

EAC 2014 Governance Changes: FAQs

November 2013

EAC 2012–2014 Governance Task Force

Overview

Why are we talking about governance changes?

EAC is legally required to make some changes. In October 2011, the federal government passed a new Act that governs not-for-profit organizations. The Editors' Association of Canada (EAC) has until October 17, 2014, to comply with the new Act.

Some of the required changes to our bylaw and practices will also require us to make corresponding changes to other association policies, procedures, rules and regulations.

What are the most noticeable changes proposed for EAC?

The most noticeable changes proposed for EAC are in four areas:

- changes to the association's membership structure
- changes in the way branches relate to the national organization
- changes in how members of the national Executive Council are elected
- a new bylaw to replace EAC's current constitution

Membership Structure

What are the membership changes?

EAC currently has five categories of membership. The Governance Task Force recommends that EAC replace this structure with one class of membership (but several fee categories) plus defined categories of non-member affiliates.

Why is the task force recommending just one class of member?

The new federal legislation establishes rights for association members that are similar to the rights of shareholders in a business. For example, when an association proposes to make changes to its membership structure, the new Act entitles each affected class of member – even those who would not otherwise be entitled to vote on association matters – to vote on that issue as a class, essentially giving them a veto over the amendment.

Under these circumstances, it seems simpler to have just one class of members, all of whom have the right to vote and all of whom are eligible to access EAC member benefits and services, such as purchasing an entry in the Online Directory of Editors.

Who will be eligible for membership?

The task force recommends that membership be open to anyone who is interested in the association's aims and is willing to pay the membership fee.

Under the current membership structure, members obtain full voting membership (a) when they can demonstrate that they meet an editorial experience requirement or (b) when they have accumulated three continuous years of qualifying membership, regardless of their experience level. So, in effect, interest in the association already trumps editorial experience as a criterion for voting membership. The task force recommendation would simply eliminate the waiting period.

How would the fee categories work?

Member fees would be in three categories:

Member	full fee
Emeritus member	half fee – after fulfilling the conditions (unchanged)
Honorary Life member	no fee – after fulfilling the conditions (unchanged)

What about students?

Students would have a choice between

- full membership at the full fee, with eligibility for all benefits and services, and
- non-member affiliate status with a significantly lower fee, with a reduced suite of benefits and services (including access to a “Student” listing in the ODE).

What is an affiliate?

Under the task force proposal, an affiliate would be an individual or an organization that is not a member of the association but has a strong interest in editing and related issues and shares EAC’s vision. Affiliates would support EAC financially and enjoy access to a few selected services, such as a subscription to *Active Voice/La Voix active* (AV).

Educational institutions and companies that employ editors could become affiliates. To encourage organizations to support EAC this way, one option would be to offer institutions discounted bulk memberships or student affiliations, and in return provide a few EAC services such as a subscription to AV. For example, a company might pay for 23 memberships and have 25 of their in-house editors become EAC members.

The task force sees the affiliate proposal as a potential means of increasing association membership, reach, and revenue.

What happens to people in all the existing membership categories?

Qualifying and voting members would automatically become members in the new structure and would all have voting rights without any further experience requirements. Emeritus members would gain the option of purchasing ODE listings. Honorary life members would be unchanged.

Student members would be given the option in advance of transitioning either to student affiliate status or to full membership at the full fee.

How would this be implemented?

Student members would be contacted before the transition occurs. All other changes are administrative and can be carried out by the national office. A transition schedule will be shared with EAC members as part of the overall governance transition.

Branch Relationship to National Association

What are the branch changes?

If EAC is to retain its current structure, the line of reporting authority between the association’s national leadership and its branches and twigs will need to be clarified. Specifically, the Governance Task Force recommends that branch chairs be designated as officers of the association, with defined signing authority.

In addition, branches will be required to report more frequently and in greater detail than in the past. Branch finances will be subject to review by EAC's national auditor, so record-keeping processes will need to be more closely aligned.

What does it mean to designate someone as an officer of the association?

It means that the national executive council has delegated certain specified powers to that role.

In practice, branches would continue to elect their own branch chairs and other positions. As an annual housekeeping exercise, the national executive council would then pass a resolution appointing someone from each branch to the national position of Branch Officer.

Would these Branch Officers become members of the national executive council?

No. They would be the point persons for communication with national about branch activities and branch finances, much as the branch chairs already do now. They would be responsible for ensuring that the new requirements for enhanced branch record-keeping and financial accountability are implemented.

What about branch treasurers? Would they still be able to sign cheques for their branches?

Yes. EAC's lawyer recommends that, as part of the transition process, the national executive council pass a resolution formally authorizing branch treasurers to sign cheques on behalf of their branches.

Why are these branch changes being recommended?

The new federal Act expands requirements for financial accountability, transparency, record retention, and access to records. Under the Act, a national association is entirely accountable for all actions of its branches, just as a national for-profit corporation is accountable for the activities of its local branch offices.

Under EAC Rule 2: Branches of the Association, branches are already accountable to the national executive council. Designating branch chairs as officers of the association would formalize the reporting lines and make it legally clear how signing authority is delegated from the board of directors (the national executive council) to others in the association. EAC's lawyer recommends this change.

National Executive Council

What are the Executive Council changes?

