

# **HISTORY**

## **OF**

# **THE HARWOOD FARM TRUST**

**RESEARCHED AND WRITTEN BY MICHAEL DODSON**

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**ACKNOWLEDGMENT** This history refers on occasion to the book “**Tahuokaretu Road**” researched and published by Ivor Morgans, in 2002, and quotes material from that book. Thanks are due to the Trustees of Ivor Morgans’ Estate for permission to use material in his book.

## **INTRODUCTION**

The Harwood Farm Trust was established in 1981 by a School Teacher from Waipawa, whose two great interests in life were, first and foremost, farming - in all its forms, but particularly the farming of hill country on the East Coast of the North Island, and her second major area of interest was teaching and education - for all ages, and for all levels of learning.

The School Teacher was **Myra Annie Zita Arnaboldi**, who called herself "Zita", but whom everyone else called "Miss Arnaboldi." For many years she had owned a hill country farm at Weber, on the East Coast, near Dannevirke. She had also been a teacher all her life.

Her dream had always been to combine these two interests in a way which would enhance the value of both of them.

That she achieved her dream, and the manner in which she did it, are the subjects of this record.

The Harwood Farm Trust is now an established enterprise. It is registered as a Charitable Trust with the Charities Commission under No. CC22798.

### **THERE ARE CURRENTLY TWO TRUSTEES, NAMELY:**

**Murray Alexander Pringle** of Dannevirke, Solicitor, of the firm of Lloyd Dodson & Pringle, Barristers and Solicitors, Box 46, Dannevirke, and

**MCI Trustees Limited**, the Trustee Company of the firm of MCI Associates, Chartered Accountants, Dannevirke, whose representative is **Moira Paewai**, a partner in the firm.

### **THERE ARE ALSO TWO ADVISORY TRUSTEES, NAMELY:**

**Peter Massey Jackson Smith** of Tataramoa, Dannevirke, Farmer and Farm Supervisor, and

**John Patrick Dodson**, of Dannevirke, Chartered Accountant,

The Trust farms a total of 1675 ha on the Tahuokaretu Road at Weber, under the farm management of **Max Buckendahl**, and under the Supervision of the abovementioned **Peter M J Smith**.

**THE TRUST HAS THE POTENTIAL TO GROW IN VALUE OVER THE YEARS, AND TO BE A CONTINUING SOURCE OF FUNDING LONG INTO THE FUTURE FOR STUDENTS AND OTHERS WHO ARE ASSOCIATED WITH FARMING.**

**ABOVE ALL, THIS TRUST IS AN EXAMPLE OF HOW TOP CLASS FARM MANAGEMENT CAN TRANSFORM DIFFICULT HILL COUNTRY INTO A FIRST CLASS FARMING BUSINESS.**

## CHAPTER 1

### THE EARLY HISTORY

Miss Zita Arnaboldi was born at Weber, near Dannevirke, on the 12<sup>th</sup> January, 1908, the youngest of the four daughters of Philip and Dorothea Arnaboldi.

Philip Arnaboldi was one of the original settlers in the Weber District. He was born in Auckland in 1862, to parents of mixed European ancestry - his father being Italian and his mother German. He moved into the Weber district about 1889, when he was about 27 years old, and over the next few years he worked on farms in and around the district. Not far away in Porangahau, a young lady - Dorothea McAuley, the daughter of early settlers James and Mary McAuley, soon captured the attention of the lad from Howick. It was only a matter of time before Philip and Dorothea married. The ceremony took place on the 29<sup>th</sup> June, 1899, at Weber, supervised by local Registrar, Kenneth Cameron, and witnessed by most of the local community as guests.

Philip and Dorothea purchased their property of 630 acres on the Tahuokaretu Road from the Crown in 1902, and called it "Harwood." It seems that Philip had been leasing the property from the Crown for some time before it was sold to him, which may explain why the purchase was completed in his name only.

The couple had four daughters including Zita - Esther Dorothea Arnaboldi who was born in 1901, Winifred Agnes Arnaboldi born in 1903, and Phyllis Beryl Arnaboldi, who was born in 1904.

The year 1909, was a tragic year for the Arnaboldi family. Their infant daughter, Phyllis, died in July of that year, at the age of 5 years. She was buried at the home of her grandparents in Porangahau. Then in November, 1909, Philip himself was killed in a tragic accident when he was thrown from his horse while shifting farm horses from one paddock to another, at the back of the property. Zita was barely two years old at the time.

An account of the accident appears in The Dannevirke Advocate on 8<sup>th</sup> November, 1909. An inquest was held at Weber before Mr Muscatt JP who presided as coroner over a jury of six local men. The verdict was that "the deceased met his death by dislocation of the neck caused by his being accidentally thrown from his horse, no blame being attachable to anyone." (*from the book "Tahuokaretu Road" researched and published by Ivor Morgans in 2002, at page 47*).

Before his death Philip had been building a new house on the farm to replace the cottage his family had been living in. This house was a mansion compared with the cottage. It contained four or five bedrooms, a lounge and living room and a large, functional kitchen. There was plenty of living space, which a growing family needed. And there was a large

covered veranda running around two sides of the house. It was a homestead, in every sense of the word, and large even by Weber standards at that time.

The house was not yet completed when Philip died, with the result that Dorothea and her daughters, to add to their problems, were forced to continue residing in the cramped, uncomfortable cottage for a while longer.

After her husband's accident, Dorothea Arnaboldi was left with three young daughters and a farm property to take care of. Fortunately, Philip had earlier employed a farm worker, Thomas Robertson, to assist him on the farm. Thomas was therefore on hand after Philip's death to manage the stock and heavy work about the property, which solved an immediate problem for Dorothea. But a decision still had to be made whether she should sell the farm or carry on. It was not a decision she wanted to make, but it could not be postponed for long.

The months following Philip's death would not have been easy time for them, though the whole district undoubtedly offered assistance in the way that farming folk do in small communities. The fact that Dorothea was herself still a young woman of 32 years, would have added to the tragedy and to the sympathy they received.

Philip died intestate - without leaving a Will. Dorothea accordingly applied to the High Court for, and was granted, sole administration of his estate. Under the laws applying to intestacies at that time, Dorothea was entitled to a prescribed sum of money from his estate and the personal chattels, as a first charge against the assets, and then she was entitled to one-third of his remaining estate assets, including the land. Her daughters were entitled to the remaining two-thirds of the residue of the estate assets equally between them. But under the general law, persons under 21 years of age were not able to give a valid receipt for assets received, so a Trustee was needed to administer the girls' entitlements during their infancies. Dorothea was appointed by the Court to do this, as she was the person most likely to know what their best interests were, or were likely to be.

Having to raise and care for three young daughters prevented Dorothea from physically farming 630 acres of hill country on her own. And continuing to employ Thomas Robertson was only ever likely to be a short-term measure. Yet having so recently inherited the farm property she and her daughters had no intention of selling it. The possibility of leasing the land appealed to her, so long as they were able to retain the right to remain in the dwellinghouse and to have the use of a few acres around the house for themselves. Such a lease would enable them to retain ownership of the land, but at the same time Dorothea could receive an income from the farm while the girls were growing up.

Ivor Morgans records that "she made the decision of a true pioneer and decided to carry on, thus showing the grit and determination for which, in later years she became well known" (*ibid*, page 51 - *Tahuokaretu Road*).

When he purchased the land in 1902, Philip had taken out a mortgage with Government Advances on the usual terms contained in the Government's Land Settlement program applicable at that time. The mortgage could continue to run out its term if Dorothea was able to meet the loan payments. Rent received from a lease would provide sufficient income to meet the instalments of principal and interest under the mortgage, and still leave a surplus for living expenses.

A neighbouring farmer, Charles Booth Riddell (whose descendants still adjoin Harwood Farm) was happy to rent the land for a 7 year term from the 1<sup>st</sup> April, 1910, and he signed up a lease accordingly.

It seems the Arnaboldi's new house was completed over the next few months, and the family were able to move in, though the cottage was retained as additional accommodation, should it ever be required for farm workers and casual employees.

Just over a year after Philip's death, Dorothea Arnaboldi accepted a proposal to marry a Palmerston North man, John McAtamney, who had become involved in their lives.

They were married on the 16<sup>th</sup> March 1911, at the Registry Office in Palmerston North. The marriage certificate records that at the time of their marriage both Dorothea and John gave their usual residential address as Palmerston North, which might indicate that Dorothea had been staying for a time in Palmerston North and had met John socially in that town. But John is described in the marriage certificate as a Farmer, so it is more likely that they met in Weber where John may have been employed as a farmhand or farming contractor. However they met, John took on the responsibility of caring for a young widow and three step-daughters. That his new wife owned a substantial farm property, albeit one that was leased to a neighbouring farmer, might well have added to her charm, but nevertheless he appears to have been an attentive and caring husband and stepfather. Not much is known about John McAtamney however and he remains mysteriously in the background, and is seldom mentioned in the lives of the Arnaboldi women.

Dorothea McAtamney (as she was now known) renewed the Lease to Charles Booth Riddell in 1917 for a further term of 7 years, to expire in 1924. By then, she calculated, the two older girls would be in their early 20s and Zita would be finishing her schooling. The eldest two girls might be legally of age then to take title to their share of the land, though Zita would be still an infant in the eyes of the law, and would have to wait until she also, was 21 years of age.

It seems that when the Riddell lease expired in 1924, John and Dorothea took over the running of the farm themselves. John McAtamney's farming ability is not known, but there is no better instructor than experience gained on the job, and certainly the family seems to have coped well from that time on.

John and Dorothea McAtamney did not have children of their own.

Although Zita herself stayed single all her life, her sisters, Esther and Winifred, both married local Weber men. In 1939 **Esther** married **Francis Bassett** who lived further along from them on Tahuokarentu Road. And later that same year **Winifred** married **James Edward Francis**, whom she and the family had known for some years. Ivor Morgans reports that “they must have known one another very well, as he had been living with the family for about 15 years” before he married Winifred (*page 55 ibid*).

Little is known of the early days of the McAtamney family. It seems however that these years were especially treasured by the young Zita Arnaboldi.

Although initially the family had only a few acres around the house on which to run a house cow and some sheep, there were the usual farming chores to be done, milking the cow, feeding the sheep, nursing sick livestock, helping with the cooking and getting in firewood. Besides, just living in a small, rural community at that time, mixing with neighbouring farming children, surrounded by livestock, accustomed to the sounds of mustering and haymaking and machinery, life on a farm became part of Zita’s basic makeup and helped to shape her personality. Those early days created vivid memories which remained with her long after she had left childhood behind. They were memories which were to give the rest of her life purpose and meaning.

All of the girls’ early schooling began at the primary school in Weber. They rode to school each day on horses their father had bred on the farm for this purpose. It was a cruel irony of fate that one of these horses was instrumental in his death. The trip would have taken the better part of an hour each way, and in the middle of winter it was a character-building exercise, but there was no other transport. This method of travel was common to most of the other children who attended Weber School. There was a walking track over neighbouring properties which led more directly to Weber township but the road itself provided better footing, and there were neighbours the girls could call on down the Tahuokaretu Road if the weather became too adverse, or if one of the horses slipped a shoe or suffered some other such mishap. Zita was later to remember her days at Weber school when she was drawing up the list of beneficiaries who might benefit from the Trust she would later establish.

In his book on “*Tahuokaretu Road*” Ivor Morgans’ research led him to believe that Dorothea enrolled the two older girls at a school in Masterton at the end of 1911, though three years later in 1914 they returned to Weber and Esther was re-enrolled at The Weber school in February 1914. Zita was enrolled the following year in 1915. (*page 52*).

The girls completed their secondary education at the Dannevirke High school. In 1917, in anticipation of the need to move closer to the High School, Dorothea purchased a house in Victoria Avenue, Dannevirke, not far from the School, at a time when Esther and Winifred

were 16 and 15 respectively, and Zita was 9 years old. The purchase was an important acquisition, because the family was destined to retain this house property for the next 35 years.

After graduating from high school Zita set out in pursuit of a teaching career, training at the Teachers College in Dunedin. Her first posting is understood to have been at the Primary School in Pongaroa, but she also taught at Wimbledon School. Subsequently she was appointed to the Waipawa Primary School where she stayed for 22 years, and later became the Infant Mistress there. She retired altogether from teaching in 1975.

## **WAR AND DEPRESSION**

Zita began her schooling just before the outbreak of the First World War. It is not difficult to imagine the tales of hardship, suffering and patriotism, mixed with daily news reports of tragedy, heroism and courage which would have been constant items of conversation in the classroom at school, and at the dinner table at home each night, throughout her childhood years. These news stories, the perspectives placed on them by her parents and peers, and the lessons she learned from observing how other people reacted to dramatic events and perilous times undoubtedly helped to shape young Zita's values, and no doubt became an important source of the strong opinions that she was to become known for in her later years.

No sooner had she graduated from secondary school, a different world crisis was triggered by the stock market crash on Wall Street.

For a young woman who had known tragedy all her life, beginning with the death of her father and young sister in 1909, the effects of Depression were to leave lasting impressions, and would strengthen her resolve to treasure what was dear to her, and to build for the future.

Above all, she would place her trust in the basic truths that she had learned as a farming daughter: that the land could sustain you, that it would always be there, and that learning and knowledge were fundamental not only to help understand how people could survive hard times, but how they could do so with such outstanding courage and determination.

The effects of the Stock Market collapse took time to reach the Weber district but they did so early in the 1930s. Commodity prices on the London Stock Exchange plummeted soon after the share market crash. Farming in New Zealand suffered especially badly when prices for wool and meat reached rock bottom. Most farming folk had already borrowed to purchase and establish their farms and livestock, and although some of them had been in business long enough to have paid off their mortgages, or to have reduced their debts to manageable proportions, many of them had not.

Those who had purchased their land not long before the Depression were especially vulnerable. Not only did stock prices continue to fall, but land values soon became casualties too. Both of these events, in tandem, drove desperate farmers back to their Banks to borrow more, as the only means left to them to keep their farms and their heads above water. Before long they had exhausted what little equity was left in their properties. Now their lenders were becoming increasingly alarmed at their own exposure to what were rapidly becoming highly risky investments. The Banks closed their cheque books, and the money supply was turned off virtually overnight. Many mortgagors were now unable to purchase livestock, equipment or food itself, let alone service their debts, and inevitably Lenders were forced to foreclose on the farm loans they had so readily granted not long before. Mortgagee sales became common events in farming circles, including the Weber district, from the early 1930s onwards.

