



Members present

Alan Tunnicliffe, Ann Blair, Ann Cooper, Barbara Pollard, Barry Lennox, Barry Pulford, Ben Dunbar-Smith, Bill Morris, Colin Bendall, Coral Laughton, Cornelia Van Der Hulst, Darren Burden, Dave Berry, Deborah Rhode, Dennis Viehland, Dianne Lennox, Erin Ryan, Gaynor Thacker, George Murray, Gerard Dunne, Grant Platt, Gwyn Rogers, Hayley Groves, Ivan Hibberd, Jaya Prasannan, Jim McKie, John Blair, John McCarthy, John Thacker, John Unitt, Keiko Suzuki, Ken Griffin, Kevin Brewer, Lilian Van Elk, Margaret Harding, Mark Ebrey, Masako Mizusawa, Michael Sheehan, Mike Flaws, Moira Lipyeat, Nancy Ward, Natalie Trumper, Neda Zdravkovic, Pat Campbell, Ray Salter, Ross Butler, Sally Evers, Vivien Jones, Vivienne Strangman and Wendy Wallace.

In Attendance

- Mark Wells (Chief Executive), Maureen McCloy (National Secretary), Kevin Cameron (Finance Manager), Simon Cartwright (Hostel Operations Manager), Melanie Evans (Payroll Co-ordinator), Chris Arnold (Property Manager), Leiali Al-Afrangi (Administration and Communications Co-ordinator) and Rachelle Chadwick (Accounts Technician).
- Bronwyn Dallow (YHA Australia).
- Adri Smit (Partner, PwC).

Chair

Ray Salter.

1. Meeting opening

1.1. Welcome

The Chair opened the meeting and welcomed members to Christchurch. He then reminded the members of YHA's Aims and Objects as set out in YHA's Constitution. He noted that after last year's meeting the Standing Orders had been revised and are now much more prescriptive; he hoped that they would not be required for this meeting.

He then advised that the AGM was being streamed live onto the YHA New Zealand Members Facebook page, thus broadening the opportunity for members to connect into the AGM.

1.2. Apologies

Apologies were received from the following members:

Amanda Gower, Ann Voyce, Ben Mitchell, Bruce Bertram, Bruce Church, Bruce Ward, Charlie Smith, Christine Kiddey, Clive Croy, Ennio Veronese, Gary Gower, Gilbert Whalley, Gordon Solloway, Harry Guitry, Heather Pryor, Jan Veronese, John Wilson, Julie Hooper, Kathy Weaver, Ken Geoghegan, Ken West, Lance Kiddey, Melvan Driscoll, Peggy Jack, Peter Bugler, Peter Washington, Ruth Wildish, Suzanne Kendrick and Wendy Hare.

87/1 Resolved that the above apologies be accepted.

1.3. Quorum

The Chair advised that the quorum requirement was achieved and that there were 50 Senior Financial Members present.

1.4. Adoption of the Agenda

The Chair advised he would call for items of General Business under agenda item 10.

87/2 Resolved that the agenda be approved.

2. Introductions

2.1. National Board

The Chair introduced the other National Board members present: Kevin Brewer, Darren Burden, Jaya Prasannan, Michael Sheehan, Nancy Ward, Ken Griffin and Hayley Groves.

2.2. YHA Australia Representative

The Chair welcomed Bronwyn Dallow, Director of YHA Australia. He emphasised the strong partnership with YHAA, noting the common operations and information management systems.

2.3. Honorary Vice-Presidents

The Chair acknowledged the two Honorary Vice-Presidents, with Dave Berry present and Bruce Ward an apology as he was running the Auckland Marathon.

2.4. Honorary Life Members

The Chair introduced the Honorary Life Members present: Jim McKie, Moira Lipyeat, Bill Morris, Ross Butler, Coral Laughton and Dave Berry. He thanked them for their long-standing service and on-going interest in YHA.

2.5. YHA Staff

The Chair introduced the YHA staff members present at the meeting:

Mark Wells (Chief Executive), Maureen McCloy (National Secretary), Kevin Cameron (Finance Manager), Simon Cartwright (Hostel Operations Manager), Melanie Evans (Payroll Co-ordinator), Chris Arnold (Property Manager), Leiali Al-Afrangi (Administration and Communications Co-ordinator) and Rachelle Chadwick (Accounts Technician).

2.6. Audit Partner

The Chair introduced Adri Smit, Partner at PwC. Because the AGM is in Christchurch this year it seemed a good opportunity to ask her to attend this meeting and answer questions about the financial statements if required.

3. In Memoriam

The Chair asked the meeting to take a moment to remember the passing of members during the last year, including: Nancy Green, Christchurch; John Hammond, Christchurch; Roy Pyle, Auckland; Jolyon Manning, Alexandra; Glenn Rockell, Christchurch; M H Edge, Dunedin; Noel Lyons, Napier; Keith Stichbury, Napier; Jean Smith, Oamaru.

