

TE AUTE TRUST BOARD

ANNUAL REPORT

March 2022

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Ko te amorangi ki mua, ko te hāpai ō ki muri. Nā te Atua te kupu tuatahi, ko te kupu tuatahi nā te Atua.

Otirā, e ngā muka tangata ki tēnā taura, ki tēnā taura, anei mātau o te Poari o Te Aute e mihi ake nei ki a koutou katoa. Nō mātau te whakamīharo i tēnei wā tonu ki te tukuna atu ngā mihi aroha me te pūrongo-ā-tau. Nō reira, kia ita, kia mau, kia ū ki te kupu e kiia nei, kia mataara, e tū i runga i te whakapono whakatangata kia kaha kia meatia ā koutou mea katoa i runga i te aroha. Tēnā koutou, tēnā tātau katoa.

1.0 INTRODUCTION

- 1.1 A resolution was passed by Bishop George Augustus Selwyn, under the powers vested in him by The Bishop of New Zealand Trusts Act 1858, saw the Te Aute Trust Board formed on the 13th of May 1862, some eight years after Te Aute College had been established.
- 1.2 It is on the same terms as this 1862 resolution that the Trust continues to operate and be governed, and it is our pleasure to provide this report to the General Synod in the Trust's 160th year.

2.0 A YEAR IN REVIEW

- 2.1 The 2021 year, much like the 2020 year, has been significantly impacted by the pandemic. The periodic closure of the school in accordance with Government restrictions, dealing with the changing alert levels and implementing a mandatory vaccine mandate have all needed careful management.
- 2.2 This time has also proven to be challenging time for rangatahi, whānau and our hostel staff alike, and on behalf of the Board we would like to acknowledge the commitment that our staff have shown to the kaupapa of the hostels and the pressures faced by students and whānau.
- 2.3 It is the protection of the special kaupapa of the kura and hostels and care of our rangatahi that Trustees are primarily concerned, and with this uppermost in mind the Trust Board requested the intervention of the Ministry of Education in respect to Hukarere Girls' College during 2021.
- 2.4 As a consequence of this request, the Ministry of Education appointed a Limited Statutory Manager to work alongside the Board of Trustees while Te Aute College continues to be managed under the oversight of a Commissioner.
- 2.5 The 2021 year also witnessed the failure of negotiations with the Crown to settle long running disputes over the terms of the perpetual leases held over 2,000 hectares of the Trust's whenua.

- 2.6 The Trust was gratefully assisted by with the provision of pro bono services by Bruce Gray QC, but unfortunately various external stakeholders that sought to be a party to this matter stifled negotiations, by demanding settlement terms that were not aligned to the education purpose of the Trust. This ultimately saw the Trust withdraw from the negotiation process.
- 2.7 February 2021 also saw the renewal period for the Trust's ground leases and not unexpectedly, given the lessee friendly terms of the 1906 perpetual lease documents, the lessees have joined forces to object to the Trust's independently assessed rental values.
- 2.8 As this report is written, more that 12 months after the renewal period, the process is destined to enter an arbitration process by which the rent will be determined by an Arbitrator and set for the next 21 years.
- 2.9 Until that time the Trust will continue to earn a paltry \$212,000 from its 2,000 hectares of prime agricultural whenua, while lessees continue to extract significant benefits from this whenua.
- 2.10 At the same time the Trust has not accepted the advice received from its valuer in regard to the value of the leasehold lands and the rentals due from these lands for the purposes of its 2021 financial statements.
- 2.11 The Trust has sought the advice of an independent expert valuer from outside of the Hawkes Bay region to assist with determining the correct value and to assist with the arbitration process.
- 2.12 As such the true financial position of the Trust will not be finalised until this arbitration is finalised. In the meantime the Trust has adopted what it believes to be a conservative value for its leasehold estate.