### **MORTGAGEE SALE**

In 1937, a property adjoining Harwood Farm containing 865 acres, owned by the Lovejoy family, came on the market for sale. It was offered for sale by the first Mortgagees of the property, Sarah Burling and Ross Burridge, who had lent moneys on the land, but who had, with reluctance, been forced to take action under their mortgage to recover arrears of payments.

This farm had an interesting history. One block of 436 acres was bought from the Crown in 1899 by George Lovejoy and his brother-in-law, Hans Jensen, in equal shares. In 1901 George Lovejoy sold his share to Hans, but fourteen years later, in 1914, in a complete reversal of fortunes, George bought the farm back from Hans and thus became the sole owner. In 1917, George Lovejoy purchased an adjoining block of about 418 acres from the Crown, giving him a total area of about 865 acres.

He did not get to enjoy the larger property for long after that purchase. He died three years later in 1920. His executors soon afterwards sold the larger block to William Simpson Harvey and the smaller block to William Harvey's wife, Josephine Catherine Harvey. The Harveys mortgaged both properties to the Burling and Burridge families in 1929. Either the two farms together were insufficiently developed to provide a good living, or the Harveys lacked the capital necessary to take them to an economic level. Whatever the reason, it seems that the Harveys, too, experienced difficulty in servicing their loans. With the result that in 1934 the Mortgagees, Sarah Burling and Ross Burridge, exercised their rights to sell the Harvey properties by way of Mortgagee sale. This was the first such mortgagee sale of the property by the Burlings and Burridges, but it was not the last.

The land on this occasion was sold to purchasers in Palmerston North who were related to the original owner, George Lovejoy. The purchasers were Rudolph James Lovejoy, William

Arthur Lovejoy and Alfred Raymond Lovejoy. To facilitate the sale, the Mortgagee Vendors Sarah Burling and Ross BurrIDGE, again lent much of the purchase price to the new purchasers securing the loan by way of first Mortgage, as is usual in these circumstances. As recent purchasers however, or perhaps through a combination of insufficient capital input, the smallness of the property from an economic viewpoint and the harsh trading conditions of the times, the Palmerston North Lovejoys did not fare any better than the previous owners. They too had difficulty in servicing their mortgage, and within three years the Burling and BurrIDGE families were most reluctantly forced to exercise their mortgagee rights yet again, at yet another Mortgagee sale. This time, one imagines, they must have been hoping that their efforts to quit the property would be more successful.

### **PURCHASE OF THE HARVEY PROPERTY**

Dorothea McAtamney and her three daughters were the successful bidders for the “Harvey property”, their purchase being recorded on the Certificates of Title to the land in September, 1937. They bought the land as tenants in common in equal shares, borrowing some of the purchase price, like their predecessors, from the Burling and BurrIDGE families on first Mortgage, but also making use of the equity in their home block.

The new farm property, added to the original 631 acres which they had inherited from Philip Arnaboldi, gave them a total acreage of almost 1500 acres, which was a much more economic unit and enhanced their chances of making a reasonable living. With the aid of a loan from their Stock and Station Agent, Williams & Kettle Limited, the women were also able to increase stock numbers at very reasonable prices, as the market for livestock had not yet fully recovered.

By now Dorothea was in her mid 50s and Zita, who had been teaching for 15 years, was 35 years of age.

Then within a short time after their purchase, the Second World War in Europe erupted, resurrecting memories of death and hardship that the nation had been trying to forget for the last 20 years. It soon became obvious however that despite the renewal of hostilities, this new war heralded a golden era for farming in New Zealand. Wool prices reached unprecedented heights, and even the price of meat, for which there had been no market for some years, increased dramatically. Farmers who had been able to retain their holdings during and after the worst period of the depression, were suddenly rewarded with undreamt of prices for both wool and meat. Commodities were in huge demand, and the demand seemed to be inexhaustible. As a result, the Arnaboldis, like other equally surprised farmers around them, suddenly found themselves enjoying unprecedented incomes. Within an extraordinarily short space of time they were in a position to repay the Burling and BurrIDGE mortgage. This they did within 5 years of purchasing the Harvey property.

In 1939, two years after purchasing the Harvey property, Dorothea McAtamney took steps to complete the administration of Philip Arnaboldi's estate. Until now she had been holding the land comprised in the original block of 631 acres as Administrator for herself and her daughters. Now she transferred the land to all of them in the proportions to which they were entitled in their own right. Dorothea received a slightly larger share of this home block, namely a  $\frac{3}{9}$ 's share, to represent her greater entitlement in the estate, and each of her three daughters received an equal share of the balance - a  $\frac{2}{9}$ 'ths share of the land each.

The whole property was farmed by the family in partnership from that time on, until 1951. John McAtamney may have assisted, but he never owned any part of Harwood, nor it appears, did he ever own any part of the other Arnaboldi assets. It is not known when John died, but what is known is that Jim Francis farmed the property for many years on the family's behalf, at least until 1959, when he and Winifred built their own house on the TuTu Bend, further down Tahuokaretu Road.

In 1951 the homestead on Harwood (which had been built by Philip Arnaboldi) was still home to Jim and Winifred. They had been sharing the dwelling with Dorothea, from the time of their marriage in 1939.

### **ESTHER BASSETT QUILS HER SHARE**

In 1951 Esther (who had 12 years earlier married Francis **Bassett**) offered to sell her share in the two farm properties to her mother and her two sisters, Winifred and Zita, who agreed to purchase the same in equal shares. Esther and Francis Bassett had bought a dairy farm at Kimbolton, near Palmerston North, and there can be little doubt that they wished to use Esther's share in advancing their own fortunes on the other side of the Ruahine Ranges.

This move made a great deal of sense for many reasons. The Arnaboldi family partnership, which had helped to consolidate and grow the Arnaboldi assets for Dorothea and her daughters, inevitably meant that each member of the partnership was unable to make personal use of her individual share in the family farm. But Esther now had her own family and different commitments. The sale of her interest was therefore a logical step. In addition, Esther was not involved as closely with the rest of her family as Winifred and Zita were, and for this reason alone it is surprising that Esther's proposal did not happen sooner. That it did not, is probably a tribute to the strength of Dorothea's leadership in the family partnership, as well as tacit recognition of the great success the family partnership had enjoyed. In any case, the remaining partners were able to absorb the cost of buying out Esther's share without too much difficulty.

At the same time in 1951, Dorothea transferred  $\frac{4}{7}$ 'ths of the Dannevirke house property into the names of Winifred and Zita in equal shares, retaining the remaining  $\frac{3}{7}$ 'ths share in her own name. This indicates that the house property was almost certainly bought many

years before, with funds provided from Philip Arnaboldi's estate, as it seems the townhouse had been held by Dorothea as Administrator. Esther's share of the house property was no doubt paid out to her at the same time as she received payment for her share of the farm land.

While the Dannevirke house was retained in the family for nearly 35 years, it was probably never rented out as an investment property. More likely, it was held as a "town house" for Dorothea or any of the daughters whenever they went to Dannevirke for shopping or for visiting friends. That way, they could stay for several days at a visit, maintaining the grounds and gardens while doing so.

## **END OF AN ERA**

Dorothea, Winifred and Zita continued to run the 1500 acre home block, though most of the farming continued to be done by Jim Francis, as it had been for many years before. This state of affairs remained until Dorothea's death in July, 1959, at the age of 81 years.

In her Will Dorothea appointed Zita, and a family friend, John Ovens, to be the Executors of her Will. After making small bequests to her daughters Esther and Winifred, she left the residue of her estate (including her one-third share of the Harvey property and her majority share in the home block, and her personal share of the Dannevirke house property) to Zita alone. Perhaps this was to ensure that her unmarried daughter would have sufficient financial backing to make her own way in the world, compared with her sisters who had both married.

In this manner Zita became entitled to the major share of the total farm property, with her sister Winifred who retained the other much smaller share.

Dorothea McAtamney's death in 1959 brought to an end a turbulent era for one of Weber's pioneer families.

It was an era which had spanned 60 years from the turn of the century, encompassed two world wars, endured two tragic family deaths early on, suffered through the Great Depression and the heartbreaks which those years inflicted upon good friends and neighbours, and eventually ushered in the steady accumulation of assets in a close and successful family partnership.

Inevitably Dorothea's death also became the catalyst for winding up the family partnership, something which needed to be done to enable Zita and Winifred to go their separate ways.

At the joint request of both sisters their partnership was terminated in 1961 and the assets were divided between them according to their shares. This resulted in new Certificates of Titles being issued firstly to **Winifred Agnes Francis** in respect of 420 acres, and then to **Zita**

**Arnaboldi** for the remaining 1080 acres. Livestock, plant and equipment appropriate to each property was also transferred to each of them.

Similarly Zita and Winifred sold the Dannevirke house property about this time. Zita purchased a house property in Waipawa, no doubt using her share of the proceeds of sale of the Dannevirke house to do so.

Winifred and Jim Francis built a dwellinghouse with their own savings on Winifred's 420 acre property at the Tutu Bend on Tahuokaretu Road, and in 1961 they moved out of the homestead they had shared for so many years with Dorothea and Zita. Jim and Winifred relished the chance to farm their own land at last, and set about doing so with enthusiasm.

Zita, as the absentee owner of her portion of Harwood, faced the prospect of running her business with the help of a farm manager from now on. She also looked towards the future with some anticipation, because now she would be able to test her knowledge of farming while at the same time tasting the freedom to make her own decisions.

## **WINIFRED AND JIM FRANCIS**

John Watson, the family Accountant, recalls that "Jim Francis was not a very big man but he was quite energetic. He had managed to buy a Bristol crawler and he started to break in quite a respectable amount of country. In addition he spent all his spare time cutting scrub up behind the house and into the gully that led down from that area. He and Winifred told me that this route used to be a main walking track to Weber.

"Winifred was a lovely person, very happy with her farming life and she was an asset to the district. One day when she was walking up to the airstrip above the Harwood Farm homestead, she suffered a heart attack which proved to be fatal. "

Winifred Francis died on 18<sup>th</sup> June, 1966, only 7 years after her mother's death, and only 5 years after she and Jim had established their own home on the TuTu Bend property. In her Will she appointed her husband James Francis, and her Accountant, the same John Watson, to be the executors of her estate. Winifred and Jim had no children.

"Jim had quite a severe hearing problem, " says John, "which in Winifred's absence seemed to get worse." Jim continued to farm their property but he was deteriorating both physically and mentally. He was fond of his nephew Ross Bassett who lived in Feilding. Ross was Esther's only son. He was working in the Post Office and had a young family. John Watson visited Ross and encouraged him to come out to Jim's farm because Ross had shown an obvious interest in farming, came from a farming background, and had expressed the wish to go farming at some stage. "I had the feeling, " says John, " that perhaps Miss Arnaboldi may well have been going to make Ross her heir, and that Jim, now, may well

have been inclined to do the same thing. Ross spent quite a bit of time at his uncle's farm, which was a big help to Jim.

Nevertheless as time went on Jim's health deteriorated even further. Then, in a completely unexpected turn of events Ross, who suffered from diabetes, died suddenly. Ross's death left his parents Esther and Jim Bassett grieving for an only child. Ross' young wife became a premature widow forced to face a bleak future with young children. And both Jim Francis and Zita Arnaboldi were mourning the loss of their only "Arnaboldi" nephew. The consequence for the uncle and aunt was that they were now compelled to look elsewhere for heirs to their estates.

Jim's health continued to fail. It soon became clear that he could no longer farm the property by himself, and would have to go into care. He asked Zita if she would be interested in leasing the property, the lease to contain a right of purchase.

John Watson recalls that "She was naturally delighted with the prospect of being able to purchase the Tutu Bend property, which would give her the opportunity to reunite Harwood Farm into the one property she had always known it as." The chance to re-join the two properties would have the added attraction of making the task of employing a Farm Manager for both properties a more viable proposition.

In 1971, Winifred's executors offered to lease the 420 acres to Zita for a 5 year term, with a right of renewal for a further 5 year period. More significantly, the lease contained a clause granting Zita the option to purchase Winifred's land at valuation.

Zita exercised her option to purchase TuTu Bend in 1975. And so, at the age of 61, she became the sole owner of the whole 1500 acres.

John Watson has a vague recollection that Zita realised some of her investments to help pay for Winifred's land. His recollection is that this was the only time that she had provided additional funds for the farm from her own resources.

## **AFTER 1961 – THE SCHOOL TEACHER**

Throughout her teaching career, but particularly from 1961 onwards, Zita Arnaboldi farmed the Weber property from a distance, appointing farm managers to do the practical farming work of buying, selling and tending the livestock (according to a buying and selling policy she had previously agreed with them), arranging for superphosphates and manure to be spread, organising the contractors, and keeping the buildings, fences and other improvements in as good condition as the limited farm profits would allow.

## **No Borrowing**

One of the principles which Zita adopted early on, and which she applied without exception, was that there would be no borrowing against the farmland. The farm had to earn its way. In this, she was no doubt espousing some of the lessons she had learned from the Depression years - that too many farmers had made the mistake of overstretching their financial resources, some had failed to anticipate the possibility of bad times and had failed to put anything aside for a rainy day, and the biggest lesson of all for her, that though part of the Harwood land had been acquired by way of a Mortgagee sale, it was never going to leave her hands in that way.

Over the years she had a succession of Managers, some of whom stayed for longer than others, some of whom were dedicated and experienced farmers, and made a success of the tough hill country conditions, and others who found the weather and the hilly, dry conditions beyond their capabilities, and left early. Most of the Managers had wives and children and they lived in the main dwelling a few hundred metres up the road from where the owner's cottage was situated.

During the years she taught at Waipawa, Zita visited the farm every three or four weeks, travelling down on a Friday night after school and returning on Sunday afternoons, or early Monday mornings.

