



Members present

Eric Wheatley, Amanda Gower, Barbara Pollard, Barry Pulford, Bill Morris, Charlie Smith, Christine Eales, Clive Croy, Colin Bendall, Cornelia Van Der Hulst, Darren Burden, Dave Berry, Dennis Viehland, Erin Ryan, Gary Gower, Gaynor Thacker, Geoffrey Negus, George Murray, Gilbert Whalley, Gordon Solloway, Grace English, Gwyn Rogers, Hayley Tribble, Harry Guitry, Heather Pryor, Hunter Wilson, Ivan Hibberd, Jancis Hampton, Jane Lovell, Jaya Prasannan, Jillian Kerr, John McCarthy, John Thacker, Julie Hooper, Katherine Boys, Kevin Brewer, Kevin Penberthy, Madge McCormick, Malcolm Wade, Margaret Harding, Mark Ebrey, Mary Croy, Masako Mizusawa, Michael Dempsey, Michael Sheehan, Moira Lipyeat, Natalie Trumper, Oscar Nordstrom, Paul Reid, Peter Washington, Ray Salter, Ruth Wildish, Sid Lovell, Steve Wakefield, Vivien Jones, Wendy Wallace, and Ross Blackwood.

In Attendance

- Mark Wells (Chief Executive), Maureen McCloy (National Secretary), Kevin Cameron (Finance Manager), Kate Ufton (HR and Quality Co-ordinator) and Heike Hunscher (PA/Administrator).
- Rolf Duelks (YHA Australia)
- Don McKenzie and Eralynne Ryan (Observers).

Chair

John Hammond.

1. Meeting opening

1.1. Welcome

The Chair opened the meeting and welcomed members to Auckland. He then reminded the members of YHA's aims and objects as set out in YHA's Constitution and the standing orders for the meeting.

1.2. Apologies

Apologies were received from the following members:

Ben Mitchell, Bruce and Mollie Bertram, Bruce Ward, Jim McKie, John Wilson, Ross Butler, Rex Smart, Coral Loughton, Elizabeth and Keith Beer, Lance and Christine Kiddey, Fraser Ross, Bruce Church, Judy and Roy Pyle.

85/1 Resolved that the above apologies be accepted.

1.3. Quorum

The Chair advised that the quorum requirement was achieved and that there were 58 Senior Financial Members present.

1.4. Adoption of the Agenda

The agenda was adopted with the addition of the following items:

- Rolleston House – Christchurch Members Group
- Tekapo – Christchurch Members Group
- Member Weekends – Christchurch Members Group
- Kaikoura – Christchurch Members Group
- Honorary Vice-President tenure – Harry Guitry
- YHA presence in the Wairarapa – Geoffrey Negus
- Cleaning standards in hostels – Geoffrey Negus
- Board succession planning – National Board.

85/2 Resolved that the agenda be approved with the above additions.

2. Introductions

2.1. National Board

The Chair then introduced the National Board members present: Darren Burden, Jaya Prasannan, Kevin Brewer, Ray Salter, Michael Sheehan and Steve Wakefield.

2.2. YHA Australia Representative

The Chair welcomed Rolf Duels from YHA Australia and re-iterated the importance of the trans-Tasman relationship with YHAA.

2.3. Honorary Vice-Presidents

The Chair acknowledged the three Honorary Vice-Presidents who were present: Amanda Gower, Harry Guitry and David Berry and thanked them for their work during the year.

2.4. Honorary Life Members

The Chair introduced the Honorary Life Members present at the meeting and acknowledged 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), Kevin Cameron (Finance Manager), Maureen McCloy (National Secretary), Kate Ufton (HR & Quality Co-ordinator) and Heike Hunscher (PA/Admin at National Office).

3. In Memoriam

The Chair asked the meeting to take a moment to remember the passing of members during the last year, including: Margaret Abbott, Nancy Green, Len West, Barry Cope, Bob Evenden, James Pirie and Janet Anderson.

4. Minutes

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

85/3 Resolved that the minutes of the 84th Annual General Meeting be approved.

4.2. Matters Arising

None.

