

Liquidators' Sixth Report on the State of Affairs of

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

3 September 2021



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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 5th 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 sixth 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.

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

As discussed in our fifth 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 31 December 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. This is time tabled for later in 2021.

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 to farm throughout the 2021 / 22 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 the Liquidators purchased and sold capital livestock in ordinary course of farming operations.

Receipts and payments

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

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 them to determine the amounts due.

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 \$15,863m.

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

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 February 2020 to 5 August 2021 paid at the hourly rates approved by the Court totalled \$437,216 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 August 2021 there was an additional \$327,667 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.

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 we are seeking High Court directions to determine the status and saleability of the Campus land and until these matters are resolved 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.

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.

Dated: 3 September 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 February 2021 to 5 August 2021 (\$)	For the Combined Period from 5 February 2019 to 5 February 2021 (\$)
Opening funds on hand	5,889,395	-
Receipts (excluding GST where applicable)		
Cash on hand at date of liquidation		1,065,900
Interest received	785	18,544
Collection of debtors	-	294,248
Farm management fees	-	48,750
Milk sales	1,648,567	7,162,130
Grazing Income	102,557	102,557
Capital Livestock Sales	191,574	7,379,525
Trading Livestock Sales	570,304	4,591,943
Property Sale	-	6,020,000
Sale of assets	-	873,000
Sundry receipts	135,707	343,423
Net GST	83,732	319,722
GST refunds/(payments) received	(132,924)	736,068
Total receipts	2,600,304	28,955,810
Payments (excluding GST where applicable)		
Farm operating costs:		
Animal Health	81,603	661,402
Electricity - Farms	82,192	354,062
Farm Consulting	-	112,742
Feed	64,111	426,604
Fertiliser	255,097	1,169,446
Insurance - Farms	62,401	414,447
Farm Leases	92,500	868,504
Freight	8,601	85,321
Plant & Equipment Hire	69,430	532,818
Purchase of Stock	275,500	459,935
Rates	53,043	251,762
Repairs & Maintenance	166,567	713,992
Salaries & Wages	354,589	2,637,165
Seed/Crop Expenses	75,946	602,144
Shearing Expenses	9,174	218,882
Vehicle Costs	54,607	282,217
Weed and Pest Control	5,936	61,773
Other Farm Operating Costs	47,790	226,704
Total Farm operating costs:	1,759,087	10,079,918
Other payments incurred:		
Distribution to secured creditor	-	5,867,124
Distribution to preferential creditors	-	2,670,776
IT Costs	26,791	290,401
Lease Properties - Premises	-	21,693
Legal fees	186,747	1,085,104
Interim Liquidators Fees	-	371,449
Interim Liquidators disbursements	-	8,014
Liquidators Fees	422,528	1,930,374
Liquidators disbursements	14,687	94,853
Property Sale Expenses	-	174,156
Telephone, Tolls & Internet	5,708	90,582
Sundry Expenses	11,279	208,496
Total Other Payments	667,742	12,813,021
Total Payments	2,426,829	22,892,939
Net receipts/payments for the period	173,475	6,062,870
Closing funds on hand		
Represented by	6,062,870	6,062,870
General security funds account	5,727,004	5,727,004
General liquidation Account	335,866	335,866
Closing Balance	6,062,870	6,062,870

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.	\$150-200
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	98.3	56,211	78.6	45,195	9.9	5,693	-	-	1.8	1,035	188.6	108,133
Manager	350	311.0	108,850	26.0	9,100	5.5	1,925	-	-	12.5	4,375	355.0	124,250
Analyst	150-200	423.7	81,290	16.1	3,220	15.3	3,060	-	-	15.0	2,650	470.1	90,220
Farm Advisors	270-300	261.2	74,556	-	-	-	-	-	-	-	-	261.2	74,556
Support Staff	160	141.3	22,608	1.0	160	-	-	-	-	17.9	2,864	160.2	25,632
Total		1,235.5	343,515	121.7	57,675	30.7	10,678			47.2	10,924	1,435.1	422,791

Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Advertising	-
Xero	522
Travel (flights, can rental, accommodation etc)	7,666
Sundry	6,237
Total	14,425

Section 3: Description of Work

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

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

	Ongoing Trading	<ul style="list-style-type: none"> • Issuing new employment contracts to new farm staff hired. • Management of premises including campuses and farms • Review of Education obligations and statutory obligations under governing act. • Ongoing review and monitoring of IT and record retention • Preparation of Feed and stock budgets for 2020/2021 season • Review of Trust board cashflow and its ability to operate the business and meet its commitments in the immediate future. • On site visits for all operational farms • Running the 3 current farms for the period. • Reporting on and managing finances of the farm operations. • Cashflow management • Response to COVID-19 and management of ongoing operations through COVID-19 related restrictions.
	Bank account administration	<ul style="list-style-type: none"> • Bank account reconciliations • Correspondence with bank regarding specific transfers
	Planning/Review	<ul style="list-style-type: none"> • Discussions regarding status of Liquidation
Administration	Company office obligations	<ul style="list-style-type: none"> • Filing with Companies Office
	Report as to Affairs	<ul style="list-style-type: none"> • Completion deadlines and extensions



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