

TE AUTE TRUST BOARD

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2023

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It should be noted that this report, and its included financial analysis, has been prepared on the basis of the Trust's draft financial statements for the year ended 31 December 2023. These financial statements remain subject to audit

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 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 In 1875 Hukarere Girls' College was established and formally became part of the Te Aute Trust by the passing of the Hukarere Māori Girls' School Act in 1982.
- 1.3 It is on the same terms as the 1862 resolution and the 1892 Act that the Trust continues to operate and be governed, and it is my pleasure to provide this report to the General Synod in the Trust's 162nd year.

2.0 A YEAR IN REVIEW

- 2.1 Following the disruptions of the Covid years, 2023 was dominated by the impact of Cyclone Gabrielle that struck Aotearoa on the 14 – 15th of February 2023.
- 2.2 The devastation that Gabrielle reaped on the East Coast of Te Ika-a-Māui saw Hukarere Girls' kura and wharenoho destroyed by floodwaters and a subsequent deposit of silt throughout the site.
- 2.3 Of greatest concern of course was the kōhine, and Trustees continue to celebrate that due to the early actions of the wharenoho manager and supervisors, all staff and students were safely evacuated before the the Cyclone hit the Eskdale Valley.
- 2.4 Since this event the Trust has been focussed on the re-establishment of both the kura and wharenoho, and with the support of the St John's College Trust Board, 2 Arataki Road in Havelock North was purchased as a wharenoho, opening in August 2023, and 31 Napier Road, Havelock North was purchased and opened in early February 2024 as the kura.
- 2.5 Trustees wish to acknowledge the huge effort of the many persons and parties that have seen the kura and wharenoho reopen, especially given the pressure this mahi was under.
- 2.6 The support of Te Hāhi Mihinare, St John's College Trust Board and many community organisations must also be acknowledged, as is the welcome the wharenoho and kura have received from the Havelock North community.

2.7 The final acknowledgment must be to the kōhine and whānau for their grace and perseverance through a time of significant disruption. We look forward and pray for a more settled time for our kura.

3.0 WHENUA ME WHARE: WHARENOHO

3.1 The 2023 year saw the implementation of advice received in regard to the structuring and operation of ngā wharenoho at Hukarere and Te Aute.

3.2 As of 2024, the oversight of both wharenoho rests with the Tumuaki of Te Aute College and Hukarere Girls' College respectively, and policies, procedures and operating systems will be standardised between the two sites to allow the better sharing of resources.

3.3 The advice received has also seen a memorandum of understanding agreed with the School Boards to allow for better collaboration and understanding of each other's issues and challenges as well as successes.

3.4 The culmination of the advice received along with the curriculum development and implementation of the Oranga Ake framework is of encouragement to Trustees.

4.0 WHENUA ME WHARE: KURA

4.1 As Integrated kura, a significant component of the Trust's responsibilities is the maintenance not only of the property owned by the Trust, but also the maintenance of the kura, being properties originally supplied by the Ministry of Education.

4.2 Evidence of the challenges of this structure became very clear after Cyclone Gabrielle, when the full obligation to reopen a kura fell solely to Te Aute Trust, and no assistance was available from the Ministry of Education or other Crown entity.

4.3 In terms of maintaining the kura and wharenoho, the Trust funds this obligation from its revenues, and receives only a small contribution from the Ministry for the maintenance and upgrade of classrooms and associated teaching spaces. No funding is received for the wharenoho, wharekai or chapel of either kura.

4.4 In respect to maintenance costs, the Ministry funding of around \$150,000 is swamped by the total property costs incurred by the Trust, which amounted to \$1.2 million in 2023.

4.5 However, it was pleasing that with the assistance of Te Puni Kōkiri, the Trust received a grant of \$5 million in 2021 to allow the upgrading of the wharenoho to be progressed.

4.6 While much of the work identified for the Hukarere wharenoho had been undertaken prior to and therefore lost to the Cyclone, the work completed at Te Aute College has been to upgrade infrastructure including the recent major refit of the wharekai.

4.7 During 2024 the Trust will be reviewing the plans and feasibility of upgrading the Te Aute wharenoho, including the demolition of those buildings that are no longer fit for

purpose and have been retired. This will allow for landscaping and a more attractive and enjoyable living environment.

