

Report

from the Chief Executive

It has been an important and successful year for Crown Forestry Rental Trust (CFRT) – a year that has seen CFRT transform its approach to assisting Maori with claims to Crown forest licensed land and reorganise the way in which the organisation does business. These changes have been achieved while continuing to provide quality support and assistance to groups with claims to Crown forest licensed land.

Financial Performance

Income from investments and other sources for 2004/05 was \$26.3 million. For the year to 31 March 2005, CFRT spent \$14.4 million on claimant costs, including funding to claimant groups, research and mapping projects and facilitation costs. Approximately \$3.6 million was spent on administration. This resulted in an operational surplus of \$8.3 million.

In summary:

- ☞ Disbursements to Claimants are up \$1.4 million (27%) from the previous year
- ☞ Research Services are up \$1.4 million (31.8%) from the previous year
- ☞ Administration costs are down \$690,000 (16%) from the previous year

The financial results to 31 March 2005 reflect CFRT's commitment to increasing direct claimant funding and research contracts. As well as significant progress in claimant activities, research activities have increased to support more Waitangi Tribunal hearings and judicial conferences this year.



As a result of the reorganisation in July 2004 CFRT is a smaller but more focused organisation, having reduced staff by over 40%.

Administration costs are down 16% for the year even while including non-recurring costs of approximately \$718,000 for restructuring, reviewing CFRT policies and processes and \$150,000 of fixed asset write downs. The resolution of the long-running tax dispute with the IRD during the 2004 year meant a significant reduction in legal costs. During the 2005 year CFRT was awarded a refund of court costs amounting to \$336,000 for its 2004 Privy Council appeal.

As at 31 March 2005, the total Forest Rental Proceeds held in trust totalled \$396.7 million. A further \$62.1 million is held as Retained Earnings and will continue to be available to fund claimant activities.

2004 Restructure

As a result of the reorganisation in July 2004 CFRT is a smaller but more focused organisation, having reduced staff by over 40%. This change reflected CFRT's commitment to ensuring claimant groups maintain control and responsibility for managing their own claims while making certain we maintain a supportive role according to clear and transparent guidelines.

We acknowledge the contribution of those who left CFRT during the reorganisation and thank the staff for their commitment and professionalism during this period of change.

CFRT has refined its funding policies and processes to provide claimants with more responsive assistance.

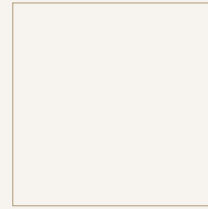
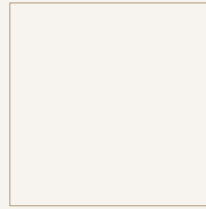
CFRT also established an internal Assurance Group to ensure that all funding policies and procedures are complied with.

Funding policy information is available to claimant groups via the CFRT website or by contacting us on our toll free 0800 number. We aim to make it easier for people to understand who is eligible for assistance and what types of assistance CFRT makes available. We also want people to know what CFRT expects of claimants that seek CFRT assistance.

Over the past year CFRT strengthened its systems to ensure good stewardship of the Trust's rental proceeds and to ensure sufficient interest income is available to provide assistance to eligible groups. This has been overseen by the CFRT Finance and Risk Committee.

In addition, CFRT has forecasted the resources that will be required to support all eligible claimant groups. This work has been extremely valuable. We are confident that CFRT will have the income to support all groups seeking to resolve their claims over Crown forest licensed land based on current Crown settlement processes. This situation will be carefully monitored and updated each year.

We have discussed the impact of delays in processing claims on claimant groups and CFRT activities with the Federation of Maori Authorities, New Zealand Maori Council and the Minister of Finance.



Communicating our Business

During 2004, the Trust implemented a number of changes to the way it reports to its Appointors and key stakeholders. The Trust now reports to its Appointors on a formal basis twice a year, releasing our first six-monthly Report to Appointors in October 2004. The interim report provides Appointors with an update of CFRT progress against our annual work programme.

Trustees have also increased the level of direct reporting to claimant groups by instituting annual regional Claimant-Trustee hui to present and discuss the CFRT Annual Report. Hui were held from July to November 2004 in Taupo, Wanganui, Blenheim, Gisborne, Auckland, Napier, Masterton and Whangarei.

These meetings were well received. They offered CFRT clients the opportunity to question Trustees directly about matters contained within the Annual Report. Discussions and issues were wide-ranging but a recurring theme amongst claimants throughout the country was frustration over the time it is taking to resolve claims involving Crown forest land.

CFRT will carry out a similar round of Annual Report communication meetings for this year's report in July 2005. These hui will be held over various parts of the country including Northland, Hauraki, Central North Island, Whanganui, the East Coast, Te Tau Ihu, Hawke's Bay, and Wairarapa.

Improved Coordination with the Treaty Sector

The Trust recognises the funding it provides to claimants can only be effective if it aligns to the priorities and work programmes of the agencies responsible for advancing claims towards settlement.

In June 2004, CFRT and the Waitangi Tribunal entered into a Memorandum of Understanding to ensure the two organisations work programmes are better aligned. CFRT has also developed a closer working relationship with the Legal Services Agency to coordinate effort and ensure, wherever possible, each agency avoids duplicating effort and funding the same activities.

CFRT continues to work closely with the Office of Treaty Settlements to ensure that our assistance supports mandated claimant groups to progress their negotiations. This coordination has been achieved while maintaining confidentiality of claimant information.

These measures have improved coordination and communication among the Treaty sector agencies at governance, management and operational levels. This is perhaps most clearly demonstrated by the CFRT 2005/06 Business Plan which is aligned to the anticipated work programme of the Waitangi Tribunal and the Office of Treaty Settlements.

CFRT's 2005/06 Business Plan anticipates a busy work programme for the coming year and has projected approximately \$15.9 million for claimant assistance. Achieving this budget is

predicated on claimant groups maintaining unity, and the Office of Treaty Settlements and the Waitangi Tribunal maintaining their projected timetables. CFRT will review its Business Plan quarterly to ensure it remains relevant and achievable.

Looking Ahead

CFRT is successful when the claimant groups we support are successful. It has been a challenging and successful year for many of the groups CFRT supports. We have strived to assist eligible groups to the fullest extent possible within the terms of our Trust Deed.

CFRT remains committed to supporting eligible and organised groups access assistance to move through the settlement process, but we continue to depend on Maori and the Crown coming together to seek resolution.

CFRT urges all parties to work towards speedier settlements of claims involving Crown forest licensed lands – more understanding, organisation and unity on the part of Maori, and more transparency, understanding, and flexibility on the part of the Crown. These are the challenges we all face as we look ahead to the coming year.



Ben Dalton
Chief Executive
Crown Forestry Rental Trust



During 2004 the Trust successfully implemented a number of improvements to the way it reports to its Appointors and key stakeholders.