Before she purchased a motor car, Jim Francis who was still then living at the Harwood Homestead with his wife, Winifred, and with his mother-in-law, Dorothea, would have to drive into Dannevirke to meet Zita off the bus from Waipawa, and take her out to the farm. And then of course he had to take her back again to the bus station in town after the weekend.

This chore was starting to increasingly annoy Jim because it had been going on for some years, and there was no apparent end in sight. Jim could see it continuing until Zita bought her own means of transport and became independent. Good sense (and possibly some sharp words) eventually induced her to buy her own vehicle, and peace was restored. It is not hard to appreciate that Jim was farming the property on a full-time basis, and that continual interruptions to his workday schedules to fetch and carry his sister-in-law every third or fourth weekend might well have become a source of irritation.

After she retired from teaching in 1975, (by which time she had become the sole owner of Harwood and Jim and Winifred had moved onto their own property next door) Zita's stays at Harwood became longer, often a week or fortnight at a time. On all her visits she held long discussions with the current Manager at that time, receiving reports, planning strategy for the next couple of months, grappling with farm bills and the need to conserve here, or spend more there, as surplus funds permitted.

During these latter years John Dalziel was the farm manager, and both he and his wife welcomed Zita's visits and enjoyed her company, as she did theirs. Zita stayed in the cottage near the woolshed on these visits. John Dalziel remained the manager for a period of about 10 years, virtually from the time that Zita retired from teaching.

"Late one Saturday night in 1985, " John Watson remembers, "I received a call from the Police in Waipawa who told me of Miss Arnaboldi's death. At that stage I did not know any of her personal friends in the Waipawa area, in fact I was unaware of any close friends or remaining relatives she had. Consequently I thought that it was probably up to me to arrange things. So, together with my wife and Phillipa Nilson from my office, we went up to Waipawa, and the ladies made the necessary funeral arrangements. While we were there we were approached by Miss Barbara Towers who we found to be a wonderful person and who had been closely associated with, and was a very good friend of Zita. She arranged for the function after Zita's funeral and helped Elizabeth and Phillipa in getting items ready for the auction sale (of household goods) that was held on the following Saturday.

"Bob Simpson of Mounseys Ltd. agreed to be the auctioneer at the auction and he did an excellent job. It was quite an amazing auction with an extraordinarily large crowd present. When the ladies started to sort through Zita's things, they uncovered a virtual treasure-trove in cupboards in many rooms. Evidently Zita's primary school pupils, and their parents, had showered "thank you" and appreciation gifts on Zita over the years. Beautiful linen handkerchiefs, napkins and tea-towels - there was an amazing amount of crockery and linen, virtually all unopened. This was a memorable testament to the regard and respect and affection in which Zita had been held by the school and by the community.

"Zita's funeral, which was held in Waipawa, " said John Watson, "was extremely well attended and, for myself and no doubt for many others, was a moving occasion. Barbara Towers, who later became a personal friend of ours, was a brilliant organiser and a wonderful hostess, and Zita would have been most grateful to her."

## CHAPTER 2

### WHO WAS ZITA ARNABOLDI?

There are few photographs of Zita Arnaboldi available, and those that have survived show her mainly in her younger days. They do not adequately reflect the person she became – a large, impressive lady of regal carriage and undeniable authority, a lady of firm, but mainly conservative opinions, who did everything correctly and expected a similar response, and a person who brooked no nonsense – in short, the Infant Mistress.

She is affectionately remembered by several of those who knew her and worked with her. Their memories help round out the kind of person Miss Arnaboldi was. They give us a much clearer picture of a person who set out to do something quite different, for the very best of reasons, in a most determined way. This is valuable, because these memories help explain how this farming teacher came to dream up the idea of a Farming Trust in the first place, and what drove her to implement her ideas so industriously.

When asked to describe what sort of person she was, **Peter Smith**, who is the farm Supervisor and currently one of the Advisory Trustees of Harwood Farm Trust, recalls, “She was a strong lady, larger than most women, and she loved the land. She was quick to praise people who deserved it, and she was kind,” he says. “She was very sad about a young employee on the farm, Murray James, who was subsequently killed in a motor bike accident. She was really upset when he died and spoke about him often. She was equally ready to thank people who did anything for her. She was fair in her assessment of others, and in her dealings with her Managers, and she treated everyone she had association with, with respect. By the same token she expected respect and fairness in return. The Golden Rule was something she lived by, not just something to be talked about.

“She was very honest person,” Peter recalls. “Some time before I became involved with Harwood I sold a cow to her then farm manager, who shall not be named. About a year later I ran into this manager again somewhere who told me “that cow you sold me a year ago was no good, you know. It became ill and died. It had a horrible disease and I shouldn’t have bought it.” I was aghast to hear this and expressed my surprise that the farmer had not telephoned me much earlier to tell me about it. In any case I said I would make good on the deal by replacing the cow. The farmer thanked me profusely, and seemed very surprised by my offer. That should have been the end of the affair, although I think I did hear that the second cow died too.

“One day long afterwards, after I became Miss Arnaboldi’s Farm Supervisor, she reminded me about the cow I had sold to her farm manager, and she asked “what did he tell you?” I recounted the story of the diseased animal and how I had replaced it. Miss Arnaboldi heard me out and then she said, “I thought it had to have been something like that. The cow did not have any disease at all. That Farm Manager didn’t feed it properly – it starved to death.”

Miss Arnaboldi felt obliged to tell me this as she had been concerned about what had transpired between the two of us, and she wanted me to know. In a way she seemed to feel guilty about it, though she had had nothing to do with the transaction, but that was Miss Arnaboldi.”

Some years before Peter Smith came on the scene, the Manager’s house burned down on the farm. “Apparently she was in Waipawa at the time,” says Peter. “ I heard that the farm manager and his family lost everything. The whole district was sympathetic to his plight, and hers, but at least they were both insured. The manager was well liked in the area, and he had a lovely wife and family. The district, as farmers do in a small community, passed the hat around for him. It was known however that the Manager did not get on with Miss Arnaboldi, and that they rowed often. He was rumoured to have threatened her, though in what manner is not clear. And she never said. The suggestion was even made that he might have had more to do with the fire than ever came to light, but no charges were ever laid in that regard. This suggestion was undoubtedly just gossip at the time, and was certainly forgotten in the cold light of day. I think Miss Arnaboldi had heard the stories too, but nothing more was said. What is certain however, is that the Manager did not last long on the farm after the fire. “

Peter recalls the vehicle she had. “Miss Arnaboldi drove a Lada motor car, which was far too small for her. She was a big woman and had to thread her way into the driver’s seat. Not only did she have trouble getting into the car, she had trouble getting out of it too. I can see her now when she used to come and visit us. She was a lovely lady, “ chuckles Peter. “She and the car were a familiar sight in Dannevirke, where she did her business and where her friend and Accountant, John Watson, and her Solicitors, were.”

“One night in the year before she died, when she was in the cottage near the woolshed, Miss Arnaboldi awoke suddenly in the early hours to find a man crashing around inside her house. He had been involved in a car accident after a night out drinking, and he had wandered into her house to look for a telephone. He was a forestry worker from Tawhinui farm, next door, and he did not realise that the house was occupied as he knew the area well, and he knew that usually the house was empty. This event shook her up a lot. It was a bad experience which she never really got over.

Peter remembers her “no borrowings” policy. “There was to be no borrowing under any circumstances! She was adamant about this. The farm had to pay for itself. No exceptions. If the farm did not make enough to pay for a new piece of equipment then we would have to do without. You could argue all you liked in the hope that she would change her mind. She wouldn’t. Not on borrowing, anyway.”

**JOHN WATSON**, her accountant and firm friend of many years standing, says this of her: “Well she was quite unlike any Primary School Teacher that I have ever met. She was a large woman but she had quite a regal bearing and was quiet and reserved, perhaps nearly aloof. Naturally this changed over the years, particularly after her car accident.

“It seems that on that occasion Zita drove down from Waipawa for one of her weekend visits, and drove off the road near the gorge at the bottom of Tahuokaretu Road, not far from Weber itself. She was a large woman in a very small car and she was down there for some time before she was found. Her rescuers had some difficulty extracting her from the vehicle. The accident shook her up considerably and she became quite slow in her movements after that, and although she never spoke of any ailments, I got the impression that she may have suffered from arthritis.

“She was quite a deep thinker and certainly not given to making rash decisions. She frequently said to me after we had been discussing some particular problem, that she would call in and give me her decision when next she passed through Dannevirke. If that was likely to be some little time away, then she always said that she would ring first, and she frequently did. She displayed an adequate working farm knowledge, which I had always assumed came from her background. She insisted that we make sure that male animals could never be placed in the position of covering their own progeny. She gave me the impression that she was very happy in her profession as a teacher, and I think that the overflowing cupboards in her house (filled with the grateful gifts given her by parents and pupils over the years) reflected her success.

“In the whole 25 years of our association I don’t recall any major disagreement with her. I respected her strong moral conscience. Fifty years ago she would have been referred to, as a mark of respect, as being “a good woman”. The term doesn’t seem to be in current usage these days. “

Another of Zita’s advisers, **MICHAEL DODSON**, her Solicitor in Dannevirke and one of the first Trustees of the Trust, has fond memories of a client who was always larger than life. He recalls that Zita Arnaboldi would visit his offices usually late on Friday afternoons, mostly after she had first been to see her Accountant, and prior to going out to the farm for the weekend.

“She was a tall, well-built lady who carried herself with self assurance, but in a most natural manner, so that though her presence dominated the place she was in, this was not a conscious act on her part. She was totally without affectation. She never just entered a room. She swept in - with a comment on the weather or a cheerful greeting, anything to draw your attention away from her appearance, which was often flustered from hurrying. And having arrived, she took charge, as if it were her duty to set everyone at ease, despite

this not being her own drawing room or her own domain. She was charming and entertaining and so much the school teacher that it was inconceivable that you would interject until she was settled, and then not before she had signalled that it was now your turn to speak.

“Often she would arrive glowing from the rush of bustling from one place to your place, and on those occasions she would sink into the most comfortable chair with a small sigh and produce the daintiest of handkerchiefs with which to dab her glistening forehead, all the while regaling you with a tale of little consequence, but in a most engaging way, until she had recovered her composure. The distraction just added to her charm.

“Her diction was meticulous, and enthusiastically precise, and her speech was measured and thoughtful. Now and again she would remove her glasses while she thought about the next sentence, but always her charm and naturalness told you that despite her apparent authority (which you could not ignore) she really was a very nice person.

“I enjoyed her company, and I discovered early in our acquaintance that her interest in farming was real and comprehensive, and that it had come from a lifetime of association with the land and livestock and with farming practise. Her passion for learning and for teaching were similarly impressive, and it did not take long to appreciate that her dream of using the farm to teach the art of farming was something she was absolutely determined to do. You also got the distinct conviction that this was something she would find a way to do, despite any difficulties which might confront her”.

An associate who taught at the Waipawa Primary School while she was there, **ROD APPLETON-SEYMOUR** of Waipawa, remembers Zita Arnaboldi from the days when he was a newly appointed teacher and she was Senior Staff. “She wrote a Reading Programme for children based on phonics,” he recalls, “which was used in the Senior Classes, and was very successful.

“I remember that on one St Andrews Day the then Headmaster and I decided to emulate the frivolities usually associated with St Patrick’s Day. I drove the bus to school that day accompanied by the Headmaster, who was a willing accomplice. We had dressed in kilts, and we had pipes and a drum – something different. We drummed ourselves onto the school grounds to the merriment and encouragement of the children. And everyone joined in the fun of the occasion - until we looked up. There confronting us on the school steps, arms folded in front of her, with a disapproving look on her face, was the Infant Mistress. Zita looked us up and down, and waited for the excitement to wither away. Then in a voice which dripped with authority and accusation she announced, “This is no way to start the day.”

“Duly chastened, the Headmaster and I watched her departure, before striking up again. It’s a great memory, and I still chuckle when I think of it. It demonstrates the sense of correctness she could bring to every situation – even one where her own Headmaster was involved. I’m certain that I glimpsed a twinkle in her eye before she turned away.

“Everyone recognised her work. She was an authority in the school, and no one would cross her. A very determined person who having made up her mind to do something, did it. I recall that at the end of one year she decided that the upstairs library needed to be cleaned up. The job took longer than expected, but it had to be done. Properly! And we were kept there till after 8 pm that night until the cleanup was completed to her satisfaction.

“She had a remarkable way of taking the children for Reading. She would sit in the middle of the room and have the children pull up their chairs in a large circle around her, then she would call on five or six of the children at a time to begin reading- all together, out loud. And she would correct any mistakes on the fly, swivelling around in her chair to point at the culprits. She could keep this up for long periods of time. The children of course had to be on their toes, to follow what was being read, because at any time she might point to them and demand that they continue from where the other children had left off. This way of teaching would not be permitted now, but it worked for her and for the children.

“She was a “character” in the best sense of the word, and we are the poorer these days from not having people like her in our communities.

“In the administration of correction she was fearless. None of this “pat on the head” that is meant to point out to a student the error of his ways. Zita would use a paddle if necessary and apply it firmly to the appropriate part of the offender’s anatomy.

“Still reminiscing, I remember my first day at Waipawa, walking into the staff room for morning tea. Every school has its idiosyncrasies in the staff room, but as there was one cup left and one empty chair I deduced that they were for me, the new chum. Wrong! No sooner had I sat down than Zita appeared in the doorway, drew herself up (she was a big woman) glared around the room, and fixed her eyes firmly on me. “My cup, and my chair,” she thundered pointing at both. There was nothing else to do. I stumbled to my feet and handed over her cup, red with embarrassment, and I never made that mistake again.

“She was highly respected in the community. A singular person who commanded respect and attention the moment you met her.”

## **CHAPTER 3**

### **THE DREAM TAKES SHAPE**

For some time before her death Miss Arnaboldi had been thinking about the future of the farm. She had a dream in mind, but it was vague and had not yet crystallised. Farming, and education in farming, were the twin themes she thought about constantly. How these two separate threads were to be connected, however, was the question that perplexed her.

When she was considering her options in the 1980s Death Duty was payable on the assets left by a Testator when she died. The tax was calculated on a graduated scale according to the total of net assets owned by the deceased's estate, after payment of all debts owing at the date of death. The amount payable in Death Duty for a net estate of say, \$250,000 in 1979, was \$52,500. If the net estate exceeded that sum, 40% of the value of such excess was payable in duty.

