



YHA Ltd

74th Annual General Meeting

Minutes

14 April 2018

The Big Dig Archaeology & Education Centre, Sydney Harbour YHA
110 Cumberland St, Sydney

Opening & Notice of the Meeting

The meeting began at 11.05 am with the Chair, Rob McGuirk, welcoming everyone to the meeting and acknowledging the traditional owners and custodians of the land, the Gadigal people of the Eora Nation, and paying respects to their elders both past and present.

The Chair reported to the meeting the sad news of the passing of Victorian life member (and centenarian) Thomas Alexander Webb and a few moments' silence was observed in his memory.

The Chair introduced YHA's Vice Presidents who were present (Hugh Andrew, Ray Temperley, David Wardle, Jim Whitehead and Toni Vincent). The Chair then introduced the Directors, the staff, and the two visitors Jaya Prassanan, a Director of YHA NZ and, Melissa Alexander, from Pitcher Partners - the company's auditor.

The Chair remarked that this was a historic meeting as it marked the first AGM of the organisation being fully national in Australia, following the final mergers of two former State organisations (in Tasmania and WA) into YHA Ltd (trading as YHA Australia). Thanks were extended to all of the Directors and staff who had worked on this process over so many years and in particular to the CEO (Julian Ledger), CFO (Stephen Lynch) and Strategy & Digital Leader (Rolf Duelks - the former CEO of HI Australia) for their work towards achieving the mergers.

Attendance and Apologies

38 members were registered on an attendance sheet at the entrance to the meeting room. Also in attendance were eleven staff and two visitors; Jaya Prassanan, from YHA NZ, and Melissa Alexander, from Pitcher Partners. Apologies were received from twelve members. 392 valid proxies had been received by the closing date in advance of the meeting.

Minutes of the 73rd Annual General Meeting held in Sydney on 8 April 2017

The Chair referred the meeting to the minutes of the previous AGM which had been made available online and which were also distributed at the meeting. There were no questions raised concerning the minutes.

1.0 YHA Ltd Annual Report 2017

Each year YHA Ltd produces an Annual Report which is made available online at yha.com.au and email/mailed to those members requesting it. YHA also produces a more comprehensive document, the Year in Review, which incorporates the Annual Report, and which had been distributed at the door. It was noted that there is no requirement under the Corporations Act for the Annual Report to be received or adopted by members – it is provided for members' information and scrutiny only.

A PowerPoint presentation of the highlights of the 12-month period from 1 January to 31 December 2017 was presented by the Chair, Rob McGuirk, Directors Leonie Clark (Chair of the Audit & Risk Committee), Tracey Powell (Chair of the Nominations & Remuneration Committee) and the CEO, Julian Ledger.

Highlights

The highlights for the year included:

- The successful mergers, with YHA Tasmania on 1 January 2017, and with YHA WA on 1 September 2017;
- Extension and redevelopment of Byron Bay YHA



- Acquisition of the former associate hostel, Cape Byron YHA;
- Introduction of a new 'Simple Affordable Membership' model;
- Recording of 1.6 million overnight stays in the network of 75 hostels;
- Renovation of the exterior and interior of Hobart Central YHA, refurbishment at Sydney Central YHA and addition of more en-suites at Canberra YHA;
- Implementation of the Strategic Plan 2017-2020, and sustainability initiatives.

Finance

The Chair of the Audit & Risk Committee reported that on the total operating turnover of \$44.2 million (\$44.69 million in 2016), there had been a normalised deficit of \$1.11 million (\$1.6 million surplus in 2016).

There had been additional costs due to the mergers, and also extra borrowings due to the purchase of property, however Melbourne Metro YHA had been sold and leased back while a more centrally located property was sought in the Melbourne CBD. As a result after year end \$10 million had been repaid off the company's loans with the proceeds. The organisation now had approaching \$250 million worth of property and borrowings of \$90 million.

The auditor outlined that YHA has robust financial controls in place (including the internal audit) and that the audit tested these processes. She said that the audit had not uncovered any concerns and that the accounts were to a high standard. Thanks by exclamation was extended to the auditor and YHA's CFO and the accounts team.

Nominations & Remuneration

The Chair of the Nominations & Remuneration Committee reported that the Directors had formed a Remuneration Working Group during the year to consider the proposal for remuneration for Directors. After careful analysis of the issues, an Explanatory Memorandum had been distributed to member with the proposal and Board recommendation that Directors be remunerated.

Vice President, Toni Vincent, was thanked for her involvement as the former Chair of YHA Queensland and subsequently Vice Chair of YHA Ltd for her role in helping to achieve the first State merger with YHA Ltd, which had now led to a fully national organisation.

Outlook

The CEO outlined other achievements and innovations during the year, including YHA Australia being honoured with an award for 'Most Innovative Association' by Hostelling International.

Europeans continued to be the main source of guests for YHA, however there was growth potential from Asia. YHA is concerned and making representations to government regarding the impact of the rise of short term holiday letting accommodation in Australia including the need for appropriate regulations to be in place.

YHA had plans for future developments, including on a central plot of land acquired at Surfers Paradise, and is considering options for additional accommodation in Sydney, noting that the area around Central Station is due to undergo major development with the introduction of the Sydney Metro, and revitalised train terminus and interchange.