5. Announcement of Election Results

The Chair thanked all the candidates for standing for the elected positions. He confirmed the previously declared results for Honorary Vice-Presidents. He then announced the National Board election results (*Appendix 1*) as follows:

5.1. Honorary Vice-Presidents

- Bruce Ward, Christchurch
- David Berry, Timaru
- Harry Guitry, Whangarei

5.2. National Board

- Ray Salter, Wellington
- Darren Burden, Christchurch

6. Annual Report and Financial Statements

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

The Chief Executive commenced his presentation by:

- Acknowledging the importance of YHA New Zealand and Australia's collaborative relationship.
- Noting that Len West, YHA's Chief Executive from 1986 to 2001, had passed away during the year. During Len's time with YHA he had transformed the organisation from a tramping club to a tourism product. He had also established YHA's credibility on the Hostelling International stage.

- Recognising Roy Pyle's outstanding early work to help establish YHA's commitment to sustainability and celebrating YHA's recent commitment to the carbonNZero programme.
- Inviting members to record their personal stories of their involvement in YHA for inclusion in YHA's archival information.

The Chief Executive then presented his report to the AGM (Appendix 2) which was followed by the Finance Manager's presentation of the Annual Financial Statements for the year ended 30 June 2016.

A short video was also shown which had been created to accompany the Annual Report. <https://www.youtube.com/watch?v=xrJbNyldAQc>

The National Chair then asked for questions:

Future plans for a hostel in Dunedin - Dave Berry

There is an ongoing conversation with an operator who is keen to develop a backpacker business and wants to do so as part of the YHA network. The Hostel Operations Manager continues to work with them to support their plans.

Affordable pricing for families – Mark Ebrey

Pricing of rooms is dynamic and is driven by supply and demand. YHA provides family rooms and promotes hostels as being suitable and affordable family accommodation.

Wisdom of investment in regional hostels e.g. Nelson and Tekapo – Jill Kerr

Travel patterns to the top of the South Island had changed while the local supply of backpackers' accommodation had significantly increased since YHA first purchased the YHA Nelson property. The decision made during the year to sell the building and the business to the current Franchise partner was therefore a decision based on the best return of YHA's investment. It had enabled YHA's limited capital funds to be better invested elsewhere in the network. The 92 bed hostel still operates successfully as part of YHA's network.

Tekapo, by contrast, is in growth mode and this is projected to continue for the foreseeable future. It is an important strategic location in its own right and is also an important stopping point on the journey between Christchurch and Queenstown. The major Tekapo attraction is the Aoraki Mackenzie *International Dark Sky Reserve* and to experience this requires an overnight stay in the village, so accommodation is required. The current hostel is inadequate to meet the demand and tenure on the current site is finite with the lease ending next year.

Relevance of Online Travel Agents (OTAs) – Dennis Viehland

Like them or not OTAs are an integral part of the guest booking landscape. Approximately 40% of YHA's bookings are via OTAs and the reality is that OTAs are where many guests go to book their bed. The on-going message to prospective guests is to book direct on YHA's own website www.yha.co.nz. Direct bookings do not incur commission costs payable to an OTA, which can be significant given YHA's thin margin.

Differential growth in tourism across the country – Harry Guitry

Tourism New Zealand is promoting regions and encouraging visitors to travel in the shoulder season in order to boost regional tourism and to take the load off key locations and the mid-summer period. Ray Salter summarised the massive growth in tourism which is forecast for the next twelve months with major destinations already fully booked over summer.

Future plans for a hostel in Mt Maunganui – Bill Morris

A new backpacker development is in its planning stages and will likely become part of the network as a Franchise partner over the next 12 to 18 months.

AirBnB's provision of tourism accommodation – John Thacker

With the increasing demand for tourism accommodation, AirBnB has gained market share. It is one of a number of YHA's competitors but is largely unregulated given it's not part of the formal commercial accommodation network. It is widespread internationally and there is an international response to its lack of compliance.

Goodwill impairment – Paul Reid

The impairment of \$997,000 as set out in the financial statements relates to the 2009 purchase of YHA Rotorua. This year's revaluation of the land and property had increased its value by \$997,000 and the Board decided to impair the remaining goodwill rather than take this amount into the books. As a result there is no ongoing impairment requirement for Rotorua.

6.2. Adoption of the Annual Report

85/4 Resolved that the YHA New Zealand 2016 Annual Report be adopted.

6.3. Adoption of the Annual Financial Statements

85/5 Resolved that YHA New Zealand's Financial Statements for the year ending 30 June 2016 be adopted.

The Chair then conveyed the Board's thanks to the Finance Manager and his team for their work during the year which culminates in the annual financial statements.

7. Award nominations and presentations

The Chair advised that the following nominations for awards had been received:

Barbara Pollard for a Certificate of Merit.

Erin Ryan for a Distinguished Service Award.

