



To advance the
profession of editing

Dear IPed Councillors,

RE: Report to IPed Council from IPed Review Phase Two Working Party

At its meeting on 13 January 2013, IPed Council established the IPed Review Phase Two Working Party to elaborate on the initial work completed by the Phase One Working Party.

The Phase Two Working Party was asked to report to Council by 28 February 2013.

The Phase Two Working Party undertook its work through Working Party members providing feedback on four drafts circulated on 2, 9, 16 and 24 February.

As non-voting chair of the Working Party, I present the final report of the Working Party for IPed's consideration.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R. Sheehan'.

Rob Sheehan
Non-voting Chair, IPed Review Phase Two Working Party

27 February 2013

IPEd Review Phase Two Working Party

Report to IPEd Council

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Report Summary

In this report, IPEd Council seeks the agreement of all state and territory societies to fundamentally restructure IPEd's operation by determining the best organisational model for advancing the interests of editors and the editing profession in Australia.

After consultation with the societies in 2013, IPEd proposes in November to invite all society members (1600 approximately) to vote directly by referendum to choose between two models:

- Model 1 – a Restructured IPEd Model limiting itself to accreditation and ASEP only, with the per capita levy remaining at \$25pa. This model makes it possible for IPEd to deliver to some extent on key functions 1–3 below (see section 8 for further details)
- Model 2 – a Direct Membership Model where all members become members of IPEd (which may remain IPEd or be called another name such as Editing Australia) and societies become branches, with full membership fees paid nationally and branches reimbursed for activities. This model increases capacity to deliver to some extent on key functions 1–6 below (see section 9 for further details).

For both models, volunteer input will continue to be essential.

This proposal is the result of a review begun in August 2012 as a result of serious concerns about lack of finance and volunteer burnout within IPEd. A small Phase One Working Party surveyed the societies and identified the belief that IPEd had an important national role, but needed to change in order to fulfil this role. The survey identified four possible models, of which it considered only the two above as viable. A larger Phase Two Working Party, drawing members from as many of the states and territories as possible, reviewed its report. It confirms that only two models are considered viable.

This Phase Two Working Party report lists six key functions of IPEd:

1. to maintain a viable national accreditation scheme
2. to maintain the Australian Standards of Editing Practice (ASEP)
3. to promote the national accreditation scheme and ASEP to editors and industry
4. to promote the editing profession nationally
5. to advance the quality, skills and expertise of members of the editing profession
6. to ensure that national issues of relevance to the editing profession are responded to.

IPEd as it now stands lacks the current and future capacity to meet all six functions.

The Phase Two Working Party has begun to consider how the two proposed models can meet these functions. It confirms the view of the Phase One Working Party that a referendum of all members, voting directly, is the way forward for the future of IPEd, so that members can decide how these key functions are met.

IPEd Council invites the societies to provide feedback on this report throughout 2013 including at the national conference in April when IPEd will devote its session to wide discussion. A Phase Three Working Party will then be set up to consider the feedback and structural and legal matters in relation to both models, before the referendum.

IPEd relies on the state and territory societies input to guide it through the necessary process of change to a revitalised organisation that is well placed to advance the editing profession.

List of Working Party Recommendations

Recommendation 1

That IPED Council seek the agreement of all state and territory societies to conduct a referendum among all members of all societies which provides them an opportunity to determine the best organisational model for advancing the interests of editors and the editing profession.

Recommendation 2

That after the 2013 national conference, IPED Council proceed with its plans to establish a working party to:

- determine the mechanisms for conducting a national referendum of members of state and territory societies
- frame the referendum question
- write a document for eligible referendum votes that fairly represents the arguments for and against the question posed.

Recommendation 3

That IPED Council seek feedback from societies and their members about whether the list of six key functions appropriately covers the main tasks that a national professional body for editors should undertake.

Recommendation 4

That IPED engage societies and their members in discussion about the capacity of the Restructured IPED Model (Model 1) to meet the needs of editors and the editing profession with the per capita levy remaining at \$25.

Recommendation 5

That the Restructured IPED Model (Model 1), with the per capita levy remaining at \$25, be considered as one of two possible models to be put to members of societies in a referendum.

Recommendation 6

Given its unfamiliarity to key stakeholders in state and territory societies, that IPED Council convenes a small working group to explore in further detail how the Direct Membership Model (Model 2) would operate, with a view to communicating findings to societies and their members.

Recommendation 7

That IPED engage societies and their members in discussion about the capacity of the Direct Membership Model (Model 2) to meet the needs of editors and the editing profession, and that the discussion include consideration of service levels that may be possible with membership fees set at different levels.

Recommendation 8

That the Direct Membership Model (Model 2) be considered as one of two possible models to be put to members of societies in a referendum.

