

# Liquidators' Fifth Report on the State of Affairs of

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

3 March 2021



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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, 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.

We set out below our fifth report on the state of the affairs of the Company as required by section 255(2)(c)(ii)(A) of the Companies Act 1993.

## 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.

# Conduct of the Liquidation in the preceding six months

As discussed in our fourth 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.

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 30 June 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.

With home 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 for the 2020 / 21 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.

## Asset Realisations

During the period excess property plant and equipment of \$14,030 was sold.

Capital Livestock of \$200,558 was also sold during the period.

## Receipts and payments

See Appendix A for the Statement of Receipts and Payments for the six-month period ending 5 February 2021.

## 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.

On Liquidation there were 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 them to determine the amounts due.

### **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**

We have received 247 Unsecured creditors' claims to date totalling \$15,249,553.

## **Remuneration Report**

The Liquidators' remuneration received for the period from 6 August 2020 to 5 February 2021 paid at the hourly rates approved by the Court totalled \$236,328 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 at 5 February 2021 there was an additional \$437,216 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 Companies Act.

# Proposals for completing the Liquidation

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 are seeking High Court directions to determine the status and saleability of the Campus land and until these 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 2020/21 season and have plans in place for the 2021/22 season. Our intention is to continue to operate these farms while they generate commercial returns that improve creditor returns.

# Remaining Matters

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: 3 March 2021



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 2020 to 5 February 2021 (\$)	For the Combined Period from 5 February 2019 to 5 February 2021 (\$)
<b>Opening funds on hand</b>	5,633,160	-
<b>Receipts (excluding GST where applicable)</b>		
Cash on hand at date of liquidation	-	1,065,900
Interest received	1,547	17,759
Collection of debtors	2,088	294,248
Farm management fees	-	48,750
Milk sales	1,517,095	5,513,562
Capital Livestock Sales	200,558	7,187,951
Trading Livestock Sales	277,413	4,021,639
Property Sale	-	6,020,000
Sale of assets	14,030	873,000
Sundry receipts	116,230	207,716
Net GST	84,327	235,990
GST refunds/(payments) received	(43,955)	868,992
<b>Total receipts</b>	<b>2,169,333</b>	<b>26,355,506</b>
<b>Payments (excluding GST where applicable)</b>		
<b>Farm operating costs:</b>		
Animal Health	142,394	579,799
Electricity - Farms	54,504	271,870
Farm Consulting	6,368	112,742
Feed	82,962	362,493
Fertiliser	153,802	914,348
Insurance - Farms	92,472	352,046
Farm Leases	95,833	776,004
Freight	17,113	76,720
Plant & Equipment Hire	67,899	463,387
Purchase of Stock	6,500	184,435
Rates	48,675	198,719
Repairs & Maintenance	108,245	547,425
Salaries & Wages	353,399	2,282,576
Seed/Crop Expenses	133,905	526,197
Shearing Expenses	14,123	209,708
Vehicle Costs	60,472	227,609
Weed and Pest Control	11,219	55,838
Other Farm Operating Costs	35,205	178,913
<b>Total Farm operating costs:</b>	<b>1,485,089</b>	<b>8,320,831</b>
<b>Other payments incurred:</b>		
Distribution to secured creditor	-	5,867,124
Distribution to preferential creditors	-	2,670,776
IT Costs	28,159	263,609
Lease Properties - Premises	-	21,693
Legal fees	134,922	898,356
Interim Liquidators Fees	-	371,449
Interim Liquidators disbursements	-	8,014
Liquidators Fees	224,163	1,507,846
Liquidators disbursements	12,166	80,166
Property Sale Expenses	-	174,156
Telephone, Tolls & Internet	6,302	84,874
Sundry Expenses	22,298	197,217
<b>Total Other Payments</b>	<b>428,009</b>	<b>12,145,279</b>
<b>Total Payments</b>	<b>1,913,098</b>	<b>20,466,110</b>
<b>Net receipts/payments for the period</b>	<b>256,235</b>	<b>5,889,395</b>
<b>Closing funds on hand</b>		
Represented by	5,889,395	5,889,395
General security funds account	5,726,221	5,726,221
General liquidation Account	163,174	163,174
<b>Closing Balance</b>	<b>5,889,395</b>	<b>5,889,395</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) ( <i>State</i> )
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$575
Associate	Qualified accountant and may be an Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. 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
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
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..	\$155

## 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	69.2	39,790	54.0	31,050	1.5	863	-	-	-	-	124.7	71,703
Senior Manager	450	-	-	-	-	-	-	-	-	-	-	-	-
Manager	350	174.5	61,075	11.5	4,025	-	-	-	-	3.0	1,050	189.0	66,150
Analyst	150-175	194.4	32,758	6.8	1,093	-	-	2.9	445	-	-	204.1	34,295
Farm Advisors	270-300	130.3	36,831	-	-	-	-	-	-	-	-	130.3	36,831
Support Staff	160	81.4	13,024	1.0	160	-	-	-	-	4.0	640	94.9	15,184
<b>Total</b>		<b>649.8</b>	<b>183,478</b>	<b>73.3</b>	<b>36,328</b>	<b>100.0</b>	<b>2,223</b>	<b>2.9</b>	<b>445</b>	<b>7.0</b>	<b>1,690</b>	<b>743.0</b>	<b>224,163</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Advertising	537
Xero	216
Travel (flights, can rental, accommodation etc)	2,902
Sundry	8,511
<b>Total</b>	<b>12,166</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 2019/2020 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>



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