



REPORT OF TRUSTEES

We are pleased to present the annual report of the Crown Forestry Rental Trust to our Appointors – the New Zealand Maori Council and the Federation of Maori Authorities, and the Hon. Dr Michael Cullen, Minister of Finance – as required by the Trust Deed (Clause 7.1 [c]). This report covers the accounts and activities of the Crown Forestry Rental Trust for the period of 1 April 2002 to 31 March 2003.

We reported last year that strong governance was the focus of our work. This year we worked with the Office of Treaty Settlements and the Waitangi Tribunal to initiate pathways that will expedite the return of Crown forest licensed land. We have also worked alongside claimant communities to focus their efforts and promote them along those pathways of either the Tribunal process or direct negotiation.

The retirement of Lou Tangaere comes after eight years of continual service as a Trustee. His wisdom and patience in dealing with complex issues created value that made him an integral part of our work. His advice was sought and his support work with staff on the road, in trying conditions, often made the difference.

The new Trustees, Crown Trustee Gregory Fortuin, and Maori Trustee Hemi-Rua Rapata, quickly became immersed in our work. Later in the year we had the added advantage of having Angela Foulkes as an alternate Crown Trustee for Paul Carpinter on CNI matters. Paul Morgan has recently been appointed as a Trustee following the resignation of Hemi-Rua Rapata.

In November last year it was with much pleasure that we were able to return the rental proceeds covered by the Te Uri o Hau Claims Settlement Act to the confirmed beneficiaries, Te Uri o Hau. This is only the third time in our history that as Trustees we've been able to complete this aspect of our trusteeship.

We are pleased that the Crown has signed respective Deeds of Settlement with Ngati Awa and Tuwharetoa ki Kawerau. With the Government's commitment to expedite the settlement process, we look forward to performing this function of our trusteeship on a more regular basis.

During the course of the year we took time to reflect on the purpose of our work and on the strategic options available to the Trust.

Given the current environment that sees the Crown, claimant groups and treaty sector agencies determined to achieve robust and sustainable settlements, it seemed an opportune time for us to re-evaluate our purpose and if necessary make changes that enhance the way we do business.

In our previous Report to Appointors we maintained a constant call on Government to deliver a better process for the settlement of Treaty claims. We felt it appropriate that, given the responsibilities placed in our stewardship, we looked to ourselves to see if we could add value to the debate.

We rigorously debated the purpose of our work and assessed our activity against the Trust Deed. We agreed that our strategic direction supports the early settlement of claims involving Crown forest licensed land for the benefit of all New Zealanders.

We will build on our recognised strengths and optimise the benefit to Maori of the assistance we provide; and our priority will be to support the early settlement in the Central North Island and then other early settlements where viable opportunities arise.

We were extremely pleased to note the Government's stated commitment to progress forestry claims in the Speech from the Throne.

We are heartened by significant dialogue between the Government and Central North Island groups, leading to the Minister in Charge of Treaty of

Waitangi Negotiations proposing that the Government and CNI Maori move into negotiations.

The significance of these preliminary discussions for the Crown Forestry Rental Trust cannot be overstated. Over the last two years, CNI Maori and the Trust have worked with single-minded determination to make the settlement of these claims a priority for Government. We are delighted that all parties' interests are coinciding in this region.

While we acknowledge that CNI discussions are still at a very early stage, the Trust is optimistic that definitive progress will be made towards returning significant assets to their rightful owners within the shortest reasonable period.

We urge all parties to build upon this good foundation and take advantage of the opportunity that has presented itself to move into the future with confidence.

We worked alongside the claimant communities of Hauraki and Gisborne and cooperated with the Waitangi Tribunal to complete the hearings in these districts. It has taken a lot of hard work by all the parties involved to achieve this goal.

The claimants are now awaiting their respective reports and recommendations. Hauraki is in discussions with the Crown regarding its negotiation strategy and Gisborne is hoping to have a Deed of Mandate by March 2004. We are committed to assisting these communities to progress to the next phase.

We have also worked closely with the claimant communities in Te Tau Ihu. It now appears likely that the Tribunal will have completed its hearings in the district by the end of 2003. We are assisting Urewera and Wairarapa to prepare for the Tribunal process, which will commence in the next year.

We are but one part of a much larger Treaty settlement process and we carry out our role to

the best of our ability. Although we can achieve excellent results within our own sphere of influence, we cannot settle claims to Crown forest lands without the assistance of both the Office of Treaty Settlements and the Waitangi Tribunal. We acknowledge we have set ourselves ambitious targets for the future, however we are committed to working with other Treaty settlement agencies to achieve the resolution of claims to Crown forest land as quickly as possible.