Recommendation 9

That IPED Council continues to monitor the requirement for legal advice on any matters related to either Model 1 or Model 2, and to seek advice when required.

1. IPEd Review Background

In August 2012 IPEd Council established a two-phase process for formulating recommendations about the future of IPEd that Council may wish to circulate to the seven societies of editors.

The IPEd Review Phase One Working Party – comprising Cathy Nicoll, Rosemary Noble and Susan Rintoul – worked from September to December 2012. The Phase One Working Party's report was considered by Council at its meeting on 6 January 2013. At its meeting on 13 January 2013, Council established the IPEd Review Phase Two Working Party.

The Phase Two Working Party was asked to report to Council by 28 February 2013.

The Phase One Working Party report was used as the platform for producing this report.

2. Membership of the IPEd Review Phase Two Working Party

The Phase Two Working Party membership is:

- Robin Bennett (IPEd Councillor, Qld)
- Owen Kavanagh (IPEd Councillor, NSW)
- Elizabeth Murphy (former President, Canberra Society of Editors) (Working Party member until 8 February)
- Cathy Nicoll (member of Phase One Working Party, Canberra Society of Editors)
- Rosemary Noble (former IPEd chair and member of Phase One Working Party, Vic)
- Susan Rintoul (IPEd Councillor, SA, and member of Phase One Working Party)
- Rob Sheehan (Phase Two Working Party non-voting chair, IPEd Councillor, Vic, and IPEd acting chair)
- Josephine Smith (IPEd Councillor, WA, and IPEd Honorary Treasurer).

3. Reference to the Working Party from IPEd Council

Council asked the IPEd Review Phase Two Working Party to build on the valuable work undertaken by the Phase One Working Party. In particular, Council asked the Phase Two Working Party to consider the following matters in producing a final report and recommendations for Council:

1. That feedback from societies, as reported in overview of survey results accompanying the report submitted by the Phase One Working Party, acknowledges an important role for IPEd and acknowledges that IPEd needs to change.
2. That legal issues raised in the Phase One Working Party's report be clarified.
3. That the three core functions of IPEd be stated more explicitly (that is, maintaining a viable national accreditation scheme and ASEP, promoting the accreditation scheme and ASEP, and promoting the editing profession).
4. That in regard to the Restructured IPEd Model, it is stated that the capacity of IPEd to deliver on each of its core functions is limited, and is specifically constrained by the level of membership levy.
5. That the scope of the Direct Membership Model is stated more explicitly so that readers will have a clearer idea of the functions that might flow from this model.
6. That a working group will be established by Council after the 2013 national conference to take responsibility for determining how the proposed referendum should be conducted, for framing the referendum question, and for writing a brief 'yes' and 'no' case in relation to the question

7. That a working group will be established by Council after the national conference to more fully flesh out the direct membership model.

4. Support for continuing the IPEd Review process

The Phase One Working Party surveyed the state and territory societies of editors to ask their views about IPEd, their own societies and the future for both. The approach taken to completing the survey varied across societies, with some electing to survey members and the majority submitting committee responses.

An overview of survey results was submitted to IPEd Council with the Phase One Working Party's report. The overview is also Attachment 2 to this report, submitted as a separate document.

The Phase Two Working Party is of the view that feedback from societies recognises:

- an important role for a national body to further the interests and profile of the editing profession and of editors
- that IPEd, as the current national body, needs to change in order to pursue the interests and enhance the profile of the profession and of editors.

The Phase Two Working Party believes that this feedback demonstrates a readiness on the part of societies of editors, and their members, to pursue the IPEd Review through broader consultation during the remainder of 2013.

5. A proposed referendum

The Phase One Working Party proposed that the determination of a future model for the national body be left in the hands of members of societies of editors, via a referendum process. IPEd Council has endorsed this approach.

The Phase Two Working Party agrees with the IPEd Council view that a working group be established by Council after the 2013 national conference to take responsibility for determining how the proposed referendum should be conducted, for framing the referendum question, and for writing a brief 'yes' and 'no' case in relation to the question.

Recommendation 1

That IPEd Council seek the agreement of all state and territory societies to conduct a referendum among all members of all societies which provides them an opportunity to determine the best organisational model for advancing the interests of editors and the editing profession.

Recommendation 2

That after the 2013 national conference, IPEd Council proceed with its plans to establish a working party to:

- determine the mechanisms for conducting a national referendum of members of state and territory societies
- frame the referendum question
- write a document for eligible referendum votes that fairly represents the arguments for and against the question posed.

6. Key functions of a national body for the editing profession

At the heart of the referendum is the matter of which model a national body should follow.

Both the Phase One and Phase Two Working Parties believe it is preferable that a future model for a national body should have the capacity to deliver on *key functions* effectively and sustainably. These functions place weight on a national body's leadership role in, and commitment to, developing policies and strategies that support career-long enhancement of editorial skills and broadly advancing the profession.