5.0 WHENUA ME WHARE: WHĀMA

- 5.1 The non kura whenua of the Trust is in two categories, the whāma operated by the Trust and the whenua subject to perpetual lease interests.
- 5.2 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 wharenoho.
- 5.3 Te Aute Farm, the 800-hectare beef and sheep farm adjacent to Te Aute College, has continued to weather a difficult trading period with very low beef and lamb prices, and has produced only modest dividends for the Trust.
- 5.4 In contrast the Ngawapurua Dairy Farm, has continued to perform very strongly delivering a strong dividend to the Trust in both 2022 and 2023.
- 5.5 In respect to both farming operations, Trustees have continued to earmark a proportion of any annual surpluses to undertake environmental improvements, reducing the risk of effluent or other contaminants entering waterways, maintaining high health and safety standards for workers and high animal welfare standards.
- 5.6 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.
- 5.7 The process to renew the 21-year Glasgow leases relating to the Trust's endowment whenua was concluded in late 2023, this matter going through a full arbitration process.
- 5.8 While this arbitration was not unexpected, given the lessee friendly terms of the 1906 perpetual leases and the likelihood that lessees would collectively object to the Trust's independently assessed rental values, this was unfortunate and an expensive exercise which resulted in a rental of \$510,000 p.a. for 2,000 ha of leased whenua.
- 5.9 Trustees were obviously disappointed in this outcome, representing a modest 4.3% increase in rental over the 21-year period since the prior review, a small increase above the inflation rate of 2.1% over the same period.
- 5.10 As such the Trust will consider its strategies in terms of managing these leases moving forward.

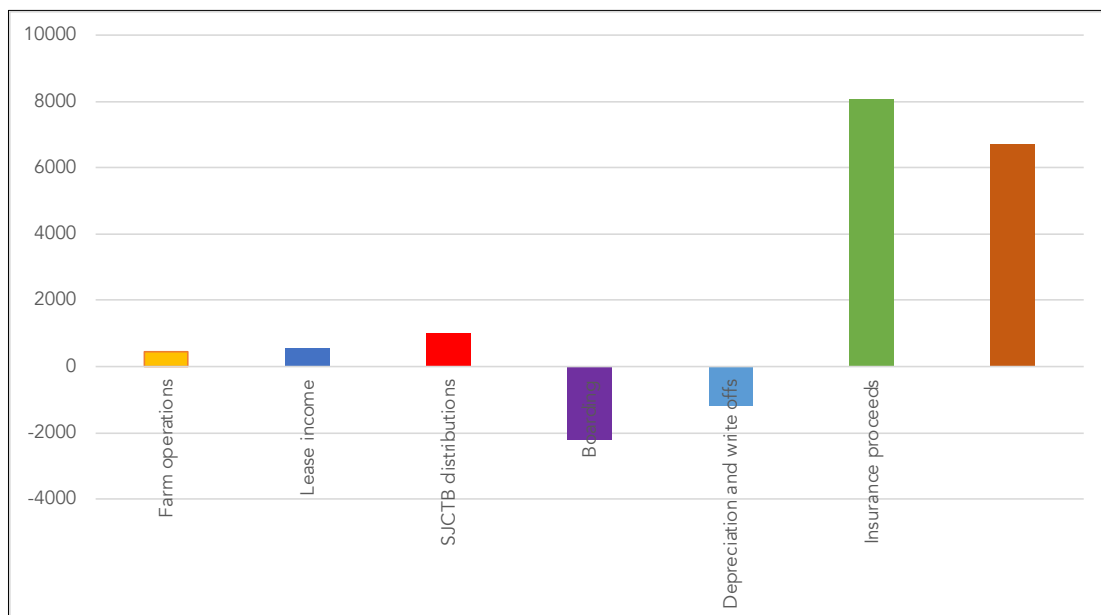
6.0 FINANCIAL PERFORMANCE

6.1 The financial performance of the Trust for the 2023 year is dominated by the receipt of the first tranche of the Hukarere insurance proceeds and the corresponding write off of the Eskdale site.

