

# **VOTE** *Treaty* *Negotiations*

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## *Treaty Negotiations*

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### Overview

Vote Treaty Negotiations contains a multi-year appropriation of \$400 million for the five-year period 2005/06 to 2009/10. This appropriation is for the settlement of historical Treaty of Waitangi claims and provides for the payment of redress through the transfer of assets (cash and property) from the Crown to claimant groups, for the payment of interest on settlement redress and for the payment of claimant funding.

In addition, annual appropriations sought for Vote Treaty Negotiations in 2006/07 total \$28.003 million. This is intended to be spent as follows:

- \$9.562 million (34% of the Vote) for the purchase of policy advice, negotiation, settlement and implementation of historical Treaty claims from the Office of Treaty Settlements.
- \$2.782 million (10% of the Vote) for the purchase of Crown representation at Waitangi Tribunal hearings of historical claims.
- \$4.578 million (16% of the Vote) for purchasing of property management services from the Office of Treaty Settlements.
- \$961,000 (3% of the Vote) for depreciation on improvements held in the Office of Treaty Settlements Landbank.
- \$120,000 (1% of the Vote) for debt write-off of rentals owing from Landbank properties.
- \$10.000 million (36% of the Vote) for purchasing of property by the Office of Treaty Settlements for historical Treaty of Waitangi settlement purposes.

The Office of Treaty Settlements expects to collect \$5.900 million of revenue on behalf of the Crown from Landbank property operations.

Details of how the appropriations are to be spent appear in Parts B1, C, D and E. Details of Crown revenue appear in Part F.

## Terms and Definitions Used

Claimant Funding	A contribution from the Crown to claimant groups towards the costs of negotiating historical Treaty of Waitangi settlements.
Deed of Settlement	The complete, detailed and formal settlement agreement signed on behalf of the Crown and the claimant group. It is a legal document specifying the terms and conditions of the settlement of the Treaty claims.
Historical Claims	Those claims relating to alleged breaches of the Treaty of Waitangi before 21 September 1992.
Landbank	Surplus Crown property is held by the Office of Treaty Settlements to protect it for possible use in future Treaty of Waitangi settlements.
Protection Mechanism	The criteria applied when determining whether surplus Crown property will be landbanked.
Terms of Negotiation	A written agreement between the Crown and a claimant group setting out the agreed objectives and ground rules for negotiations.

## Footnotes

Note 1	<p>In addition to the amounts shown in the referred table, actual other expenses under the multi-year appropriation for historical Treaty of Waitangi settlements is \$28.928 million in the period 1 July 2005 until 31 March 2006. The amount under the multi-year appropriation for the five-year period 2005/06 to 2009/10 is \$400 million.</p> <p>1994/95 - \$165.577 million</p> <p>1995/96 - \$11.318 million</p> <p>1996/97 - \$45.488 million</p> <p>1997/98 - \$123.625 million</p> <p>1998/99 - \$9.195 million</p> <p>1999/00 - \$9.845 million</p> <p>2000/01 - \$56.937 million</p> <p>2001/02 - \$14.699 million</p> <p>2002/03 - \$53.359 million</p> <p>2003/04 - \$30.308 million</p> <p>2004/05 - \$8.516 million</p>
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## Minister Portfolio Table

74	Minister in Charge of Treaty of Waitangi Negotiations
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# Treaty Negotiations

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VOTE MINISTER: Minister in Charge of Treaty of Waitangi Negotiations

ADMINISTERING DEPARTMENT: Ministry of Justice

The Minister of Justice is the Responsible Minister for the Ministry of Justice

## Part A - Statement of Objectives and Trends

### Part A1 - Objectives for Vote

#### *Government Vision and Sector Outcomes*

New Zealand has a robust justice system and a coordinated justice sector comprising the Ministry of Justice, the Department of Corrections, the New Zealand Police, the Crown Law Office and the Serious Fraud Office. Child, Youth and Family Services, which from 1 July 2006 will operate from within the Ministry of Social Development, is considered a core agency for the purposes of addressing youth offending and early intervention issues. The broader sector also includes a number of Crown entities and other agencies.