The list of six *key functions*, as revised by the Phase Two Working Party, is:

1. to maintain a viable national accreditation scheme
2. to maintain the Australian Standards of Editing Practice (ASEP)
3. to promote the national accreditation scheme and ASEP to editors and industry
4. to promote the editing profession nationally
5. to advance the quality, skills and expertise of members of the editing profession
6. to ensure that national issues of relevance to the editing profession are responded to.

Acquitting each of these key functions relies on a national body that has the resources to maintain effective liaison with members.

Recommendation 3

That IPed Council seek feedback from societies and their members about whether the list of six key functions appropriately covers the main tasks that a national professional body for editors should undertake.

7. Models for a national body for the editing profession

The survey responses, combined with views from an August meeting of IPed, led the Phase One Working Party to consider four models for the future of IPed.

The Phase One Working Party believed only two models were suitable to put to members of societies of editors in a referendum that would determine the preferred model.

The Phase Two Working Party accepts this guidance. Consequently, this report is concerned only with Models 1 and 2, which are considered in the following sections. (For completeness, overviews of Models 3 and 4 are attached as an appendix.)

Note that Models 1 and 2 in this report are based respectively on the first and fourth models presented in the overview of survey results that is included as an attachment to this report.

8. Model 1: Restructured IPed Model

8.1 Overview of Model 1

Model 1 proposes a restructure to limit IPed's responsibilities and administration.

Under this model, as is the case now, editors would remain members of their state and territory societies, and the societies would remain the constituent members of IPed.

Adopting Model 1 means that IPed could maintain accreditation and the ASEP, which were identified in the survey as core IPed activities. This means that Model 1 restricts IPed's activities to these core activities:

- managing (and as resources permit, improving) the national accreditation scheme
- maintaining ASEP.

Model 1 proposes that IPEd's funding model remains unchanged from current arrangements; that is, a \$25 per capita levy paid by each society for each of its members.

As there are about 1600 members of societies of editors, this means that IPEd's base funding would remain at \$40,000 a year. Under Model 1, this amount would be committed entirely to managing the national accreditation scheme and maintaining ASEP. IPEd would have no responsibility for other key functions listed at section 6 – promoting the accreditation scheme and ASEP to editors and to industry, promoting the profession nationally, attending to professional development, or pursuing issues of national relevance to editors and societies.

8.2 Model 1 is considered viable

The Phase One Working Party took the view that Model 1 could be put to referendum because it represents a viable position, and one that IPEd can implement fairly easily.

The Phase Two Working Party agrees that Model 1 is viable. IPEd's income remains stable but its scope of work is reduced. The effect of reducing IPEd's scope is that it can increase its budget allocation to accreditation and ASEP, meaning IPEd could deliver effectively on these two *key functions*.

Beyond its immediate viability, adopting Model 1 does not preclude a decision to extend the range of IPEd activities. Under Model 1, IPEd would have the resources only to deliver on the first two of the six *key functions* listed at section 6. This delivery limitation is imposed by the \$25 per capital levy. However, Model 1 has the potential to allow an expanded capacity to improve delivery of the key functions over time through periodic increases in the per capita levy. What IPEd could deliver would depend on the level at which the per capita levy is set. Section 8.5 discusses the effect that different levies might have on IPEd's capacity to deliver on the six *key functions*.

8.3 The current state of play

The Phase One Working Party noted a series of challenges that arise if funding continues at the current rate of \$25 per capita per year. These immediate challenges had prompted the IPEd Review process. The challenges noted were:

- **Funding:** continuing struggle to fund national activities, which would most likely be neglected. IPEd would need to develop new sources of funding through sponsorship and government grants to promote accreditation. However, developing new sources of funding is difficult to execute – IPEd lacks the resources to seek additional funds and success is uncertain in any case. Formal agreements with member societies might be required for specific activities.
- **Volunteers and engagement:** IPEd would need to work with the societies to develop processes that involve more participation in national projects by society members, in addition to councillors
- **Duplication:** continued duplication of functions and costs across IPEd and the societies
- **Branding:** limited or no capacity to establish a national brand and identity for Australian editors
- **Accreditation:** possible failure of accreditation unless additional resourcing for promotion and exam development can be provided
- **Marketing and PR:** total inability to undertake any promotion, PR or advocacy activities (considered in the survey responses to be a primary function of IPEd).

There are presently about 1600 members of the societies of editors. State and territory societies currently provide an annual per capita levy of \$25 which yields approximately \$40,000 annually. To this can be added up to \$20,000 in exam income (but this is

uncertain: see section 8.4), giving a total of approximately \$60,000 per year. This amount of \$60,000 per year enables IPEd to meet *key functions* 1, 2 and 4 as follows:

1. some capacity to maintain a viable national accreditation scheme, though with limitations on exam development capability and increasing demands on volunteers who are experiencing burnout
2. reasonable capacity to maintain the Australian Standards of Editing Practice (ASEP), provided that volunteer input is available when future revisions are scheduled
4. very limited capacity to promote the editing profession.

