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## **WP4**

### **PROJECT FOR TRANSITION OF IPEd AND MEMBER SOCIETIES TO IPEd DIRECT MEMBERSHIP**

#### **Legal & Governance team:**

#### **White paper – Principles of governance and operations – staged implementation**

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## **White paper overview: IPEd Transition – Principles of governance and operations**

These principles provide an overview of the legal and practical organisation, governance and operation of the proposed IPEd direct membership organisation.

They are based on:

- the business case that was the basis for the 30 November 2013 vote by society members
- the practical experience of similar national associations
- legal and regulatory requirements and advice
- and extensive review by and feedback from IPEd WP4, the Council and society committees and their members.

They are intended to frame, guide and be the basis for the development of the constitution, by-laws, policies and operational procedures of the organisation.

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## Introduction

These principles provide an overview of the organisation, governance and operation of IPEd as the proposed direct-membership national association of Australian editors. They are based on the business case that was the basis for the 30 November 2013 vote, practical experience of similar national associations, feedback from the societies, and legal and regulatory requirements and advice. They are intended to guide and be the basis for the development of the constitution, policies, and operational procedures of the organisation.

## Constitution

The IPEd direct membership constitution is based on the existing IPEd constitution, as this saved drafting effort and much of the existing constitution will not need to change. Legal advice has also been obtained about transitional processes and the constitution in general. The IPEd constitution has been reviewed against the Corporations Act replaceable rules and current guidelines and practice, and has been substantially amended to:

- provide for direct membership
- provide for branches, sub-branches and branch committees, and special interest groups
- include necessary transitional clauses (e.g. transfer of society members with the equivalent IPEd membership category assigned automatically, initial council appointments, initial branch committee appointments, initial AGM, etc.).

## Transition provisions

In order for a society to have the legal power to transfer its members to IPEd, and to transfer funds to IPEd without tax consequences, the society needs to be a member of IPEd at the time the revised, direct membership IPEd constitution takes effect. Consequently, the following transition steps, governed by transition rules in the new IPEd constitution, are required:

1. As part of the Transition Plan, IPEd will modify its constitution to allow direct membership by individuals. This constitution will come into effect on the Transition Date defined below.
2. The constitution is also modified to define branches, sub-branches and special interest groups and their governance and operation. The transition rules provide that each society, after its members vote to approve the plan to implement the restructured IPEd, appoint the initial committee of its successor branch.
3. The process for determining whether the Transition Plan is approved will be as follows:
  - a. Each society's members will vote on a special resolution to approve the Transition Plan. Approval will require a 'yes' vote by at least 75% of the financial voting members *who actually cast a vote*. (So if 60 members vote, 45 or more will need to vote for approval).

- b. A special general meeting (SGM) of IPEd will be held for each society to record its vote on the motion to approve the Plan. A society whose members voted to approve will be bound to cast its votes in favour of the Plan, and similarly any society whose members did not approve the plan must cast its votes against the motion.
- c. Each society, in votes on motions at IPEd general meetings, is allocated a number of votes according to the proportion that its membership is of total society memberships. For example, if a society has 150 members and the total of all society memberships is 1500, that society will have 10 votes.

Effectively, this means that if a number of societies whose combined membership is 75% or more of total society membership approve the Plan, the motion at the IPEd general meeting to approve the Plan will be carried.

There are various scenarios for which societies might approve the Plan, but the minimum number of societies, based on recent membership numbers, needed for the motion to succeed is four.

- d. If the Plan is approved at the IPEd SGM, the SGM will then approve an agreed Transition Date, on which the new constitution of IPEd will come into effect. The period between the IPEd SGM and the Transition Date should at least one month, but will almost certainly be longer to allow for necessary preparations.
- e. Societies whose members approve the Transition Plan shall become Participating Society members of IPEd under the new constitution as of the Transition Date.
- f. During the period between the IPEd SGM and the Transition Date, any societies whose members did not approve the Plan may formally request a grace period of up to four months. During such a grace period, those societies may hold another vote on whether to approve the Plan, considering that IPEd and other societies have approved the Plan and intend to implement it.
  - i. Any society that did not approve the plan and does not request the grace period for reconsideration shall cease to be a member of IPEd on the Transition Date. Individual members of such societies could then apply to join IPEd as members of any branch or a holding branch for areas that do not have an existing branch.
  - ii. If a society's second vote does not approve the Plan, the society must formally inform IPEd of its members' decision, and its membership of IPEd shall cease as of the date of the SGM held for the second vote, or the Transition Date, whichever is later.
  - iii. If a society's second vote approves the Transition Plan, the society formally informs IPEd of the decision, and it becomes a Participating Society as of the date of its SGM held for the second vote, or Transition Date, whichever is later.