85/6 Resolved that the Annual General Meeting confer the service and merit awards for 2016.

Award recipients were presented with the awards by National Board members, and each spoke about their experiences and involvements with YHA.

8. YHA Australia Representative presentation

The Chair introduced Rolf Duels to the meeting who presented the YHA Australia report. He reviewed six decades of change for YHA Australia and discussed current challenges and plans. He then answered questions regarding the increase of visitors from China, the YHA Ltd. organisational structure and culture change resulting from the mergers, and the advantages of staying in bush hostels.

The Chair thanked Rolf for his presentation and acknowledged the ongoing co-operation and collaborative relationship YHA New Zealand has with YHA Australia.

9. General Business

9.1. 2017 AGM date and location

The Chair announced that the next AGM will be held in Wellington on 28 October 2017.

9.2. YHA Rolleston House, Christchurch

The hostel building is leased from the Christchurch City Council and this lease has been extended to April 2017. The Chief Executive and Hostel Operations Manager are currently in discussions with Council regarding a long term lease. This is dependent upon achieving a level of redevelopment that refurbishes the hostel and relocates the bathrooms/toilets to the upstairs floor. The Council is currently intending to run a contestable process for the renewal of the lease which seems superfluous given YHA has held the lease for over 50 years.

9.3. Tekapo

An update on progress with the new hostel development in Tekapo had been covered in the Chief Executive address earlier in the meeting.

9.4. Kaikoura

The YHA owned hostel in Kaikoura had closed during the year and the building sold, as outlined in the Chief Executive's address earlier in the meeting. The Board decision to close the hostel was due to the risk posed by the cliff to the rear of the building and was in line with the Board's risk appetite. The purchasers have re-opened the hostel and operate it as a backpacker. YHA is now represented in Kaikoura by an Associate partner YHA Kaikoura, The Lazy Shag.

9.5. Member Weekends

The Board is currently engaging with members via a shorter format than a Member Weekend, so over a lunch or morning tea. Members are responding to this positively as it enables those who may not want to go away for an entire weekend to meet with the Board and catch up with other members. A wider range of members are thus participating and to date these meetings have been successfully held in Christchurch and Auckland. The Christchurch lunch was remarkable for the number of members who attended, being the equivalent of half an AGM. In addition, Branches and Member Groups periodically arrange highly successful weekend trips away for members.

9.6. YHA presence in the Wairarapa

The Chief Executive had announced during his address earlier in the meeting that at long last a potential Associate partner had been identified in Martinborough. While it was early days as the business was still in start-up, a positive relationship had developed between the two parties. Geoffrey Negus expressed his delight and advised that he looked forward to welcoming YHA back to the Wairarapa.

9.7. Cleaning standards in hostels

The contract cleaning team at both Auckland International and Auckland City hostels were commended for the quality of their service along with the manner with which they conveyed their positive attitude and pride in their work. The Chief Executive was asked to convey this to the Hostel Manager.

9.8. Honorary Vice-President tenure

One of the current Honorary Vice-Presidents queried why the Vice-Presidents terms are one year whilst the elected Board Members' terms are three years. The nomination process is onerous and for Vice-Presidents this is required to be completed annually. General discussion followed with agreement that National Board investigate further with a view to updating this process in the Constitution.

9.9. Board succession planning

The Chair outlined the succession planning process that the Board operates to ensure a talent pool of high calibre members able to stand for election. He then read out the 2014 letter to members from Coral Laughton, the previous Board Chair, (Appendix 3) and advised these points remain relevant today.

He summarised the Board's recruitment process undertaken this year which had sought a candidate with construction and project management skills in order to support the appropriate level of governance given the forthcoming capital projects, e.g. the Tekapo development.

He then advised that such a candidate had been identified and that the Board had now co-opted Hayley Tribble from Christchurch. Hayley, a YHA member, then introduced herself to the meeting and summarised her project management background and experience in the construction industry.

9.10. Thanks to Amanda Gower

The Chair acknowledged Amanda Gower's longstanding contribution to YHA and presented her with a small gift in recognition of this as she was standing down from the Honorary Vice-President role at the end of the AGM. The other two Vice-Presidents present also acknowledged Amanda's contribution and thanked her for her support over many years.

9.11. Appreciation from an Honorary Life Member

Moira Lipyeat thanked YHA for honouring and respecting its Honorary Life Members and conveyed her appreciation of this.

As there was no further business, the Chair then declared the 85th Annual General Meeting closed at 12.05pm.