The Office of Treaty Settlements has increased its internal capacity to deal with the increasing numbers of groups seeking to negotiate and we see this as a positive sign of the Government's commitment to speed claim resolution. The Waitangi Tribunal has revolutionised its inquiry processes and increased the rate at which it reports its findings. The Tribunal fulfils a vital function in the resolution of Treaty grievances and we acknowledge its fundamental role in helping to heal historical wounds.

We are adamant in our belief that closer cooperation among all parties can increase the speed of settlements, while at the same time retaining robustness and durability.

We are particularly pleased to note the level of cooperation and engagement between agencies to progress the Central North Island forestry land claims. This cooperation can only be beneficial for CNI Maori and New Zealand as a whole.

In our role as Trustees we are presented with and discuss various offers, programmes and concepts. It is a critical function of our work to consider the merit of any proposal that is placed before us that will support early settlement.

In our discussions we found that a clear link exists between the settlement of claims and Maori development. We believe that there are significant potential gains in this area for both Crown and Maori alike. And we believe that this potential should be realised.

We believe that it is erroneous to view the Treaty sector as being separate from the rest of the Maori development world. Rather we need to promote direct linkages to regional economic development and various national strategies.

It is our view that we are able to support Maori communities post-settlement, by directing our energy and resources at activities that support the building of infrastructural capability amongst leadership groups, thus ensuring the sustainability of the settlement.

We want the Crown and Maori to consider the potential of linking Treaty settlements to Maori development and where possible encourage connections between effective leadership groups and claimant groups.

Flowing out of our strategic direction, key policies were developed to realise our goals.

We will accord priority to assisting groups seeking settlement provided that groups have the organisational characteristics necessary to negotiate settlement by 31 March 2006. Secondly, we will accord lower priority to groups whose claims are being heard by the Waitangi Tribunal. Lower priority means that instead of all of our resources being concentrated on the Tribunal process, we will allocate funding towards direct negotiation. We developed two models as pathways for settlement based on these policies.

Model 1 is based on promoting early settlement through the direct negotiation process. The key elements are the determination from a district to seek direct negotiations with the Crown, and its ability to demonstrate the organisational characteristics necessary to progress through the negotiations process. This model has been successfully piloted by Ngati Apa.

Model 2 is based on the Waitangi Tribunal process and relies upon key elements of cooperation among claimant communities, the availability of Waitangi Tribunal/Crown resources, and the Crown Forestry Rental Trust being able to assist parties to find a suitable package. Success of this method is best demonstrated in Te Tau Ihu.

We have continued to pursue the resolution of the dispute over the Trust's tax status. Faced with a significant tax liability as a result of the Court of Appeal's decision, we sought leave to appeal to the Privy Council.

We will continue to assert our position on the tax issue due to the potential negative effect for Maori in the event that the Trust is found to be taxable. As we have stated previously, our preference is to resolve this matter by political, rather than legal, avenues. We will continue to seek a remedy by this means.

The Maori Affairs Select Committee inquiry is drawing to a close after two years and we have continued to cooperate with the new Committee formed after the last election. We expect the Committee to report its findings in the near future. Although the demands of such an inquiry are high, we recognise the importance of satisfying Parliament that, as Trustees, we are acting within the terms of the Crown Forestry Rental Trust Deed. We have been diligent at all times to ensure compliance with our Trust Deed and have sought legal advice as appropriate.

We have found the inquiry to be an important vehicle for informing Parliament of our work. We are confident that Parliament now has a thorough understanding of the complexities of the Treaty settlement process and the systemic difficulties holding up the return of the Crown forestry assets held in trust.

We are confident the Committee's deliberations will help correct this unsatisfactory state of affairs

and assist us to resolve the ownership of the remaining Crown forestry land.

In reading the information set out in this report, the Appointors will realise that we have engaged in another busy, rewarding and successful year. We realise, however, that our work is far from complete.

As we look towards the challenges of the future, we can also look back to the past to see the obstacles that have been overcome. It is clear from the year past that progress has been reliant on all parties working in a cooperative and cohesive manner.

And in reflecting on the progress that we have made, resonance can be found in the Waitangi Tribunal's report on the Waiheke Island claim. In June 1987 the Tribunal wrote:

"There is an alternative approach. To compensate a tort is only one way of dealing with a current problem. Another is to move beyond guilt and ask what can be done now and in the future to rebuild the tribes and furnish those needing it with the land endowments necessary for their own tribal programmes. That approach seems more in keeping with the spirit of the Treaty and with those founding tenets that did not see the loss of tribal identity as a necessary consequence of European settlement. It releases the Treaty to a modern world, where it begs to be reaffirmed, and unshackles it from the ghosts of an uncertain past."

We agree with this statement and would wish to support it to the fullest extent permitted by our Trust Deed.



SIR GRAHAM LATIMER

Chairman | Ngā Kaitiaki Rēti Ngāhere Karauna
CROWN FORESTRY RENTAL TRUST