4. Participating Societies will remain as non-voting members of IPEd until they have transferred all member records and funds to IPEd, and deregistered or wound up as societies.
5. Participating Societies will transfer their funds as contributions to IPEd, with an option to set aside a portion of the funds to be controlled by its successor branch, and transfers it members. The successor branches will come into operation on the Transition Date. When member transfer is complete and funds are below any regulatory threshold that requires the use of a registered liquidator, each society will complete the process of winding up or cancelling registration.
6. The document '14\_02-Legal advice on a DMM constitution' defines options and advice concerning the formation of the initial council or board, and the initial branch committees. It also recommends rules defining the number of councillors, and the ongoing rules for the election of officeholders and general councillors. This paper and the constitution, as parts of the Transition Plan, recommend the options to implement.

It is likely that the transition period, from the date that IPEd approves the Transition Plan until all participating societies have completed transfer of member records and funds, will take some months. It will be necessary to complete the hiring of staff, configuration of the systems, and import of societies' membership records, before the transition can be completed. This phase will require careful planning.

## Staged transition implementation

It is proposed that the transition to a full implementation of IPEd as a direct membership organisation will be done gradually, in stages, since a complete implementation in one step would require considerable time and effort, and would need an immediate and very substantial increase in fees.

The Editors Victoria members portal, based on the MEMNET membership and event management system, can quite easily be rebranded as an IPEd members portal, providing these online functions:

- Self-service joining and renewal of membership, with branch assignment, and with online payment or later payment by EFT, BPay or cheque
- member self-service for updating member details or taking additional subscriptions, such as an editorial services directory entry
- registering and paying for events such as member meetings, training workshops, accreditation exams and renewal of accreditation
- member lists for emailing selected according a range of attributes
- access to members-only information and resources
- accounting information for membership, other subscriptions and all events.

With that members portal as a base, the initial stage of IPEd direct membership implementation could include:

- adding to IPEd's current staffing:
  - an executive officer, focused initially on representing and publicising the new national editors body, managing the initial operation and planning further implementation stages with the council and branches

- a membership officer, managing the membership system, event management and the editorial services directory, and relieving the branches of many related tasks
- a finance officer, responsible for all accounting and banking and relieving the branches of that work.
- the existing IPEd and society websites, linked to the members portal, with the society websites rebranded as branch websites (as noted later, the branches could take the names of their predecessor societies)
- a combination of national and branch newsletters, as appropriate.

Those functions of IPEd could be implemented for membership fees of \$180 for full membership, which is not a great deal higher than the current fee levels of one or more societies.

The further implementation of IPEd functions and services, to encompass all those described in the IPEd WP4 green papers, would be for the IPEd Council and branch committees to plan and agree, and propose to the membership for approval.

