

Minutes of the 91st Annual General Meeting of YHA New Zealand
held via Zoom on
Friday 25 November 2022, commencing at 9am



Members present

- Mollie Bertram, Kevin Brewer, Chris Burns, Valerie Carter, Darin Cusack, Mark Ebrey, Harry Guitry, Anne Henderson, Ian Lothian, John McCarthy, Maureen McCloy, Ben Mitchell, Tjerk Oosterhuis, Paul Reid, Rachael Shadbolt, Nancy Ward, Peter Washington, Michael Way, Kenneth West, Gilbert Whalley, Joy Wickham and Stroma Wilcox.

In Attendance

- Leiali Al-Afrangi (Administration and Communications), Michele Duguay (Finance Manager), Richard Lingard (Systems & Performance) and Chris Sperring (General Manager).
- George Forbes (Rhodes and Co., Lawyers), Adri Smit (PwC, Auditor) and David Webb (Deloitte, Financial Advisor).

Chair

Ian Lothian

1. Meeting Opening

1.1. Welcome

The Chair opened the meeting and welcomed members to YHA New Zealand's 91st Annual General Meeting. He shared a Traditional Karakia with the attendees.

He then reminded the members of YHA's Charitable Aims and Objects as set out in YHA's Constitution. He informed members that the meeting would be run in accordance with YHA's values of respect, integrity, passion, excellence and authenticity, and that it would be managed in accordance with the Standing Orders as set out in the AGM Meeting Pack.

1.2. Apologies

Cathy Bendig; James Bishop; Ann Cooper; Mike Flaws; Terry Goodall; Hayley Groves; Moira Lipyeat; Masako Mizusawa; George Murray, Paul Clark, Jaya Prasannan and Wendy Wallace.

91/1 Resolved that the above apologies be accepted.

Maureen McCloy & Nancy Ward

1.3. Quorum

The Chair advised that the quorum requirement of 15 members was achieved.

1.4. Adoption of the Agenda

The Chair advised he would call for other items under agenda item 8.

A member asked to discuss where YHA's at and where we're going. The Chair noted to add this.

91/2 Resolved that the agenda be approved.

Harry Guitry & Anne Henderson

2. Introductions

2.1. National Board

The Chair introduced the other National Board members present: Nancy Ward, Darin Cusack, Mark Ebrey, Harry Guitry, Rachael Shadbolt and Maureen McCloy, and advised that Hayley Groves may try to join after 10am, and that James Bishop (intern) is an apology.

2.2. Honorary Vice-Presidents

The Chair thanked the Honorary Vice-Presidents who were not present.

2.3. Honorary Life Members

The Chair introduced the Honorary Life Members present: Kevin Brewer, Harry Guitry, Ben Mitchell and Gilbert Whalley. He thanked them for their service to YHA and asked them to wave.

2.4. YHA Staff

The Chair introduced the YHA staff members present at the meeting: Chris Sperring, Michele Duguay, Leiali Al-Afrangi, and Richard Lingard. He thanked them for their service to YHA and asked them to wave.

The Chair welcomed our guests: George Forbes, Adri Smit and David Webb. He thanked them for their incredible support and advice over the last year.

3. In Memoriam

The Chair asked the meeting to take a moment to remember those members whose passing has been advised to YHA since the last AGM:

Jean Nelson, Dunedin; and Bill Morris, Bay of Plenty – both Honorary Life Members.

And Margaret (Maggie) Fannen, Manukau and Richard Philip Williams, Wellington.

4. Minutes

4.1. Confirmation of minutes of the previous Annual General Meeting

A member asked a question relating to the SGM Minutes from last year and why members haven't been sent this. George, our Constitutional Lawyer advised that the AGM only need approve the minutes of the previous AGM, and although it is useful to circulate previous SGM minutes (as raised), it is not essential for today's business purposes. Ian advised attendees that we will circulate these at a later stage.

91/3 Resolved that the minutes of the 90th Annual General Meeting are a true and accurate record of the meeting. **Harry Guitry & Darin Cusack**

4.2. Matters Arising

The Chair advised that there were no matters arising.