4. Minutes

4.1. Confirmation of minutes of the previous Annual General Meeting.

Sally Evers queried the Opoutere performance result, as recorded under agenda item 6.1, of a deficit of up to \$20k per year. The Chief Executive confirmed that it was subsequently identified that a \$40k accrual had been made for repairs and maintenance that were not undertaken due to the decision to close the hostel. This was then backed out and the hostel had therefore made a profit for the 2016/17 year of \$20k.

87/3 Resolved that the minutes of the 86th Annual General Meeting are a true and accurate record of the meeting and be approved.

4.2. Matters Arising

Constitution – had been updated with the rule changes and lodged with the relevant agencies.

Member Forum – a closed Facebook group for all YHA New Zealand members had been established and members are welcome to join.

Board Charter – is available to Senior Financial Members upon request in the same manner as the full financials.

Constitution review – the timetable for the new incorporated societies legislation is likely to be 2019 and the Chair will follow up on this early 2019 to confirm.

Opoutere – an update will be provided in the Chief Executive’s report.

5. Announcement of Election Results

The Chair thanked the four candidates who had stood for the two National Board vacancies. He announced the election results (*Appendix 1*) as follows:

5.1. National Board

- Hayley Groves, Christchurch
- Mark Ebrey, Taumarunui

Mark introduced himself and thanked members for their support. He confirmed his focus on membership involvement and advised that, as one of eight Board members, his intention is to provide a constructive role on the Board over the next three years.

Hayley introduced herself and confirmed that she had enjoyed her role on the Board to date and was pleased to bring her construction project management expertise to the Board table. She conveyed her passion for governance, including the current membership and governance review, and the successful delivery of the new Lake Tekapo hostel.

5.2. Constitutional Notice of Motion

The Chair announced the voting result with the Dispute Resolution clause being carried by 85% of votes. The Chair advised that the Constitution will be updated with the new wording, lodged with the Companies Office and Charities Services, and then published on YHA's website. Hard copies will be available on request.

5.3. Honorary Vice-Presidents

As no nominations had been received, the Chair advised that the Board would therefore consider whether to carry or appoint to the vacancies. He noted the significant amount of engagement required over the next few years in relation to membership and governance, which would form part of the Board’s consideration.

Dave Berry advised his misunderstanding regarding when the three year tenure commenced.

6. Annual Report and Financial Statements

6.1. Chair’s Address

The Chair introduced his address by noting that it represented a departure from tradition whereby the Chief Executive had previously presented the annual report. He then spoke about the role of the Board and its business over the past year as follows:

- Role of the Board

The Board's principal role is to deliver YHA's mission. The distinction between governance and management is significant; the Board sets the direction and Management then delivers on this. The Board is guided by the Institute of Directors, in particular its four pillars of best practice governance.

- a) Determining purpose – including the strategy and long-term sustainability of the organisation
- b) Having an effective governance culture – the Board is a team and requires a high standard of engagement, debate and performance at the Board table. Once a decision has been made the whole Board stands by this and owns it.
- c) Holding to account – making sure performance measures are implemented by Management and setting the organisation's risk appetite.
- d) Effective compliance – solvency and legal compliance are fundamental to the Board's role. Boards are increasingly being subject to significant responsibilities under the law, e.g. health and safety.

- Work of the Board

The Board held eight meetings during the year in person and met several times more via teleconference; ~2000 pages of Board papers were read and considered; three Board sub-committees completed their work plan and reported to the Board; the Membership and Governance review project was initiated.

The Board's stakeholders include:

- a) 14,000 domestic members of which 9,000 are Gold members, and 3,500 of these are aged over 65 years. In addition, there are 7,000 international members. With 997 votes for the Board this year, the 50 members attending the AGM today represent a very small percentage of the entire set of members connected to the organisation.
- b) 80,000 guests a year who choose to stay with YHA in a very competitive market.
- c) 150 staff whose livelihood relies on YHA as their employer.

- The last year: the Good

Tekapo – is the right property in the right place at the right time, so looking forward to it being open. Membership and Governance review – better to create our own future rather than having it imposed upon us. YHA's membership peaked in 1988, so its heyday was 30 years ago. Many membership organisations are in very steep decline and there are now a greater number and variety of ways for people to connect. Now is therefore the time to review membership and governance.

Website redevelopment – a significant investment in staff time and funds for this development over the past year. It is critical that we continue to encourage guests to book via our own channel. The alternative is to pay someone else 15% of our turnover for the privilege of using their booking engine.

- The last year: the Not so Good

John Hammond – passed away earlier in the year and is a great loss to YHA and the wider community. YHA's financial position – is tight at the moment and a review is underway to support our on-going sustainability. We must recognise that ours is not a high-profit margin sector.