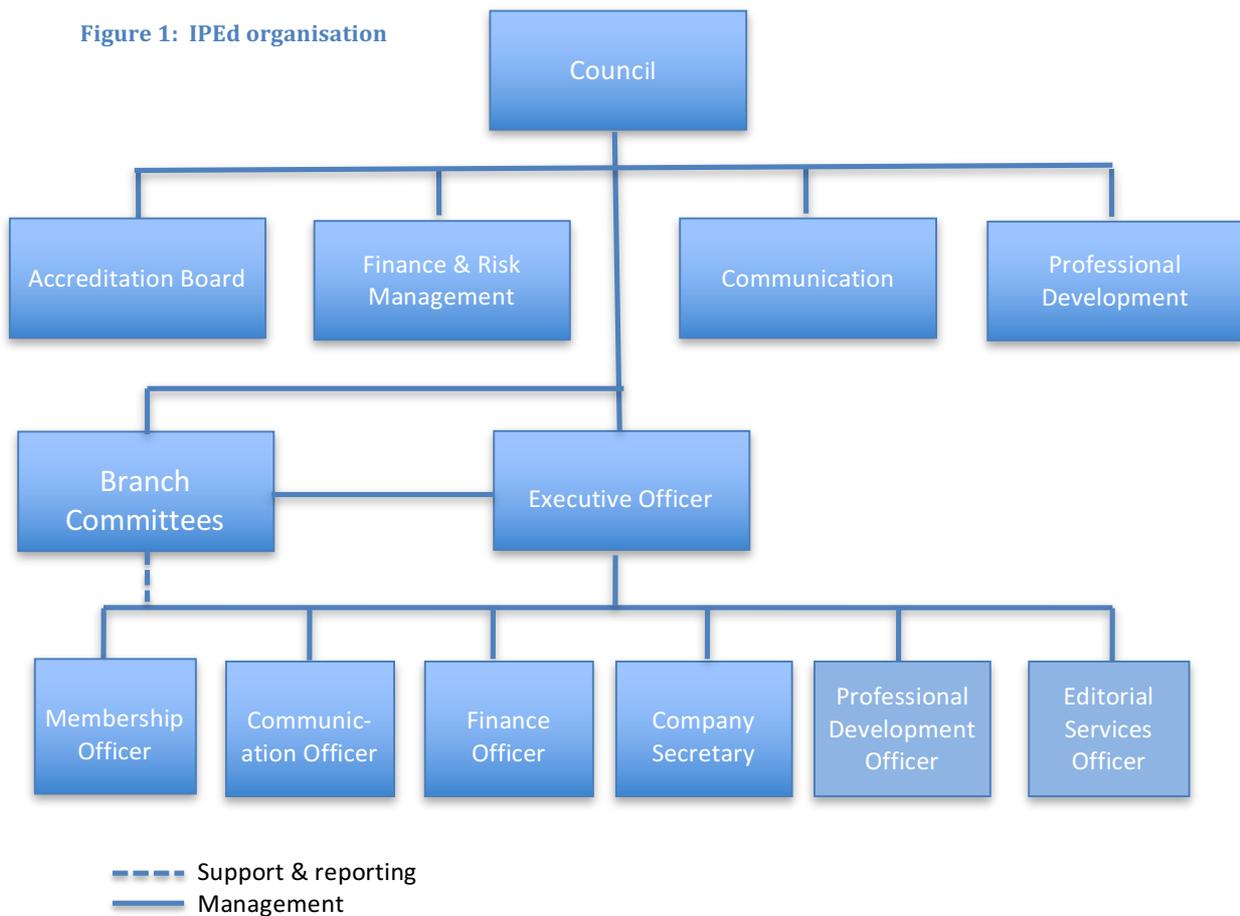
## Organisation

IPEd’s structure comprises:

- the national council and its standing sub-committees
- the branches and branch committees, elected by branch members
- the members of IPEd, organised in branches
- the national executive staff.

The organisation shown in the chart below represents a full implementation of an eventual IPEd. Some elements will not be implemented in the proposed first stage of the transition.

Figure 1: IPEd organisation



### IPEd council

The IPEd council is the board of directors of IPEd, which is a company limited by guarantee.

As stated in **Transition provisions 7** above, we have legal advice on the options for the number of councillors and the appointment of officeholders and general councillors. The intended processes for appointing councillors and officeholders are: branch committees will appoint their councillor, and then the elected councillors will elect the officeholders (chair, deputy chair, etc.).

The minimum number of councillors will be four councillors (if the minimum of four societies representing 75% of all society members vote to participate in the

formation of the new organisation). These councillors will allocate offices among themselves.

The constitution allows the council to appoint non-executive councillors, for example, persons with particular knowledge and experience who could contribute to council considerations and planning. Non-executive councillors will not have a vote in council decisions. The constitution contains provisions defining the appointment process and the powers of non-executive councillors.

The council may also recruit volunteers from branches to work on the standing committees, e.g. professional development, finance and risk management, and communication.

The national council is responsible for:

1. strategy, in consultation with the executive officer
2. the governance and management of IPEd, with operational management delegated to the executive officer
3. approval of operational plans presented by the executive staff
4. policies, rules, the code of ethics and disciplinary processes
5. approval of new members and rescinding of membership.

The existing standing committees should continue, and the Accreditation Board will have delegates appointed by the branches, and a Council representative.