The Government's vision is for 'an inclusive New Zealand where all people enjoy opportunity to fulfil their potential, prosper and participate in the social, economic, political and cultural life of their communities and nation'. The Government's priorities for the next decade are:

- Economic transformation - working to progress our economic transformation to a high income, knowledge based market economy, which is both innovative and creative and provides a unique quality of life for all New Zealanders.
- Families - young and old - all families, young and old have the support and choices they need to be secure and able to reach their full potential within our knowledge based economy.
- National identity - all New Zealanders to be able to take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history and our stance on international issues.

The justice sector has agreed with Ministers two end outcomes that are shared by all agencies within the sector:

- **safer communities**, being communities in which there is reduced crime and in which safety and wellbeing is enhanced through partnerships
- **a fairer, more credible and more effective justice system**, being a system in which people's interactions are underpinned by the rule of law and justice services are more equitable, credible and accessible.

These two end outcomes are interdependent: safer communities need to be supported by the rule of law administered by a fair, credible and effective justice system. The justice sector agencies work together in a range of ways to deliver effective justice services and to maximise the sector's contribution to outcomes. The sector is reviewing its intermediate outcomes and indicators. This work, which is being led by the Ministry of Justice, will examine the present outcomes structure to ensure the outcomes remain relevant, are consistently interpreted, and enable the sector to continue to make a strong contribution towards the goals of Government.

## *Role and Contribution of the Ministry*

The Ministry provides a range of services on behalf of the Government and supports the following Ministers:

- The Minister of Justice
- The Minister Responsible for the Law Commission
- The Minister in Charge of Treaty of Waitangi Negotiations
- The Minister for Courts
- The Attorney-General
- The Associate Minister of Justice
- The Associate Minister in Charge of Treaty of Waitangi Negotiations.

The Ministry is responsible for three core functions: the delivery of operational services including court-related and tribunal-related services, electoral services and negotiation for settling historical Treaty of Waitangi claims; the provision of policy advice; and leadership of the justice sector. These functions are administered in three Votes: Justice, Treaty Negotiations, and Courts. The Vote Treaty Negotiations output appropriations fund a range of activities that contribute to the two sector end outcomes.

## *Output Appropriations*

The Ministry of Justice administers Vote Treaty Negotiations and the output appropriations in this Vote fund a range of activities that contribute to these outcomes:

Policy advice - Treaty negotiations.

Representation - Waitangi Tribunal.

Property portfolio management.

## *Links between Departmental Output Expenses and Outcomes*

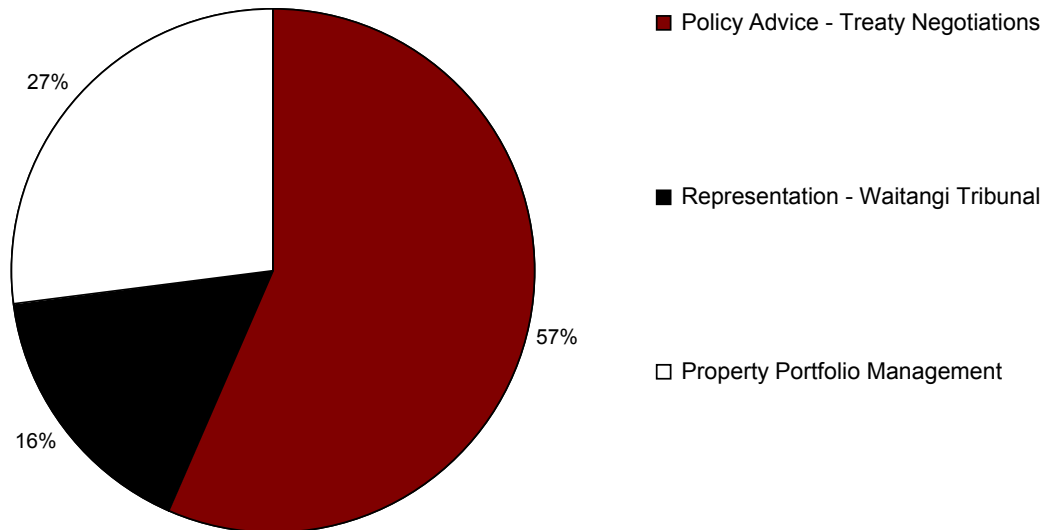
The links between the outputs to be purchased and the particular outcomes for the Ministry of Justice are set out below:

Departmental Output Expense	Outcomes
Policy advice - Treaty negotiations Representation - Waitangi Tribunal Property portfolio management	<ul style="list-style-type: none"> <li>• A fairer, more credible and more effective justice system.</li> </ul>

## Vote Structure

The chart below displays the composition of Vote Treaty Negotiations in terms of the proportion of each output expense to the total departmental appropriation of \$16.922 million for Departmental Output Expenses.

**Figure 1** - Departmental Output Expenses



Source: Ministry of Justice

A more detailed breakdown is provided in Part B, Statement of Appropriations.

## Part A2 - Trends in Vote

### Overview

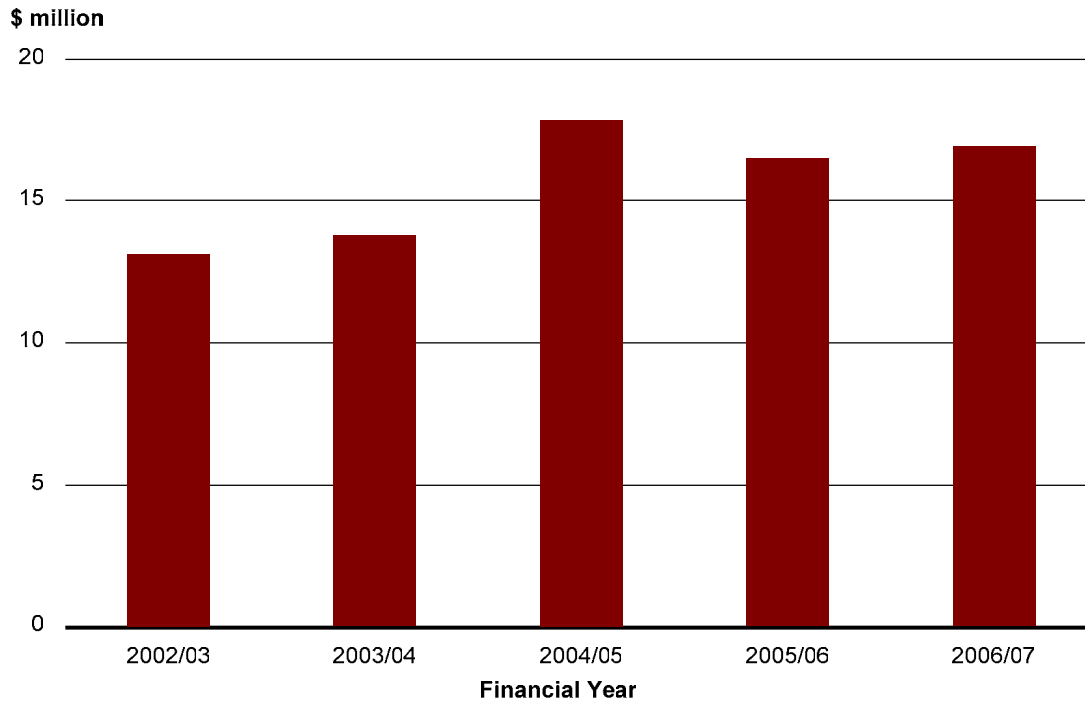
The Ministry's functions in relation to Vote Treaty Negotiations are:

