

# Liquidators' Seventh Report on the State of Affairs of

Taratahi Agricultural Training Centre (Wairarapa) Trust Board  
(in Liquidation)

2 March 2022



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# Introduction

David Ian Ruscoe (IP#50) and Malcolm Russell Moore (IP#42), of Grant Thornton New Zealand Limited (Grant Thornton), were appointed joint and several Interim Liquidators of the Taratahi Agricultural Training Centre (Wairarapa) Trust Board (in Liquidation) (the “Trust” or “Taratahi”) by the High Court in Wellington on 19 December 2018. Mr Ruscoe and Mr Moore were then appointed Liquidators of the Trust on 5<sup>th</sup> February 2019 at 10.50am by Order of the High Court.

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Information about the regulation of insolvency practitioners is available from the Registrar of Companies.

We have considered the Declaration of Independence, Relevant Relationships and Indemnities provided in our first report and confirm that there have been no changes to it.

We set out below our seventh report on the state of the affairs of the Company for the period from 6 August 2021 to 5 February 2022 (“the Period”) as required by section 255(2)(d) of the Act.

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Company in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance. The liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

We have not independently verified the accuracy of the information provided to us and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly; and
- All amounts are stated in New Zealand dollars.

# Conduct of the Liquidation in the preceding six months

As discussed in our sixth report, throughout the period of Interim Liquidation & Liquidation we have operated Taratahi's farms to maintain the value of the farming operations and ensure that appropriate animal welfare and health and safety standards are adhered to.

While in Interim Liquidation, we did not receive a viable proposal to maintain education operations at the Wairarapa or regional Campuses and as such on our appointment as Liquidators the decision was made to close the academic part of the Trust.

Since 2019 we have had a formal sublease agreement with the Southern Institute of Technology (SIT) who operate an education business from the Telford Campus. We continue to work with SIT to make the Telford Farm available to assist in the education of its students.

An agreement with the Universal College of Learning Limited (UCOL) for a short-term lease of the Home Campus was given Ministerial consent on 8 July 2020. During the period of this report a further agreement was made for the extension of this short-term lease with UCOL until 31 May 2021. This short-term lease is intended to allow for the delivery of short courses that will equip workers impacted by COVID-19 to transition into primary industries jobs. This initiative proves the campus is fit for purpose and ready to be fully utilised by an education provider.

The Wairarapa Campus and Home Dairy farm land are subject to the Taratahi Agricultural Training Centre (Wairarapa) Act 1969. Any sale of this property requires the approval of the Minister of Agriculture.

We continue to work with the Government to find an acceptable landowner for the purposes of the Taratahi Act and who can provide commercial value for the benefit of all Creditors.

We have sought High Court directions on the status of and saleability of the campus land, which went before the High Court in late 2021. We are currently awaiting a judgement from the High Court.

With the Wairarapa Campus and Home Dairy farm ownership unresolved, we continue to operate the Telford Dairy, Beef and Sheep Farms and the Taratahi Home Dairy with plans in place to farm throughout the 2022 / 23 farming season. The combination of increased production and dairy prices has provided favourable returns on the now commercially focused Farms. This strategy will be continued until the ownership of the Home Campus and Dairy farm have been resolved in order to maximise returns to creditors.

## Receipts

### Farming operations

For the 6-month period, we have generated \$2.4m in receipts. This is mostly attributable to the operation of our now commercially focused farms, generating \$1.8m of milk income and \$0.2m of trading livestock sales.

## Creditors

### Secured Creditors

No distributions to the secured creditor have been made in the period. There is still a significant amount outstanding to the secured creditor.

At the date of our appointment, we had identified 286 specific security financing statements (Purchase Money Security Interests ("PMSI"s)) registered. The Liquidators have contacted all registered PMSI holders and are still liaising with some

of them to determine the amounts due. Where possible the liquidators are attempting to reduce PMSI claims (for example by returning certain leased assets). This has reduced the number of PMSI's to under 20.

We anticipate that there will be funds available to make payment to the creditors with specific security interests.

### **Preferential Creditors**

As mentioned in our previous report, all employee preferential entitlements have been paid in full. The Inland Revenue Department is still owed pre-liquidation payroll taxes which have a preferential status.

### **Unsecured Creditors**

At the date of our appointment, The Trusts' electronic records indicate there are 1,194 unsecured creditor claims totalling \$15.9m.

To date, we have received 247 Unsecured creditors' claims to date totalling \$15.2m.

It is unknown the amount of funds that will be available to make payment to unsecured creditors as it is dependent on the sale of the Home Campus and Dairy farm.

## **Remuneration Report**

The Liquidators' remuneration received during the period from 6 August 2021 to 5 February 2022 paid at the hourly rates approved by the Court totalled \$268,833 exclusive of GST. All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six month period is attached as Appendix B. including a schedule of the qualifications and experience generally of staff at each level, a schedule of the work undertaken during the six month reporting period is also summarised in Appendix B.