- The last year: the Bad

2017 AGM – was somewhat combative. A small group of members disagreed with the Board's decision to close Opoutere. This had already gone on for some time prior to the AGM.

The Opoutere Member Group (OMG) had raised a number of valid points re the nature and costs of the required repairs and maintenance at the hostel. The Board recognised the importance and validity of that issue and stopped their process to commission an independent review on this matter. The Chair was surprised at the result, which indicated that the cost to bring the buildings up to

standard was higher than Management had estimated. OMG had indicated that the costs would be lower.

The bad aspect of this experience was that the complaints moved from being about the issues to be about the people; so we got into a situation of playing the person rather than the subject and some of the behaviours in that process were unacceptable, e.g. being threatened with legal action, instances of personal abuse and insults, and a number of approaches which were contrary to YHA's values.

The Board therefore spent a considerable amount of time and expense over the last 18 months on this matter, including independent legal reviews and a lot of Board time on the matter. An outcome of all this is that the Board has reviewed the complaints process, hence the Constitutional Notice of Motion. The Board will certainly be more judicious about how it invests in any future issue of this type in relation to the time it spends and the processes it uses.

- In Summary

For YHA to be successful, we need guests and without guests we have no income. With no income we have no staff and therefore no organisation. So no matter how many members we might or might not have, we need to look after our guests.

YHA has 87 years of history behind it and it's going to continue; however another of Cora Wilding's interests, the Children's Health Camps are progressively closing. We are therefore likely to outlive some of the other interests of our Founder, but to do so we need to remain relevant and design our sustainable future.

- Next year

The Board has a busy year coming up, in particular the issues around membership and governance, and how we face and design our own future. As we get deeper into the process, all members should get involved. YHA is our organisation and we need to chart our own future.

6.2. Presentation of the Annual Report and the Annual Financial Statements

The Chief Executive commenced his presentation by acknowledging Jim McKie as the first paid Chief Executive/National Secretary, noting that many of today's challenges are surely similar to what he dealt with in his time. He then acknowledged Coral Laughton and Ross Butler as past National Chairs.

The Chief Executive's presentation covered the following points:

- YHA's Mission, Values and Strategy
- Hostel network including Qualmark ratings
- Key Performance Trends 2017/18
- Financial Report 2017/18
- State of the Nation Update, including the operating environment, website, digital membership card, and investment in hostel refurbishment and the new Lake Tekapo build, sustainability including carboNZero, and YHA's international contribution.
- Challenges
- Concluding Comments and Acknowledgements

He summarised by stating that YHA continues to track satisfactorily, with much to celebrate. However, it must remain vigilant in the face of low margins, managing the impacts of Airbnb, staying relevant, and representing good value for money to our markets and guests.

The Chair then drew attention to the staff survey engagement results and advised that he believed the Chief Executive was modest in his achievements in leading a very strong and positive culture within YHA.

The National Chair then asked for questions:

How are YHA and local Councils dealing with Airbnb – Dave Berry

The unregulated visitor accommodation is now well established and has become a significant competitor. As part of managing this issue YHA has listed two properties with Airbnb. Noted the Auckland targeted rate, which is paid by regulated visitor accommodation providers only, and the risk that other local authorities are looking to also implement this rate.

Slow progress with the Tekapo build – Dave Berry

Additional resource has been applied to speed up the work and we are now looking to open in March 2019.

Tax status of donations – Ivan Hibberd

As YHA is a donee organisation listed with the IRD, donations are tax deductible. Receipts are issued which include YHA's charity registration number.

Limited response to on-line comments – Vivien Jones

All guest responses are monitored as these represent an improvement opportunity. Hostel Managers currently respond to 56% of all online feedback and this is a massive task for them. Our aspiration is to respond to all and we are working towards that. Vivien's specific feedback regarding mirrors on the bedroom walls at Auckland City was noted by the Hostel Operations Manager for follow up.

Is there a future for basic hostels – Barry Lennox

A number of members used to enjoy basic and cheap hostels in their youth; however YHA does not have these in its network today and cannot afford to operate them in such a competitive environment.

Lack of hostels on the east coast of the South Island – Erin Ryan

YHA operates hostels in Christchurch and Oamaru and is searching for a franchise or associate operator in Dunedin. YHA will only invest YHA funds in areas in which visitor flows and size and scale will ensure a return on that investment e.g. Lake Tekapo.

Current situation and future visitor accommodation options at Opoutere – Ben Dunbar-Smith

YHA is currently maintaining security and the grounds of the property. A formal offer has been received from Wharekawa, and agreement in principle has been achieved. We understand that once the buildings have transferred to Wharekawa, they intend, in due course, to provide visitor accommodation over the summer break.