3.0 EDUCATION AND CURRICULUM DEVELOPMENT

- 3.1 As Integrated Kura, subject to Deeds of Integration with the Ministry of Education, the Te Aute Trust Board is deemed to be the Proprietor of both Hukarere Girls' College and Te Aute College.
- 3.2 As Proprietor, the Trust is responsible for the maintenance of property (including property owned by the Ministry) and operation of the hostels. It does not, however, have responsibility for the employment of teaching staff or academic performance of each kura¹.
- 3.3 Despite this separation in roles, with the funding received from the St John's College Trust Board, the Trust is continuing the mahi to redevelop curriculum and embed Te Hahi Mihinare special character within the daily life of nga kura and hostels.
- 3.4 The work of Mr Simon Heath continues to be critical to this objective and, with the assistance of Rev. Dr Hirini Kaa the development of Te Oranga Ake o Te Iwi is progressing apace. It is hoped this mahi may be completed in 2023.



¹ These being the responsibility of the Board of Trustees elected from the school community, or Commissioner as is presently the case at Te Aute College.

4.0 WHENUA ME WHARE: KURA

- 4.1 A significant component of the Trust's responsibilities is that of the care and maintenance of the kura and hostels and management of its farming operations.
- 4.2 As noted above, the Trust not only has responsibility for the maintenance of the property owned by the Trust but also the maintenance of the kura, being properties owned and supplied by the Ministry of Education.
- 4.3 To meet this obligation, the Trust receives funding from the Ministry of only \$120,000 against which the costs of maintenance and health and safety requirements must be met. The actual costs incurred by the Trust each year are significantly higher, reaching almost \$800,000 in 2021.
- 4.4 The Trust has, as a consequence, recently engaged property consultants to undertake a detailed assessment of all kura and hostel infrastructure so that long term decisions can be taken on the repair or replacement of buildings and infrastructure at each College.
- 4.5 The Trust is presently liaising with Te Puni Kōkiri along with other potential funding sources, to assess how the Trust achieves its aspiration to be able to provide a high-quality education environment to our rangatahi.
- 4.6 In addition, reports have been engaged to advise on the suitability of the Hukarere site for an education institution. The initial advice received indicates, that due to environmental concerns, it would be preferable to consider an alternative site.

5.0 WHENUA ME WHARE: WHĀMA

- 5.1 Dividends received from the Trust's two farming operations continue to form a significant component of the funding utilised by Trustees to subsidise the operating costs of the Hukarere and Te Aute Hostels.
- 5.2 Te Aute Farm, a 800-hectare beef and sheep farm adjacent to Te Aute College, produced an annual profit of \$576,000 during the 2021 season comparable to the solid performance of the farm in recent years. However, this performance is unlikely to be repeated in 2022 due to the climatic conditions, difficulties getting stock to market due to Covid and a low beef commodity price.
- 5.3 Similarly, the performance of the Ngawapurua Dairy Farm has been strong delivering operating profit of \$729,000 which is forecast to be exceeded in the 2022 due to a very strong milk solid price.
- 5.4 Regarding both farms, Trustees have continued to earmark a proportion of the annual surpluses to undertake further environmental improvements, reducing risks such as effluent or other contaminants entering waterways, maintaining high health and safety standards for workers as well as high animal welfare standards. The fencing of all springs and waterways on each farm is well progressed and health and safety and animal welfare processes are in place.

5.5 The Trust acknowledges the mahi and commitment of its farm managers, contract milkers and farm advisors to this kaupapa and for delivering the financial results that enable the Trust to support the operating costs of the hostels.

6.0 WHARENOHO ME KURA

6.1 During the 2021 year the Hukarere hostels cared for 44 rangatahi while the Te Aute had a roll of 59 (excluding day-students). While some may consider these numbers to be low, Trustees are comfortable that these rolls reflect careful selection processes that have been implemented jointly with nga kura.

6.2 As previously noted, the pandemic has caused significant disruption to school and hostel life and it is fair to say the hostel rolls also reflect that some whānau decided not to return their rangatahi to the schools after long absences.

6.3 As noted, the Trust has remained concerned about the academic performance, leadership and governance of nga kura, which falls outside of the responsibility of the Trust, leading to the Trust seeking the intervention of the Ministry of Education.