Voting Results



Youth Hostels Association of New Zealand

2016 National Board

DECLARATION OF ELECTION RESULT

The result of the 2016 National Board Election for the Youth Hostels Association of New Zealand is:

2016 National Board

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

Total Valid Votes 1,269
Total Invalid Votes 15
Winning Threshold/Quota 424

After the tallying of all preferences, the successful candidates Ray **SALTER** and Darren **BURDEN**

The unsuccessful candidate is Mark **EBREY**

I therefore declare **Ray SALTER** and **Darren BURDEN** to be elected to the National Board.

The voter return percentage was 14.67% being 1,284 votes cast, of which 34.27% voted on the internet and 65.73% voted by post.

Dated at Christchurch this 21 day of October 2016.

Warwick Lampp
Returning Officer – 2016 YHA Elections
0800 666 040
iro@electionz.com



Chief Executive AGM Address 2016

Kia ora tatou

As is my tradition, I will use this as an opportunity to provide a State of the Nation update to the audience, taking the Executive Report in the Annual Report to have been read.

Firstly, I want to make some acknowledgements:

- Rolf Duelks is here from YHA Australia. There are some real benefits of being part of an international network, including the building of organisational and personal relationships. YHA Australia and YHA NZ have a pretty special relationship which has developed significantly over the past decade with high levels of co-operation and collaboration ... although we do not necessarily agree on everything!! Not only that, Rolf has become a personal friend over that time and it is always good to catch up ... so welcome Rolf
- Len West's passing and the contribution he made to YHA over a long period.
- And finally, I really want to acknowledge those of you who turn up year after year in support of YHA. Since its inception in 1932, YHA New Zealand has continued to evolve in response to its challenges and opportunities and I am sure that each evolution has caused ripples of doubt and concern – I am thinking decisions like the employment of the first National Secretary, the employment of staff to take over the management of hostels, the transition from a tramping club product to a tourism product, and more recently the impact of the digital world in which we now operate. Now in its 9th decade, YHA has continued to thrive and it is still driven by the same mission and values that have always been at its core - it values and respects its past and its heritage. However, we have had to adapt and to the challenges of operating in a highly regulated and a highly competitive environment. We have done so successfully – we enjoy a fantastic brand reputation which reflects our commitments to the YHA way including staff who are absolutely dedicated and passionate about YHA being more than just a bed to our many guests.

So, yes, I understand some grieving for the past ... but, once again, I want to assure you that that past remains a touchstone as we move forward; however, we must continue to progress for the greatest respect that we can pay to our past is to ensure that YHA celebrates a long-term and enduring future. And what I want to say to you is that at our annual network conference last week, the passion, commitment, connectedness, values and pride in YHA that I observed connects very directly to the legacy that you have created ... and would like to think that you can feel the same sense of pride in that that I and my senior staff do!

As Chief Executive, I feel more than satisfied with the results for the year to 30 June 2016. Our key metrics included:

- Bed revenue growth of 6.75%
- Guest nights increased by 3%
- Occupancy levels of over 81%
- REVPAU improvement of over 7%

There are a number of factors contributing to these outcomes:

- We have the right hostels in the right places on the right basis - we now have a better balanced network comprising of our owned and directly-managed hostels, and Franchised and Associate partners.
- We are investing in our own hostel plant – the level of investment remains substantially greater than it has been and generally enhances the quality of our hostel product and therefore the guest experience. Most importantly, we have a very supportive Board which continues to focus on positive cash flow in the short to medium term ... although returning to a surplus result is naturally a target

- We are achieving significant gains in REVPAU (define) through a combination of strong occupancy and dynamic pricing (expand)
- Our website is working for us and our brand is working for us!!

It all adds up to bed revenue that has grown by 36% (\$3.65m) over the past four years and REVPAU has increased at a similar rate ... from \$20.80 to \$28.30. That represents fantastic progress!

In terms of our markets, NZ remains our single largest market contributing around 20% of our business, while Germany remains our single largest international market, followed by the UK and now China, which has surpassed Australia. We continue to take some comfort in the spread of our markets, which makes us less susceptible to regional crises.

Among a range of marketing-related initiatives have been:

- Developing our domestic profile through television advertising ... which has resulted in over 7m views and solid growth in the domestic market
- A refreshed approach to groups marketing activity, including an active promotional programme to position YHA as the accommodation of choice for school groups
- 360 degree photography and videos featuring our hostels.

