



YHA Ltd

72nd Annual General Meeting

Minutes

9 April 2016

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

Opening & Notice of the Meeting

The meeting began at 11.10 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 introduced YHA's Vice Presidents who were present (Hugh Andrew, Bruce Hart, Ray Temperley, David Wardle, Jim Whitehead and Greg Mortimer OAM); then the Directors and the staff.

Attendance and Apologies

38 members were registered on an attendance sheet at the entrance to the meeting room. Also in attendance were ten staff and two visitors. The visitors were Melissa Alexander and Sylvia Wallace from Pitcher Partners. Apologies were received from seven members. A total of 525 proxies had been received.

Minutes of the 71st Annual General Meeting held in Sydney on 11 April 2015

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

1.0 To receive and consider the YHA Ltd Annual Report and Financial Statements for 2015

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, therefore in future years there would be no resolution required on this item.

A PowerPoint presentation of the highlights of the 12-month period from 1 January to 31 December 2015 was presented by the Chair, Rob McGuirk, Directors Leonie Thijssen (Chair of the Audit & Risk Committee), Tracey Powell (Chair of the Nominations & HR Committee) and Julian Ledger the CEO.

Highlights

The highlights for the year included successful preparation for the integration of the former national body, Hostelling International Australia (HI-A) into YHA Ltd, taking effect from 1 January 2016 and including entering into service agreements with YHA Tasmania and YHA WA. The merger is a part of the strategic objective of achieving a more efficient organisational structure for YHA in Australia. Thanks were extended to the staff for additional work undertaken towards the integration, in particular to the CEO (Julian Ledger); Strategy & Digital Leader (Rolf Duels) and Communications Manager (Silke Kerwick). The Board were also commended.

Another highlight of the year was the contract to purchase Newcastle Beach YHA (formerly an Associate hostel), and development approval being granted for an expansion at Byron Bay YHA. YHA had been honoured with tourism awards in several states, and the Board of Directors had attended the official opening of the new Fremantle Prison YHA in WA.

Total overnights recorded in the YHA Ltd network of 59 hostels had increased to 1,348,835. On a total operating turnover of \$42.9M, a surplus had been achieved of \$0.98M. Earnings before interest, taxation, depreciation and amortisation were \$9.9M. The YHA Small Hostels Development Fund had accumulated funds to over \$0.5M.



Membership sales had increased by 2% to Australians and by 12% to international visitors joining YHA upon arrival in Australia. Membership is under review and a new approach was being planned to further streamline it.

Accounting Policy

The Chair of the Audit & Risk Committee outlined accounting policy changes that had been implemented for the 2015 Financial Statements. General purpose reports are required although YHA now uses the 'Reduced Disclosure Requirements' option. YHA fixes its interest rates on borrowings by entering into interest rate swap contracts as this provides stability over the payment of interest, assisting with reliable budgets. Interest rate swap agreements are required by Accounting Standards to be measured at fair value in the balance sheet. This amounted to \$1.3M in 2015. Changes in the fair value of interest rate swap agreements are reported in the Profit & Loss Statement – this was an expense in 2015 of \$255K.

Auditor

An update was provided on the company's auditor. Moore Stephens had been appointed as auditors at the 2015 AGM, with Melissa Alexander as the lead audit partner. In October 2015, Moore Stephens merged with Pitcher Partners and the Board had resolved to appoint Pitcher Partners as auditor, subject to consent by ASIC for Moore Stephens to resign (consent was granted on 17 November 2015). It was noted that the change to an audit firm with greater capacity has been a good fit for an organisation of YHA's size.

RESOLVED:

To receive the 2015 Annual Report & Financial Statements of YHA Ltd.

CARRIED
(518 IN FAVOUR; 3 AGAINST; 30 ABSTENTIONS)

2.0 To modify the YHA Ltd Constitution in organisational, governance & membership matters

The Chair outlined the rationale for proposing modifications to the YHA Ltd Constitution and gave a PowerPoint presentation on the topic. The present Constitution had been drawn up in 2009, prior to recent mergers, and needed to be updated to reflect the integration of HI-A into YHA Ltd. This also provided an opportunity to review organisational, governance and membership matters. An Explanatory Memorandum and a marked-up, colour-coded copy of the proposed Constitution had been made available on yha.com.au; and the link sent to members. It was also made available at the registration desk. The Board recommended that members vote in favour of the resolutions to modify the Constitution.