6.4 With the development of new curriculum and the implementation of Te Oranga Ake, Trustees are confident that the performance and rolls of the schools will improve in time.

6.5 In the meantime, while due to Covid restrictions end of year ceremonies could not be held kanohi te ki kanohi, Trustees celebrated the successes of students rejoicing at the number of students moving on to career pathways and tertiary education.

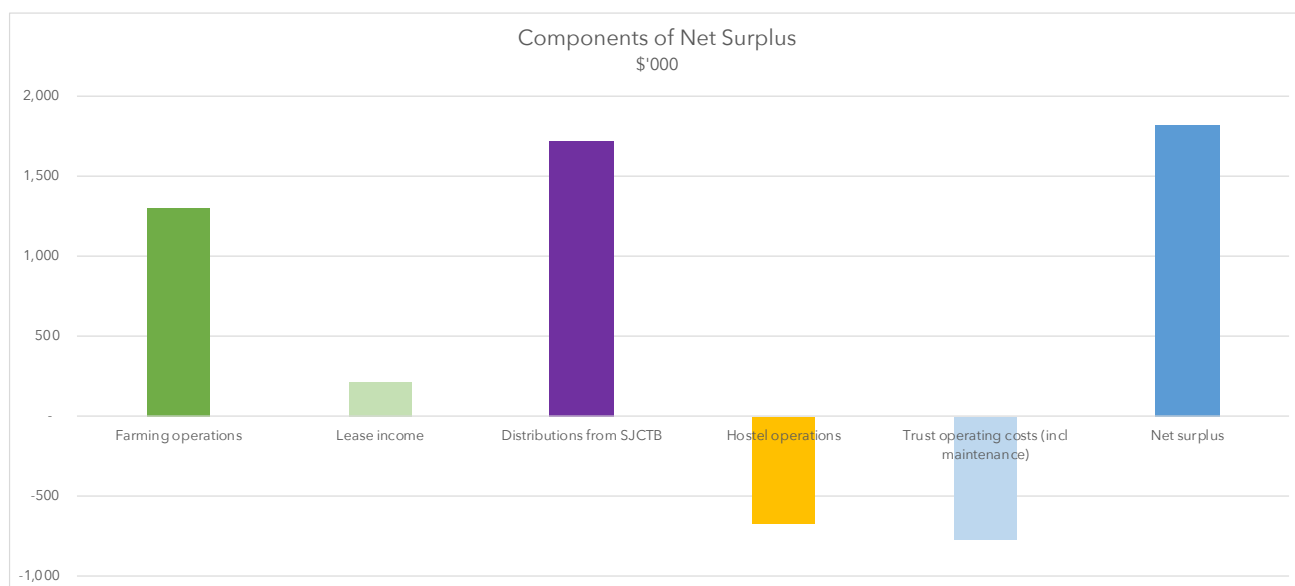
7.0 FINANCIAL PERFORMANCE

7.1 The financial performance of the Trust for the 2020 and 2021 years reflects the receipt of funding from the St John's College Trust, a portion of which is for infrastructure development that has been deferred due to delays caused by the pandemic.

7.2 The surpluses generated by the Trust can be summarised as follows:

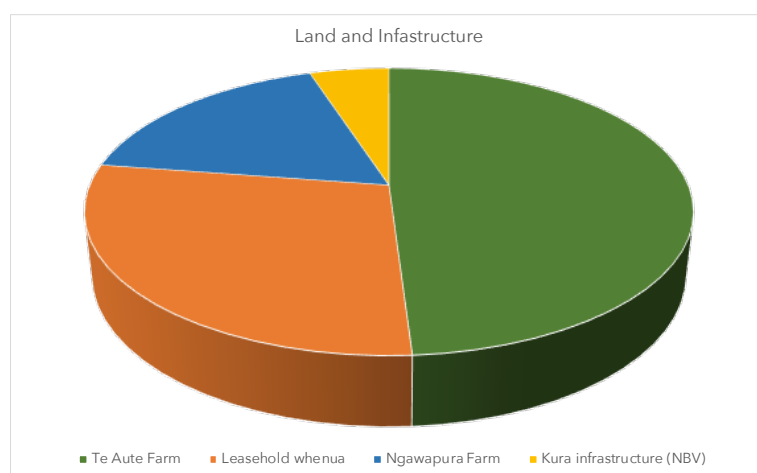
	2021 (\$'000)	2020 (\$'000)
Income earned	6,259	3,726
Expenditure incurred	4,445	3,793
Operating surplus	1,814	(67)