Although legislation was passed in 1982 to amend the amount of death duty payable by exempting the first \$250,000, duty of 40% of the value of net assets in excess of \$250,000 was still retained. It would be several more years before all estate assets were to become exempted from the payment of Death Duty.

Back in 1980 however, Zita Arnaboldi faced the prospect of her estate having to pay death duty of at least \$52,500 on her death, unless she was able to organise her affairs in a way which might legally avoid this potential liability.

There was an exception in the legislation which might provide such an opportunity. If a person left her assets to a charitable organisation, the objects of which were of a "charitable" nature, and such objects were recognised as such by the Inland Revenue Department, then those assets might be exempt from duty.

John Watson recalls that "in the course of conversation she told me that she had decided to bequeath both properties to Massey University with a view to their making an agricultural college of the land, something along the lines of Smedley Station. Also she said that by so doing, her estate would not be subject to any death duties. I spent a lot of time thinking about the situation before our next meeting because she was really enthusiastic about her plans and I was reluctant to disillusion her, but in the end I decided that I had to. At our next meeting, I informed her that I didn't believe there was a possibility (not a real possibility anyway) of Massey University ever doing what she hoped they would do, and I

cited a case at Te Uri, where the circumstances were exactly as she proposed, but where the University had sold the land and buildings that had been bequeathed to them as soon as they were able to do so. I told her also that the only case that I was aware of where the wishes expressed by the Testatrix in her Will had been carried out, was in respect of the Riverside property just north of Masterton, which was a large scale property. In that case the Will had been quite specific that the land was to be retained unsold, and developed as a research unit.

“If that wasn’t enough, I also had to tell her that her expectations about death duties were in error. There was no blanket or automatic exemption from death duty of property bequeathed to a charitable institution such as Massey. I had prepared an estimate of death duties which I believed her estate could be facing, and she agreed that if duty was found be payable then the situation would be horrifying, and the farm might have to be sold to meet the duty. She was very upset about this and asked me what on earth she could do. I replied that the only thing that I could think of was that we should investigate the possibility of forming a Charitable Trust. The Harwood Farm Trust eventually came into being as a result of this conversation.”

Thus her original thought of leaving the farm to Massey University was not an acceptable solution. So far as Zita Arnaboldi was concerned the farm had to remain intact after her death, and it had to be farmed properly, even if it took years to bring the buildings and the pasture up to an acceptable standard. Any suggestion of a sale of the land most certainly did not feature in her dream.

Other matters which had to be considered in connection with a Trust structure included the tax implications, and whether Gift Duty might also become an issue. Both these pitfalls could be avoided - depending upon how the Trust was structured, whether it was accepted by the Revenue Department as a Charitable Trust, the adoption of the correct process of selling assets to the Trust, and drafting the final documentation in a legally acceptable form. That the purchase price represented market value at the date of sale was a necessary ingredient in the overall mix, and the manner in which the purchase price was to be paid or secured back to the Vendor was also important.

John Watson’s suggestions about how to structure the sale of Zita’s land to a charitable trust were fully endorsed by Zita’s Solicitors, Lloyd Dodson & Co, who, after many questions and further explanations from John, agreed that his proposals were well thought out and represented an ideal way to achieve the objectives which he, and Miss Arnaboldi, envisaged.

About this time the long-awaited completion of the Wellington Anglican Cathedral had just taken place and John was able to show Miss Arnaboldi how this had been made possible through the use of a charitable trust devised by a colleague of his. John was able to obtain a copy of the Trust Deed for the Cathedral Trust, which enabled him to go through the

document clause by clause with her, and explain just how these things worked. This gave Zita a great deal of confidence. This Trust Deed became the basis of the first draft of the Harwood Farm Trust, though it was later amended considerably, as might have been expected, to reflect her particular wishes.

John recalls that Zita was passionate about the benefits of education and that she felt that quite often children in rural areas were denied these benefits. Thus she initially proposed that the beneficiaries under the Trust should be restricted to the children of farm managers and other employees working, in particular, in the Weber district. John had to spend time convincing her that this was far too restrictive. Her Solicitors very strongly agreed with John Watson, pointing out that Charitable Trusts can technically run forever, and that it was accordingly necessary to project one's thinking forward many years, to include a wide range of possible beneficiaries. In the event, the final version of the Trust Deed extended the scope of possible beneficiaries to include not only farming folk, but those also involved in any way with farming, or at any school or university, where the courses were farming-oriented, including teachers as well as students.

In developing the Harwood Farm Trust, Zita and John Watson proposed that she would be the Settlor, and one of the first Trustees, and that she could specify exactly what the objects and the aims of the Trust were to be, who the beneficiaries might be, and she could also address other important terms and conditions including who should be appointed to be the Trustees of the Trust after her death.

This appealed to Miss Arnaboldi because it enabled her to guide and direct the manner in which the Trust assets were to be handled and developed, and to identify in advance, who would benefit from them. It gave her also the opportunity to expand the charitable purposes she had in mind, to include for example, people in the Weber district who might be in need. Perhaps, in regard to this provision, she had in mind many of the people she knew and had heard about who had suffered loss and indignity during the years of the depression, and for whose descendants (though now they might be only remotely connected after all these years) the gesture of a "helping hand" might be seen as returning the sympathy which she and her family received from their local community many years before.

An important consideration, and one which Zita took time deciding upon, concerned the appointment of Trustees. The reason for this was obvious: unless the Trustees were fully conversant with her wishes and with her intentions, then they could easily stymie her aims and objectives by simply selling the farm property and re-investing the proceeds in other investments. To her mind it was essential that the two elements of her dream were to be religiously preserved – the farmland on the one hand was to remain a working viable farm, and the profits from the farm were to be used to promote education in farm management on the other hand. Both ingredients were essential. The farm itself must be developed to

the point where it could provide scholarships or bursaries for students who wished to study farming, or occupations related to farming such veterinarians, or the teaching of practical stockmanship, on her own farm or elsewhere. The development of her hill country property into a profitable, practical, working farm was the first, key ingredient of the dream, and its retention was therefore essential.

## **THE ESSENCE OF THE TRUST**

The learning or educational aspect of her dream depended upon the farm itself becoming a viable business venture in its own right, and therefore able to generate profit. The idea that assets, other than the farm, could be invested to provide scholarships or bursaries was not sufficient by itself. Certainly it was to be hoped that part of the profits from future farming might be channelled into off-farm investments, but such off-farm investments would still represent only a source of additional income, and would only add to the profit which could be made available from the farm. Off-farm investments were never intended to be the primary source of income for the proposed bursaries and scholarships, let alone the purpose for forming the Trust in the first place. The source of funding for the “education” part of the dream was to be provided principally by the farm itself. Or so it was hoped.

It was very important therefore that the Trustees would be people she knew and trusted who would give effect to that dream.

## **THE FIRST TRUSTEES**

The choice of the first Trustees was simple enough. Miss Arnaboldi herself would obviously be one of the Trustees during her lifetime, this being permissible under existing Trustee Law.

Similarly the two professional advisors whom she had consulted for years, were people she trusted and who knew her wishes, and the choice therefore of her accountant **John Watson**, and Solicitor **Michael Dodson**, of the firm of Lloyd Dodson and Co, as her initial fellow Trustees, was no less predictable.

The question remained however who would be appointed to replace these three when they had all retired or passed on?

The suggestion that The Public Trustee or a Trustee Corporation might be appointed was dismissed out of hand. These were institutions which, by their nature could go on forever, just like a Charitable Trust. At first glance they appeared to be suitable candidates. Miss Arnaboldi however was adamant that her Trustees had to be people, not institutions, for the reason that there was a greater chance that people who had been associated with her,

and their successors, would carry out her wishes with more enthusiasm and with more attention to detail than any impersonal institution could ever do.

She insisted accordingly that on the death or retirement of any one of the professional Trustees one of the partners in their respective accountancy and legal firms would be appointed to be a Trustee in their place. Her trust in her two professional firms convinced her that they would not be offering partnerships to people whom they did not themselves judge to have the proper competence, judgment and integrity.

It was an insight that has worked well. The decision as to which particular partner would be appointed by the firm in question was left to the retiring Trustee, on the grounds that he was likely to be in the best position to nominate the most suitable replacement from among his partners. But of course any replacement would be formalised by all the remaining Trustees acting jointly

Both of Zita's professional firms had been established in their respective businesses for many years. The firm of Lloyd Dodson & Co had been founded by Gordon Lloyd in the late 1890s, and celebrated its 100<sup>th</sup> Anniversary as a firm in 1998. It currently practises as Lloyd Dodson & Pringle in Dannevirke. **Murray Alexander Pringle** of that firm is currently one of the Trustees.

Similarly the firm of Quigley Allan & Galyer became Wilkinson Wilberfoss, and later became known as Arthur Young, and through a succession of mergers and name changes, has been offering Chartered Accountancy services in Dannevirke for over 60 years. That firm is now known as MCI Associates. The Trustee of that firm appointed to be a Trustee of the Harwood Farm Trust is **MCI Trustees Limited**, which is a Trustee company permitted by legislation to represent the partners of a Chartered Accountancy firm. **Moira Paewai** is the current partner who has specific authority to act for and on behalf of the Trustee company.

## **TRUSTEE APPOINTMENTS AND RETIREMENTS**

After Miss Arnaboldi's death in 1985 **John Watson and Michael Dodson** became the sole surviving Trustees of Harwood Farm Trust,

**In February, 1990**, they appointed **Peter JM Smith** as a Trustee of the Trust jointly with themselves. This appointment recognised the critical roll that Peter had already played in supervising the farm managers of the property during Miss Arnaboldi's lifetime. That roll became even more important after her death.

For many years Peter had not been paid for his services, preferring to simply "help out" his two friends Zita and John Watson. Only after Zita's death was an annual payment to Peter Smith insisted upon by the Trustees, and reluctantly accepted by Peter. Two years later,

Peter's Supervisor's fee was converted into a Trustee's fee on his appointment as a new Trustee. Peter was much more comfortable with this arrangement.

**On 21<sup>st</sup> March 1997 John Watson retired** as a Trustee, at the same time as he retired from practise as a Chartered Accountant with his firm in Dannevirke. Some time earlier John had planned his move to Havelock North by purchasing a retirement home and a few acres of land.

**John Patrick Dodson**, a Chartered Accountant in the same Accountancy firm as John Watson, had been acting as Associate Accountant for the Trustees of the Trust since soon after Miss Arnaboldi's death. He was now **appointed as a replacement Trustee** for John Watson, jointly with Peter Smith and Michael Dodson.

**John Dodson** holds two Degrees namely, a Bachelor of Science Degree (BSc) majoring in Maths and Economics from Canterbury University, and a Bachelor of Business Studies (BBS) majoring in Accountancy and Finance from Massey University in Palmerston North.

He began his career at the Dannevirke High School teaching Maths and Economics in 1975. Four years later in 1979 he was invited to join the accountancy firm of Ruby and Clark in Dannevirke and served his apprenticeship in private practise, a far cry from the regulated world of teaching. Then in 1984 he was head-hunted by another Dannevirke accountancy firm (now known as Ernst and Young) which was called Wilkinson Wilberfoss at that time.

John's association with the Harwood Farm Trust began after Miss Arnaboldi's death. He attended the first meeting of the Trustees in 1987, and all meetings of the Trustees thereafter. In 1985 he commenced work on the accounts for the Trust as John Watson's understudy, and then subsequently took over all of the accountancy and secretarial work. And when John Watson retired, he also took his place as a Trustee, in 1997.

The next 13 years were important years for the Trust. Over this period the business of the Trust consolidated and was put on a solid basis, particularly with the purchase of the Bassett land. The activities expanded, and policies relating to stock breeds and numbers, and selection and retention were fine-tuned, and the pastures were further improved. It was an Accountant's dream to be able to be part of the decision-making mechanism, rather than doing what Accountants normally do – which is to analyse a client's information and offer advice, two or three times a year.

When his health deteriorated suddenly in 2010, John elected to retire immediately as a trustee, a decision he made in the best interests of the Trust because his condition appeared to be serious. All of the medical opinion indicated a protracted period of operations and recuperation. That he subsequently recovered to the point where he is working virtually full time again is another story altogether.

As an accountant John Dodson holds numerous trusteeships. This is not surprising as he specialises in acting for farming clients and farming Trusts, with a good mixture of commercial and small business clients thrown in. Being offered Trusteeships in small country practises is almost an occupational requirement, and invitations from earnest clients to be a Trustee of their family Trusts are seldom declined.

John believes that Harwood needs to diversify its asset base. "If we buy more land that would be good, so long as it will be used in developing the farm, but if we buy just for the sake of buying land then that would not be constructive. I would be happy if we bought shares and even commercial property to help protect the income stream, but would emphasise that off-farm investments, when we can afford them, are essential to supplement the income available for annual distributions."

"The best decision the trustees made was to buy Bassett's property. Conversely another great decision was not to buy the adjoining Bond property which came on the market a little earlier. The Bond block was steep hill country - which we had plenty of on Harwood. If anything, Harwood needed more flat land to enable the stock to relax and prosper on. Looking forward, we should probably buy MacKenzie's block, which we are leasing now, when and if it comes on the market. Although it needs a lot of money spent on it to develop it further, the MacKenzie land is part of our operation right now. We know its limits, and its benefits, and you know the saying - "better the devil you know".

The Trustees are constantly working on a **Strategic Plan** for Harwood Farm, which will define what needs to be done in future. Any such Plan is a living document and is subject to further change as time goes by. The current Strategic Plan appears in the Appendix.

"The highlight for me," says John, "is that the trust has been put on a very sound footing and is still being well developed, largely due to the efforts of Peter Smith and Max Buchandahl. They have developed the property on a good base and can be proud of their achievements."

On the subject of **Distributions** John believes that the question which of the many classes of beneficiaries identified in the trust Deed could become more entitled to a distribution, should be scrutinised more intently. Thus the Deed lists possible beneficiaries as teachers or University lecturers as well as students. It identifies indigent or needy people from the Weber District, whether or not they have any connection with farming. John believes that the Trustees have tended in the past to focus on bursaries for students studying farm-related courses in setting their distribution policy. This may have been too "tunnel-visioned" and may need to be revised to do justice to Miss Arnaboldi's wishes. This is a question which will re-occur as the Trust accrues more and more income for distribution in future.