Questions were taken from the floor on the proposed modifications. The rationale for extending the period before former employees can stand for the Board was clarified being to ensure a separation between governance and operation; the commitment to continue with dual branding for YHA/Hostelling International in marketing activities was affirmed, and it was confirmed that the rights of existing Life Members will remain (however no further members would be admitted to life membership).

Vice-President David Wardle noted that the goal to move towards a skills-based Board was to be commended, and praised the transparency of communication with members. It was noted that transparency should also be maintained in the process of selecting Directors to be put forward to members as candidates for election to the Board, including the By-laws being made available on yha.com.au.

It was noted that in order to be passed at least 75% of members voting needed to be in favour. A total of 525 proxies had been received, and voting also took place at the AGM by those members present who had not already voted by proxy, with results to be collated by two tellers, being Stephen Lynch (CFO) and Marie Sahagun (Administration Manager).

(1) Organisational matters

These modifications involve changes to facilitate the integration of Hostelling International Australia (HI-A) into YHA Ltd, removing legacy items relevant only to previous mergers, and several tidying-up matters.

RESOLVED:

That the Constitution of YHA Ltd is modified as indicated by the changes highlighted in **blue** in the copy of the Constitution tabled at the Annual General Meeting and initialled by the Chair for the purposes of identification.

Moved: Rob McGuirk

Seconded: Reg Loeb

CARRIED
(518 IN FAVOUR; 16 AGAINST; 17 ABSTENTIONS)



(2) Governance matters

These modifications involve reducing the maximum number of Directors from 12 to 9, increasing the qualifying period before former employees can be elected or appointed as a Director from 1 to 5 years, and moving the Director nomination and election procedure from the Constitution to the By-laws of YHA Ltd (with the introduction of an Election Committee to assess candidates).

RESOLVED:

That the Constitution of YHA Ltd is modified as indicated by the changes highlighted in **green** in the copy of the Constitution tabled at the Annual General Meeting and initialled by the Chair for the purposes of identification.

Moved: Rob McGuirk

Seconded: David Wardle

CARRIED

(501 IN FAVOUR; 37 AGAINST; 13 ABSTENTIONS)

(3) Membership matters

These modifications involve closing the category of Life Membership such that existing Life Members retain all their rights and obligations, but that no more Life Members may be admitted to this category.

RESOLVED:

That the Constitution of YHA Ltd is modified as indicated by the changes highlighted in **yellow** in the copy of the Constitution tabled at the Annual General Meeting and initialled by the Chair for the purposes of identification.

Moved: Rob McGuirk

Seconded: Leonie Thijssen

CARRIED

(455 IN FAVOUR; 82 AGAINST; 14 ABSTENTIONS)

3.0 To declare the results for the three vacancies on the Board of Directors.

The CEO in his capacity as Returning Officer reported that the YHA Ltd Constitution provides for an election of three of the nine-person Board of Directors each year. Directors are elected for a three-year term. A Call for Nominations was sent to members in December 2015 to stand for one of the three vacancies. In response to the Call for Nominations for the three vacancies, eligible nominations of three candidates were received. As the number of nominations did not exceed the number of vacancies the three candidates were declared duly elected by the Chair as per Schedule 1, clause 6 of the Constitution.

The persons who have been elected for a three-year term were:

Rob McGuirk
Matthew McNeil
Leonie Thijssen.

They join the continuing Directors:

David Neish
Euan Prentice
Robyn Antill
Matthew McNeil
Ross McDougall
Tracey Powell.

4.0 To elect up to 10 Vice-Presidents

Under Rule 8.5(a) of the Constitution up to 10 Vice-Presidents, each of whom has been proposed by the Directors and is a member, may be appointed by resolution at a general meeting and he or she holds office until death, resignation, retirement under rule 8.5(b), ceasing to be a member or removal from office by resolution at a general meeting. Rule 8.5(b) specifies that the term of office for each Vice President cannot be more than 3 years from the date of his or her appointment. The following members were appointed to the role of Vice-President at the 2013 AGM and their term expired at the 2016 AGM:

Russell Thomson
Greg Mortimer OAM
Hugh Andrew
Paul Page
David Wardle
Edna Lyle OAM
Jim Whitehead
Ray Temperley
Bruce Hart
Toni Vincent.