As of 5 February 2022 there was an additional \$397,138 exclusive of GST of liquidators fees outstanding.

Our remuneration is charged on an hourly basis and is to be approved by the High Court. The Court approval is subject to the power of the Court to review the overall remuneration under section 284(1)(e) of the Act.

# Remaining Matters

Given the extent of the Company's secured and preferential claims and expected asset realisations the funds available for distribution to the unsecured creditors are all dependant on the ability of the Liquidators to realise value at the Wairarapa campus and home dairy farm.

## Further Asset Realisations

We continue to pursue avenues to realise the Wairarapa Campus and Home Dairy farm land but as explained above we await High Court directions to determine the status and saleability of the Campus land and until these matters are received the land will not be sold.

We continue to negotiate with education providers and navigate legal implications of any land sale under the Taratahi Act. The short-term lease of the Campus shows interested education providers the premises are fit for longer term occupation.

At the date of this report, we are continuing to operate the 3 remaining farms for the 2021/22 season. Our intention is to continue to operate these farms while they generate commercial returns. Without the ability to realise Taratahi property trading these farms continues to generate the best returns to creditors.

## Estimated date of completion of the liquidation

At this stage it is not practicable to estimate a completion date for the Liquidation

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [taratahi@nz.gt.com](mailto:taratahi@nz.gt.com).

Dated: 02 March 2022



David Ruscoe  
Liquidator  
Taratahi Agricultural Training Centre (Wairarapa) Trust Board (in Liquidation)

# Appendix A – Statement of Receipts & Payments

Taratahi Agricultural Training Centre (Wairarapa) Trust Board (in liquidation)	6 August 2021 to 5 February 2022 (\$)	For the Combined Period from 5 February 2019 to 5 February 2022 (\$)
<b>Opening funds on hand</b>	6,062,870	-
<b>Receipts (excluding GST where applicable)</b>		
Cash on hand at date of liquidation		1,065,900
Interest received	798	19,342
Collection of debtors	-	294,248
Farm management fees	-	48,750
Milk sales	1,825,174	8,987,304
Grazing Income	149,415	251,973
Capital Livestock Sales	-	7,379,525
Trading Livestock Sales	230,164	4,822,107
Property Sale	-	6,020,000
Sale of assets	12,848	885,847
Sundry receipts	134,826	478,249
Net GST	45,005	364,727
GST refunds/(payments) received	(4,436)	731,631
<b>Total receipts</b>	<b>2,393,794</b>	<b>31,349,604</b>
<b>Payments (excluding GST where applicable)</b>		
<b>Farm operating costs:</b>		
Animal Health	145,968	807,370
Electricity - Farms	67,639	421,701
Farm Consulting	3,424	116,167
Feed	200,835	627,439
Fertiliser	330,889	1,500,335
Insurance - Farms	92,843	507,290
Farm Leases	92,500	961,004
Freight	4,314	89,635
Plant & Equipment Hire	71,186	604,004
Purchase of Stock	32,050	491,985
Rates	48,776	300,537
Repairs & Maintenance	123,627	837,620
Salaries & Wages	397,057	3,034,221
Seed/Crop Expenses	141,454	743,598
Shearing Expenses	17,028	235,910
Vehicle Costs	68,970	351,187
Weed and Pest Control	7,665	69,439
Other Farm Operating Costs	72,211	298,915
<b>Total Farm operating costs:</b>	<b>1,918,436</b>	<b>11,998,355</b>
<b>Other payments incurred:</b>		
Distribution to secured creditor	-	5,867,124
Distribution to preferential creditors	-	2,670,776
IT Costs	21,826	312,226
Lease Properties - Premises	-	21,693
Legal fees	196,897	1,282,001
Interim Liquidators Fees	-	371,449
Interim Liquidators disbursements	-	8,014
Liquidators Fees	251,299	2,181,672
Liquidators disbursements	17,535	112,388
Property Sale Expenses	-	174,156
Telephone, Tolls & Internet	7,325	97,908
Sundry Expenses	10,587	219,083
<b>Total Other Payments</b>	<b>505,468</b>	<b>13,318,489</b>
<b>Total Payments</b>	<b>2,423,905</b>	<b>25,316,844</b>
<b>Net receipts/(payments) for the period</b>	<b>(30,111)</b>	<b>6,032,759</b>
<b>Closing funds on hand</b>		
Represented by	6,032,759	6,032,759
General security funds account	5,727,801	5,727,801
General liquidation Account	304,958	304,958
<b>Closing Balance</b>	<b>6,032,759</b>	<b>6,032,759</b>

