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# Liquidators' Third Report on the State of Affairs of

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

3 March 2020



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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 third 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 second 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.

We have successfully completed agreement with the Southern Institute of Technology (SIT) to operate an education business from the Telford Campus. In mid-February 2019 SIT moved into the Telford Campus under a sublease arrangement and we worked with SIT to make the Telford Farm available to assist in the education of its students.

We signed the formal agreement with The Telford Farm Board and SIT to surrender our lease of the Telford Campus (but maintain the Telford Farm Lease) to give SIT the ability to lease the campus long term to provide education services. This agreement was given Ministers consent in late 2019.

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 liaise with the Ministry of Primary industries regarding this.

We ran a request for proposal process in October and November 2019. A number of interested parties submitted proposals to operate a education business at the campus via lease. These proposals did not address land ownership.

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

The Telford Dairy, Beef and Sheep Farms and the Home Dairy are operating with plans for the 2019 / 20 farming year. The combination of increased production and dairy prices has provided favourable returns on the now commercially focused Dairy Farms. We are currently preparing plans for the 2020 / 2021 seasons in anticipation of farming into this season.

In February 2020 we transferred management of the Ballantrae farm to another party. This farm was deemed surplus to requirements.

Debtors are still being collected and shares will be sold subject to requirements to hold certain shares to continue to operate (such as Fonterra).

## Asset Realisations

During the period we had the following major asset realisation:

### Sale of Leasehold interests

The sale of assets and sublease of the Telford Campus was finalised during this period. As part of this agreement employees who transferred over to SIT also assigned their preferential and unsecured creditor claims to SIT. 20 Staff transferred and assigned their payments to SIT as part of the sale agreement. This transaction was completed in August 2019 and is reflected in the Receipts and Payments with a receipt in sale of assets and payment made via a distribution to preferential creditors which is neutral on a cash basis.

## Receipts and payments

See Appendix A for the Statement of Receipts and Payments for the six month period ending 5 February 2020.

## Creditors

### Final Notice to Creditors to Prove Debts or Claims

The Liquidators give final notice that on or before the 31 March 2020 any creditors of the Trust are to prove their debts or claims and to establish any priority that their claims may have under Section 312 of the Companies Act 1993, or to be excluded from the benefit of any distribution made before their claims are made, or as the case may be, from objecting to any distribution.

If any creditor wishes to make a claim, a Creditor Claim form is attached in Appendix C.

### Secured Creditors

No distributions to the secured creditors 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 has also been paid.

### Unsecured Creditors

We have received 254 Unsecured creditors' claims to date totalling \$16,578,125.

## Remuneration Report

The Liquidators' remuneration received for the period from 6 August 2019 to 5 February 2020 charged at the hourly rates approved by the Court totalled \$329,587.00, 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.

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 this is discussed below.

## Further Asset Realisations

We continue to pursue avenues to realise the Wairarapa Campus and Home Dairy farm land.

We have received an offer to lease the Home Campus property from a consortium of education providers under the NZIST umbrella and we are currently assessing this to ensure the lease meets the Minister of Agriculture's approval and our obligations to all creditors.

Assuming we can meet the obligations above we anticipate being able to enter into a lease within the next 3 months to allow education to re-start on the property.

As discussed earlier, plans are in pace for the operation of the 3 remaining farms for the 2019/20 season. Our intention is to continue to operate these farms while they generate commercial returns that improve creditor returns.

# Remaining Matters

## Investigations

We continue to investigate the affairs of the Board and its officers in the period prior to our appointment to determine if there are any further avenues of recovery available to the Trust Board

