

# Liquidators' Ninth Report on the State of Affairs of

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

1 March 2023



# Contents

Introduction	2
Conduct of the Liquidation in the preceding six months	3
Remaining Matters	5
Appendix A – Statement of Receipts & Payments	6
Appendix B – Remuneration Report	7
Section 1: Initial Advice to Creditors	7
Section 2: Calculation of Remuneration	8
Section 3: Description of Work	9

# 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 ninth report on the state of the affairs of the Trust for the period from 5 August 2022 to 6 February 2023 (“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 eighth 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 agreement with the Southern Institute of Technology / Te Pūkenga ("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. This short-term lease allowed for the delivery of short courses that equipped workers impacted by COVID-19 with the necessary skills to transition into primary industries jobs. The initiative proved the campus is fit for purpose and ready to be fully utilised by an education provider. While UCOL exited the Home Campus after the expiration of the short-term lease agreement on 30 June 2022, we continue to negotiate a further lease of the Home Campus, pending further funding from MPI being received by UCOL, to cover the delivery of these courses and the long-term lease options as above.

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.

In late 2021 we sought High Court directions on the status of and saleability of the campus land. The High Court reissued the judgement on the directions ruling on 6 July 2022, permitting the sale of the Home Dairy land to pay creditors and the cost of the liquidation subject to the Minister of Agriculture's approval. In our view the judgement gives us the ability to sell subject to the Minister's approval. The appeal period is now over and as no appeal was brought forward, we continue to move forward with the sales process.

Following the Court directions, we have continued to engage 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. An unidentified third party has expressed interest in the purchase of the land and we believe this party meets the requirements for Government approval to purchase the land. Such approval will be subject to a requirement for education to be continued on the Home Farm. A sale and purchase agreement has been drafted and provided to the third party.

We have also been in discussions with the TEC and MPI regarding the Telford farming operations. It is our intention that following the settlement of any sale at the Home Campus we would look to transition our operation of the Telford Farms to an agreed party.

In the meantime, we continue to operate the Telford Dairy, Beef and Sheep Farms and the Taratahi Home Dairy Farm. 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 \$1.89m of milk income and \$0.29m 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. On any sale of the Home Campus and Dairy farm we will make a distribution to unsecured creditors.

## Remuneration Report

The Liquidators' remuneration received during the period from 5 August 2022 to 6 February 2023 paid at the hourly rates approved by the Court totalled \$365,589 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 6 February 2023, there was an additional \$327,550 exclusive of GST of liquidator's 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. An unidentified third party who we believe meets the requirements for Government approval has expressed interest in the purchase of the land.

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 showed 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 2022/23 season. Our intention is to continue to operate these farms while they generate commercial returns alongside negotiating the sale of the Wairarapa Campus and Home Dairy farm-land 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: 1 March 2023



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 2022 to 5 February 2023 (\$)	For the Combined Period from 5 February 2019 to 5 February 2023 (\$)
<b>Opening funds on hand</b>	5,868,770	-
<b>Receipts (excluding GST where applicable)</b>		
Cash on hand at date of liquidation		1,065,900
Interest received	8,786	29,600
Collection of debtors	-	294,248
Farm management fees	-	48,750
Milk sales	1,892,903	12,848,983
Grazing Income	120,841	493,033
Capital Livestock Sales	-	7,379,525
Trading Livestock Sales	294,193	5,374,767
Property Sale	-	6,020,000
Sale of assets	2,500	888,847
Sundry receipts	59,988	634,077
Net GST	56,966	455,605
GST refunds/(payments) received	(34,226)	633,555
<b>Total receipts</b>	<b>2,401,951</b>	<b>36,166,890</b>
<b>Payments (excluding GST where applicable)</b>		
<b>Farm operating costs:</b>		
Animal Health	165,841	1,075,922
Electricity - Farms	60,049	570,002
Farm Consulting	17,930	134,360
Feed	189,592	936,105
Fertiliser	221,665	1,907,691
Insurance - Farms	97,306	666,374
Farm Leases	92,500	1,146,004
Freight	6,099	106,273
Plant & Equipment Hire	66,637	745,686
Purchase of Stock	84,300	960,614
Rates	48,238	403,708
Repairs & Maintenance	142,701	1,152,708
Salaries & Wages	402,120	3,811,719
Seed/Crop Expenses	150,062	1,006,563
Shearing Expenses	10,369	252,506
Vehicle Costs	59,546	472,405
Weed and Pest Control	8,235	93,215
Other Farm Operating Costs	88,010	482,437
<b>Total Farm operating costs:</b>	<b>1,911,201</b>	<b>15,924,292</b>
<b>Other payments incurred:</b>		
Distribution to secured creditor	-	5,867,124
Distribution to preferential creditors	-	2,670,776
IT Costs	24,266	360,572
Lease Properties - Premises	-	21,693
Legal fees	45,376	1,443,750
Interim Liquidators Fees	-	371,449
Interim Liquidators disbursements	-	8,014
Liquidators Fees	356,700	2,921,923
Liquidators disbursements	8,889	134,863
Property Sale Expenses	-	174,156
Telephone, Tolls & Internet	7,767	113,295
Sundry Expenses	12,431	250,891
<b>Total Other Payments</b>	<b>455,428</b>	<b>14,338,507</b>
<b>Total Payments</b>	<b>2,366,630</b>	<b>30,262,798</b>
<b>Net receipts/(payments) for the period</b>	<b>35,321</b>	<b>5,904,091</b>
<b>Closing funds on hand</b>		
Represented by	5,904,091	5,904,091
General security funds account	5,738,056	5,738,056
General liquidation Account	166,035	166,035
<b>Closing Balance</b>	<b>5,904,091</b>	<b>5,904,091</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
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
Intermediate Analyst	Typically undertaking Qualifications. 2- 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.	\$175-200
Analyst	Typically undertaking Qualifications. Up to 2 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.	\$135-150
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..	\$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		Administration		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	575	87.4	50,255	18.8	10,810	7.5	4,312	6.5	3,738	120.2	69,115
Manager	350	275.5	96,405	2.0	700	7.0	2,450	-	-	284.5	99,555
Assistant Manager	275	166.9	45,896	-	-	-	-	-	-	166.9	45,896
Senior Analyst	250	143.3	35,825	-	-	-	-	0.7	175	144.0	36,000
Intermediate Analyst	175-200	43.5	8,019	-	-	-	-	-	-	43.5	8,019
Analyst	135-150	32.2	4,752	-	-	-	-	-	-	32.2	4,752
Farm Advisors	270-300	251.3	71,781	-	-	-	-	-	-	251.3	71,781
Support Staff	160	109.0	17,435	0.5	80	3.5	560	22.3	3,507	135.3	21,582
<b>Total</b>		<b>1,109.1</b>	<b>330,368</b>	<b>21.3</b>	<b>11,590</b>	<b>18.0</b>	<b>7,322</b>	<b>29.5</b>	<b>7,420</b>	<b>1,177.9</b>	<b>356,700</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Advertising	396
Xero	472
Travel (flights, can rental, accommodation etc)	5,189
Sundry	2,832
<b>Total</b>	<b>8,889</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>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>



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