# Appendix B – Remuneration Report

## Section 1: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$575
Director	Qualified accountant and may be an Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$450
Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$350
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Senior Analyst	Typically Qualified. 3-4 years' experience. Required to conduct the fieldwork on small to medium Liquidations and Insolvency tasks and assist with fieldwork on larger Liquidations and Insolvency tasks.	\$250
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$150-200
Farm Advisors	Specialist farm advisors well experienced in the New Zealand agriculture Industries. Required to assist Liquidators with the day to day running operation of the Farming operations and provided detail reporting around the commercial viability of these operations.	\$270-\$300
Support Staff	Conducts all aspects relating to administering the accounts function and other functions as required..	\$160



## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category (exclusive of GST):

	Hourly Rate (\$ph)	Operations		Asset Realisation		Creditors		Employees		Administration		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	575	66.0	37,950	45.2	25,990	2.4	1,380	-	-	2.4	1,380	116.0	66,700
Manager	350	151.5	55,285	-	-	-	-	-	-	-	-	151.5	55,285
Senior Analyst	250	103.2	25,800	-	-	3.5	875	-	-	-	-	106.7	26,675
Analyst	150-200	108.2	21,453	-	-	0.5	100	-	-	11.0	2,200	119.7	23,753
Farm Advisors	270-300	205.5	58,170	-	-	-	-	-	-	-	-	205.5	58,170
Support Staff	160	102.0	16,931	-	-	-	-	-	-	23.1	3,785	125.1	20,716
<b>Total</b>		<b>736.4</b>	<b>215,589</b>	<b>45.2</b>	<b>25,990</b>	<b>6.4</b>	<b>2,355</b>	<b>-</b>	<b>-</b>	<b>36.5</b>	<b>7,365</b>	<b>824.5</b>	<b>251,299</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Advertising	5,453
Xero	197
Travel (flights, can rental, accommodation etc)	8,013
Sundry	3,872
<b>Total</b>	<b>17,535</b>

## Section 3: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period

Task Area	General Description	Includes
<b>Assets Realisations</b>	Sale of Campus	<ul style="list-style-type: none"> <li>Reviewing vendor offers</li> <li>Discussions with the Government around these offers</li> <li>Liaising with the Government around implications of sale of Campus</li> </ul>
	Sale of Business Unit	<ul style="list-style-type: none"> <li>Preparing an information memorandum</li> <li>Liaising with potential purchasers</li> <li>Internal meetings to discuss/review potential purchasers</li> <li>Negotiations with Vendors around terms of transfer of Farm Leases</li> </ul>
	Plant and Equipment	<ul style="list-style-type: none"> <li>Liaising with valuers, auctioneers and interested parties</li> <li>Reviewing asset listings</li> <li>Review of Sales</li> </ul>
	Sale of Real Property	<ul style="list-style-type: none"> <li>Liaising with valuers, agents</li> <li>Assistance with Sales process</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing debtors ledgers</li> <li>Liaising with debt collectors and solicitors</li> </ul>
	Livestock	<ul style="list-style-type: none"> <li>Review of stock takes</li> <li>Reviewing stock values from stock agents</li> <li>Liaising with livestock purchasers</li> <li>Consideration animal wellbeing as part of the asset realisation process</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>Tasks associated with realising other assets</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>Receive and follow up creditor enquiries via telephone and email</li> <li>Maintaining creditor enquiry register</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Secured creditor reporting	<ul style="list-style-type: none"> <li>Preparing reports to secured creditor</li> <li>Responding to secured creditor's queries</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
<b>Employee</b>	Employees enquiry	<ul style="list-style-type: none"> <li>Receive and follow up employee enquiries via telephone and email</li> <li>Maintain employee enquiry register</li> <li>Receive and prepare correspondence in response to employees objections to leave entitlements</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>Communications with government agencies around statutory obligations</li> <li>Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>6 monthly liquidation review</li> <li>Filing of documents</li> <li>File reviews</li> <li>Updating checklists</li> </ul>

	Ongoing Trading	<ul style="list-style-type: none"> <li>• Issuing new employment contracts to new farm staff hired.</li> <li>• Management of premises including campuses and farms</li> <li>• Review of Education obligations and statutory obligations under governing act.</li> <li>• Ongoing review and monitoring of IT and record retention</li> <li>• Preparation of Feed and stock budgets for farming season</li> <li>• Review of Trust board cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>• On site visits for all operational farms</li> <li>• Running the 3 current farms for the period.</li> <li>• Reporting on and managing finances of the farm operations.</li> <li>• Cashflow management</li> <li>• Response to COVID-19 and management of ongoing operations through COVID-19 related restrictions.</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Discussions regarding status of Liquidation</li> </ul>
<b>Administration</b>	Company office obligations	<ul style="list-style-type: none"> <li>• Filing with Companies Office</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>• Completion deadlines and extensions</li> </ul>



**Grant Thornton**

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