5. Announcement of Election Results

5.1. National Board

The Chair read out the Returning Officer's election results showing Ian Lothian and Vivien Jones as elected to the National Board, and welcomed Vivien Jones to the Board (who was not present). The Chair advised that Harry Guitry was unsuccessful in being elected, and thanked him for his commitment to the Board and to YHA.

5.2. Constitutional Notices of Motion

The Chair announced that no Constitutional Notices of Motion had been received.

5.3. Honorary Vice-Presidents

The Chair advised that no nominations had been received for the four vacant Honorary Vice President positions. The incoming Board will consider whether to carry or appoint to the four vacancies.

6. Annual Report and Financial Statements

6.1. Chair's Address and presentation of the Annual Report and the Annual Financial Statements

The Chair summarised the Executive Summary section in the 2022 Annual Report and asked if members had any questions in relation to this.

Maureen McCloy, Board Member, thanked The Chair and YHA for the position we're in now after the situation we were in last year – with no debt and a 90-year old start up, a tremendous effort.

A member added that although we may have no debt, we also have no hostels. The Chair acknowledged this comment and confirmed YHA was in the process of restarting.

Another member thanked the Board for their efforts – unlike many other companies, YHA hadn't left a trail of debt to our creditors, and have done incredibly well to not have left a bad mess. The Chair acknowledged this, saying YHA had paid our staff their redundancies, our creditors were fully paid, our guests were fully refunded what they were due, and banking debts were cleared in full. The Chair acknowledged YHA's professional advisors had been extremely supportive (David Webb, George Forbes, Adri Smit) and thanked everyone involved for their huge effort and support. It was also a huge YHA team effort too, and the Chair thanked all the staff, with a special thanks to Maureen for her huge effort returning as a staff member as well as maintaining her role as Board Member.

The Chair reminded attendees that they were sent the draft YHA New Zealand Financial Statements, and advised that we only received back the audited Financial Statements late the night prior to the AGM.

6.2. Adoption of the 2022 Annual Report

91/4 Resolved that the YHA New Zealand 2022 Annual Report be adopted.

Mark Ebrey & Nancy Ward

6.3. Adoption of the 2021 Annual Financial Statements

A member asked if there were any substantive changes from the draft we received last year. The Chair advised there were not, and that the audit was completed later in the year.

It was agreed that the YHA New Zealand's Financial Statements for the year ending 30 June 2021 would be adopted.

Adri (PwC) advised that the audit opinion spoke to challenges around finalising the audit. No further questions were asked.

91/5 Resolved that YHA New Zealand's Financial Statements for the year ending 30 June 2021 be adopted.

Nancy Ward & Harry Guitry

6.4. Adoption of the 2022 Annual Financial Statements

The Chair shared his screen with the meeting to show the audited 2022 financial statements which were only finalised the previous day. Attention was drawn to the auditor's opinion, a 'qualified opinion' which is what we expected. It notes how YHA were heavily impacted by Covid-19 and in November 2021 entered into an agreement to enable an orderly sale and wind-down. The National Board determined a Going Concern assumption was not appropriate, with significant uncertainties existing – all of this is in the basis for a qualified opinion. Due to this uncertainty, auditors were unable to obtain sufficient appropriate audit evidence to support the assumptions made by YHA.

At the start of the second page of the audit opinion, there is a section in relation to YHA closing down systems following closing our doors, which meant we no longer had access to some of these systems and so the auditors couldn't pull through information they needed from this to make an opinion.

Adri Smit from PwC advised that it is important that members read the subsequent event note. This has made a substantial change in the financial position of the business and is material.

A member asked how much the individual hostels sold for as these were not in the financial statements. The Chair advised it was a deliberate decision not to include this detailed information in the Financial Statements. He explained that in 2019 YHA had ten properties, all mortgaged with BNZ. In the second half of 2020 we sold YHA Auckland City for \$7m, and four other properties on a sale/leaseback basis (YHA Rotorua; YHA Wellington; YHA Lake Tekapo and YHA Wanaka) for \$22.2m.

The YHA Te Anau property was sold in April 2022 for \$2m and the remaining hostels were sold in September 2022 (YHA Franz Josef, YHA Auckland International, YHA Aoraki Mt Cook and YHA Queenstown Lakefront) for \$17m. A member asked as to the price Queenstown Lakefront sold for, and it was confirmed as \$6.6m. David Webb spoke to this advising that this figure was in line with other offers received. RL added that we only owned the building and not the land.