When ill-health forced John Dodson into retirement as a Trustee, the firm of MCI & Associates appointed its Trustee company **MCI Trustees Limited** to be John's replacement.

The partner however who was specifically charged with carrying out the work of the Trustee is **Moira Ann Paewai B.Com. CA.**

**Moira's** Bachelor of Commerce degree was acquired at Canterbury University. She began her career in Dannevirke with Wilkinson Wilberfoss which became Arthur Young. After studying extramurally from Massey University for three years Moira married Stephen and shifted to Christchurch where she completed her studies and returned to work at Arthur Young. She also worked as a Management Accountant in both Christchurch and Hamilton, followed by travel overseas for 3 years, gaining experience with the London Borough of Ealing, in its Finance Department. On her return to Dannevirke in 1994 she joined the firm of Lowe & Associates on a part-time basis. When his firm however was taken over by Holloway and Irwin, Moira became part of that Accountancy firm, which is now known as **MCI & Associates.**

Moira became a partner in MCI & Associates in 2008, and at that stage she took over John Dodson's role as accountant for many of his current clients, including the Harwood Farm Trust. Moira handles all of the Harwood Trust's work with the assistance of other MCI employees.

"Working for the Harwood Farm Trust is one of my favourite jobs," says Moira. "I love to visit the farm and right now (February, 2011) we are in the process of building a new Woolshed. I would like to spend more time on the account but one has to balance the cost to the trust of my doing so.

"The structure in place for Harwood works extremely well. And the relationship with Max Buchandahl and Peter Smith and the other Trustee is great. I enjoy being a trustee and being directly involved. One doesn't have to consult beneficiaries as is usual in a trustee situation, although there is strict accountability for every decision the Trustees make – firstly to the Auditors and ultimately, in respect of the Annual Accounts - which are filed with and scrutinised by the Charities Commission.

"The auditors for the Trust are Cotton and Kelly in Palmerston North. The partner involved, Viv Cotton, is a descendant of a Pongaroa family who were associated with the farm, which provides an interesting co-incidental link to Harwood. Moira has found value in the questions raised by the auditors and the resulting work has been to the benefit of the Trust.

"For the future," says Moira, "we are looking to establishing a **website** to capture historical information, and to provide easy access to that information for persons having business with the Trust. Thus information such as the history of the Trust and its establishment, and Application forms for bursaries will be readily available."

On 17<sup>th</sup> October, 2001, **Michael Dodson**, having retired from his Law Firm in Dannevirke a few months earlier, retired as a Trustee of the Harwood Farm Trust when he and his wife moved to Waikanae. Michael had been closely involved in the formation of the Trust, and had acted for Miss Arnaboldi since the early 1970s – for about 15 years.

He met Miss Arnaboldi first when her mother, Dorothea McAtamney, died in 1959. Dorothy's estate was being administered by the Senior Partner in his Law firm, George Lloyd, but on occasion Michael was asked to witness Zita's signature when the Senior Partner was involved with another client. His relationship with her at that stage was purely social, not that of a client/solicitor.

At all times however he was impressed with her regal bearing and the way she conducted herself. She was quite simply a superior person in every way, who accepted her status as a matter of fact, something about which neither she nor anyone else could do anything to change. Nor would they want to. When perfection is so charmingly manifest, in such an unsophisticated person, the witness is filled with the instant conviction that he is in the presence of greatness, and that immediate acceptance of that revelation is the only gracious response possible. One is delighted to be recognised, and to be spoken to by such a person. With the result, that the memory of those early meetings is always of her charm and her naturalness and her innocence.

Later, when he got to know Zita better, acting as her adviser and solicitor, he was further impressed with her ability to comprehend legal concepts without difficulty, and to ask questions which were surprisingly apposite to the topic being discussed. Her command of language probably signalled better than anything else her quick intelligence. But it was her gratitude, when her mind was put at rest, that remained her most endearing quality. You knew you had answered her questions to her complete satisfaction when she pulled herself up in her chair, leaned back, a brilliant smile lighting up her face, and declared resoundingly, "it's as clear as crystal!"

When Michael Dodson retired in 2001 **Murray Pringle** was appointed a Trustee in his place jointly with Peter Smith and John Dodson.

**Murray Pringle** BA. LLB. has a dual degrees in Bachelor of Laws and Bachelor of Arts (majoring in political studies) through Otago University.

Murray is Dannevirke born and bred, his father having been the Manager of one of the leading Stock Agency firms in the district for some years. He attended Dannevirke High and joined the firm of Lloyd Dodson & Co in 1984, becoming a partner two years later.

“Over the next 10 years,” says Murray, “ the aim is to consolidate on the farm, perhaps purchase some additional finishing land to supplement the hill county we have now, but greater emphasis must go on the accumulation of off-farm investments. We’ve had a couple of good years, income-wise, but the Trust still has a long way to go before the Trustees will begin to feel comfortable with progress.

“Another matter that does concern us relates to the succession issues connected with Peter Smith and Max Buchandahl. Both of these two men are critical to Harwood’s operations.

“The highlight for me is the collegiality of the Trustees. It’s great. On the question of scholarships we all think much the same way, and there have no arguments about selecting beneficiaries for bursaries, for example. We do accept however that the scope and the extent of the beneficiaries may need to be re-examined in terms of the Trust Deed.”

**Peter Smith** retired as a Trustee about 2009, having attained the mandatory retiring age of 70 years. The Trust Deed requires Trustees to retire when that age is reached, though this is one aspect of the Deed which the current Trustees may wish to have changed. Any change to the Deed however can only be sanctioned by the High Court. Such applications are expensive, and the Trustees would not take such a step for just one alteration.

**John Dodson and Peter Smith** have been appointed as **Advisory Trustees** of the Harwood Farm Trust, and they remain Advisory Trustees to this day.

Such appointments are made under Clause 4 (v) of the Trust Deed which states”

***“(v)the Trustees for the time being may from time to time appoint Advisory Trustees to advise them on matters relating to the administration of the Trusts hereof, any such appointments being for such term (limited or otherwise) and on such other conditions as the Trustees shall in their sole discretion determine.”***

## CHAPTER 4

### ESTABLISHING THE TRUST DEED 1981 -1985

**A Deed of Trust** was signed on the 9<sup>th</sup> November, 1981, between Myra Annie Zita Arnaboldi, as Settlor, and John Frank Hamilton Watson, Howard Michael Dodson and Myra Annie Zita Arnaboldi as Trustees. A copy of the Deed is reproduced in Appendix 1.

It was named **“The Harwood Farm Trust “** because “Harwood” was the name Philip Arnaboldi had given the farm when he bought it. The Trust was established by Miss Arnaboldi to honour the memory of herself and her mother Dorothea McAtamney.

Other people leave children to carry on their family name and family memories after their death, but for Zita Arnaboldi her farm was her family, and the beneficiaries of the Trust were her children. The Deed of Trust records for all time, her wishes, her dreams and her intentions, and with its establishment she has provided a medium which will enable the memory of her family, and herself, to survive long into the future.

The Deed begins with the Settlor’s statement of her intention to set up a Charitable Trust, and for that purpose it records the payment of the sum of \$10 to the Trustees as the initial and identifiable “property” of the Trust.

The Trustees then declare that they stand possessed of that sum and of all moneys and property paid to or transferred to or otherwise acquired by them to be held upon the Trusts set out in the Deed, and all moneys, investments or property representing the same (called “the Trust Property”) and the income thereof **UPON THE TRUSTS** and with and subject to the powers and provisions which follow.

The purposes for which the Trust was established are then set out on in some detail on the first page of the Trust Deed. Insofar as the purposes of a Trust establish the reasons for the Trust’s existence, and the persons who may benefit therefrom, they are vitally important. That they must also be purposes which are of a Charitable nature (to be acceptable to the Inland Revenue Department) goes without saying.

In the case of the Harwood Farm Trust the Trust purposes are:

***(a) to promote the training and education of persons in farming and to promote research and education, development and extension in the sciences of agriculture, horticulture, forestry, deer farming, cropping and all other forms of farming activity and of projects relating to the use of land and to productivity therefrom within New Zealand, and***

***(b) to promote both on-and-off-the-job training and education in any of the activities referred to in sub-clause( a) hereof for any persons who would in the opinion of the Trustees benefit from any such training and on such terms and conditions as the Trustees***

***shall from time to time determine, and in particular to provide training and education in the farming of East Coast hill country within New Zealand, and***

***(c) to provide support and assistance for persons undertaking agricultural courses at any Institution established for that purpose within New Zealand in such manner as the Trustees shall in their sole discretion determine, and***

***(d) to establish bursaries, scholarships, funds, grants, prizes, awards, trophies or memorials for the benefit of:***

***(i) any persons within New Zealand attending Technical Colleges, High Schools offering agricultural courses, Agricultural Colleges, Universities or other Institutions which may from time to time be involved in training and education in agricultural matters and in providing courses of instruction or research in agricultural matters, and***

***(ii) any of the instructors, teachers, professors or members of staff of any such establishments within New Zealand, and***

***(e) to promote facilities in the Weber District which would in the opinion of the Trustees improve the quality of life of persons living in and around that farming district, and***

***(f) to assist, support or promote the education and advancement of persons who are in the opinion of the Trustees indigent, or needy and who are in some way connected with the East Coast of the North Island, whether in farming or in courses of instruction or careers not related to farming, in such manner as the Trustees shall in their sole discretion determine, and***

***(g) to pay and distribute at such time or times as the Trustees in their absolute discretion determine all or any part of the income of the Trust Property for any one or more of the purposes as aforesaid, and***

***(h) in the event that any or all of the above trusts shall fail or become impossible to give effect to pay the income and the capital (or any part thereof) to such other charitable institutions, colleges or universities whose objects are similar to the objects set out in sub-clause (a) hereof as the Trustees for the time being shall determine Provided that the Trust hereby established shall not be wound up or fully disbursed except with the approval of a Court of competent jurisdiction.***

Then follow the clauses setting out the powers and discretions given to the Trustees, including the power to retain the Trust property or any part thereof for as long as the Trustees think fit in the actual condition or state of investment thereof at the time it comes into their hands.

Other powers include the power to purchase other land and live and dead stock and chattels and other personal property and to take and receive leases or bailments of land, livestock and chattels. Power is also given to the Trustees to sell or dispose of land at such times as may seem to them to be advisable.

In addition, the Trustees have the usual powers to raise money on mortgage or on overdraft and the overall authority to carry on the business of farming.

There are a number of machinery clauses which are standard in most Trust Deeds, including the power to open and operate Bank Accounts, and to maintain and improve any of the assets of the Trust, and the power to accept and receive gifts of moneys or property to be added to the Trust property. In addition, there is the power for the firms of Accountants and Solicitors to be employed by the Trust and be paid usual professional fees for work their firms do for the Trust.

There is also a prohibition against any Trustee or any member of his family benefitting in any way from the Trust. This was the only Clause which the Inland Revenue Department required be added to the draft which was originally submitted to them for approval.

The Trustees have the power to appoint Advisory Trustees if they wish. And this power was exercised when **Peter Smith and John Dodson** were appointed to be Advisory Trustees.

When a Trustee attains the age of 70 years he must retire from his Trusteeship, as occurred when Peter Smith attained that age. This restriction will not apply to MCI Trustees Limited, which is a Trustee company. If the firm of Lloyd Dodson & Pringle should similarly ever form a Trustee company to represent its partners in Trustee matters then a similar restriction will cease to apply. The incorporation of professional firms as Trustee firms, is a relatively new initiative, but it has the benefit of effectively enabling any of the partners of that firm to act as a Trustee for a Trust, instead of just one nominated partner. This in turn will have flow-on benefits for the Trust itself, in that the appointment of new individual Trustees when one retires will become totally unnecessary, and therefore more cost-effective for the Trust involved.

The accounts of the Harwood Farm Trust must be audited. This clause is designed to protect the Trustees personally, as much as it protects the Trust property.

There is a special Clause which states that a Trustee, even though he may be a Trustee of another Trust, totally unrelated to the Harwood Farm Trust, will not be prevented from dealing with property belonging to the Harwood Farm Trust and the other Trust, despite the apparent conflict of interest. This simply recognises the fact that professional Trustees are often asked to be Trustees of Trusts set up by other clients, and permits them to act accordingly.

A professional Trustee of course has a duty to act in the best interests of his client at all times, and if he encounters a real conflict he will advise his co-trustees, in both Trusts, and take no part in any final decisions which may be made. There may be further implications from any such conflict between two Trusts, however, which may require a more drastic solution, even to the point where a Trustee in such a case may have to resign as a Trustee, though common sense and full disclosure will, more often than not, render such a course of action unnecessary.

### **APPROVAL OF CHARITABLE TRUST STATUS GRANTED**

Miss Arnaboldi had the satisfaction of setting the Trust up during her lifetime and getting to see how it worked in practise, for four years at least until her death.

Early in 1981, the Solicitors wrote to the Inland Revenue Department enclosing a draft copy of the Trust Deed, asking whether a Deed of Trust completed in this form would be acceptable as a Charitable Trust. This was central to Miss Arnabildi's plans, because if the proposed Trust did not achieve that status for Tax, Conveyance and Death Duty and Gift Duty purposes then everything that she had set out to do would have failed.

The Department replied saying that subject to a clause being inserted to the effect that neither the Trustees nor any members of their families could ever be beneficiaries of the Trust, and then the Trust would qualify for Charitable Trust status.

In November, 1981, the Trust Deed was signed and forwarded to the Department. The Senior Examiner BR Bowden advised in March, 1982, that the Trust had been granted exemption from Income Tax, and from Conveyance Duty and exemption had also been granted for Estate and Death Duty purposes.

This important first step in the fulfilment of Miss Arnabildi's dream had been achieved, and was greeted with huge satisfaction and relief by Miss Arnabildi, who was still holding her breath having convinced herself that Charitable status for the Trust would probably not be granted.