8.4 Income from the accreditation examination and from reaccreditation

This section is included so that a fuller picture is painted of IPEd's budget arrangements. However, it is important to note that the accreditation exam is budgeted for on a cost recovery basis, as will be the case for reaccreditation. This means that exam income cannot be counted on to materially increase IPEd's budget.

IPEd currently secures additional income each time it conducts an accreditation exam.

In a good year, exam income amounts to about \$40,000 per exam. To date, exams have been held every 12–24 months. If we assume that the exam is held every two years, this means that about \$20,000 in exam income is available each year and can be added to the amount brought in by the per capita levy.

It should be noted that exam income is predicated on a minimum number of editors sitting the exam each time it is offered. At present, there are about 274 accredited editors. At some point, demand for the exam is likely to taper off as the proportion of editors who are accredited increases. When that will happen is unknown, but at some stage in the future the accreditation funding model is likely to require some adjustment. Reaccreditation has not yet been offered and it is unknown what the take up rate will be. However, it is expected that ongoing demand for reaccreditation from late 2013 will produce modest income.

8.5 Service levels will vary according to different per capita levies

The level of financial resources is the critical reference point in assessing what can be expected of a national body. Different per capita levy amounts mean different service levels can be anticipated. The financial effect of different per capita levies is discussed below.

It would, of course, be a matter for a duly constituted national professional body of editors to prioritise activities according to the best interests of members.

A \$35 annual per capita levy

Assuming that member numbers remain at 1600, then a per capita levy of \$35 would yield \$56,000 annually. Including exam income of \$20,000 would result in a total of approximately \$76,000 per year, an increase of \$16,000 a year over the current per capita levy of \$25).

It is estimated that \$76,000 per year would enable a national body to meet *key functions* 1, 2, 3 and 5 as follows:

1. good capacity to maintain a viable national accreditation scheme, provided that significant levels of volunteer input are assured
2. good capacity to maintain the ASEP, provided that significant levels of volunteer input are assured
3. limited capacity to promote the national accreditation scheme and ASEP
5. limited capacity to advance the quality, skills and expertise of members of the editing profession.

Under this funding arrangement, current capacity would continue with regard to liaising with state societies.

A \$50 annual per capita levy

Assuming that member numbers remain at 1600, then a per capita levy of \$50 would yield \$80,000 annually. Including exam income of \$20,000 would result in a total of approximately \$100,000 per year, an increase of \$40,000 a year over the per capita levy of \$25).

It is estimated that \$100,000 per year would enable a national body to meet the following *key functions*, assuming that \$20,000 a year was budgeted for national promotion and public relations activities:

1. good capacity to maintain a viable national accreditation scheme, provided that significant levels of volunteer input are assured, both from Accreditation Board members and others
2. good capacity to maintain the ASEP, provided that significant levels of volunteer input are assured, both from Accreditation Board members and others
3. improved capacity to promote the national accreditation scheme and ASEP, provided that significant levels of volunteer input are assured
4. improved capacity to promote the editing profession nationally, provided that significant levels of volunteer input are assured
5. improved capacity to advance the quality, skills and expertise of members of the editing profession
6. limited capacity to ensure that national issues of relevance to the editing profession are responded to, provided that significant levels of volunteer input are assured from both Councillors and others.

Under a \$50 levy, IPEd is likely to have improved capacity to liaise with state societies.

Volunteer input

The references to volunteer input in assessments for both the \$35 levy and the \$50 levy must be heeded very closely.

As an example, when IPEd was established it was envisaged that IPEd's Communications Committee (CommComm) would be resourced by volunteers. Budget of \$2,500 was provisioned for national promotional activity in 2012 and again in 2013.

However, there was no volunteer commitment for CommComm in 2012 and it functioned on the input of the IPEd Chair at the time. In 2013, CommComm has no volunteer resources and is inactive.

It is suggested above that under the \$50 per capita levy, the budget provision for promotions activity might be \$20,000. This would buy a very part time position perhaps, but reliance on volunteer input would remain very high if a useful promotions outcome is to be achieved.

If per capita fee levels are set higher than \$50, then IPEd's resource base offers greater capability.

8.6 Consultation on Model 1 should proceed

At this stage, the Phase Two Working Party believes the appropriate course is to engage societies and their members in discussion about Model 1.

Recommendation 4

That IPED engage societies and their members in discussion about the capacity of the Restructured IPed Model (Model 1) to meet the needs of editors and the editing profession with the per capita levy remaining at \$25.