Our real estate, Colliers, had since advised it was the most difficult hotel-portfolio they had ever worked on, especially considering the Covid-19 timing. The sales surpassed their expectations.

The end result achieved overall was above our own expectations, and above our best case planning scenario.

It was agreed that the YHA New Zealand's Financial Statements for the year ending 30 June 2022 would be adopted.

91/6 Resolved that YHA New Zealand's Financial Statements for the year ending 30 June 2022 be adopted.

Harry Guitry & Gilbert Whalley

6.5. Confirmation of Auditors

The Chair spoke with Adri at PwC and YHA have been very satisfied with the service so far. The Board would now like to go to the market to look at further charges. YHA will go to three audit providers to look at proposals.

The Chair asked for members' approval to appoint the next auditor through a competitive market tender process by receiving proposals from three audit firms including PwC for the three year-period 2023-25.

90/6 Resolved that YHA New Zealand's Board will appoint the auditors for year ending June 2023 following a review of market options.

Harry Guitry & Anne Henderson

7. Award Nominations and Presentations

The Chair announced that no nominations had been received.

8. General Business

8.1. Current position

The General Manager, Chris Sperring, gave a welcome to the group and thanked our small team. A warm welcome was extended to the Board and The Chair for strong leadership, with special mention to Maureen McCloy who led our small team in an incredibly diligent and responsible way. CS thanked YHA's professional advisors for support through this process, and recognised the support of members and their passion for the organisation. CS also thanked the previous General Manager, Simon Cartwright, for looking after our staff and team.

CS advised we are almost two months into our "start-up". YHA are pleased to announce YHA Lake Tekapo has re-opened, and we have signed an associate deal with the buyers. We are looking to re-open the remaining properties in those assets in the next 4-5 months.

Part of the start-up process is recognising we had some clunky systems in place previously and we have turned most of them off. Moving forward, YHA are looking at standing things back up, including our associate network. Our priority is re-starting our booking engine and working on our membership. There is lots of work and action going on behind the scenes.

The Board have agreed on a start-up strategy work-stream team with Rachael Shadbolt, Darin Cusack and Chris Sperring, where the team will focus on what the YHA network will look like in the future. The Board and team are committed and focused on bringing this organisation back to life for members to use in the future.

There were a few questions from members.

- A member thanked management for getting us where we are, even though YHA have lost properties. Further information was sought on where YHA were at now that there's \$4m in the bank, i.e. what are our financial liabilities. The Chair responded, advising that the Christchurch hostel lease has been taken over by Gaw Capital (GCPH), but the original guarantee given to the landlord still stands for a further two years. This guarantee liability will reduce over the next two years. Assurance was given that GCPH are a substantial tourism investor and are therefore unlikely to default on rent payment. YHA have a second lease for National Office with no more need for, and there is an interested party who will take over this lease in February 2023 awaiting cost of fitout. The liability on this lease also reduces as time passes.
- A member asked what the difference was between Associate and Franchise partners. CS answered, advising that a Franchise partner is that of a deeper relationship which takes on more services, while an Associate partner just takes on the YHA branding and name. For clarification, GCPH has picked up YHA Lake Tekapo as part of a Franchise agreement.
- A member asked what the business model for YHA is moving forward: are YHA co-branding; will the 18 Associates run on their own; will Associates run their own standards and operations, etc; will YHA staff the hostels; will YHA return to having a payroll or are GCPH running this? CS responded: YHA are providing the booking engine, website, and HI brand to the Associates; YHA are not paying for staff to manage the properties; YHA will appear similar to a NZ online travel agent service; a financial arrangement sits in the GCPH franchise agreement and for the provision of services, which includes the standing back up a booking engine and YHA website. The Chair advised that this is a small but positive and useful start for YHA, and as the organisation moves forward there is potential for growth. YHA will have to continue to meet our charitable purposes and remain fit-for-purpose. The Board and team will review this in time.
- A member asked whether there was a service quality audit function in place to ensure the Associates maintain services and won't compromise the YHA brand. CS advised that this was the front and centre of the franchise agreement, and that brand strength will need to be retained in New Zealand as part of HI. There is a strong element of this in the agreement and GCPH are on-board with YHA's values too. With YHA's current resourcing structure, there would need to be additions to the staffing component to meet the ability to audit the hostels and services. The team are back in touch with our HI partners and are considering how to explore this in the future and how to monitor this in an auditing capacity with HI. The Chair advised that YHA have cash investments in the bank at ~\$4m, and everything the team does is being approached with the view that it needs to be profitable, that our operational costs are minimised, and we are not interested in borrowing any more money.
- A member asked if there was a budget for the foreseeable year. MD is producing monthly reports for the Board which includes cashflow forecasting, budgeting, guarantee liabilities, etc, so that YHA can operate on that basis. The budget will be re-forecast several times over the next few months as we operate to find out what we can and can't do. It is unlikely YHA are going to make large amounts of money in this first year, with the focus on not going backwards. The GCPH franchise agreement was agreed with a \$100k fee. YHA have staff costs and are hoping to cover ourselves in the first year, but it is difficult to say at this early stage and we will work through the budget as we go. A suggestion of a 6-monthly feedback to members to advise on progress was put forward by a member – this will be considered and discussed with the Board.
- A member asked if Guest Centrix (GC) would be used by Associates and whether YHA are charging for this use, and what level of bookings YHA can expect to get through it. RL advised that GCPH won't use GC and will use Mews as their PMS. However, YHA will continue to use GC for the time being and are hoping bookings through the YHA website will get back to previous levels. A new