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 2020



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



Russell Moore  
Liquidator

# Appendix A – Statement of Receipts & Payments

Taratahi Agricultural Training Centre (Wairarapa) Trust Board (in liquidation)	6 August 2019 to 5 February 2020 (\$)	For the Combined Period from 5 February 2019 to 5 February 2020
Opening funds on hand	6,446,633	-
<b>Receipts (excluding GST where applicable)</b>		
Cash on hand at date of liquidation	-	1,065,900
Interest received	9,510	15,400
Collection of debtors	27,807	287,346
Farm management fees	-	48,750
Milk sales	1,573,412	2,671,940
Capital Livestock Sales	-	6,987,393
Trading Livestock Sales	433,450	3,107,683
Property Sale	-	6,020,000
Sale of assets	435,861	826,152
Sundry receipts	33,918	69,694
Net GST	14,649	95,688
GST refunds/(payments) received	14,951	944,103
<b>Total receipts</b>	<b>2,543,357</b>	<b>22,140,050</b>
<b>Payments (excluding GST where applicable)</b>		
<b>Farm operating costs:</b>		
Animal Health	155,231	359,677
Electricity - Farms	56,477	150,073
Farm Consulting	13,199	88,577
Feed	88,577	162,105
Fertiliser	536,779	683,682
Insurance - Farms	124,262	214,478
Farm Leases	125,518	577,528
Freight	18,694	50,935
Plant & Equipment Hire	79,734	317,066
Purchase of Stock	30,735	127,235
Rates	40,645	102,553
Repairs & Maintenance	215,434	366,158
Salaries & Wages	515,447	1,520,376
Seed/Crop Expenses	160,348	282,737
Shearing Expenses	6,515	165,338
Vehicle Costs	61,457	129,110
Weed and Pest Control	4,426	36,447
Other Farm Operating Costs	38,591	82,971
<b>Total Farm operating costs:</b>	<b>2,272,070</b>	<b>5,417,048</b>
<b>Other payments incurred:</b>		
Distribution to secured creditor	-	5,867,124
Distribution to preferential creditors	410,071	2,670,776
IT Costs	69,893	163,095
Lease Properties - Premises	-	21,693
Legal fees	134,506	510,180
Interim Liquidators Fees	-	371,449
Interim Liquidators disbursements	-	8,014
Liquidators Fees	329,587	1,011,842
Liquidators disbursements	12,310	44,784
Property Sale Expenses	-	172,716
Telephone, Tolls & Internet	19,619	58,505
Sundry Expenses	76,930	157,820
<b>Total Other Payments</b>	<b>1,052,916</b>	<b>11,057,997</b>
<b>Total Payments</b>	<b>3,324,986</b>	<b>16,475,045</b>
<b>Net receipts/payments for the period</b>	<b>(781,628)</b>	<b>5,665,005</b>
<b>Closing funds on hand</b>	<b>5,665,004</b>	<b>5,665,005</b>
<b>Represented by</b>		
General security funds account	5,523,307	5,523,307
General liquidation Account	141,697	141,697
<b>Closing Balance</b>	<b>5,665,004</b>	<b>5,665,004</b>

# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 5 February to 5 August

Task Area	General Description	Includes
<b>Assets Realisations</b>	Assets subject to specific charges	<ul style="list-style-type: none"> <li>All tasks associated with realising a charged asset</li> <li>Investigation into unregistered securities</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>
	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>	Leasing	<ul style="list-style-type: none"> <li>Reviewing leasing documents</li> <li>Liaising with owners/lessors</li> <li>Tasks associated with disclaiming leases</li> </ul>
	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>Notifying PPSR registered creditors of appointment</li> <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>	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>Receipting and filing Proofs of Debt</li> <li>Corresponding with Proofs of Debt</li> </ul>
	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>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>Preparation of letters to employees advising of their entitlements and options available</li> </ul>

		<ul style="list-style-type: none"> <li>Receive and prepare correspondence in response to employees objections to leave entitlements</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>Calculating employee entitlements</li> <li>Reviewing employee files and company's books and records</li> </ul>
	Employee dividend	<ul style="list-style-type: none"> <li>Correspondence with employees regarding dividend</li> <li>Correspondence with IRD regarding proof of debt</li> <li>Receipting Proofs of Debt</li> <li>Adjudicating Proofs of Debt</li> <li>Ensuring PAYE is remitted to IRD</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>First month, then 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 Liquidators employment contracts to 37 staff retained for the period.</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, Education requests from Students transferring to new education providers.</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 7 different farms with over 60,000 livestock units for the period</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Preparing correspondence opening and closing accounts</li> <li>Requesting bank statements</li> <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>
	Books and records/storage	<ul style="list-style-type: none"> <li>Dealing with records in storage</li> <li>Sending job files to storage</li> <li>Filing education returns with relevant agencies</li> </ul>
<b>Administration</b>	Company office obligations	<ul style="list-style-type: none"> <li>Filing with Companies Office</li> </ul>
	Documents of appointment	<ul style="list-style-type: none"> <li>Preparation of Court memorandum</li> <li>Review</li> <li>Execution</li> <li>Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>Directors Questionnaire</li> <li>Completion deadlines and extensions</li> </ul>