- Policy advice - including advice on generic historical Treaty issues, claim development and pre-negotiation, negotiating the settlement of historical Treaty claims and implementing Treaty settlements.
- Representation (Waitangi Tribunal) - including services to the Minister in Charge of Treaty of Waitangi Negotiations to ensure the Crown is provided with research into historic Treaty grievances and is represented at Waitangi Tribunal hearings with well prepared documentation and evidence.
- Property portfolio management - including advising the Minister in Charge of Treaty of Waitangi Negotiations on Māori interests in property subject to historical Treaty of Waitangi claims, acquiring and managing Landbank properties for potential use in Treaty Settlements and the transfer or disposal of those properties as required.
- Ministerial servicing includes the management of draft replies to ministerial correspondence, parliamentary questions and requests under the Official Information Act 1986 for Vote Treaty Negotiations.

## Departmental Output Trends

The chart below shows the trend in total departmental appropriations over time.

**Figure 2** - Departmental appropriations 2002/03 to 2006/07



Source: Ministry of Justice

The Ministry's 2006/07 appropriation is \$16.922 million compared with the 2005/06 appropriation of \$16.494 million. The Ministry's output expenses appropriation for Vote Treaty Negotiations has increased by \$428,000 for 2006/07.

The funding for Policy Advice Treaty negotiations has increased in the 2006/07 financial year and outyears to provide for increased negotiation capacity within the Office of Treaty Settlements to meet the 2020 settlement target. Funding for Property Portfolio Management also increased in 2005/06, for one-off security costs for Stony Creek Station, one of the Landbank properties being held for potential use in Treaty settlements. This is the main reason for the Property Portfolio Management appropriation decreasing from \$5.509 million in 2005/06 to \$4.578 million in 2006/07.

## Crown Expenditure and Revenue Trends

The Office of Treaty Settlements administers Crown expenditure and revenue associated with the settlement of historical Treaty of Waitangi claims.

Crown expenditure consists of:

- an annual appropriation for depreciation on Landbank properties
- an annual appropriation for the write-off of bad debts from Landbank rental properties
- a multi-year appropriation for historical Treaty of Waitangi settlements (see Note 1)
- an annual appropriation to purchase surplus Crown land for landbanking and for direct transfer to a claimant group.

The multi-year appropriation for the settlement of historical Treaty of Waitangi claims was recalculated in 2005/06 to \$400 million over a five-year period. The multi-year appropriation is reassessed every year to ensure that it remains reasonable and sufficient for the following five-year period.

The appropriation for the purchase or development of capital assets meets the costs of purchasing properties for landbanking. Surplus Crown property is purchased for potential use in the future settlement of historical Treaty of Waitangi claims.

Crown Revenue consists of:

- Non-tax revenue derived from the commercial operation of properties held in the Landbank.

Capital receipts for sale of property are wholly dependent on the land held in the Landbank relative to each claim and the timing of the relevant claim settlement. Neither the amount of land actually held at a future point nor the timing of future settlements can be forecast with any precision.



## New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
National Office Accommodation - Ministry of Justice	Departmental Output Expense - Policy Advice	-	-	238	748	748
	Departmental Output Expense - Property Portfolio Management	-	-	100	314	314
	Departmental Output Expense - Representation - Waitangi Tribunal	-	-	53	165	165
Increased Negotiations Capacity - meeting the 2020 settlement target	Departmental Output Expense - Policy Advice	-	1,172	1,334	1,334	1,334
<b>Total Initiatives</b>		-	<b>1,172</b>	<b>1,725</b>	<b>2,561</b>	<b>2,561</b>