Recommendation 5

That the Restructured IPed Model (Model 1), with the per capita levy remaining at \$25, be considered as one of two possible models to be put to members of societies in a referendum.

If Model 1 is selected as a result of the proposed referendum, detailed work would then be needed to establish expectations within the budget limits imposed by the current \$25 per capita levy.

It will be essential to increase the levy periodically to maintain its value over time. It is possible to increase the levy in order for IPED to take up a wider set of responsibilities. Under Model 1, this would require detailed negotiations with societies to determine the quantum of the increase, and what service levels and performance expectations should be attached to the increase.

It is prudent to point out two risks under Model 1. If either occurred, there would be consequent revenue reductions that would limit IPED's service level capacity. The first risk is that a society could decide to cease its IPed membership. The second risk is that a society is unable to pay its per capita levy amount in any one year. (Under IPED's constitution, if a society is unable to pay in any two consecutive years then that society ceases to be a member.)

9. Model 2: Direct Membership Model

9.1 Overview of Model 2

Establish a new single national body with direct memberships (approximately 1600 members). Members would organise into branches based on current state and territory societies. The new body would have paid staff. The new body might be called IPED, or it might have a new name, such as Editors Australia.

All current funds held by state and territory societies could remain theirs, acknowledging that they have been raised by state and territory activities and would be used for the benefit of their members. Branches would maintain their unique identities, as the strong, vigorous professional bodies they are at present, with meetings, workshops, and other events that meet each branch's needs. The process for ensuring that funds are earmarked for use by the state and territory branches is outlined in section 10.2.

Under Model 2, the new national body would:

- from the date of its inception, collect all membership fees from new and renewing members
- be responsible for all national activities
- be responsible for encouraging and supporting state and territory branches.

Under Model 2, funding for national activities would be assured. The extent to which key functions could be met would be determined by the overall budget, which in turn would be determined by the level at which the membership fee is set.

9.2 A more detailed overview of the features and challenges of Model 2

The Phase One Working Party noted a series of features about the Direct Membership Model which are included in the dot point list below. The capacity to realise each of these features will be determined by the level of the annual per capita membership fee. The features include:

- as state and territory branches of IPEd, societies would retain:
 - professional development and networking programs, and could use national services for administration
 - member communication (such as email groups and contributing content to a national newsletter)
 - budget allocation for state and territory branch activities – for example, events (meetings and training), state and territory content in the newsletter and on the website, member notices
 - local control over branding arrangements that reinforce the national brand
- IPEd would manage all national activities, and encourage state and territory branches to maintain strong involvement
- ability to project a consistent professional image of editors nationally (membership criteria, accreditation, continuing professional development, national policies and standards)
- ability to afford more paid staffing to relieve volunteer directors and committee members of administration workloads, leaving editors to focus on strategic, high level representation of editors
- member services could be provided on a more equal level across all regions, regardless of member population
- the possibility for groups of editors to form in specific regional or suburban areas or around specific areas of editing interest
- more ‘clout’ and influence through size and an enhanced professional image.

Missing from the list above are matters noted by the Phase One Working Party regarding a legal form of the new national body. Legal form is an important matter covered in section 10 of this report.

Challenges:

- **Equity:** members in all regions must feel confident that their interests are equally recognised and addressed, regardless of geographic location
- **Money:** societies are understandably protective of the money they have raised. This is a sensitive issue. A suggested way forward is that under Model 2:
 - all funds that societies have in their accounts at the date of inception of the national body are earmarked for use by societies when reconstituted as branches of the national body
 - from the date of inception of the new national body, membership fees for new and continuing members are collected by the national body to which they would now belong
 - the issue of society debts would need to be examined, if relevant
 - prior to inception of the national body, societies would disclose their accounts in more detail so that realistic financial models can be developed.

- **Identity:** many societies are protective of their society's identity and would be reluctant to lose it. Constitutional, naming and branding arrangements can protect this important element.
- **Volunteering:** societies depend on personal commitment and interaction, and these are believed to occur best on a local level. Those societies that are struggling for volunteers now are unlikely to find an increase in enthusiasm with the move to a national body. There will also be a need to keep state and territory branch committees, with the result that the demands on volunteers will continue for some roles.
- **Member engagement:** this is related to volunteering. The potential for member disengagement is a significant risk for a new national body transitioning from a group of state and territory bodies, and a specific strategy will need to be agreed before this model proceeds.
- **State and territory activities:** IPEd has suggested that state and territory branches could continue these activities, but how this could be achieved would need to be determined
- **Viability:** what do societies need to survive as state and territory branches in terms of financial and volunteer resources?

Again, missing from the list of challenges are matters noted by the Phase One Working Party regarding legal form of the new national body. Legal form is an important matter covered in section 10 this report.

