

Report

from Trustees

Kia hiwa ra, kia hiwa ra
te tangi a te manu nei, kuui, kuui, kuui
tui, tui tuituia
tuia i runga, tuia i raro, tuia i roto, tuia i waho
ka rongo te po, ka rongo te ao
i te pu korero i te wananga
puawhio-rangi, putakataka, te marama ahunuku
te marama
ahurangi ka takoto koutou i te wa-o-tu
tu te winiwini, tu te wanawana, tu te whakaputaina
ki te whei ao
ka tu numia, ka tu rawea,
ka whakaotinuku
ka whakaotirangi
ko to manawa, ko taku manawa, ka irihia
whano, whano, whano mai te toki
haumi ee, hui ee, taiki ee.

We are pleased to present the Annual Report of Crown Forestry Rental Trust to our Appointors – the New Zealand Maori Council, the Federation of Maori Authorities and the Minister of Finance. This report covers the financial statements and activities of Crown Forestry Rental Trust (the Trust) for the period 1 April 2005 to 31 March 2006.

Over the last twelve months the Trust has worked with claimants to ensure they receive the funding support they need to progress their claims involving Crown forest licensed land.

The level of funding that the Trust provides has not always matched claimant expectations. Hence we have had to make some difficult funding



We are confident CFRT has put in place systems to deliver appropriate assistance to eligible groups in the future.

decisions at times. We believe, however, that the Trust is more responsive to claimants' needs today than ever before.

We were sorry to receive the resignation of Maryan Street following her election to Parliament in September 2005. Maryan was appointed as a Crown Trustee in August 2001 and during her time she was instrumental in guiding the direction and policies for how the Trust supported claimants with interests in Crown forest licensed land. Maryan's departure has been felt by all Trustees.

We welcome the appointment of Janet Mason as the new Crown Trustee. We look forward to working with her over the next three years.

In the first three months of this financial year, two claimant groups received accumulated rentals totalling \$18.6 million as part of their respective compensation packages negotiated with the Crown. In April 2005, the Trust transferred \$16.7 million of accumulated rentals on 9400 hectares of Crown forest licensed land in the Central North Island received by Te Runanga o Ngati Awa as part of its settlement package with the Crown. In June 2005, Te Runanga o Tuwharetoa ki Kawerau received \$1.9 million accumulated rentals from the Trust for their interests in 844 hectares of Rotoehu West forest land.

While these settlements are welcome progress we do not foresee any settlements involving Crown forest licensed land in the next two to three years. That is disappointing to us. For some time now we have indicated the need for quicker settlements and that something needs to be done to reduce the time to achieve Treaty settlements.

We are heartened by the Government's initiative to review the settlement processes and how they may be streamlined to reduce the time taken to settle Treaty claims. We welcome this initiative and are keen to be involved in this review. Meanwhile we have also identified some key issues and impediments to claimants reaching settlements of claims in general and Crown forest licensed land in particular. These are presented below.

Achieving Mandate

The Trust Deed requires us to support (within funding policy) claimant groups with interests in Crown forest licensed land through the Treaty Settlement process. In order to enter settlement negotiations with the Crown, claimants within a district must organise themselves into a Large Natural Group (a mandated body). They then need to have their mandating plan recognised by the Crown before they proceed to seek mandate from their claimant constituents to negotiate on their behalf.

The Trust is concerned by the trend over recent years in the increase in the number of Large Natural Groups recognised by the Crown within a Waitangi Tribunal district. Some of these groups have emerged as offshoots from former larger mandated groups.

The Trust is concerned about this trend for a number of reasons. Firstly, many of these groups are small and may not have the level of expertise in negotiation or leadership capabilities to engage effectively with the Crown. Secondly, the Crown has a finite number of experienced negotiating teams available to engage in Treaty negotiations.



The settlement process requires Maori to think and act collectively. Individuals are required to forego their personal interests for the good of the entire tribe.

Additional groups will need to wait in the queue to engage with the Crown with a consequential delay in commencing settlement negotiations. Thirdly, the costs to negotiate settlements are consistent regardless of the size of the mandated group. At \$1-1.5 million to support each Crown-recognised mandated group through settlement negotiations (ie. from achieving the mandate to negotiate with the Crown to ratification of its Deed of Settlement), the escalation of the number of mandated groups may have a significant impact on our ability to support and fund groups in future years. In some cases the funding provided by the Trust to mandated claimant groups in these districts will exceed the accumulated rentals held by the Trust for the forests under claim.