Plans for a Kaikoura hostel – Moira Lipyeat

YHA's founder Cora Wilding retired to Kaikoura and helped found the original hostel. This hostel was closed and sold due to the cliff face issues behind the hostel. It remains closed post-earthquake. The Associate partner is no longer part of the network due to earthquake response complexities. This means YHA currently is not represented in Kaikoura; this will remain under review as the town recovers.

Repayment of debt – Neda Zdravkovic

The level of debt has increased, in particular in support of the Tekapo build. The long term plan includes a strategy for repayment of debt over time. The Annual Business Plan for this year is titled *Living within our Means* and this focus will continue.

6.3. Adoption of the Annual Report

87/4 Resolved that the YHA New Zealand 2018 Annual Report be adopted.

6.4. Adoption of the Annual Financial Statements

87/5 Resolved that YHA New Zealand's Financial Statements for the year ending 30 June 2018 be adopted.

6.5. Confirmation of Auditors

87/6 Resolved that PwC be confirmed as YHA New Zealand's Auditors for the year ending June 2019.

7. Membership and Governance Review project – update and discussion

Darren Burden, as Convenor of the Membership and Governance Review project team, presented an overview of the project and progress to date. This had included a scan of similar organisations and a gap analysis against the Institute of Directors *Four Pillars of Best Practice Governance*. He restated the purpose of the project which was to review and propose a governance model which:

- Reflects YHA's requirements currently and into the future, such as the need to have the appropriate skills at Board level.
- Considers the role of membership in all of YHA's governance processes, including elections, the setting of rules (the Constitution), and the accountability of the Board members and recommends a future membership model that will effectively achieve the desired governance model.

The initial discussion document was then reviewed and the Convenor reiterated the project team's request for feedback on this initial thinking. Discussion followed including:

- The different reasons why people become members of YHA and how to further encourage their engagement.
- The value of nomination committees, as used by a number of organisations, and whether they should have the power to prevent members standing for the Board.
- A query re whether YHA is a commercial entity and to what extent the Constitution should guide how YHA should be governed.
- Concern re guests being involved in governance, concern that the Board may be appointed, and support for a competency framework.

8. Award nominations and presentations

The Chair advised that John Hammond had been nominated posthumously for an Honorary Life Membership.

86/7 Resolved that the Annual General Meeting confers the Service and Merit Award for 2018.

Ray Salter / Ken Griffin

Kevin Brewer, the Deputy Chair, received the award on behalf of John's widow. He then spoke about John's contribution to YHA and to National Board, as a Board Member and then as National Chair. He emphasised how John was open and honest, always seeing the good in people. John epitomised YHA's values; he was a principled man and had contributed significantly to YHA's successes.

Cora Wilding Award – the Chair referred the meeting to the press release in their packs in relation to this year's award winner – the publication of a refugee and immigrant focussed cookbook called *Spoonful of Spice*.

9. YHA Australia Representative presentation

Bronwyn Dallow presented the YHA Australia report including:

- Performance snapshot over the past year
- Changes to the membership model – Simple Affordable Membership (SAM)
- Hostel Developments – Byron Bay, Sydney Central, Perth City
- Guest demographics
- Trans-Tasman co-operation – the invaluable collaboration between YHAA and YHA New Zealand
- Hostelling International – with Rob McGuirk from YHAA recently elected as HI President.

The Chair thanked Bronwyn for her presentation. He conveyed the meeting's congratulations to Rob McGuirk and confirmed that collaboration strengthens both organisations.

10. General Business

10.1. Member involvement – Whangarei Branch

- Agreed all to consider further and to submit ideas as part of the Membership and Governance review feedback.

10.2. Postal Voting – National Chair

- The Census going on-line earlier this year is a salient reminder of the direction of the digital world, yet YHA still provides the option of either postal or electronic voting. Given that every postal vote in this year's elections cost YHA \$18 for printing and postage, at a total cost of \$10,000 – the question becomes when should YHA move to digital only voting. Agreed this requires further consideration.

10.3. Clarity of Constitutional changes – Vivien Jones

- Suggestion that to improve clarity and understanding, the whole clause proposed for amendment be shown in full both before and after amendment.

10.4. 2018 AGM date and location

- The Chair announced that the next AGM will be held in Auckland on 2 November 2019.

10.5. Acknowledgements and celebrations

- Kevin Brewer was acknowledged for his nine years serving on National Board. The Chair described Kevin as the guiding beacon for the Audit and Risk Committee.
- Michael Sheehan was acknowledged for his five years serving on National Board and the deep technology knowledge and experience he brought to the Board table.
- Gwyn Rogers was presented with flowers and a card to celebrate her forthcoming 90th birthday.

10.6. Meeting ending

As there was no further business, the Chair then declared the 87th Annual General Meeting closed at 12.35pm.