## Part B - Statement of Appropriations

### Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
<b>Appropriations</b>														
Output Expenses	13,461	13,124	13,800	17,898	16,494	16,494	16,922	-	-	-	16,922	17,475	18,311	18,311
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	4,791	4,983	5,604	5,523	1,081	1,081	-	-	1,081	-	1,081	1,081	1,081	1,081
Capital Expenditure	8,294	9,138	4,533	4,321	10,000	10,000	N/A	N/A	10,000	-	10,000	10,000	10,000	10,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>26,546</b>	<b>27,245</b>	<b>23,937</b>	<b>27,742</b>	<b>27,575</b>	<b>27,575</b>	<b>16,922</b>	<b>-</b>	<b>11,081</b>	<b>-</b>	<b>28,003</b>	<b>28,556</b>	<b>29,392</b>	<b>29,392</b>
<b>Crown Revenue and Receipts</b>														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	6,585	6,146	7,327	6,625	6,000	6,000	N/A	N/A	N/A	N/A	5,900	5,800	5,800	5,800
Capital Receipts	1,342	5,582	4,963	31	-	-	N/A	N/A	N/A	N/A	-	-	-	-
<b>Total Crown Revenue and Receipts</b>	<b>7,927</b>	<b>11,728</b>	<b>12,290</b>	<b>6,656</b>	<b>6,000</b>	<b>6,000</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5,900</b>	<b>5,800</b>	<b>5,800</b>	<b>5,800</b>

## Part B1 - Details of Appropriations

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Expenses (General)</b>							
Policy Advice - Treaty Negotiations (M74)	8,186	-	8,186	-	9,562	-	- Advice on generic Treaty issues and specific historical Treaty claims. Negotiation of historical Treaty claims. Where appropriate, the preparation of settlement legislation, property valuation, disclosure and preparation and execution of legal documentation required to enable the transfer of settlement assets to claimants.  Reason for Change: New initiative to increase the Office of Treaty Settlements' negotiation's capacity in support of the Government policy target to settle all historical Treaty claims by the year 2020.
Property Portfolio Management (M74)	5,509	-	5,509	-	4,578	-	- Management, transfer and disposal of Crown-owned property for Treaty settlement purposes.  Reason for Change: The appropriation for 2005/06 was increased for the provision of one-off security at Stony Creek Station, one of the Landbank properties, and other fiscally neutral adjustments between output expenses.
Representation - Waitangi Tribunal (M74)	2,799	-	2,799	-	2,782	-	- Allows the Crown to undertake research into historical Treaty grievances and ensures the Crown is represented with well prepared documentation and evidence at Waitangi Tribunal hearings.  Reason for Change: Fiscally neutral adjustments between output expenses.
<b>Total Departmental Output Expenses (General)</b>	<b>16,494</b>	<b>-</b>	<b>16,494</b>	<b>-</b>	<b>16,922</b>	<b>-</b>	
<b>Other Expenses to be Incurred by the Crown</b>							
Debt Write-offs (M74)	120	-	120	-	120	-	- Write-off of Bad Debts from Landbank rental properties.
Depreciation (M74)	961	-	961	-	961	-	- Depreciation on improvements held in the Office of Treaty Settlements Landbank for Treaty settlements.
<b>Total Other Expenses to be Incurred by the Crown</b>	<b>1,081</b>	<b>-</b>	<b>1,081</b>	<b>-</b>	<b>1,081</b>	<b>-</b>	
<b>Capital Expenditure</b>							
Land, Stock, Plant Purchases (M74)	10,000	-	10,000	-	10,000	-	- The purchase of surplus Crown property is held in the Office of Treaty Settlements Landbank to protect it for possible use in future Treaty of Waitangi settlements.
<b>Total Capital Expenditure</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	
<b>Total Appropriations</b>	<b>27,575</b>	<b>-</b>	<b>27,575</b>	<b>-</b>	<b>28,003</b>	<b>-</b>	

## Part C - Explanation of Appropriations for Output Expenses

### Part C1 - Departmental Output Expenses

#### *Policy Advice - Treaty Negotiations*

This output covers services to the Minister in Charge of Treaty of Waitangi Negotiations, including:

- Advising on generic historical Treaty settlement issues, including overall strategies for settling historical Treaty claims and developing generic approaches to settlement policy issues.
- Claim development and pre-negotiation: advising the Minister on specific historical Treaty claims; advising and helping claimant groups to ensure well-mandated groups are ready to enter negotiations; and agreeing Terms of Negotiations.
- Negotiating the settlement of historical Treaty claims from signed Terms of Negotiation to ratified Deeds of Settlement. This process includes: property valuation; disclosure, preparation and execution of legal documents; and overseeing the preparation of settlement legislation and advising the select committee and the Minister.
- Implementing Treaty settlements, including co-ordination and advice relating to the Crown's compliance with the terms and conditions of all unconditional Deeds of Settlement.