The council will delegate operational management of IPEd to the executive officer (EO), who may further delegate some authorities. The council should not normally be involved in operational management within agreed plans and strategies, which is the responsibility of the EO and staff. Council meetings will use teleconference and possibly webinar and internal website (intranet) facilities. The EO will attend all council meetings to report to the Council, but will not be a director nor have a vote on Council decisions. Other staff officers may be required to attend when appropriate.

## Branches

Initially, branches will be created in place of each of the Participating Societies. Each Participating Society will have the option for its successor branch to retain the name of the society as the branch name. Branches are defined entities within the constitution. The branch by-laws provide rules for the operation of branches. The members of each Participating Society will be automatically adopted as members of IPEd, and attached to their successor branch. The constitution and policies define the details of:

1. assignment of equivalent membership categories, with the equivalent IPEd category assigned automatically  

In the case of new categories, not related to any existing category, members will be required to submit an application to be assessed under the national criteria for that category.
2. determining the initial term of the transferred memberships
3. the process for determining the amount of society funds needed to cover the unexpired membership terms of transferred members.

Members transferred from the societies will be attached to the branch that replaces their society. Members are able to transfer to other branches on request.

Members joining who reside in a region that does not have a branch will initially have a choice of joining an existing branch or being assigned, at least temporarily, to a temporary holding branch. If a branch is eventually formed in that region, such members will become members of that branch. At any time, they may choose to transfer to an existing branch.

The constitution allows the council to create additional branches and sub-branches. It also provides for the termination or merger of branches. Branches in regions outside Australia may be created if the proposal is approved by an IPEd special resolution.

Each branch will have an elected committee. The number of executive committee members should be kept reasonably low, e.g. four to eight, with allocated responsibilities. The initial committee of each branch will be appointed by its predecessor society. Branch committees will be able to form sub-committees for specific objectives, and appoint additional members of the sub-committees. The branch by-laws and policies define the processes for the election and operation of branch committees, including the initial committee.

Each branch committee will be responsible for:

1. running the branch activity programs – networking, training, communication (using the national email, newsletter and website facilities)
2. setting up and publishing event programs, using the event management system and website
3. preparing branch budgets covering committee expenses and activity income and expense. See ‘Banking and accounting’ below.

Branches will not need to carry out any accounting or banking activities – see **Operating procedures** below.

Branch committees will be responsible for encouraging new member applications, and making recommendations to council on the award of special memberships, e.g. honorary life membership.

### Special interest groups

The constitution and by-laws allow for the formation of special interest groups (SIG), open to members of any branch. SIGs would plan and coordinate their activity program, with an operating budget. Depending on the amount of administration required of national staff, a subscription might be required.

### National general meetings

With a national direct membership structure, all members are eligible to attend national general meetings, some of which could be held in conjunction with IPEd conferences. The constitution allows for the use of various forms of teleconferencing and webinars to facilitate broad participation of members. The constitution also defines participation by approved electronic means as being present at general meetings. Voting may also be done by approved electronic means or postal ballot.

## National staff

National executive staff are contracted to provide defined services. In the proposed first stage of transition, the staff roles will be:

1. Executive Officer (EO), whose responsibilities include managing IPEd's activities, a major role in advocacy and representation to publicise the new, direct membership version of IPEd, national–branch relationships, and developing strategy in consultation with the council
2. Membership Officer (MO), responsible for maintaining membership and event records, the editorial services directory, subscription management, coordinating new member approvals, and providing membership and event information to the branches and the council
3. Company Secretary (CS), responsible for regulatory compliance and other duties defined in the constitution and policies, and administrative support to the Council and EO
4. Communication Officer (CO), responsible for external communication, promotion and media liaison, and communication with members through newsletters, email streams, social media and the website; news will be submitted by branches and national staff; editorial tasks may be contracted to IPEd members.
5. Finance Officer (FO), responsible for banking, accounting, supplier payments and expense reimbursements, financial reporting to the EO, council and branch committees, and audit liaison.

At least initially, it is possible that staff contractors will combine some of these roles. This will depend on workload and contractor abilities. Position descriptions will be required.

The national office will initially be virtual, with staff communication by teleconferences, phone, email and internal website facilities (intranet).