Under the new legislation, we will need to make several changes once we implement our new bylaw and are officially subject to the new rules:

- There can be no *ex officio* directors. (Currently, the past president and executive director are both *ex officio* members of the NEC, though the executive director does not have a vote.)
- All directors – in other words, all members of the NEC – must be elected by the membership at the AGM. (Currently, EAC's regional directors are elected regionally instead of at the national AGM; and the past president and executive director are not elected at all.)
- Directors cannot be elected to specific roles; people are simply elected to serve on the board. The board then appoints the officers. (Currently, we elect a president, a vice-president, a treasurer, etc. In future, we will simply elect a slate of directors without specifying which office each director will hold.)

In practice, the national Nominating Committee could still recruit candidates according to their

interest in filling specific offices or their endorsement by their regions, and members could be presented with two slates: a slate of directors (a list of names, which is what members would vote on) and a slate of officers to be appointed by those directors afterwards (which would be for information only).

Why are these Executive Council changes necessary?

The roles of “director” and “officer” have effectively been merged in EAC practice, but legally they are separate functions. Under the new legislation, we are required to implement the distinctions between these roles.

Directors are people who are legally responsible for governing the organization. EAC’s National Executive Council (NEC) is a board of directors; and everyone on the NEC is a “director” in this legal sense, regardless of which additional title they hold.

Under the new Act, an association’s board of directors (our national executive council) has the authority and obligation to manage or supervise all the activities and affairs of the association within the parameters set out by the Act itself, the association’s bylaw, and any unanimous member agreement. The board then delegates some of this authority by appointing officers.

Officers are people who have signing authority for the organization – essentially, the president, vice-president, secretary, treasurer, executive director, and certain branch roles. Officers may also be directors, but they don’t have to be. Officers do not have to be members of the association. The executive director is an officer of the association but is not a member.

Do branches have to make these same changes in their election processes?

No. These election requirements apply only to the association’s board of directors (national executive council).

New Bylaw

Why do we need a new bylaw?

The rules under the Canada Not-for-Profit Corporations Act are different from the old legislation, so the provisions that EAC needs to set out in the bylaw are also different.

Overall, the bylaw requirements of the new legislation are sufficiently different from EAC’s current constitution that the most straightforward approach was to (1) start from scratch using the government’s recommended bylaw provisions and then (2) adapt them to EAC practice where permitted.

Is the November 2013 version the final draft of EAC’s new bylaw?

No. The November 2013 version includes annotations explaining where each provision came from. The annotations will be removed from the final version. In addition, as indicated in the annotations, some clauses are still under discussion.

What are “articles of continuance” and why do we need them in addition to the bylaw?

“Articles of continuance” are laid out in a short document that is required by Corporations Canada. Essentially, articles of continuance are EAC’s formal application to continue to be federally incorporated. The articles are submitted by completing Form 4031 – Articles of Continuance (transition). The task force’s “Draft Articles and Bylaw” document shows what information goes in the articles.

Access to Member Information

Does the new legislation have any privacy implications?

The Act requires the association to maintain a register of directors, a register of officers, and a register of members. These registers are to be kept at the national office. They must include names and addresses, as well as the dates that officers and directors moved into and out of their positions.

The Act provides that a member, a member's personal representative, or a creditor of the association may request access to these records. Requests to access the register of members can be made only in connection with association business (such as an effort to influence voting at an upcoming meeting), and anyone who requests access to the register of members must make a statutory declaration to this effect. In addition, members can ask Corporations Canada to instruct EAC to refuse to release information in circumstances where releasing it would be detrimental for a member or the association.

The specific requirements are set out in sections 21–25 of the Act.

Alternatives

What happens if we don't comply with the new legislation?

The federal government says that organizations that do not make the transition by the deadline will be considered inactive and will be dissolved. So, if we want EAC to continue to exist in its current form, we must comply with the Act.

What does “dissolved” mean and why does it matter? Couldn't we just carry on doing what we do without federal government recognition?

“Dissolved” means that the association would cease to be federally incorporated. Associations don't have to be incorporated, but incorporation offers a number of benefits. It makes the association a legal entity that is separate from its members and that can hold property, enter contracts, and incur liabilities.

In an unincorporated association, all property must be held in the name of individual members in trust for the association; and members are personally responsible for any debts they incur on the association's behalf. In some circumstances, members may also be held responsible for the debts or liabilities incurred by other members.

Could EAC switch to some other structure instead and avoid these changes?

One alternative would be for branches to split off into separate organizations. These local organizations would then be separate entities that would be affiliated in an arm's-length way with EAC (and/or just with each other) rather than all part of one association. They could choose their own membership structures and run their own financial affairs independently. Local entities could choose to incorporate themselves provincially if they wished, or they could remain unincorporated.

The Governance Task Force believes that this alternative would result in a more radical change in association services, functioning, purpose, and culture than the changes needed to comply with the legislation and remain federally incorporated. The task force therefore does not recommend this alternative.

Next Steps

What happens now? How can I help to shape the decisions?

All members are encouraged to review this FAQ document, the accompanying Backgrounder, and the November draft bylaw; to think about them and discuss them with other members; and to contribute comments and questions to the national discussion via EAC's various communication channels:

LinkedIn

www.linkedin.com/groups?gid=1858228

Facebook:

www.facebook.com/pages/Editors-Association-of-Canada-Association-canadienne-des-r%C3%A9viseurs/271502192279

Interactive Voice

www.editors.ca/bb/index.php

Direct email to the Governance Task Force

governance@editors.ca

In spring 2014, after reviewing member feedback, the Governance Task Force will circulate a final draft bylaw and articles of continuance for members to review. Members will be asked to approve the articles and bylaw at the 2014 AGM.