### **INITIAL TRANSFER OF PORTION OF THE LAND TO THE TRUST**

Subject to the Trust being accepted as a Charitable Trust, Miss Arnaboldi had also agreed in November, 1981, to sell 1075 acres of her land to the Trust, at either government valuation or at a price which was to be determined by the Inland Revenue Department. The purchase price was determined at \$305,000, to be payable to the Vendor on demand, and pending demand being made, interest was to be payable thereon at such rate of interest as the Vendor should from time to time determine.

To complete the documentation the Trustees leased this land which they had recently purchased, back to Miss Arnaboldi for a term of 10 years at an annual rental of \$15,000 per annum. The Lessee had a right of renewal for one further term of 10 years and the Trustees, as Lessors, had the right to review the annual rental at 5 yearly intervals. This lease was similarly subject to the Charitable status of the Trust being approved, and it came into force when approval was granted.

Miss Arnaboldi continued to farm the whole property from that time on, though it was now partly owned by the Trust, and she would continue to do so until her death four years later in October, 1985.

## CHAPTER 5

### A REMARKABLE PARTNERSHIP

While **Zita Arnaboldi** was the source of the initial inspiration for the Trust, and while she provided the passion to turn that inspiration into reality, and contributed the land and other assets to make it all possible, there were three other people in particular who must be credited with the success of The Harwood Farm Trust venture: **John Frank Hamilton Watson**, Chartered Accountant and long-time friend of Zita Arnaboldi, **Peter Massey Jackson Smith** of Dannevirke, the Farm Supervisor and highly respected and successful farmer in his own right, and **Max Buckendahl**, the Farm Manager at Harwood, who was appointed to that position shortly after Zita's death.

#### **JFH WATSON**

**John Watson** provided the accounting advice and the professionalism which were essential in developing and shaping the concept of the Harwood Farm Trust, and guiding it through to its establishment. He was a fundamental element in the formation of The Trust – and he was as critical to its success as was Zita Arnaboldi herself.

John's association with Harwood Farm commenced in 1959 when Lance Allan, who was the senior partner in their firm, known in those days as Quigley Allan & Galyer, introduced him to Zita Arnaboldi and her married sister Mrs Winifred Frances and her mother Mrs McAtamney. He explained that the three ladies, together with Winifred's husband Jim, who did most of the work on the farm, lived together in the old large Harwood Farm homestead up the Tahuokaretu Road at Weber, though Zita was there only on occasional weekends.

Lance Quigley told John that the family had recently suffered an embarrassing situation. Sometime earlier they had employed an advisor from the Porangahau area and this fellow had fallen foul of the police up there and was eventually prosecuted through the courts for stealing livestock. This is a heinous crime in a farming area, and Zita in particular felt that it reflected badly on the family not only in her situation in Waipawa but also in the Weber district.

Soon afterwards in 1961, when the partnership between Zita and Winifred had been wound up and Jim and Winifred had moved onto their own 420 acres of land, Zita was faced with the task of finding a suitable manager to run her property which had large areas of reverted scrub, poor and quite insufficient fencing and yards, and an abysmal water supply. At that time there was full employment and it was not a property that would attract experienced managers. Consequently the stock firm which was attending to the appointment of a farm manager received a wide variety of applications from people, many of whom had really no experience, although some had theoretical ability. Many thought that they could work wonders and increase the carrying capacity substantially and improve the stock quality,

while the more experienced simply turned and walked away. This situation was repeated many times over the years, and lasted until the two properties were later joined together again in 1971, when John Dalziel became the Manager.

It is easy, looking back now, to be somewhat critical of these various managers, but the farming scene was quite different in those days. Extraordinary prices had been received for coarse cross-breed wool as a result of the Korean war in 1950 but then ceased by Easter 1951 and prices for wool have been going down in real terms ever since until 2010. Lambs were being shipped to Smithfield in whole carcass form and were being killed at weights that were probably not much more than half the target weights that are prevalent today. Farmers were trying to increase lambing percentages and supply the British consumers with the small joints that they wanted then.

Other farmers on easier country were trying to get lambs away early, so that they could catch the lucrative Christmas market. Ram breeders were still selecting according to the dictates of the show ring, rams were woolly-faced, little genetic improvement seemed to be taking place, and progeny-testing was in its infancy. As a result lambing percentages were quite low and lambing was a labour-intensive task. New drenches were only just starting to come on the market and losses were quite high. Hogget ill-thrift was still rampant and foot-rot was widespread.

“Miss Arnaboldi and I discussed the situation frequently” recalls John. “I knew the area reasonably well because I used to take my family out to Russell Franklin’s property ‘Te Awaputahi’ on the Birch Road East at weekends to help with the lambing and assist with the docking. Zita knew Russell’s late brother Walter who farmed in the district as well, and consequently was quite happy to discuss her situation with him. Also we referred particular problems to MAF farm advisors and there were one or two occasions when we engaged private consultants.

“It was quite obvious to all of us that without the necessary funds to turn the soil over and provide the large capital fertiliser requirements that a high phosphate-fixing soil required, it was unlikely that the carrying capacity could be substantially increased. Therefore the plan we adopted was to maintain the better class of grasses that we had on the property to the best of our ability and any surplus cash that was available year-to-year would be used in making essential repairs and perhaps extending the fences and the water supply.

“We instituted a system of “close cash monitoring” which was continued when the Trust was formed and no doubt in some form or another it is still being done today. What we did then was to do a pro forma budget in June or early July, which was reviewed when the docking and the calving tallies were known and we could more accurately estimate stock prices for the year. This was followed by all the work being processed up to the end of February and then in March we would make a very accurate forecast of the balance of the

season to June. This was an effective procedure and we knew where we were at any stage. On the very few occasions, and they were few, where climatic conditions or perhaps a bit of development meant that we had to expend funds before income was in, we had an absolutely first class relationship with our financiers and never incurred any problems in financing, though that did not actually become necessary during Zita's lifetime.

"Zita was happy with this situation and we both thought that it could perhaps continue more-or-less indefinitely. However there was one other concern that exercised my mind – the possibility of fire.

"The indemnity value of the Harwood homestead was a pittance and consequently if we suffered a total loss then there is no way we had the resources that would enable us to replace a dwelling for the manager. I felt that if that happened, we would have to sell the property. Back then there was only one insurance company that I knew of that would grant a replacement policy and it was subject to quite some rigid conditions. You had to be a substantial long standing client and had to have a valuation by a registered valuer yearly. We weren't able to afford that luxury and so I spent quite some time over the next couple of years lobbying the Royal Insurance Company and the stock firm Hawke's Bay Farmers who held the agency, to try and get them to change their policy. None of the other companies would even entertain the idea. After a couple of years I managed to get the local manager on our side. He agreed that there was a need for such a policy in a farming district such as ours as many buildings were a long way from any reasonable fire fighting service.

"After about three years we made a break-through and the Royal agreed to a replacement policy providing that any replacement dwelling was quite unlike the homestead that was there, but yet was of a minimum size that would be suitable for a farm manager. We jumped at this. It was just as well we did, because it wasn't long after that that fire destroyed the homestead, resulting in a total loss. It's easy to imagine the consternation that occurred in the Royal Insurance Company when this happened. However eventually they paid out on a replacement house, though it was considerably smaller than what had been there previously. It took some time to organise a settlement that was acceptable to both parties, but that was a stroke of genius that enabled the property to be retained as a farm. If that policy had not been in place we would have had to sell up.

John and Zita became good friends over the years, as often happens when a professional relationship between accountant and client develops from an initial appreciation of goodwill and personal values into mutual trust and total confidence.

"It's easy now to forget the problems the farming community in general went through with the United Kingdom's entry into the common market which, from memory was 1973," says John, "and easy to forget with the turmoil with the introduction of Rogernomics following the election of the Labour Government in 1984."

John believes that Miss Arnaboldi's property, on its own, would have become increasingly uneconomic and it would probably have been unable to continue. With the reunification of the two properties (after Winifred's death in 1971) the situation vastly improved. "Not only were there obvious advantages of scale," he says, "but we could make do with one manager for two properties. Not long after this we engaged John Dalziel as Manager, and this proved to be an inspired appointment.

John Dalziel was one experienced farm Manager who stayed on for a considerable period – for over 10 years, a person for whom Miss Arnaboldi had special regard. Not only was he a good farmer, but both he and his wife got on well with Miss Arnaboldi, and they both participated fully in the local community. He farmed the property with skill and improved the condition of the stock during his term.

When John Dalziel was offered a position as Manager of a much larger property Tawhanui, which adjoins Harwood on the Northwest boundary, Miss Arnaboldi was sorry to see him go, yet she recognised the opportunity this presented to John and she wished him well. John Dalziel was later to be one of the pallbearers at her funeral. He returned from Tawhanui to manage Harwood for a year or two after her death – until he purchased a lawnmowing business in Auckland. Max Buchendahl was appointed farm manager soon after that.

John believes that the single most important thing he did for Harwood Farm was to get Peter Smith interested in being involved with the Trust, which eventually led to Peter's appointment to the position of Farm Supervisor. And Trustee.

Those who were closer to the events surrounding Harwood Farm however, know that John Watson did much more towards the establishment of the Trust than he takes credit for.

### **PETER M J SMITH**

The second critical figure in the Harwood setup was **Peter Smith**, a farmer from Tataramoa, near Dannevirke, latterly the Farm Supervisor, and a person whom John Watson holds in the highest regard. "He's an excellent administrator," explains John, "having been Chairman of the Southern Hawke's Bay Rabbit Board for many years, he was elected to the Electoral College of the Wool Board and was Advisor to a number of large farming organisations in the district. He is a man of absolute integrity."

Peter was and is responsible for the over-all supervision of the farming operations and for the development of a farming philosophy which would unlock the potential of Harwood Farm. Initially he did this without remuneration of any kind, as a challenge to his ability, and as a favour for his friend John Watson, and then out of respect for what Miss Arnaboldi intended to do. "Peter's refusal to accept any form of payment would not come as a surprise to those who know him well."

In 1978, Peter was appointed Farm Supervisor of Harwood Farm on John Watson's recommendation. Peter was (and is) a highly successful farmer in his own right, and has an enviable reputation in Southern Hawkes Bay, both as a practical farmer and as having personal qualities of the highest calibre. The challenge for him with Harwood Farm was that it was difficult hill country, run by a farm manager and owned by an absentee female owner who held an unshakeable belief that her farm was one which could become profitable with exceptional farm management, and be made capable of running superior livestock.

When Peter Smith took over as Supervisor he inherited a farm that had little water on it, "apart from a few sporadic pot-dams, and there were no reliable watercourses or streams. It was a property which accordingly dried up alarmingly during the summer months," he recalls.

In addition, the woolshed was in a poor state of repair. It was barely able to do the job it was supposed to do, and repairing it had become an embarrassing annual chore. It was not worth spending money on, so each year it was patched, and each year the need for a new shed grew more pressing. Yet Miss Arnaboldi's edict that "there will be no borrowing" remained in place. It was a phrase she repeated many times and both Peter and John and the farm Managers were aware that there would be no money for spending on the farm unless the farming operation itself managed to produce surplus funds.

One of the most significant events which has occurred since 1985 was the purchase by the Trustees of the Bassett property of 727.8 ha in 1997. This property adjoins Harwood. Its purchase kick-started the farming venture envisaged by the Trustees in earnest, by providing the land mass necessary to set up an economic unit, and in providing economies of scale in respect of fertilisers, drenches, equipment and breeds of stock. In fact there were savings to be made by buying and trading in almost every aspect of this much larger farming operation, as is typical of economies of scale, and the timing of the purchase was absolutely perfect.

How the Trustees came to purchase "Bassetts" (as it is called) is described in more detail in Chapter 7.

Peter lists Max Buckendahl's accident in 2005 when he was thrown from his four-wheel bike, as the worst moment Peter experienced in his time at Harwood.

The next bad moment was the drought of 1988. This drought hit out of the blue. "We had made provision for the dry summer months as we always did, but this was an exceptional drought which affected all of the East Coast. The whole country in fact suffered in various degrees of heat. We lost a lot of cows, and ewes, as did our neighbours, but fortunately heavy rains came soon afterwards and the country recovered fully within about eight or nine months. At the time however it was an alarming development which we could well have done without."

There were good times too at Harwood. “In the 2009 sales we got \$100 a head more than we had expected for our weaners. It was like winning the lottery. It was the shot in the arm that farmers need from time to time, but that was out of this world.”

“Close to that for excellence,” continues Peter, “ was the sale this year (2011) at the Dannevirke Weaner Fair (held in late March each year). Some of our lamb sales have been exceptionally good also especially in the last three years. This is the reward for having built up the two properties to complement each other, so well. “

“The farm is going from strength to strength. We can afford now to manure the whole property – we are growing more grass- carrying a few extra head of stock- but not many more. We’re doing them much better.”

“Stock performance is still increasing and we’re still aiming for better things. It’s a store-hill-country farm but we are able to finish a good proportion of our lambs and we finish the surplus heifers and the tail end of our steers (which we fatten for the works as 2 ½ year olds). We’re now mating our yearling heifers – you have to farm them well to be able to do this. They are 2 year olds when they have their first calves.”

“Max and I are a genuine partnership – we discuss everything and make decisions mutually. The results the farm is achieving show just how successful the partnership has been. We respect each other.”

Speaking about the 2010/2011 year Peter says “This year’s storms and dry autumn decimated sheep flocks right throughout the country, but we survived with fewer losses than many others. That’s why there is such a shortage of lambs in the country at the moment. But we’ve come out of it better than most.”

Max is a member of one of many a discussion groups in the area. I have been present when they’ve visited at Harwood. These groups take turns in visiting each other’s farms. The purpose of these visits is to question everything a farmer does, so that the attendees can learn from the results and the farmer has to justify what he does before the most critical audience of his peers. Because our results have always been so good,“ says Peter,“ Max has been more closely queried than others. Some of them said he had **too much** grass, and Max took this to heart, but they were just trying to be smart. They throw off at some of the things we do but it’s only good-natured banter in the long run because you can’t argue with the figures. Our losses at lambing for example are very light compared with the average losses. From lambing to weaning, our losses are **under** 10% where the average losses for the District are 15%. Some are as high as 20%. We are remarkably less than the average figure of 10%.”

