd Review Working Party 2012–13

The IPEd review working party 3 (WP3) was formed on 21 April 2013 and comprises:

Rosemary Noble (WP3 Chair, Vic)
Owen Kavanagh (IPEd Council Chair, NSW)
Josephine Smith (IPEd Honorary Treasurer, WA)
Charles Houen (IPEd Company Secretary, Vic)
Robin Bennett (IPEd Councillor, Qld)
Kerry Davies (Qld)
Cathy Nicoll (CSE)
Susan Rintoul (IPEd Councillor, SA)

Table of contents

1. Summary	2
2. Business case for increasing funding to IPEd	3
3. Structure and functions	4
4. IPEd key functions	7
5. Mitigation of current constraints	8
6. Transitional Process	9
7. Summary budgets	10
8. Shared functions	11
9. Appendices	12

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.

Another 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/or some or all 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 burnout 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 members have identified additional needs and increased demand for IPEd to fulfil all of its key functions, and IPEd has to respond to those demands. 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 a financial officer would also help to ensure the financial security of a 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, onscreen 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 continued 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 remains, which means issues of direct communication and state level volunteer effort also 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	<p>Current structure</p> <ul style="list-style-type: none"> No reorganisation required Ownership of state societies by members <p><i>Issues:</i></p> <ul style="list-style-type: none"> Lack of ownership of IPEd by individual editors Could be difficult to achieve other objectives (see below) Reliance on volunteers continues 	<p>Current structure</p> <ul style="list-style-type: none"> No reorganisation required Allows for some paid positions Ownership of state societies by members <p><i>Issues:</i></p> <ul style="list-style-type: none"> Societies' capacity to pay, dependent on maintaining membership levels Lack of ownership of IPEd by individual editors 	<p>Significant change to a single national body with individuals as direct members. Societies would become state/territory/regional branches</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> Cost of reorganisation Support of societies needed (as members of IPEd) Societies will be asked to wind up 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	<p>Accreditation scheme managed by IPEd.</p> <p>Its future is in doubt due to resourcing issues</p>	<p>Accreditation scheme managed by IPEd</p> <p>Increased fees give sufficient resources for accreditation to be further developed and promoted</p>	<p>Accreditation scheme managed by IPEd</p> <p>Increased fees give sufficient resources for accreditation to be further developed and promoted</p>
<i>Australian Standards for Editing Practice (ASEP)</i>	<p>Currently managed by IPEd</p> <p>Lack of resources has led to delays in revisions</p>	<p>Currently managed by IPEd</p> <p>Increased resourcing is expected to deliver more timely revisions</p>	<p>Currently managed by IPEd</p> <p>Increased resourcing is expected to deliver more timely revisions</p>

Table 1 (continued)

Feature	IPEd as is (fees unchanged)	IPEd as is with increased funding (IFM)	Direct membership (DMM)
Advocacy and PR	<p>Currently very little advocacy due to a lack of resources (financial and volunteer) at both the local/state/territory and national levels</p> <p>Some local partnerships have been developed on an ad hoc basis</p> <p>No single voice or national brand for Australian editors as each society maintains its own identity</p> <p>Risks continuing fracturing of editors' image and voice, and deterioration in influence and recognition</p>	<p>Some national advocacy and representation of the profession (due to increased resourcing)</p> <p>Capacity to seek external grants and develop national partnerships</p> <p>No national brand for Australian editors as societies maintain their own identity.</p> <p>Potential for conflicting messages from individual societies.</p> <p>Risks continuing fracturing of editors' image and voice, and deterioration in influence and recognition</p>	<p>Unified, national voice in all advocacy and promotion due to increased resourcing and centralised management</p> <p>Strength of a national brand and image backed by national membership criteria and standards</p> <p>Capacity to seek external grants and develop national partnerships</p>
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 IPEd IPEd 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	<p>Managed by the societies</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> Inconsistencies in listing criteria and usability Some people are in several registers Duplication of effort Heavy reliance on volunteer support 	<p>Managed by the societies</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> 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, as a shared function, rather than maintain its own 	<p>One national freelance editor register</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> 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	<p>Societies manage websites, newsletters, email lists</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • 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 	<p>Societies manage websites, newsletters, email lists</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • 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 	<p>IPEd manages national communications in the context of a communications strategy. This includes a national website and magazine/newsletter, and email list</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • 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	<p>Societies and IPEd each bear the costs (time and money) of their own administration</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • Significant duplication (e.g. auditing, annual reporting and insurance) • Current heavy reliance on volunteers in each society and IPEd continues 	<p>Societies and IPEd each bear the costs (time and money) of their own administration</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • 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) 	<p>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</p> <p><i>Issues:</i></p> <ul style="list-style-type: none"> • 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 nationally Similar 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: <ul style="list-style-type: none"> • 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 2014 The increased levy would be charged based on member numbers as at 31 May 2014 following current practice The 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 including 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 decided Set up the new website Set up membership system, for transferred members Transfer the membership of each society to the new national body Transfer 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 body Amend the national body's bank account details, and hold society funds for their use Cancel the registration of, or wind up, each society Launch the new national body

Under the DMM, 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 executive officer, pay for consultants etc. However, there will still be a heavy reliance on volunteers.

If the DMM is voted for, it would be 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 as short as possible. Separate documents would 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 would 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 onscreen 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 would 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 necessarily 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.

Shared functions have the potential to work well with the current structure. However, there are significant costs to these services. Indicative costs are detailed in Appendix 4. Shared functions, without national membership administration have been costed at \$30 per member. 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 \$35 in membership levy to IPEd, so a total of \$65 per member for all shared functions in addition to the proposed increased levy, and perhaps with less efficiency than under 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 web site

<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 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

			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 member DMM: 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 onscreen 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, a code of ethics 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.