#### *Representation - Waitangi Tribunal*

This output includes services to the Minister in Charge of Treaty of Waitangi Negotiations to ensure the Crown is provided with research into historic Treaty grievances and represented at Waitangi Tribunal hearings with well-prepared documentation and evidence. The Crown Law Office represents the Crown on behalf of the Office of Treaty Settlements.

#### *Property Portfolio Management*

This output includes:

- Advising the Minister in Charge of Treaty of Waitangi Negotiations on Māori interests in property subject to historical Treaty of Waitangi Claims, according to the terms and conditions of the Protection Mechanism.
- Managing property acquired for potential use in Treaty settlements, including managing tenancies, collecting revenue, paying expenses, maintaining properties to agreed standards and complying with the legal requirements as landowner (property management work is contracted out).
- Subsequent transfer to an appropriate claimant group as part of a Treaty settlement, or disposal on the open market.

## Part D - Explanation of Appropriations for Other Operating Flows

### Part D3 - Other Expenses

#### *Historical Treaty of Waitangi Settlements*

The multi-year appropriation is used for the payment of redress arising from Deeds settling historical Treaty of Waitangi claims. The appropriation allows the Government to commit expenditure up to four years in advance and was first used in the 1994/95 financial year.

Claimant funding is also paid from the multi-year appropriation. Claimant funding provides a contribution from the Crown, through the Office of Treaty Settlements, to claimant groups towards:

- the costs of pre-negotiations, including obtaining a mandate (payable once the Crown recognises the mandate), agreeing Terms of Negotiation and starting formal negotiations
- the costs of negotiations, including reaching a draft Deed of Settlement and setting up an appropriate post-settlement governance entity to hold and manage the settlement assets
- the costs of ratification, which is the cost of confirming acceptance of a settlement package and the post-settlement governance entity by all members of a claimant group.

From 2005/06, interest accruing on claims settlements is paid from the multi-year appropriation. As part of a negotiated settlement the Crown may agree to pay interest on the outstanding settlement amount. Interest accrues from the date the Deed of Settlement is signed until it is paid following the passage of enabling legislation.

## Part E - Explanation of Capital Flows

### Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Ministry of Justice - OTS	Estimated Actual 2005/06 \$000	Projected 2006/07 \$000	Explanation of Projected Movements in 2006/07
Opening Balance	208	208	
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	208	208	

### Part E3 - Explanation of Appropriations for Capital Expenditure

#### *Land, Stock, Plant Purchases*

The Crown, through the Office of Treaty Settlements, consults with claimants when government departments, District Health Boards, Crown Research Institutes or Crown Entities (as agreed to by Cabinet on a case by case basis) wish to sell surplus land. If the land is subject to an historical Treaty of Waitangi claim and Māori express an interest in the land, the Office of Treaty Settlements will, if the Crown agrees, purchase the property and hold it for potential use in a future Treaty settlement.

## Part F - Crown Revenue and Receipts

### Part F1 - Current and Capital Revenue and Capital Receipts

	2005/06		2006/07	Description of 2006/07 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Non-Tax Revenue				
Landbank Properties	6,000	6,000	5,900	Revenue arising from landbanked properties. Reason for Change: Disposal of Landbank properties in the settlement of the Ngāti Awa, Tuwharetoa ki Kawerau and Ngaa Rauru claims.
Total Non-Tax Revenue	6,000	6,000	5,900	
Total Crown Revenue and Receipts	6,000	6,000	5,900	