The way to manage this, we see, is for the Crown to advise claimants up front on how many Large Natural Groups they will deal with in any given district and to give advance notice to the Trust of how many groups with whom they will engage. This will reduce the costs and time of negotiation to both the Crown and claimants.

Resource requirements

The Trust's forward plan over the next year forecasts that it will be supporting 29 groups through settlement negotiations and 19 claimant clusters through Waitangi Tribunal hearings.

We consider the settlement negotiations are very process-orientated and as a consequence very time consuming and expensive for claimants to be able to engage and participate effectively. The Trust has allocated considerable funding to support claimants through negotiations. There are high expectations of claimants that the Crown

negotiators will be able to engage with them as they have said they would to achieve the above goals.

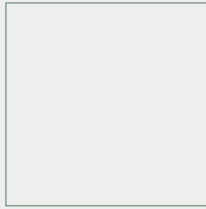
The Trust has budgeted \$5 million to fund claimants engaged in the negotiations process over the coming year. We estimate funding requirements to support claimants in settlement negotiations with the Crown to increase to \$7-9 million each year over the next two to three years. This projection is based on the assumption that more groups will be moving from receiving Crown-recognition of their respective Deeds of Mandate through to the more intensive (and expensive) negotiations processes.

Trustees are concerned that the Crown may not have the staff to engage effectively with all these claimant groups at this time. The resource requirements are further exacerbated by the increase in individual groups wanting to settle their claims directly with the Crown.

Expansion of Waitangi Tribunal Inquiries

We are becoming increasingly concerned with the way the Waitangi Tribunal hearings expand both in hearing timeframes and the number of claimants that wish to be heard at these inquiries. Using the National Park Inquiry District as an example; we were informed that four weeks of hearings for National Park were initially scheduled and that the hearings would be concluded by March 2006. The number of hearing weeks has now been increased to nine weeks, the last of which is scheduled to conclude in November 2006.

Waitangi Tribunal hearings are costly exercises which must be carefully planned and managed as they have a direct financial implication for all concerned.



Another aspect of the Waitangi Tribunal process which is of concern to us and claimants is the length of time between the completion of hearings and the release of the Tribunal's report. Claimants are reluctant to enter negotiations with the Crown until the report is released which is typically two to three years after hearings are completed. We appreciate inquiries are complex but would like to see the Waitangi Tribunal consider ways it could undertake report writing more quickly.

Achieving durable Settlements more quickly

The Trust has funded three claimant groups to settlement since 2000. They are Te Uri o Hau in 2003, Te Runanga o Ngati Awa in April 2005 and Te Runanga o Tuwharetoa ki Kawerau in June 2005. This is very slow progress.

Furthermore, prospects of further settlements involving Crown forest licensed land and the hand-over of accumulated rentals from these forests are unlikely until late 2008. This is based on a forecast of two claimant groups ratifying their respective Deed of Settlement by the end of 2006 and of these settlements being passed into legislation within two years.

The settlement process could be materially improved by developing sensible and robust solutions in a number of areas. In particular, we believe the process could be improved by:

- Having a clear explanation of what constitutes a mandating plan and the process required to become a Crown-recognised mandated body.
- Giving claimant groups the certainty that the Waitangi Tribunal or the Office of Treaty Settlements can deal with them when they are ready to proceed.
- More timely preparation and release of Waitangi Tribunal reports to claimants.
- Involving Ministers in key points of negotiations thereby demonstrating the Crown's commitment to achieving an early settlement.
- Claimant groups having the requisite leadership, organisation and skills required to negotiate and settle claims.
- Providing more information about how the Crown conducts its settlement negotiations so claimant groups can prepare for the process before they commence negotiations rather than learning as they go.
- Providing claimant groups early in their negotiations with the Crown with benchmarks of Treaty settlement redress packages for particular aspects of a claim.
- Giving priority to the passage of Treaty Settlement Bills.

Progress towards the settlement of claims ultimately depends on the quality of the people leading the claimant group and the Crown negotiating team. Thus, while the Trust is ready to play its part by providing funding assistance to claimants, it cannot speed up the overall settlement process. This is something that only the Crown and Maori can do.

Nevertheless the Trust has a duty to the claimants we support to review settlement progress and look at ways that settlements could be accelerated. In the coming year we will be looking at how we can expedite the settlements of specific claims against Crown forest licensed land. In the meantime we will continue to support eligible claimants through the current Crown settlement framework.



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