7.3 The components of the 2021 surplus can be explained as follows:



7.4 In addition to the operating surplus, the Trust's farming and leasehold whenua received positive valuations, slightly offset by the devaluation of the primary industry shares required to be held for the purposes of the Trust's farming operations.

7.5 The valuation of the Trust's whenua and associated investments can be summarised as follows:



7.6 As a consequence of the receipt of distributions, the deferral of expenditure along with the strong performance of the farming operations, as at 31 December 2021 the Trust is in a strong financial position which can be summarised as follows:

	2021 (\$'000)	2020 (\$'000)
Cash and equivalents	3,178	2,093
Livestock	3,023	2,715
Property, infrastructure and associated investments	32,973	27,962
Working capital	(693)	(655)

Total Assets	38,481	32,115
Loans owing (St John's College Trust Board)	14,846	15,196
Trust capital	23,635	16,919

7.7 While it is anticipated that the Trust's cash reserves will be expended in the 2022 – 2023 period on delayed infrastructure projects, the Trust is in a solid financial position albeit its assets are held in largely illiquid whenua assets.

7.8 However, in early 2022 that with the endorsement of General Synod Standing Committee and approval of the High Court, the St John's College Trust Board is to write off the debt owed by the Trust will not only further improve the financial position of the Trust but also extinguish a significant liquidity challenge that was facing Trustees in 2024².

8.0 LOOKING FORWARD

8.1 A significant amount of work continues to face Trustees to rebuild the mana taurite of Hukarere and Te Aute Colleges within Aotearoa, Tikanga Māori and the Church that they deserve.

8.2 Having saved and rebuilt the Trust from demise, the kura continue to require significant investment in terms of people, infrastructure and mission. The Trust has started this investment with the ongoing support of the St John's College Trust Board, Te Hui Amorangi ki Te Tairāwhiti, the Diocese of Waiapu and the Church, but there remains much to be done.

8.3 Trustees remain hopeful that other parties, including the Crown, will also appreciate the importance that the kura represent and will consider their obligations to assist the Trust's kaupapa.

9.0 ACKNOWLEDGEMENTS

9.1 There are too many people to name individually that support the Te Aute Trust Board in its mahi. Our taura, whānau, staff and management all play significant roles, many going beyond the bounds of duty in their commitment.

9.2 I also acknowledge my fellow Trustees who are all equally committed to the work of the Trust and continue to volunteer their time, often dealing with difficult matters, and in their support in my role as Chair.

9.3 The ongoing support of the St John's College Trust Board in the provision of funding to save nga kura from closure and ongoing developments and the associated support and endorsement of the Anglican Church in Aotearoa, New Zealand and Polynesia cannot go unacknowledged. The wisdom and courage of the bold actions taken in 2013 must not be forgotten.

² The funding from the St John's College Trust Board was by way of a 10 year interest free loan repayable in 2024. The funding was originally structured as a loan as the most expedient means to provide the Te Aute Trust Board with the financial support it needed while it and the St John's College Trust Board resolved other issues.

- 9.4 The credit for the success of the Trust and kura to this point and in the future is a shared responsibility shared by many, including of those that have gone before us.
- 9.5 In this regard the Trust notes the sad and untimely passing of Tā Wira Gardiner and Mr Moana Jackson who both played critical roles in the saving and rebuilding of Te Aute Trust.

Most Rev Don Tamihere
Chair
Te Aute Trust Board

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