## **MAX BUCKENDAHL**

The third key figure in the development of the farm property is **Max Buckendahl**, the current farm Manager, who was appointed Manager in 1987, two years after Miss Arnaboldi's death, and who has been the Manager ever since.

Max provides the farming skill and the sheer enthusiasm and hard work which was necessary to put advice into practise, and to farm the property in a superior way.

John Watson had this to say about him, "Max is obviously competent but more importantly perhaps, was his determination to do what he could to knock the place into shape. What a wonderful appointment this has proved to be for the Trust. His empathy with Peter has meant that the two of them make an extremely formidable team and I believe that the enviable position of the Trust today is largely due to those two people."

When Max took up his duties as Manager in 1987 the farm was carrying far too much stock.

"The second month I was here, in February, 1987," he says, "I was running 1670 ma ewes, 580 2ths and 2000 lambs - a total of 4250 sheep, and 163 cattle. So my first move was to drench everything."

As Max explains, "everybody farmed that way in those days. The government said *put on more sheep and we'll give you more money*. That meant we were carrying about 5.6 stock units to the acre (on 900 grass acres) and it was really impossible.

"I remember saying to John Watson at one of our meetings - we can't carry this many. He replied, "you'll have to, we've spent all this money."

"The works were looking for 12 ½ kilo lambs which is approximately 28 kilos live weight - - we couldn't get one of our lambs up to that weight when I first came - insufficient feed on the farm. Now we get 70- 80% of the lambs away at that weight. There wasn't the grass around then because of our high stocking rate. In those days if you could get a 28 kilo live weight lamb away to the works you thought you were made. Now, considering we've de-stocked, we can get 70% of our lambs away easily at that weight. Of course, now the Meat Works want 36 kilo lambs!"

"There's no money in farming," declares Max emphatically. "We only make \$60,000 per year from the farm yet we have \$3m worth of assets tied up in land livestock and plant. We'd be far better off selling up and investing the proceeds. Even at 5% pa \$3m would earn \$150,000 pa. Even retaining half the income to add to capital that would still leave \$75,000 for scholarships – which is twice what we're giving now, and the capital (and the income from it) would increase each year.

When it was pointed out that that's not the point of the Trust – it's not here to just make money, and indeed the farm is central to the idea of a farming Trust, Max's answer was that in the future the Trust could purchase more land, which is what it will need to do to stay viable and grow. "Purchasing Bassetts was great at the time," he says, "but the Trust needs to get even bigger, run more stock, and make savings on a larger scale."

Asked why he said there was no money in farming property when the Trust does not pay tax, Max replied, "In one word - **Wind** – it prevents grass growth. It costs us one stock unit per acre. We get plenty of rain most of the time, but the wind blows it away. The wind is the culprit."

That does not mean that the farm would be any better if it was turned into a windfarm either. "It's too far away from the national grid, therefore too expensive to hook it up. "

"Agreed we have no debt, except for \$30,000 owing on the tractor (which we could repay out of this year's income) but we need another woolshed on the Bassett block first. That could easily cost \$130,000 now, twice as much or more as our first woolshed in 1990.

Max agrees that the farm has done well at the sales in this year, 2011, but the prices have not been good in previous years. "We were selling well through Wimbledon, but even then we were just trading water. We stopped selling at the Wimbledon Sale because we knew we could better prices in town. Wimbledon folded after we withdrew, as we knew that would happen. But you can't go on propping up uneconomic businesses. We were the major supplier to Wimbledon, but we were not doing ourselves any favours by staying there. So we withdrew. The whole district went to the Dannevirke Sales from then on.

"We reduced stock numbers gradually over the years and now we've got half the stock on. Despite all our efforts, prices have gone backwards – except for this year (2011). I remember one year the cull prices lifted the price of a lamb – not the meat. The meat value was in the wool - In the good old days – before wool went to out the back door . The price you got for your wool paid the running costs on the farm. Then, your sheep and cattle meat paid for all the extras.

"If you take into account my wages last year - we would have lost money on our wool cheque. We made \$9000 after shearing. This year (2011) it's going to be incredible. The wool price has more than doubled, and remember, costs of shearing and so on don't go up as fast - so it'll be a good year. "

"In addition we've been getting top prices at the sale. In January, 2011, the price was so good I sold 700 sheep at an average of \$100.

"**The worst of times** was about 1991-1992 when we got \$6.25 for each of the cull ewes - that was unbelievable. Another bad year was when we bought Bassetts - we paid \$54 per

head for ewes, Peter at the time said, “Don’t worry - unless we have a drought.” We got a drought. It was bad, and it took three years to recover from it, though we didn’t lose as many stock as in the 1988 drought. The worst drought was in 1988 - when I started with 80 cows and finished with 16. Fortunately it only lasted for 8 or 9 months, and then rains came and recovery was quick. The whole of the East Coast was affected. We didn’t fare as badly as most other places.

**“We get a drought every 7 years** since I’ve been here, and then it takes three years to get out of the drought, so you’re not making any money in those three years. You spend a lot of money though – having to put your cows out grazing. You farm by the decade. “

**Present Stocking numbers and breeds.** “This year (2011) I put 3500 ewes to the ram and 250 will be dries, so 3250 to lamb, and 190 cows to calve. We’ve run Perendale-Romney-cross ewes for the last 10 years, and they’re good. The cattle are South Devon and Hereford Bulls, but 3 years ago we sold the South Devons and bought Angus bulls – so a three way cross.

“We run 8.8 stock units to the hectare on Bassetts, where we have 423.4 effective hectares (equates to 3.54 su per acre). And we run 8 stock units to the hectare on Harwood, where we have only 317.5 effective hectares. This is equivalent to 3.2 su to the acre – a far cry from 1987 when we were carrying 5.6 su per acre.

**“Fertiliser:** On Harwood: we’ve been applying 200 kgs per green acres for the last 5 years, plus 1 tonne of lime per acre. And the grass is growing. On Bassetts: we apply fertiliser at the rate of 200kgs per green acre only. 70% of the farm is now in grass having been turned over.

**“Water:** Water on Harwood is pumped up from a dam to a tank on the hill near the house and gravity fed from there over most of the farm. The house is at about 1000 ft above sea level. The dam was put in by Peter – before Max came to Harwood. On the Bassett property we have spent about \$3000 on constructing dams and tracks – where previously there were no dams and few tracks. We’ve also spent money on stock-proofing the fences, few of which were stock proof when we took over.

**Trees:** Harwood has 150 acres of pine trees which will be ready for harvesting in 8 years (2019). The Bassett trees are 12 years old – and have about 18 years to go till harvest.

**Accident.** Max pointed out where he had come off his bike late one afternoon coming back from the MacKenzie property which Harwood leases. He was lucky that his partner was visiting at the time, and that when he did not arrive home when expected, she went looking for him and found him down the gully off the road very late in the day, in darkness. She rang for the doctor and the helicopter, but because it was so late the helicopter wasn’t going to come. Not prepared to take no for an answer, she insisted. Eventually the helicopter arrived

in the dark about 9pm, and landed on the road so they were able to get Max on board and off to the Hastings hospital where he arrived at about 12.30pm - In a very bad way. There was talk of him having to go to Wellington but this was postponed because his condition did not allow.

Eventually however he was out of danger and was able to come home. He was not supposed to go back to work but did so anyway, though only part-time. Max still suffers pain from time to time as his pelvis was wrenched out of alignment. The doctors told him that he was lucky because the pelvis is the one bone in the body which is capable of healing itself. That's not much consolation though unless it is lined up properly. Which it's not.

Peter Smith describes hearing about the accident as "the worst day of my life." He credits the nurse who was attending Max in hospital with saving his life, by being there when he took a bad turn. She was able to give him the immediate treatment that was needed. It was some days before Max was out of danger, and several months before he had recovered sufficiently to take up his duties again. Recuperation was slow, and this in itself was an indication of the severity of the injuries.

John Watson (who has suffered some loss of memory after a stroke) had this to say about Max's accident, "There is really only one matter that has remained indelibly in my mind and that is when I learnt, probably a couple of days after it happened, about the accident that Max had suffered. He was in the Hastings hospital and I was able to visit him there. I was amazed that he had managed to pull through, but then he is all "guts". Nevertheless from discussions with his carers, I formed the opinion that it was unlikely that he would ever be able to return to the full physical management of the farm again and that he has been able to do so is a matter of delight and a real tribute to him."

**These three people in particular formed a quite remarkable partnership. Their joint efforts and their personal strengths, in combination, enabled an equally remarkable concept to become a reality.**

## CHAPTER 6

### THE FLEDGLING TRUST 1985 – FIRST STEPS

The death of Zita Arnaboldi death at the age of 77 on the 19<sup>th</sup> October, 1985, began a new chapter in the history of the Trust. Until then the Trustees, and in a sense the farm itself, had been waiting in the wings, preparing for their appearances on stage. Zita's death triggered the beginning of the Trustees' journey.

Part of the land had been transferred into the Trust's name, in November, 1980, but not all of it. One of the conditions of that sale was that the Trustees would lease the land back to Zita for a term of 10 years from November, 1980, at a market rental of \$15,000 per annum. This was not at all unusual.

The sale which was also at a market value, and upon which stamp duty had been paid, fixed the value of the land at the date of the sale. Any increase or decrease in value of the land thereafter accrued to the Trustees. Miss Arnaboldi as Vendor was entitled under the Agreement for Sale and Purchase to the full market value at the sale date. This purchase price was payable to her "on demand", meaning that if she ever wanted to be paid she had only to make demand (in writing) and the Trustees would be obliged to raise the purchase price from whatever source might be available to them. Of course Miss Arnaboldi did not intend to ask for the purchase price to be paid to her. To the contrary, she intended to gift the purchase price to the Trustees at the rate of \$27,000 per annum (which was the maximum which might be gifted in any one year without paying gift duty). Meantime, she had the right to charge the Trustees interest on the purchase price, if she wished. Any interest she did charge however could be offset against the annual rental which the Trustees were entitled to charge her under the Lease. Thus for tax purposes, for both the Trust and for Zita the result of income offset against expenses was completely tax-neutral.

During her lifetime the Trustees had quite rightly deferred to Zita's wishes and direction. The only real Trust asset vested in them was the land - and that had been leased back to Zita for a term of 10 years. Consequently she farmed the land and the livestock in the same way as she had previously, and the Trustees did not have any assets to manage or farm themselves.

On her death however everything changed.

In her Will Zita gave two small bequests to Presbyterian Support Services and to her friend John Watson, and then gave devised and bequeathed all of her remaining assets, including the rest of her farmland, the livestock and plant, her Waipukurau house property, and all her cash in bank accounts and her company shares, and other assets, to the Trustees of the Harwood Trust, subject only to the payment of her funeral and burial expenses, and any other debts she may have had.

The Trustees of the Will were the same as the Trustees of the Trust, namely, John Watson and Michael Dodson, which simplified matters considerably. Still, it took time to decide how best to realise the assets and to determine what to do with them.

The duties of the Trustees of a Will are different from the obligations of the Trustees of a Charitable Trust. It took the best part of two years to complete administration of Zita's Estate. Part of this time was taken up in satisfying the Inland Revenue Department that the assets were in fact exempt from death duty – being gifts to a Charitable Trust, and that all income tax payable had been properly assessed and paid.

But in 1987, two years after Zita's death, administration of the Estate was complete and the Will Trustees had transferred the remaining assets to the Harwood Farm Trust.

### **FIRST MEETING OF TRUSTEES**

The first meeting of the Trust proper, was convened on the 12<sup>th</sup> November, 1987 at which Messrs Watson and Dodson, and Peter Smith, the farm Supervisor were present.

Also present at this meeting was **John Dodson**, who was a partner in John Watson's Accountancy and he worked closely with John Watson who had, by this time, become a Consultant to the firm. John Dodson acted as Secretary for the Trustees. He recorded the Minutes and kept track of the tasks which were allocated to the Trustees and to the Farm Manager. He ensured that the information needed for the accounts was received in a timely manner and that the monthly statements were properly prepared. In addition to this John Dodson ensured that the monthly accounts were paid, and that the Trust's investments were properly accounted for. He would later become a Trustee of the Trust in the place of John Watson, (and later an Advisory Trustee) but in the meantime he was the principal advisor to the Trustees at their Meetings. As time went on his knowledge of the Trust's affairs became more and more comprehensive, and his opinions and comments were invaluable.

The Minutes of the first Meeting record that Messrs Watson and Smith had been extremely busy, particularly as to the setting of long-term policies in respect of the farm. Miss Arnaboldi had no relatives and accordingly the burden of handling her financial affairs had fallen heavily on Mr Watson. Mr Smith and the Farm Manager (Max Buckendahl) had been involved in the day to day farming to a much greater degree over the previous eighteen months.

Although budgets for the coming year were approved, and second-shearing was to be left for the right weather conditions, perhaps in November and March, superphosphates would be applied in March and fifty five chains of fencing were to be erected on a neighbour's boundary. But the major decision at this meeting revolved around the construction of a new woolshed, using the Trust's own macarocarpa trees milled on the property, but with a

tanolised pinewood floor. The cost was estimated at about \$45,000 including the provision of water and flush toilet facilities. The construction of a new woolshed was long overdue - a legacy of Zita's policy of "no borrowing". That something had to be done urgently about replacing it was accepted by the Trustees without question. Permission was granted to obtain quotes and get started.

The sale of the Waipukurau house and gathering up of residual bank accounts enabled the Trustees to invest \$50,000 in Government stock and prompted them to take advice from their stock brokers as to investment of further moneys.

At this first meeting also Trustees fees were determined, and Peter Smith was invited to be a third Trustee in line with the powers vested in the Trustees and in accordance with Miss Arnaboldi's wishes.

Two other significant decisions were made at this first meeting. **The first** was that **no distributions would be made from Trust funds for at least twelve months**, until the Trustees had determined the classes of beneficiaries who would benefit, and any projects commenced in this regard would be properly funded. **The second** was the acceptance in principle of the suggestion that **one half of the net income each year would be applied to capital, to enable the capital fund to grow, and that only half of the income each year would therefore be available for disbursement.**

This principle would be recalled from time to time at future annual general meetings of the Trust.