9.3 Model 2 is considered viable

The Phase One Working Party took the view that Model 2 could be put to referendum because it would enable a new national body to provide its members with national promotion, marketing, and other services identified as core national activities. Model 2 would enable IPEd to move forward as a strong national body and one that has the finance and staffing adequate for achieving the national aims identified by societies in the survey.

The Phase Two Working Party agrees that Model 2 is viable. It is estimated that Model 2 has the capacity to deliver more fully on the six *key functions*:

1. to maintain a viable national accreditation scheme
2. to maintain the Australian Standards of Editing Practice (ASEP)
3. to promote the national accreditation scheme and ASEP to editors and industry
4. to promote the editing profession nationally
5. to advance the quality, skills and expertise of members of the editing profession
6. to ensure that national issues of relevance to the editing profession are responded to.

The service levels that are feasible for each of these key functions would depend on the level at which the membership fees are set. This is discussed in the next section.

9.4 Implications of financial resourcing for ability to deliver on key functions

The level of financial resources is the critical reference point in assessing what can be expected of a national body.

This capacity to deliver on *key functions* is determined by the level at which the membership fee for the national body is set. The Phase Two Working Party believes that the Direct Membership Model has many advantages because it enables the national body to deliver more completely on the six *key functions*, and have improved capacity to liaise effectively at the local level.

The following examples are indicative of the capability available given different membership fee levels. A continuing reliance on volunteer input is essential for a national body to operate effectively.

Please note that the figures presented below are illustrative only.

Annual \$100 membership fee

Assuming that member numbers remain at 1600, then an annual membership fee of \$100 would yield \$160,000 annually. Including exam income of \$20,000 results in a total of approximately \$180,000 per year.

If we assume:

- that \$45,000 (25 per cent of funds available) is reserved to run IPed as a company
- that \$36,000 (20 per cent of funds available) is reserved for state and territory branch activity
- then IPed would have approximately \$100,000 to allocate for national activity.

(It should be noted that any funds raised from events conducted by a branch, such as professional development programs, would be added to funds available for the activities of that branch.)

It is estimated that \$100,000 per year would enable a national body to meet the following *key functions*:

1. strong capacity to maintain a viable national accreditation scheme, provided that significant levels of volunteer input are assured
2. strong capacity to maintain the ASEP, provided that significant levels of volunteer input are assured
3. some capacity to promote the national accreditation scheme and ASEP, provided that significant levels of volunteer input are assured
4. some capacity to promote the editing profession nationally, provided that significant levels of volunteer input are assured
5. limited capacity to advance the quality, skills and expertise of members of the editing profession
6. improved capacity to ensure that national issues of relevance to the editing profession are responded to, provided that significant levels of volunteer input are assured from both Councillors and others.

Under a \$100 membership fee, IPed is likely to have improved capacity to liaise with state and territory branches.

A \$150 membership fee

Assuming that member numbers remain at 1600, then an annual membership fee of \$150 would yield \$240,000 annually. Including exam income of \$20,000 results in a total of approximately \$260,000 per year.

If we assume:

- that \$65,000 (25 per cent of funds available) is reserved to run IPed as a company
- that \$50,000 (20 per cent of funds available) is reserved for branch activity,
- then IPed would have approximately \$145,000 to allocate for national activity.

(Again, it should be noted that any funds raised from events conducted by a branch, such as professional development programs, would be added to funds available for the activities of that branch.)

It is estimated that \$145,000 per year would enable a national body to meet the following *key functions*:

1. strong capacity to maintain a viable national accreditation scheme
2. strong capacity to maintain the ASEP
3. strong capacity to promote the national accreditation scheme and ASEP
4. good capacity to promote the editing profession, provided that volunteer input is available
5. good capacity to advance the quality, skills and expertise of members of the editing profession
6. strong capacity to ensure that national issues of relevance to the editing profession are responded to, provided that significant levels of volunteer input are assured from both Councillors and others.

Under a \$150 membership fee, IPed is likely to have good capacity to liaise with local branches.

Fee levels for the UK Society for Editors and Proofreaders (SfEP)

A comparison may be of some assistance. The UK Society for Editors and Proofreaders (SfEP) runs on a Direct Membership Model. SfEP has approximately 35 branches.

In 2013, SfEP offers grades of membership at the following annual membership fee levels:

- Associate grade is GBP98.00 (approximately AUD150.00)
- Ordinary grade is GBP 109.00 (approximately AUD165.00)
- Advanced grade is GBP121.00 (approximately AUD180.00).

The SfEP has 1,700 members – a similar number as all the Australian societies. Its lowest membership fee grade equates to the highest membership fee for a national body that is canvassed in this report – \$150 per member under the Direct Membership Model. Among SfEP services are:

- training and professional qualifications
- an online Directory of Editorial Services provided by its members
- maintenance of a number of popular email discussion lists
- publication of bi-monthly magazine *Editing Matters* (which takes advertising using a rate card)
- maintenance of a membership-only SfEPWiki as a repository of the Society's knowledge and experience
- conduct of an annual conference.