YHA needed to continue to build relationships with associate hostels, particularly in regional areas, to maintain the network in country locations, and to respect YHA's heritage and values but continue to evolve.

Feedback from members

The Chair invited questions and comments from the floor and the following topics were considered:

- Introducing incentives for guests to book direct on yha.com.au rather than via Online Travel Agents;
- The introduction of new licensing in Queensland for labour hire contractors, to combat exploitation of Working Holiday Makers undertaking harvest work;
- YHA supporting government measures to develop affordable social housing (rather than people in need seeking to stay in youth hostels, so potentially hiding the problem);



-Before the introduction of the new membership model, YHA had sought and gained a private ruling from the Australian Taxation Office (ATO) upholding YHA's status under the provisions of the principle of mutuality;

-The need for the Board to focus on maintaining regional as well as urban hostels, for example through partnerships.

2.0 Remuneration of Directors

The Chair outlined the background to the proposal for remuneration for Directors. The idea of remuneration had evolved over a period of years. It was provided for when the YHA Ltd Constitution was drafted in 2009 and at that time the figure was set at zero. YHA had since consulted members at various AGMs regarding their opinion on the matter. The Board has also obtained external advice on the issue.

The rationale behind the proposal is that following the completion of the State mergers in 2017, the YHA Ltd Board of Directors is now responsible for all of YHA's activities in Australia. Previously this was undertaken by seven State boards and one national Board, totalling over 60 Directors. The Directors now had a bigger responsibility than previously, and might need to take time off from their regular duties such as work, to prepare for and travel to meetings across the country. Although Directors did not represent a particular State, there were currently Directors on the Board from the following States: NSW, Queensland, South Australia, Victoria and Western Australia.

YHA had received some feedback from members on the matter, and the Chair read out correspondence received from member Robert Manning regarding the need for there to be mechanisms in place to ensure good governance around the recruitment of Directors, particularly with remuneration being proposed. The Chair confirmed that YHA has robust processes and policies in place, including an Election Committee that interviews all prospective Directors and makes a recommendation to the Board regarding those to go forward for nomination. There was also a proposed policy governing the management of Directors' Remuneration, which was referred to in the Explanatory Memorandum and posted on yha.com.au for review by members. Additionally, there is a Directors' Reimbursement of Expenses policy, which sets out the process for reimbursement of direct costs for attending Board meetings, such as travel costs.

The proposal to the Annual General Meeting was to introduce an aggregate amount of up to \$150K per annum.

It was noted that in order to be passed at least 75% of members present and voting needed to be in favour of the resolution, as per Clause 7.7(a) of the YHA Ltd Constitution. An external company, Election Consulting Group, had managed the process for the lodgement of proxy votes. A summary of the proxies was handed to members on arrival at the AGM. At the close of voting by proxy at 11.00am on 12 April 2018, a total of 392 valid proxies had been received, with 389 held by the Chair, and 3 held by other members present at the AGM. At the AGM, one abstention held by the Chair was rescinded, and replaced with a vote from the floor. A total of 25 members voted from the floor of the AGM, with nil against and nil abstentions, and these results were collated with those lodged by proxy, by two tellers - being Stephen Lynch (CFO) and Marie Sahagun (Administration Manager).

The final result was 83.5% in favour of members present (in person or by proxy) and voting.

RESOLVED:

THAT for the purposes of rule 7.7(a) of the Constitution, the aggregate limit on remuneration for directors in respect of a Financial Year is hereby fixed for the time being at \$150,000.

Moved: Rob McGuirk

Seconded: Toni Vincent

CARRIED

(328 IN FAVOUR; 65 AGAINST; 23 ABSTENTIONS; 1 EMPTY VOTE)

3.0 To declare the results for the two vacancies on the Board of Directors

The CEO in his capacity as Company Secretary, and Returning Officer reported that the YHA Ltd Constitution provides for the election of two Directors each year, for a three-year term. A Call for Nominations was sent to members in December 2017 to stand for the vacancies.

In accordance with the Constitution and By-law 1, which governs Directors' nomination and election, two candidates were approved as nominees for Board membership. As there was no greater number of approved nominees than vacancies to be filled, there was no Directors' election in 2018.

The two approved nominees, who would continue as Directors, were:

-Tracey Powell

-Euan Prentice.



They joined the continuing Directors:
Rob McGuirk Matthew McNeil
Leonie Clark Bronwyn Dallow
Ross McDougall Michael McPhail.

4.0 General business

There were no items of general business.

The Chair concluded business with recognition of retiring Director, Robyn Antill, who had first become a member of Hostelling International in 1990. When Robyn returned to live in Australia, she transferred her Canadian life membership to YHA, and was elected to the YHA Ltd Board in 2015. She became a member of the Audit & Risk Committee, then the Nominations & Remuneration Committee, held the position of Chair on the Directors' Remuneration Working Group, and represented the YHA Ltd Board at the YHA New Zealand AGM in 2017. Thanks were extended to Robyn for her contribution to the organisation, and a presentation was made.

5.0 Closure

The meeting closed at 12.28pm. The Chair thanked all for attending for having shown an interest in and supporting YHA over the past 12 months, and invited members present to join the Directors and Vice Presidents for lunch onsite.

Signed:

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Rob McGuirk, Chair

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Date