In later stages IPEd development after the transition, it is anticipated that staff roles will be increased as follows:

- the EO's role will grow as appropriate to increase advocacy and representation activities
- a Professional Development Officer (PDO) role would be added, responsible for developing and maintaining a directory of courses and course presenters that are available for branch training programs, and supporting the booking of course presenters with the branches. This role will also be responsible for support of the national mentoring scheme
- with publishing and media organisations' increasing use of contract staff instead of in-house editors, the terms of engagement are a major area of concern for professional editors. Working Party 4 has agreed that IPEd should, at some stage in its development as a national direct membership association, have an editorial services officer staff role. The functions of that role would include providing advice and other resources related to contracts, fee scales and insurance on behalf of editors.

## Operating procedures

### Banking and accounting

As from the initial transition date, all banking and accounting tasks will be carried out by the national office.

All operating income and expense will flow through a single set of national bank accounts (transaction, savings, other deposits, credit cards if appropriate). The bank accounts will have multiple appointed national signatories, according to the banking policy. Each transaction will require authorisation by two signatories.

At the time of transferring society members and funds to IPEd, for those members whose society subscription term spans the transition date, it will be necessary to calculate the amounts of the unexpired society subscriptions. Those members will receive a credit against their initial IPEd membership subscription. After those amounts are calculated and transferred to IPEd, societies may have surplus accumulated funds, and each society that has such a surplus will have the option to have some or all of its accumulated surplus set aside as branch reserve funds for purposes determined by the successor branch. The amount of any such reserved funds must be decided before the Transition Date.

Such branch reserve funds will be kept in bank accounts in the name of the IPEd branches. Each transaction on a branch reserve account will require prior approval by resolution of the branch committee. The constitution and the banking policy of IPEd will require that the national council and staff accept all transactions on branch reserve accounts that are approved by the branch committee and that are in accordance with IPEd's constitution.

The FO will manage day-to-day operation of all IPEd bank accounts.

### Purchases and expenses

Each branch committee will prepare an operating budget covering branch activities and committee expenses for each financial year. Budgeting guidelines and worksheets will be provided. At the time of the initial transfer of members and funds from each predecessor society to IPEd, the society will provide an initial branch budget for the remainder of that financial year, covering committee expense and branch activity income and expense.

All appropriate and normal branch expenses will be budgeted for payment by the national office. Those expenses will include committee expenses, such as meeting expenses, phone expenses, honoraria and other allowances for committee members or other volunteers. Income and expense budgets will also cover member meetings, training courses and other activity and administration expenses. Especially in larger branches, part-time administrative support will be appropriate for minute taking, event arrangements, budgeting and reporting.

Branch committees may commit budgeted purchases and expenses, up to limits defined in the *Delegated financial authority policy*, similar to the existing IPEd policy. The limits will cover both budgeted and unbudgeted expense commitments. Transactions above those limits will require national office or council approval, unless the funding is to be provided from a branch's reserve account. The limits should be set so that the branch committees can approve all normal, routine branch expense commitments.

Branch procedures will require that branch committee officers approve purchases and expenses, and the approved purchase invoices or expense claims are then emailed to the national FO for payment.

The national office will pay all routine branch operating purchases and expenses, approved by the branch committees, from the national operating bank account. The funding for branch expenses will be provided by national income from membership and other subscription fees, other national income (e.g. advertising), the income from branch activities and accumulated national surpluses.

If a branch with funds in its reserve account decides to spend some of those funds for purposes outside normal operations, for example special awards, prizes or events not covered by the budget guidelines, the branch committee can approve such expenditure. National staff will process the payment from the branch reserve account according to the branch instructions.

### Financial reporting

Accounting carried out by national staff will track the income and expense for each branch, for the council and executive office, and for IPEd as a whole. The national office will provide regular individual financial reports for each branch (covering its activities and committee), and for IPEd as a whole.

### Website

In the initial transition, the IPEd website and existing society websites will be retained, with the society websites rebranded as branch websites. The IPEd and branch websites will link to the IPEd membership portal for membership, event registration and access to all members-only resources.

After transition, communication could be enhanced and made more efficient by developing a single IPEd website with branch sections and discussion forums, and a national newsletter.

### Membership

Two broad classifications of membership are defined in the constitution, for legal reasons relating to voting rights: Voting Member classification and Non-voting Member classification. The constitution will define the general rights of these two classifications, particularly voting rights. Criteria for the Voting Member and Non-voting Member classifications are defined in the membership policy, not the constitution (for ease of change).

Each classification will have membership categories, the initial categories being determined by the Membership team of the Transition Working Party. Criteria for gaining and maintaining each category will be defined in the membership policy. Examples of categories could include: Voting Member classification: professional member, honorary life member; and the Non-voting member classification: associate member, corporate member, student member.