We also made further strides in our expression of commitment to environmental sustainability. We invested in a down-bore heat exchanger in Rotorua and invested in solar installations in Franz and Wellington. Further solar installations will follow as affordability allows.

We should also celebrate our winning of the Green Accommodation Initiative in the WYSE Confederation Global Youth Travel Awards in September ... which is a fantastic and well-deserved accolade.

Some weeks ago we celebrated becoming CEMARS certified (define). This re-activated earlier such certification ... which became a victim of post-GFC cost saving measures. As we started to put together a communications strategy to leverage from this mark, it occurred to us that CarboNZero, which manages and off-sets carbon emissions, was a more recognisable brand which provided greater leverage potential, and, as we explored this, it became clear that the investment required to buy carbon off-sets was relatively small. I am therefore pleased to announce here today that YHA New Zealand became CarboNZero certified last week, the first accommodation network in the world to do so.

2017 is the UN Year of Sustainable Tourism – we are incredibly well-positioned to leverage from this!

We continue to invest significantly in our hostel network including:

- The Auckland City and Queenstown Lakefront refurbishment projects have involved substantial capital investment but we now have/will have two hostels of the highest quality, which is critical in two such strategically important locations.
- We continue to invest significantly into our hostels R&M, which makes for a very demanding works programme for the Property Department.

On the other hand, we lost our directly-managed hostels in Taupo and Kaikoura over the year ... but welcomed Finlay Jacks and the Lazy Shag as operating partners in those locations, and are also pursuing partnerships in each of Mt Maunganui, Dunedin and more recently, Martinborough.

A new hostel development in Tekapo remains a priority. The current situation is:

- Land acquisition is still conditional
- Concept design revisited (includes Café)
- Consenting process under way

- Affordability challenges.

In other more general developments:

- We have invested in a new Applications Administrator role to further advance our dynamic pricing methodology – this position is already earning its salary, but it also reflects the complexity of the digital age and the various applications which underpin our business; and
- We have successfully implemented a new FMIS and a new payroll system.

However, we do still have some challenges going forward:

- The number of capital projects far outweighs the availability of capital funds ... so we are going to have to be careful in our prioritising. What this does mean is that we will be increasing our borrowings and mitigating the risks attached to that as well as the repayment of debt are a high priority
- Moving from positive cash flow to a bottom-line surplus is also a challenge – we squeeze as much as we can out of peak season through pricing and occupancy, so it is shoulder season business and groups' business that will create the financial abundance we aspire to
- We still get some nasty surprises about some of our plant ... so an Asset Life Cycle project currently under completion is vital to understanding what we need to invest where and when.
- And then there are OTAs, which are becoming increasingly aggressive although we are still achieving very high rates of direct channel bookings.

So, I report another year of really good progress. I do want to make the point that our trading result is influenced not only by the very positive performance of the tourism sector, but also our own efforts and strategies - our average occupancy is still more than 25 percentage points higher than the sector average!!

We have much to look forward to ... and I have never felt more confident about our ability to continue to successfully evolve in response to both our challenges and our opportunities and so ensure a positive and long-term future in which YHA remains *more than just a bed to its guests and more than just a job to its staff*.

Letter to members from the Chair of National Board
September 2014

Dear YHA member

Board members are often asked for advice on how to vote in our annual elections. We can't tell you how to vote, however we wish to explain how we work to balance the skills and experience around the Board table to support the best possible decisions for YHA's future.

Firstly, YHA's National Board is a team that needs to work well together and with the rest of the organisation. It's important we all share a passion for YHA and its values.

Secondly, all Board members must have a mix of skills and experience that ensures they are able to participate effectively in the decision making of the Board, whether considering financial, legal, operational, marketing, or organisational issues.

Directors of every organisation (whether commercial or not-for-profit) are required to have a high level of proficiency in fulfilling their governance responsibilities and YHA Board members, despite their volunteer status, are subject to the same legal and ethical requirements as commercial Boards.

Thirdly, is the mix of skills around the Board table. Wherever possible we aim to attract specialist knowledge in areas such as finance, marketing, tourism, information technology and property management that will aid good decision making in areas that are critical to YHA's success.

And finally, where possible, we wish to build further diversity across the Board, by gender, age, location etc.

As you can imagine, it's a difficult puzzle to bring all of these elements into balance, whilst still recognising that members ultimately make these decisions by voting.

Do take the opportunity to make your vote count in the upcoming elections. Thank you for your continued support of YHA.

Kind regards

Coral Laughton
National Chair
On behalf of YHA's National Board