membership portal will also be launched soon which will mean that franchise and associates can sell memberships directly too.

- A member asked whether the Board have considered communicating with and involving its membership more. The Chair recognises the value of the membership and will ensure this is on the agenda at the Board meeting following the AGM and will consider this moving forward over the next few months. The Chair also gave the example of Vivien Jones, a long-standing member now on the Board, having some thoughts moving forward.

8.2. 2023 AGM date and location

The Chair announced that the next AGM will be on Friday 24 November 2023, via Zoom. If YHA have generated sufficient additional funds, we will consider a face-to-face meeting.

8.3. General Business

The Chair opened the room for any other business and there were none.

8.4. Acknowledgements

Harry Guitry, departing Board Member, thanked everyone for their time and offered his congratulations to VJ for the future. HG also expressed his delight at seeing Gilbert Whalley, YHA's longest standing present member, who's birthday was today. Gilbert advised the group that at 92 he hopes to continue to be part of the membership for a while yet, thanked everyone and said he was a proud member of YHA.

A member expressed appreciation for the struggle the team have had to work through the last couple of years, but thought the team were light on strategy. The member asked for the Board to work on a plan for future strategy before the next AGM. The Chair advised that at the previous Board Meeting a strategy committee was created and we're at stage one of this and it is very early days. The Board hope that in 6-12 months' time there will be more to share with members. Darin Cusack, Board Member, thanked the Board and members for their comments which were fair and valid. He offered a sense of the strategy sub-committee, where phase 1 was the initial revive stage, with discussion on how YHA step through the next phases. The challenge is resourcing where we have a very agile team and don't want to pile on work. Strategy is something the team are working through and want to develop a long-term view and strategy of business.

Mollie Bertram advised that her husband Bruce Bertram, Honorary Life Member, is 95, and they both send their best to everybody.

The Chair thanked everyone for attending the meeting.

There being no further questions the meeting was closed at 10.43am.

Notice of Election Results



Youth Hostels Association of New Zealand

2022 National Board Election

DECLARATION OF ELECTION RESULTS

I hereby declare the following results for the 2022 National Board election, which closed at 12 noon on Friday 18 November 2022, as follows:

2022 National Board

Election of TWO (2) National Board members – Preferential voting method

Total Valid Votes 381
Total Invalid Votes 0
Winning Threshold/Quota 128

After the tallying of all preferences, the successful candidates are Vivien JONES and Ian LOTHIAN.

The unsuccessful candidate is Harry GM GUITRY.

I therefore declare Vivien JONES and Ian LOTHIAN to be elected to the National Board.

The voter return percentage was 7.57% being 381 votes cast from 5,033 eligible voters.

Warwick Lampp
Returning Officer – Youth Hostels Association of NZ
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