9.5 Other points to note about Model 2

A key feature of Model 2 is the existence of branches in states and territories. This arrangement would mean that the funding of national and branch activities would be based on budgets for the agreed national and branch functions. The definition of functions and formulation of initial budget arrangements will need to be attended to closely if Model 2 is endorsed as the preferred way ahead following the proposed referendum. That close work will need to balance the functions of the national body with the functions of branches.

The Phase Two Working Party recognises that Model 2 represents a significant shift from current arrangements and that broad and considered discussion among members of societies is necessary to ensure that the model is evaluated carefully for what it can offer editors and the profession.

9.6 Consultation on Model 2 should proceed

At this stage, the Phase Two Working Party believes the appropriate course is to engage societies and their members in discussion about Model 2, including discussion about the changed role and funding arrangements for branches in states and territories.

It is important to emphasise that the capacity levels noted above are estimates only. If Model 2 is selected as a result of the proposed referendum, detailed work would then be needed to establish expectations within the budget limits imposed by the level at which the membership fee is set.

Recommendation 6

Given its unfamiliarity to key stakeholders in state and territory societies, that IPEd Council convenes a small working group to explore in further detail how the Direct Membership Model (Model 2) would operate, with a view to communicating findings to societies and their members.

Recommendation 7

That IPEd engage societies and their members in discussion about the capacity of the Direct Membership Model (Model 2) to meet the needs of editors and the editing profession, and that the discussion include consideration of service levels that may be possible with membership fees set at different levels.

Recommendation 8

That the Direct Membership Model (Model 2) be considered as one of two possible models to be put to members of societies in a referendum.

10. Legal form of a national body

10.1 Background

The IPEd Review Phase One Working Party did not have access to legal advice about the implications of either Model 1 or Model 2 for the most appropriate legal form for a national body, or for the transition to a different legal form.

IPEd obtained pro bono legal advice from the Public Interest Law Clearing House (VIC) Inc (PILCH) and the Arts Law Centre (to which IPEd is a subscriber). The Arts Law Centre was asked to provide advice on legislation in each state and territory that is relevant to a revised legal form and structure for a national body.

IPEd received written legal advice from the Arts Law Centre just as the Phase Two Working Party was completing its work. It is appropriate that the formal legal advice is first considered by Council before being made more widely available. The Working Party understands that:

- the verbal and written advice are consistent
- the written advice will be considered by IPEd at its March 2013 Council meeting.

Verbal advice from PILCH and the Arts Law Centre is relied on in sections 10.2 and 10.3.

It is worth noting that in offering advice, PILCH indicated that:

- The process of state-based associations merging into a national company limited by guarantee is a very common governance reform when the limitations of separate state bodies become a consideration. The proposed legal form and the transition to it, as suggested below for introducing the Direct Membership Model (Model 2), is a path that others have followed.

- It would be advisable to seek further legal advice on the process of winding up, or cancelling the registration of, the state societies, as the legislation varies by state. If Model 2 is chosen by referendum, it would then be appropriate to seek such advice.

Recommendation 9

That IPEd Council continues to monitor the requirement for legal advice on any matters related to either Model 1 or Model 2, and to seek advice when required.

10.2 Model 1: Restructured Model

Advice received to date from PILCH assists us to chart the most effective approach to introducing Model 1.

No changes to legal or banking arrangements would be required to introduce Model 1.

The Accreditation Board is a standing committee of IPEd, not a separate legal entity, so an IPEd focused on accreditation and standards would at most involve some administrative changes.

IPEd's constitution expresses its objectives in general but broad terms, and could be left unchanged. If Council wished to sharpen the focus of the objectives, the objectives could be redrafted. The process for adopting revised objectives is already present in IPEd's constitution: amendments to the constitution must be approved as a special motion by the Members in a properly constituted meeting.

10.3 Model 2: Direct Membership Model

The simplest and most cost effective approach for introducing Model 2

Advice received to date from PILCH assists us to chart the most effective approach to introducing a Direct Membership Model.

A key aspect of the legal advice received is that keeping IPEd as a company limited by guarantee (CLG) would almost certainly involve the lowest legal and regulatory costs.

If Model 2 is adopted, then the most sensible path is that IPEd remains a CLG and becomes the new national body. Under this approach, members of existing state and territory societies would see their membership transferred to IPEd.

There is no provision in the state or ACT acts, or in the Corporations Act 2001, for the merger of incorporated associations (IAs) with a CLG. So, under the Direct Membership Model, societies that 'merge' with IPEd would need to wind up or have their registrations as IAs cancelled. At least some of the state and ACT IA Acts require IAs that wind up voluntarily to appoint registered liquidators if their assets exceed figures like \$10,000. That would be expensive.