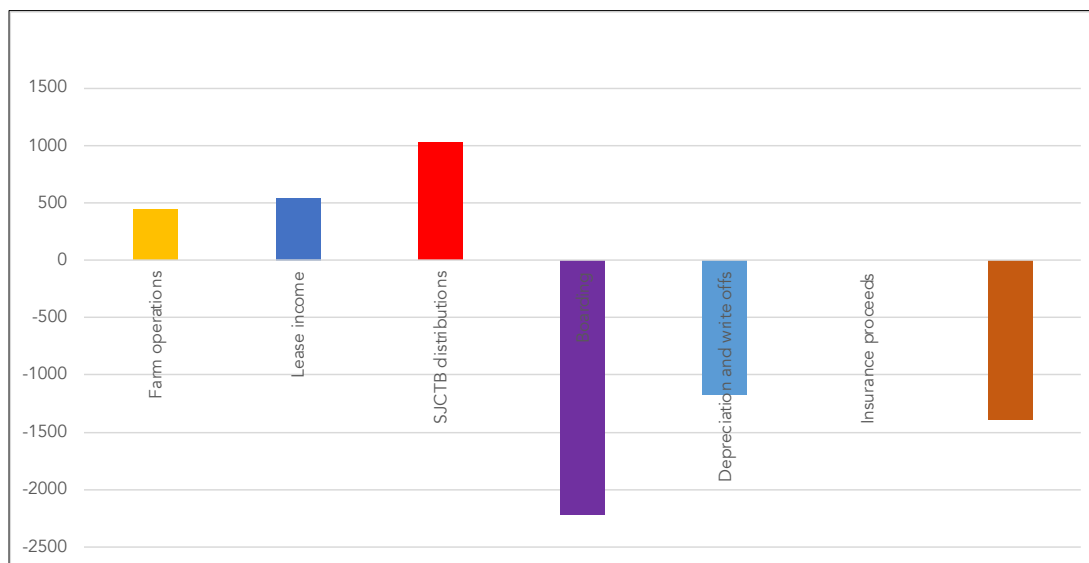
6.2 In regard to income, as noted elsewhere, the Te Aute farm struggled in difficult conditions, while boarding fees for Hukarere were not charged during the best part of 2023 while the wharenoho remained closed.

	2023 (\$'000)	2022 (\$'000)
Income earned	3,612	5,839
Expenditure incurred	5,005	5,550
	(1,393)	289
Insurance proceeds	8,102	-
Operating surplus	6,709	289

6.3 The components of the 2023 surplus can be explained as follows:



6.4 Excluding the insurance proceeds, which dominate the above analysis, the performance of the Trust can be represented as follows:



6.5 The net operating costs of the wharenoho of \$2.2 million, which includes one off costs arising from Cyclone Gabrielle, were partially offset by revenues arising from the farming operations, lease income and distributions received.

6.6 The Trust financial position at balance date be summarised as follows:

	2023 (\$'000)	2022 (\$'000)
Cash and equivalents	17,822	6,584
Livestock	2,317	2,929
Property, infrastructure, and associated investments	30,437	30,921
Working capital	(8,422)	(3,937)
Net Assets	42,153	36,497

6.7 At 31 December 2023 the cash held by the Trust was high due to the receipt of the first tranche of the insurance proceeds relating to the Eskdale site and funds received from TPK for maintenance purposes, but unspent at year end.

6.8 These TPK funds, and other funds held for specific purposes ('tied funds') are equally recorded as cash assets and as liabilities (within working capital) as they are repayable if they are not utilised for the purpose provided.

6.9 The financial position also reflects a continued softening in the value of the farming assets held by the Trust, in line with the market, as well as due to the outcome of the lease arbitration.

7.0 LOOKING FORWARD

- 7.1 It is hoped that 2024 will see the end of the Statutory Intervention at ngā kura enabling the Trust to once again establish strong bonds and working relationships with each School Board via the respective Tumuaki/Principals.
- 7.2 Trustees also look forward to the finalisation of what has been a long and complex insurance claim process, which will allow Trustees to begin to focus on a longer-term plan to re-establish Hukarere on a permanent site.
- 7.3 Trustees also look forward to progressing the review of the Te Aute Hostel and determining what is possible to improve the living environment at Te Aute.

8.0 ACKNOWLEDGEMENTS

- 8.1 There are too many people to name individually that support the Te Aute Trust Board in its mahi, especially following Cyclone Gabrielle, where the community response has been overwhelming.
- 8.2 The Trust specifically acknowledges the support of the St John's College Trust Board, Te Hui Amorangi ki Te Tairāwhiti, the Diocese of Waiapu and the Te Hāhi Mihinare,
- 8.3 In addition, our taura, whānau, staff and management all play significant roles, many going beyond the bounds of duty in their commitment.
- 8.4 I also acknowledge my fellow Trustees and the Trust's Executive who are all equally committed to the work of the Trust and continue to contribute their time, often dealing with difficult and complex matters, and in their support of my role as Chair.
- 8.5 The credit for the success of the Trust and kura to this point and in the future is a responsibility shared by many, including those that have gone before us.



Most Rev Don Tamihere
Chair
Te Aute Trust Board

March 2024