Initial transfer of society members to IPEd will be governed by agreed rules for assigning the appropriate membership category. The IPEd category equivalent to their society membership type will be assigned automatically.

The IPEd membership system will provide self-service for online membership application and renewal and uploading of supporting documentation, and

payment, subject to review of any required documentation and final approval by the Membership Committee. Payment of membership fees can be done by members online, by debit or credit card, or by EFT, BPay or cheque. All membership receipts will be managed by national staff.

The definition of initial membership subscription terms will be agreed, with transitional rules. IPEd will use members' joining anniversary dates as the starting date for new memberships. This is the most efficient from a systems and operations point of view. For transferred members, the start date of their current society membership (e.g. 1 January for calendar year terms) will be automatically assigned in the IPEd membership system.

The recommended membership system, MEMNET, provides for identifying members by branch, and for allowing access to member records by national and branch officers, with tailored access privileges by user type and branch. This will allow branch committees to target members of their branch for reporting and communication.

That membership system also provides automatic emailing of reminder notices to members in advance of their membership renewal date. It can also track continuing professional development (CPD) points based on defined CPD values for activities such as conference attendance, training event attendance, etc., if a CPD scheme was introduced later.

## Events

Branch events (networking dinners, training, general meetings) will be advertised initially on the branch websites and on the IPEd website, and set up in the event management system. Branch committees will have access to the event management system to enter event details and fees, and to download event attendee lists and reports.

The event management system, through the members portal, will allow member and public self-service access to event registration. Payment for event registrations will be available online via debit and credit cards. Event registrants will receive automatic event registration confirmations, invoices or receipts by email. Payment via EFT, BPay or cheque will also be available.

Branch committees may choose, according to the skills and experience of members, to use the event management system to set up events; alternatively, they may provide the details of events to the national staff, who will then do the event setup in the system.

Branch staff will not normally be involved in collecting fee payments from event attendees. When members register online for an event, they can pay during the registration process by debit or credit card, or they can process payment later by EFT or BPay, or post a cheque to the national office.

Payments for some branch events could be accepted in cash provided that the internal controls required by the auditors are implemented; those controls include a verified and signed attendee list, the issue of receipts with an audit copy, and reconciliation of cash receipts to the banked funds.

Branches could also run some member events on an informal basis, where participants paid their own costs, or contributed to a cash fund that was used to

pay for food, drink and incidentals. Such events would be run 'off the books' and would not be included in the IPEd accounts.

All appropriate event costs, including venue hire, catering, speaker fees or gifts, and other incidental expenses will be approved by the branch committee and submitted to the national office for payment.

It is appreciated that each society is used to its own methods of running events and handling fees and expenses. As far as possible, branches should be able to continue those methods. It is not appropriate to specify in detail what approaches are acceptable. However, the considerations that will limit that freedom are: sufficient internal controls that will satisfy the auditors, the cost of such controls and whether the necessary level of internal control is compatible with the desired nature of the events.

Statutory events like branch annual general meetings and special general meetings would be free to members, being funded from IPEd general revenue. In principle, the fees received from attendees at other branch meetings should cover most meeting expenses. However, branch budget policy will allow some excess of expenses, similar to the net cost of meetings currently incurred for society member meetings.

### **Editorial services directory**

The recommended membership system, MEMNET, has a directory function that meets the requirements for a comprehensive editorial services directory (ESD) or freelance register. It allows online searching by various attributes and categories, including branch. In this system, an entry in the ESD is an optional subscription.

### **Training and mentoring programs**

The expenses for courses, including venue hire, trainer fees and travel, photocopying and participant refreshments, will be approved by the branch committee and submitted to the national office for payment.

Branch training and mentoring programs will continue to be subsidised as appropriate by IPEd, with the aim of providing, as far as possible, equality of access to professional development activities across all branches.

In a later stage of the IPEd transition, the national staff could develop and maintain a directory of information about courses and course providers that are available to branches. The PDO role would provide cost estimates for the running of courses that involve trainers from other regions, covering presenter fees, travel and accommodation. Branches will arrange trainers and venues, and coordinate the setup of course details in the membership and events system.

The PDO staff function will also support the national mentoring scheme, including the booking of national resources for mentoring workshops.