## **SECOND TRUSTEES MEETING**

The second meeting of the Trust was held eighteen months later in May, 1989. Despite the length of time which had elapsed since the first meeting, monthly reports had been prepared by the farm Manager and Mr Watson and there had been close contact with the Accountants and the Trustees throughout by way of correspondence and telephone conversations. In addition, the annual financial statements had been circulated.

At the second meeting the woolshed was reported to be complete apart from the outside yards. Equally as important, Peter Smith has indicated his willingness to become a Trustee along with Messrs Watson and Michael Dodson, and his appointment was confirmed at this meeting and the necessary documentation was signed.

During her lifetime Miss Arnaboldi had expressed the wish that an area of native Bush called "Bottom Bush Reserve" should be given to the Crown as a Reserve. This had been approved in 1982 subject to certain conditions which were acceptable, including the fencing of the approximately 3 hectares of land involved, and the Department of Lands and Survey was advised that the Trustees were prepared to proceed so long as the Crown was responsible for the cost of fencing, and that the Trust retained the right to draw water from the Reserve

for two farm troughs. The Reserve would be open to the public via two sets of stiles, subject to strict rules which the Farm Manager was asked to draft and signpost.

**THE QUESTION OF DISTRIBUTIONS** from the Trust was deferred again until the Trust had become established on a firm financial footing, and all of the farm buildings and improvements had been completed to enable them to add to the viability of the farming project. On this basis it was unwise to make any commitments for future years just yet. The Trustees recognised that if they were going to institute any ongoing benefit for the Weber district in the form of bursaries or continued education to universities or other learning institutions, or financial assistance for individuals in some other form, then the Trust must be in a position to do this on a permanent basis. It would not be fair to the memory of Miss Arnaboldi to undertake a presence in the community unless the same was able to be permanent.

In early 1990 Peter Smith reported that the previous year had been one of the most difficult he had experienced in 30 years of farming, and the figures from the Farm Manager reflected this. Lambing for the 1990 season was at only 48%, and the loss of more than 20 cows were direct consequences of the seasonal conditions, and meant that the farm would not produce a large income that year.

It was agreed that generally the farm should move towards an overall improvement in the quality of its capital stock, rather than concentrating on improving the quality of stock offered for sale in any one season. Mr Smith suggested that wether lambs should be sold store, rather than to try and fatten these on the property. It was also suggested that the property should be running a 70 cow herd, plus replacements. He suggested that if seasonal conditions got bad stock could always be sold. Generally he felt that cows were the best bet on the type of country involved as the grass was simply not good enough to run bull beef.

It was agreed that 17 additional cows be purchased to hasten the move towards a herd of 70 cows, and that two paddocks be re-sown to provide adequate pasture for cows to calve onto. In addition, extra superphosphate was to be considered to ensure that the policy of achieving and maintaining high quality capital stock was obtained. The Trustees were happy to allocate funds for this development work if Mr Smith and the farm manager could confirm that these stock numbers could be carried, and the end-product of good quality stock could be achieved.

### **No Distributions Until Development Completed**

The Trustees were unanimous that no distributions from the Trust should be made until all development work was completed on the property. They did not expect this to happen before the end of June 1991. From that point on the farm property was expected to stand on its own feet and meet all its running costs as well as providing a fund from which distributions could be made. Mr Watson suggested that while he was happy to utilise capital

funds to do things necessary to ensure the farm was fully developed by due date, he would like to see a sum of say, \$100,000 invested off-farm to provide an on-going income accumulation to help meet future distributions. It was agreed that some specialist advice should be sought as to the type of investments that could be taken up to maximise returns and hedge against inflation while at all times maintaining the absolute security of the capital invested.

The Trustees aimed at making the first distribution in 1992. Obviously applications would need to be received prior to this, and the Trustees would consider suitable ways of distributing funds and ascertaining possible beneficiaries at their next meeting.

Between 1990 and May 1991 Peter Smith had been speaking to the Dannevirke High School. The school had a dedicated teacher in Richard Shannon, with whom agriculture was an integral part of the school curriculum . Currently 90 students studied agriculture with 44 fourth formers and the balance mainly 5<sup>th</sup> formers. The school was then currently running stock at the Dannevirke Showgrounds and fattened lambs there along with calves which they buy for rearing. Initially it was thought that 3 -4 boys could stay at the farm for a week at a time for a maximum of 10 weeks of the year. This would require that the whare was brought up to a reasonable standard. The cost however was deemed to be too expensive and it was suggested that rather than the students staying overnight they could be bussed out and back each day.

In the end however the project proved to be too big, too expensive and to have far too many complications to have any chance of success. In the first place, the costs of repairing the whare were going to be more expensive than first thought, a Labour Department subsidy which had been envisaged was not available. Then the question of ACC insurance and liability in the event of accident was one that no Government Department or Insurance Company wanted to have much to do with. And the question of supervision of the students overnight and while they were undertaking farm activities, including working with heavy machinery around the farm, had the potential to blow up into major problems. The idea accordingly had to be shelved, but it did direct the attention of the trustees in a more manageable direction, namely towards the provision of bursaries and assistance with tuition fees for agriculturally-based education, rather than the provision of training facilities and teachers, in competition with specialist farming schools like Smedley Station or Massey University.

By mid-1990 the Farm Supervisor was able to report that he had never seen the farm in better condition. He expected to put out close to 2200 ewes to the ram that season and 73 cows would go to the bull. Already 650 wether lambs had been sold for a very pleasing \$20.50 nett (how times have changed!)

Mr Smith advised that an Earthquake and War Damage Commission claim of \$3,500 had been approved in respect of an earthquake which had shaken the Dannevirke district some months before. One of the chimneys in the Manager's house had been damaged and this was the payment of the resulting claim. In addition, the fireplace in Miss Arnaboldi's house needed replacement as it had also suffered damage and had become dangerous. The Trustees authorised the purchase and installation of a Kent fire.

Peter Smith advised that the budget provided for fertilizer at the same level as the previous year, plus the sowing of 30 acres of pasture. The 1991 budget also provided for \$21,000 of capital expenditure required to finish the covering of the woolshed yards and the toilet block and a shower in the woolshed.

Drought Relief was a major topic in the area at this time, and an application for a subsidised consultancy had been filed and was expected to be approved. The Trustees agreed that Mr Don Todd of Masterton be asked to prepare a Report.

In his April 1991 Report Mr Todd highlighted the main area of concern as the lack of money available to the Trustees to do all they wanted and needed to do on the farm and, he said, from this stemmed all the other concerns. The effect of, and recovery from, the devastation of the drought, where 30 cows died in the previous season and calving produced only 40%, was also marked as a major problem. He put the true loss from this cause in the vicinity of \$50,000 and suggested this cost would spread over a further year yet with replacement of stock.

Indifferent stock performance was another problem, though it had been made more difficult due to the frustrations caused by the drought.

He sympathised with the difficulties the Trustees had about having to utilize funds from off-farm assets in order to bring the farm property up to standard, and with the difficulty of replacing those funds in the short term, from a small farm which was not producing at top level. He suggested that this posed a question of the future of the Trust's farm property as a charitable organisation.

One solution would be the purchase of additional clear farmland, which would probably cost less than half of the cost of clearing and breaking in the Trust's own scrub and rubbishy land.

These suggestions, which went into a lot more detail, confirmed what the Trustees themselves had been concerned about, and the possibility of purchasing adjoining farmland was never far from the Trustees' minds. The opportunity to do exactly this would arise within a relatively short time.

## **FORESTRY MATTERS**

Slips had been encountered on parts of the farm in the years leading up to 1990 and a Report from a Forestry Consultant had been obtained to see whether planting of trees would be an effective measure to take to counter the slipping. The suggestion was that Australian Blackwood trees (*Acacia Melanoxylon*) be planted in the affected areas and surroundings. These trees take 40-50 years to reach maturity and represent suitable stability for slip-prone country during the growing period.

A more detailed examination of the Bush Reserves, Tree Planting programme and Forestry ventures can be found in Chapter 8.

## **CHAPTER 7**

### **BUYING BASSETTS – AN INSPIRED PURCHASE**

The purchase of the Bassett Farm deserves a Chapter to itself, such was the importance of that purchase to the development of Harwood Farm.

This property of 727.832 ha adjoins Harwood on the northern and western boundaries. In 1997 it was owned by the Estate of the late Joyce Alice Bassett, the Trustees of whom were members of her family, Carne Thomas Berry, Joyce Eileen Browne and James William Bassett.

Peter Smith describes the sequence of events as follows, “The Bassett family had sold the property before we heard about the possibility of buying it. John Watson and I had had a look at Bassetts before it came on to the market and we had told Carne Berry (one of the Trustees of the Bassett Estate) that Harwood would be interested if Bassetts was ever for sale. The next we heard, about six month’s later, was that the property had been sold to an Auckland buyer. We had not been approached and knew nothing about it, and we were surprised to hear this. Some weeks later our Farm Manager Max Buckendahl heard from a neighbour who was working on the Bassett property that the buyer had not been able to complete his purchase, and had asked for more time to arrange finance.

“ I telephoned Gavin Hendricksen of Wrightsons, who were the Real Estate Agents, and asked if the property had been sold.

“Hendricksen confirmed that there was a buyer and that he had entered into a contract to buy, but that he had asked for an extension of time to make the contract unconditional. Nevertheless, it was 99% certain he would complete and it really was a done deal, as this purchaser owned a lot of land in Auckland.”

Peter then rang Carne Berry and asked what the state of the play was, as Harwood was still interested as a buyer if the property did become available for sale. Carne confirmed that their buyer had been given another two weeks to make his contract unconditional. Peter asked him to consider Harwood if the property didn’t sell, and indicated that not only would Harwood offer virtually a cash deal but there would be no real estate agency commission involved. A fortnight later Carne rang to say that the Auckland purchaser had not confirmed, and was Harwood still interested? Peter said yes, and he’d like to come over and inspect. Carne asked, “when?”, to which Peter replied, “tomorrow morning”.

As soon as he heard that the property could come back on the market Peter contacted the Harwood Trustees to discuss terms Harwood might offer if the opportunity arose. The Trustees, who were well aware of the strategic value of Bassetts, authorised Peter to make an offer of up to \$550,000 if necessary to secure the land, livestock and plant – though all of this would have to be borrowed.

Peter went the next day to inspect the Bassett property. He took his time looking at all aspects of the farm and asking the standard questions such as, how much superphosphate had been applied, and what the stocking rates were, as would be expected of a discerning buyer.

Peter expressed his satisfaction with the state of the farm and made an immediate offer of \$490,000, plus livestock and plant at valuation, as a private deal (with no real estate agency involved). This latter part of the offer represented a saving to the Vendors of in excess of \$20,000. The offer was subject to finance being approved within a fortnight of acceptance. This was as close to a cash offer as one could expect in a farming contract, and the Vendor knew that Harwood carried no mortgage debt. The probability that finance would be approved was therefore fairly high.

The Vendors accepted the offer with a handshake and Carne Berry undertook to contact the Estate's Solicitors immediately. An Agreement for Sale and Purchase was prepared quickly and was signed on the 14<sup>th</sup> April, 1997, subject to finance to be confirmed within a fortnight, namely by the 30<sup>th</sup> April, 1997, with possession to be given on the 30<sup>th</sup> June that year. Live stock and plant were to be valued and purchased by Harwood on takeover, in addition to the price agreed for the land. As the total transaction was a sale and purchase of a business as a going concern GST was assessed at zero.

The Trustees had discussed the matter with their Bankers, Trustbank, when the opportunity presented itself, and had a verbal assurance that subject to a formal application being made, a request for a loan of \$500,000 plus overdraft facilities of up to \$50,000 would almost certainly be approved. The loan was subsequently approved to be repaid over a term of 15 years, with first mortgage security being required over both the Bassett and the Harwood Trust blocks of land.

Settlement proceeded on the 30<sup>th</sup> June, 1997, and the Bassett land formally became part of Harwood Farm, though it would still be referred to as "Bassetts" for identification purposes.

### **Ignition**

"The purchase of Bassetts was the one single event which set Harwood alight," says Peter Smith. "This purchase ignited Harwood's development, and laid the foundation for a most successful farming venture. Max Buckendahl has to be given much of the credit for the

development of the two properties. With the additional responsibility he blossomed as a farmer, and as a Manager.

“When we bought it, Bassetts had been mortgage-free, and yet as a farm it had not been able to make much profit. When we took over we borrowed the whole \$500,000 for land livestock and plant, from the Bank, and within a couple of years we were making money, and turning a profit,” says Peter.

That says much for economies of scale, but it is also a testament to the skill and ability of the Farm Manager and farming policies he and Peter Smith put in place. In addition of course a Charitable Trust is exempt from tax on its profits, and this single factor undoubtedly played a huge role in the viability of the new venture.

“We kept back some of our stock to take to the new property, and we bought the Bassett stock (though the cows were not really satisfactory) and we also purchased their English Leicester Cross sheep, which had not really done well on that country. To rectify this we purchased Perendales in-lamb to a Perendale ram, from Wanganui, and we put a Perendale ram over the Leicesters, and a Romney ram over their progeny and we converted the whole flock into a breed that was able to blossom and thrive on hill county conditions. They became a much more adaptable breed. They were magnificent. Within a few years the flock’s progeny was in great demand and for several years we topped the Wimbledon sales.”

## **LAND SALE**

While the main aim of the Trust was to increase land holdings where possible, the sale of a small life-style block was both strategic and sensible, especially when there was a dwellinghouse and sheds on that land which were redundant to the Trust’s operations.

Thus the Trustees identified approximately 190 ha which they could sell without any diminution in the effectiveness of the Basset farm property, and they placed that block on the market. In late 2001 an offer was made by the Wray family of Havelock North to purchase approximately 75ha of the Bassett block, and the Trustees determined that though this was less than the area they had set aside for sale it was an opportunity which they were reluctant to let pass. They accordingly agreed to sell that portion of the land to the west of Birch Road North, but would retain approximately 3ha on the opposite side of that road, on which the woolshed was situated. The Agreement for Sale and Purchase was subject to the consent of the Tararua District Council on terms which were required to be acceptable to both parties, and the vendors reserved the right to take electricity by way of an easement over the block they were selling, to service the woolshed. The sale was completed in July 2002.