To avoid this requirement, societies and IPEd would make agreements on how funds transferred to IPEd are to be used. These agreements would be made before societies are reconstituted as branches of IPEd. Agreements could operate on the following basis:

- transferred funds are treated either as donations or remain earmarked for use by the state branch
- once IPEd's constitution is amended to align with the direct membership model (Model 2), societies then transfer funds until their remaining funds are below the threshold that requires appointment of a registered liquidator
- provisions are included in the agreements regarding the transfer of society members to direct membership of the national body

- once societies have transferred funds, they proceed to wind up or cancel their registrations which would include transferring their members to the national body, and transferring any remaining funds
- societies then become branches of the national body.

The Phase One Working Party suggested that an Australian Registered Body (ARB) (that is, an incorporated association also registered to operate nationally), might be preferable to a CLG. The Phase One Working Party thought this might be a more flexible structure. However, PILCH advises that changes to the various state associations incorporation acts make the rules and regulations that apply to IAs more like those that apply to CLGs. This is especially so if the CLG's annual revenues are less than \$1 million.

If the national body were an ARB, a new body of which the societies were not members, then almost certainly funds transferred to it from the societies would be taxable because the transfer fails the mutuality condition. Since there are no provisions in state or ACT legislation for interstate mergers of IAs, the societies would need to wind up or cancel their registrations.

In addition, ASIC has also taken over business name registration. As a not-for-profit company, IPEd falls under ASIC's definition of a 'special purpose company'. For special purpose companies, annual ASIC review fees are low compared to other categories of registration.

If Model 2 is introduced, IPEd's constitution and policies would need review and amendments. The main changes would be:

- change IPEd's name (if appropriate)
- change IPEd's statement of purpose so that it reflects the revised role
- change the rules governing membership to introduce individual membership, and make consequent changes to the rules relating to matters such as eligibility for membership and voting rights.

These changes to IPEd's constitution would need to be approved as a special motion by a meeting of IPEd's members, currently the seven state and territory societies of editors. This would need to be passed before the societies transferred funds and then wound up or cancelled their registration as IAs.

Attachment 1: Models 3 and 4

Models 3 and 4 were not considered viable models for a national body. The IPed Review Phase One Working Party described both models and gave reasons for not recommending them, as follows.

Note that Models 1 and 2 in this report are based respectively on the first and fourth models presented in the overview of survey results, which is included as an attachment to this report. Models 3 and 4 below are based respectively on the second and third models presented in the overview of survey results.

Model 3: Collaborative model

IPed restricted to accreditation and ASEP. National activities done under an explicit agreement for societies to work together on national activities. (IPed's involvement was not clearly described by advocates of this model.)

Shift IPed's focus to facilitate cooperation between societies, to take the burden off IPed. IPed would be restricted to accreditation and ASEP (as for option 1). National activities would be done under an explicit agreement for societies to work together on national activities. This model requires the societies to take on a much greater role in volunteering nationally to form committees to achieve national goals. Some elements would be in addition to their state and territory responsibilities.

***Not recommended.** This model is fundamentally how IPed should have been working since its inception, but without significant progress in the marketing and promotion of editing. These are goals identified as important by all societies. To achieve this model, every society would need to commit to identifying areas in which they can work together, common goals, and then providing the volunteers required. There would be no added funding, as the societies would provide the volunteer labour and resources.*

This option was specifically identified by some societies, but it would be difficult for others struggling with resourcing (volunteer and financial resources).

Two members of the working group rejected this model because they felt that there was simply neither the capacity nor willingness for the member societies to provide the many volunteers needed at a national level in order to achieve national goals such as promotion and marketing, in addition to their state and territory responsibilities.

However, we believe societies should be given the opportunity to explore the option, as it could complement the first model (Restructured IPed model) in the short term – relieving IPed and societies of some resourcing issues. Options such as sharing website resources or developing a national newsletter/journal were identified by societies in the survey as options for immediate action, and would not necessarily require more resources. The option could pave the way for more collaboration.

Model 4: Progressive merger model

A single national body established with the capacity to appoint paid staff (which could be called IPed), but societies would merge as they become ready to do so. Funding for national activities would increase progressively as it gains members. Formal agreements would be needed for societies to support national activities until they join with IPed.

Establish a single national body with the capacity to appoint paid staff (which could be called IPed, or another name), and societies merge as they are ready to do so. Funding for national activities would be progressively on a fee-for-service basis, which would increase as it gained

member societies. Formal agreements would be needed for societies to support national activities until they join with IPEd.

Not recommended. *This model was seen as very difficult to implement, raised huge financial problems in legal structure and financial structure, and raised the possibility of dividing member societies. It was concluded that it might not be a real forward step for IPEd in terms of fulfilling its national goals.*