

Bill #20 Societies Act

Highlights of Proposed New Societies Act

The proposed, new Societies Act, Bill #20 covers many areas on which the old 23-page act was either silent or unclear. The current Societies Act was created over 30 years ago to meet the social and business requirements of the time. The new legislation will provide a much clearer framework for societies. Processes regarding the creation, governance and operation of societies are set out more clearly and in plain language. In public engagements and written submissions, Yukoners told us about their challenges with the current act and provided suggestions for streamlining processes. Their input has helped shape the new Societies Act that will make it more effective and easier to use.

Guide to Bill #20 - New Societies Act	
1. Purpose and scope	<p>The proposed new Societies Act will reduce red tape and provide modern-day governance that meets the needs of Yukon societies and the people they serve.</p> <p>The new legislation will provide much clearer processes for the creation, governance and operation that address the current needs of today's societies and include the use of modern technology.</p> <p>The proposed new act is written in plain language, as much as possible. Plain-language legislation, although longer than legislation written largely in technical language, is easier to understand by all readers.</p>
2. Creation of a society – Sections 15 and 16	<p>This process is essentially unchanged, except that societies can now be incorporated (created) by just three people instead of five. – Subsection 15(1)</p> <p>To create a society, incorporators must submit the following to the registry: - Subsection 15(1)</p> <ul style="list-style-type: none"> ○ A constitution, including the name and purposes of the society – Section 11 ○ Bylaws – Paragraph 15(1)(c) ○ Physical address of a registered office for the society – Paragraph 13(1)(b) ○ List of directors and their contact addresses – Paragraph 13(1)(a) ○ The fiscal year-end of the society – Subparagraph 15(1)(e)(ii)

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<p>3. Ending a society – Sections 136 to 173</p>	<p>The new act sets out clear rules and processes to liquidate a society’s assets and to dissolve a society.</p>
<p>4. Directors’ matters – Sections 43 to 66</p>	<p>Directors are elected by the members. – Subsection 45(3)</p> <p>Directors usually make the necessary operational decisions (with input as required from the members). – Section 56</p> <p>The board of directors may appoint officers to whom operational decisions may be delegated. – Section 66</p> <p>A society must have at least three directors, at least one of whom must live in Yukon. – Section 43</p> <p>Directors must:</p> <ul style="list-style-type: none"> ○ Meet certain requirements (be at least the age of majority, currently 19, can’t be currently bankrupt, etc.) ○ Follow conflict of interest guidelines ○ Act with honesty, good faith and due diligence
<p>5. Dispute resolution – Sections 102 to 122</p>	<p>Most disputes, particularly those involving societies’ constitutions, bylaws, governance and operational matters should be settled among society members and stakeholders. When this isn’t possible, the parties must seek resolution in court. – Section 103, Subsection 114(1)</p> <p>The registrar’s role in the dispute resolution process will focus on alleged violations of the act and regulations, rather than on internal issues or conflicts.</p> <p>The registrar or another complainant can apply to court for the appointment of an inspector to investigate alleged wrongdoing. – Subsection 114(1)</p>
<p>6. Governance and operational matters</p>	<p>Except for some updating (modern communications technology), governance matters and requirements for societies are largely unchanged.</p> <p>The legislation requires:</p> <ul style="list-style-type: none"> ○ Annual general meetings – Sections 76 to 88 ○ Annual financial statements – Sections 37 to 42 ○ Election of directors – Section 45 <p>Societies may, in their bylaws, allow:</p> <ul style="list-style-type: none"> ○ Proxy voting – Paragraph 12(2)(c) ○ Electronic participation in meetings – Section 88

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	<p>Members will have access to society records, including, unless the bylaws specify otherwise, minutes of directors' meetings. – Sections 22 to 30</p>
<p>7. The registry, the role of the registrar and access to Information</p>	<p>The registrar's role will be to oversee the operation of the registry. – Section 14</p> <p>Societies will have ownership and responsibility for documents, including constitutions and bylaws, filed in the registry. The registrar will not review and will not need to approve filed documents. – Section 15</p> <p>For societies that do not wish to write their own bylaws, a complete set of bylaws that meet the requirements of the legislation will be available in the regulations. – Subsection 12(3)</p> <p>Members of the public will be able to access the following information for each society via the registry:</p> <p>– Subsection 26(4)</p> <ul style="list-style-type: none"> ○ A society's constitution, including the name and purposes of the society ○ Bylaws ○ Location of the registered office for the society ○ List of directors and their contact addresses <p>Members of the public will also, via societies' records, be able to access societies' financial statements. – Subsection 30(2)</p> <p>However, when the regulations are developed, they may outline if and when societies are required to submit financial statements to the registrar as part of their annual filings.</p> <p>Members of a society (but not the public) will have access, via that society's records, to additional information, such as:</p> <p>– Subsection 26(1)</p> <ul style="list-style-type: none"> ○ The list of registered members ○ Minutes of members' meetings ○ Copies of resolutions ○ Accountants' reports regarding financial statements
<p>8. Member-funded societies – Sections 184 to 193</p>	<p>The new act allows the creation of member-funded societies that cannot receive public donations or government funding. – Subsection 185(2)</p> <p>These societies will be funded by, and will exist for the benefit of, their own members. – Subsection 185(1)</p>

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	<p>They will be subject to fewer restrictions regarding:</p> <ul style="list-style-type: none"> ○ Organization and governance – Section 191 ○ Records – Section 190 ○ Access to financial information – Section 189 ○ Distribution of assets – Section 192
<p>9. Finance, contracting and employment</p>	<p>The proposed new act sets out:</p> <ul style="list-style-type: none"> ○ The requirements for clear documentation of payments made to directors (including any contract arrangements), and allows regulations and bylaws to set limits on these payments – Section 38 ○ Clear terms for appointing officers, their qualifications and guidelines regarding their activities – Sections 66 and 67 ○ That financial statements: <ul style="list-style-type: none"> ▪ Will require clear documentation of any financial activity not contemplated by the purposes of the society as set out in the society’s constitution – Section 39 ▪ Must be filed with the society and be available to members of the public for viewing. (Funders will be able to require them as a condition of funding.) – Section 30
<p>10. Social enterprises and non-profit cooperatives</p>	<p>There had been discussion as to whether the proposed new act would include regulation of “social enterprises”, which are enterprises that have two goals, to achieve social, cultural, community economic and/or environmental outcomes, and to earn revenue. Societies legislation is not targeted at or suitable for such structures. They are best regulated by the <i>Business Corporations Act</i> or their own separate legislation.</p> <p>Similarly, there had been discussion of “non-profit cooperatives”. Such organizations would be best regulated by the <i>Cooperative Associations Act</i> and regulations.</p>
<p>11. Timeline</p>	<p>The new act is slated for the fall 2018 legislature. Regulations have not yet been drafted. It is anticipated that the act will be proclaimed and the regulations approved approximately one year after the act receives assent in the Legislature.</p>