## 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:

	Hourly Rate (\$ph)	Operations		Asset Realisation		Creditors		Employees		Administration		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	575-600	151.8	90,780	63.4	37,977	33.3	19,602	-	-	6.5	3,900	255.0	152,259.0
Associate	450	-	-	-	-	0.2	90	-	-	-	-	0.2	90.0
Manager	350	25.5	8,925	2.5	875	8.3	2,909	-	-	-	-	36.3	12,709.0
Assistant Manager	275	149.0	40,975	42.0	11,550	31.0	8,525	13	3,575	9.0	2,475	244.0	67,100.0
Analyst	150	67.1	10,065	0.5	75	13.7	2,055	-	-	6.3	945	87.6	13,140.0
Farm Advisors	270-300	182.8	52,365	16.6	4,980	-	-	-	-	-	-	199.4	57,345.0
Support Staff	155	28.3	4,528	5.3	848	112.8	18,048	8	1,328	13.7	2,192	168.4	26,944.0
<b>Total</b>		<b>604.0</b>	<b>207,638</b>	<b>130.0</b>	<b>56,305</b>	<b>199.0</b>	<b>51,229</b>	<b>21</b>	<b>4,903</b>	<b>36.0</b>	<b>9,512</b>	<b>990.9</b>	<b>329,587.0</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Advertising	796.80
Xero	492.08
Travel (flights, can rental, accommodation etc)	11,001.98
Sundry	18.71
<b>Total</b>	<b>12,309.57</b>

# Appendix 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-\$600
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

# Appendix C – Creditor Claim Form

## Unsecured Creditor Claim Form

### TARATAHI AGRICULTURAL TRAINING CENTRE (WAIRARAPA) TRUST BOARD (IN LIQUIDATION)

Name and postal address of creditor in full:    Telephone Number:   My Reference (if applicable) is:	<p>*Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.</p> <p>The information will be used and retained by the liquidator and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.</p> <p>Under Section 304(1) any claim by an unsecured creditor must be in the prescribed form and must –</p> <p>Contain full particulars of the claim; and</p> <p>Identify any documents that evidence or substantiate the claim.</p> <p>You may have access to and request correction of any personal information.</p> <p>* (Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993)</p>
I _____ <i>[If claim is made on behalf of creditor, specify relationship to creditor and authority]</i> claim that the company was at the date it was put into Liquidation indebted to the above named creditor for the sum of: <b><i>[Amount in words and figures]:</i></b> _____ \$	
Either:                    I hold no security for the amount claimed; or I am surrendering my security and I am claiming as an unsecured creditor <b><i>[Omit whichever does not apply]</i></b>	
Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form. <b>N.B. Copies of the documentation supporting this claim should be attached to this form and forwarded to the Liquidator in terms of section 304(2) of the Companies Act 1993.</b>	
Signed: _____	Date:        /        /

#### WARNING

It is an offence under Section 304(6) of the Companies Act 1993 to –  
**Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or**  
**Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.**

<b>Liquidator</b> (Date Stamp)	<b>Reserved for Office Use:</b>		
	Claim rejected for payment:	Signed: _____	Date:    /    /
	Claim admitted for payment:		
	Preferential Claim for: \$ _____	Ordinary Claim for: \$ _____	Deferred Claim for: \$ _____
	Signed Liquidator: _____		Dated:    /    /
<p><b>Note: If the decision to admit or reject a claim is amended the Liquidation Regulations 1994 requires that it be recorded in writing</b></p>			

**PARTICULARS OF CLAIM**

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$
	<p>If applicable, less Retention of Title for Goods supplied by creditor to the company</p> <p><i>[Describe goods]</i></p> <p>If applicable, less debts owed by creditor to the company</p> <p><i>[Describe debts]</i></p>	

If applicable, please record here your GST Registration number:

and total GST included in your claim: \$



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