Thanks were extended to retiring Vice-Presidents Russell Thomson and Paul Page for their service to YHA over many years.

The Board proposed that the 9 persons named below be appointed to serve as Vice-Presidents for a term of three years to expire at the Annual General Meeting of 2019. It was agreed to vote on the election of Vice Presidents as a group.

- Greg Mortimer OAM
- Hugh Andrew
- David Wardle
- Edna Lyle OAM
- Jim Whitehead
- Ray Temperley
- Bruce Hart
- Toni Vincent
- Helen Harms.

RESOLVED:

That the 9 persons as proposed by the Board be appointed as Vice-Presidents for a 3 year term.

Moved: Rob McGuirk

Seconded: John Clancy

UNANIMOUSLY ELECTED

5.0 General Business

Merger with YHA WA

It was noted that whilst the Board was expecting YHA Tasmania to merge in the coming period this was not the case with YHA WA. A question was raised as to the reasons for this, and it was noted that although YHA Ltd continues to work towards a national merger, YHA WA has an autonomous Board and therefore it would need to be their Board and members' decision to merge.

Online Travel Agents

It was noted that YHA plans to launch a 'Book Direct and Save' campaign to encourage bookings via yha.com.au. Research will be undertaken into how upfront payment and cancellation conditions on yha.com.au compare with bookings via Online Travel Agents, to gain a better understanding of preferences. It was also suggested that hostel staff could be incentivised to make more onward hostel-to-hostel bookings.

Free night vouchers for life members

It was requested that future promotions offering one free overnight stay for life members could have an annual validity rather than six months.

6.0 Closure

The meeting closed at 1.00pm and was followed by a meeting of YHA members (see notes attached). The Chair thanked all for attending and those who had shown an interest in and supported YHA over the past 12 months, and invited members present to join Directors for lunch onsite.

Signed:

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Rob McGuirk, Chair

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Date



YHA Ltd Members Meeting Notes 9 April 2016

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The CEO of YHA Ltd, Julian Ledger, gave a brief PowerPoint presentation to members present following the 2016 AGM, to seek feedback from members on the concept of remuneration for Directors. It was stated that there were various views on the current Board on the issue.

It was noted that:

- YHA is a Not-for-Profit organisation, not a charity
- YHA operates a significant business in a commercial environment
- YHA Directors serve in a voluntary capacity, with expenses paid, iPads provided, and Company Directors' training offered as required.
- The YHA Ltd Constitution allows for remuneration of Directors. However remuneration is set at zero, and any change would require at least 75% of members voting to be in favour as it is a change to the Constitution.
- With recent mergers, the YHA Ltd Board is now a larger entity, operating at a strategic level, with longer weekend meetings and travel (frequently interstate) involved.
- Directors are required to attend 7 face-to-face Board meetings a year, plus 5-6 Committee meetings. It is estimated that the workload for a Director is up to approximately 25 hours per month.
- Reasons to consider remuneration included:**
 - Heavy responsibilities of Directors (including decision-making, supervisory and compliance)
 - Need to attract and retain high calibre, experienced people
 - Preparation and travelling time to attend meetings
 - YHA as a \$40M+ turnover organisation has capacity to pay
 - Remuneration could be set at a modest honorarium level.

Reasons to be cautious about remuneration included:

- YHA attracts strong candidates willing to serve on a voluntary basis
- Board turnover is currently relatively low
- Remuneration could attract unsuitable candidates motivated only by money
- Members may not support the proposal
- Most Not-for-Profit organisations do not pay their Directors
- Remuneration would be a new expense for YHA.

Feedback was received from members at the meeting as follows:

Against

- There is kudos associated with being on a Not-for-Profit Board (that should be enough reward)
- Payment would not really cover the workload anyway, if only an honorarium
- If the Board is divided on the issue, then the members may also be e.g. the Board needed to first reach a consensus

For

- The compliance requirements and workload of Directors justifies remuneration
- Principle of remuneration not an an issue, however need to be transparent in determining what amount is set
- There is a difference between reimbursement and remuneration (i.e. compensating for time foregone to attend meetings - an 'opportunity cost' as Directors may have to leave their paid work/take annual leave to attend)
- YHA is in the tourism industry, and so not directly comparable to most charitable Not-for-Profit organisations.