

LOCAL GOVERNMENT AMENDMENT BILL (NO. 6)

AS REPORTED FROM THE PLANNING AND DEVELOPMENT COMMITTEE

COMMENTARY

Recommendation

We have examined the Local Government Amendment Bill (No. 6) and recommend that it be passed as amended.

Conduct of the examination

The Bill was referred to the Planning and Development Committee on 28 March 1996. The closing date for submissions was 26 April 1996. We received and considered 24 submissions. We heard all submissioners who requested an appearance, hearing evidence for 10 hours and 55 minutes. We spent a total of 17 hours and 25 minutes on hearings of evidence and consideration.

We received advice from the Department of Internal Affairs.

This commentary sets out the details of our consideration of the bill and the major issues addressed by us.

Background

The Auckland Regional Services Trust (referred to below as "the Trust") was established in 1992 to take over ownership and management of all assets and liabilities of the Auckland Regional Council that did not relate to the council's core functions. The role of the Trust was to manage these assets in accordance with sound business practice, and with a view to sale in the short to medium term (with exceptions in relation to Watercare Services Limited and, to some extent, Ports of Auckland Limited), to repay debt, and to establish a Community Trust.

It was anticipated that the Trust would need at least 15 years to repay the debt transferred to it from the Auckland Regional Council. However, the Trust repayed that debt within 3 years, and, from the end of the current financial year, is projecting substantial financial surpluses on an annual basis. The Minister of Local Government (referred to below as "the Minister") has therefore announced that there will be a review of the future role of the Trust.

After winning the America's Cup, the holder and the defender of the cup announced that there was a need to identify and develop an operational base for

syndicates urgently. However, at the time of the bill's introduction, no organisation had taken responsibility for investigating the feasibility of different options for facilities for the America's Cup syndicates.

This bill confers on the Auckland Regional Services Trust certain obligations and powers in relation to the planning and development of facilities for the conducting in Auckland of that event.

Purpose of the bill as introduced

The purpose of this bill, as introduced, is to facilitate the involvement of the Auckland Regional Services Trust in investigating possible options for an operational base for syndicates, and possibly developing such facilities for the yachting event known as the America's Cup to be conducted in Auckland in the years 1999 and 2000.

Provisions in the bill, as introduced, seek to amend the Local Government Act 1974 to provide that the Trust:

- Shall investigate the feasibility of, and possible timetable for, the development of facilities for the America's Cup and advise the Minister accordingly, and (with the agreement of the Minister and subject to other provisions) may possibly be involved in the development, ownership and management of such facilities.
- May develop and manage a facility through a local authority trading enterprise, or acquire and hold equity securities in any company engaged in the development and operation of a facility, or make advances to a legal person undertaking these activities.
- Shall publish in its annual reports for the financial year ending 30 June 1999 and every second financial year thereafter, reasons why the Trust considers that it should or should not continue to hold any assets which are held by the Trust at that time pursuant to new section 707zjA.

Other provisions in the bill, as introduced, ensure that the Trust can assist in funding the costs of a facility for the America's Cup, provide for disposal of a facility, and validate actions undertaken by the Trust to begin these activities from the time that the bill was introduced until it is enacted.

Reasons for the Government proposing that the Trust should undertake the functions set out in the bill

In proposing that the Auckland Regional Services Trust should undertake these functions, the Government has noted that the Trust:

- Has regional service delivery functions;
- Is elected by the region as a whole;
- Has demonstrated that it has the financial and management expertise to complete such tasks by effectively "trading its way out of debt" without having to use rates or sell all of its assets;
- Could perform these additional functions without being a burden on ratepayers; and
- Is not a resource consent authority.

We accept that, given the scale of the project and the possible business risks involved, it is unlikely that private sector interests would undertake to co-ordinate or fund fully the development of syndicate facilities for the America's Cup. We concur that the Trust is currently the most appropriate public body to be given

the task of investigating proposals for the development of the facilities, and that its participation in such projects may therefore be desirable for the above reasons.

Urgent need to proceed with developments

As noted above, the holder and the defender of the America's Cup have stressed the need for the development of facilities to proceed urgently. Delays in the commencement of the project may affect the quality or extent of facilities available to syndicates interested in competing in the contest, with the result that fewer final entries may be received. This would impact upon the direct financial benefit to the region and to the country of holding the competition, and may diminish the benefits arising from the exposure that the hosting of the event should generate.

The Trust is hoping to begin the resource consent process in July of this year. To enable the successful completion of the sort of facilities envisaged by the holder and the defender of the cup, construction needs to start in January 1997.

Deadline for report to Minister

The bill, as introduced, requires the Trust to report to the Minister on the options for the development, ownership and management of one or more facilities, not later than 31 May 1996. We propose that this date be extended to 30 June 1996 to allow the Trust, having identified a preferred option, to prepare a more detailed report. This extension was also specifically requested in the Trust's submission.

No fast-tracking of the resource consent process

The Government has stated that it does not want any fast-tracking of standard procedures under the Resource Management Act 1991 for resource consent applications to enable the development of the facilities for the cup. The Trust has indicated its support for this approach, as have the other territorial authorities of the region.

We, also, are firmly of the view that the integrity of the resource consent process must not be compromised. We note that the bill, as introduced, does not provide in any way for the resource consent process to be fast-tracked.

However, given the short timeframe between the Trust reporting to the Minister and applying for resource consents (which it must do in July if construction is to commence in January 1997), we recommend that a new paragraph (ba) be inserted into proposed new section 707zJA (1). This will clarify that the Trust will be able to lodge resource consent applications while the Minister considers the Trust's report. However, the Trust will not be able to undertake any activity permitted by a resource consent until the Minister agrees to that activity.

Need for extensive consultation to avoid appeals to Planning Tribunal

Although resource management provisions are not within the scope of the bill as introduced, many of the submissions received raised environmental and consultation issues that do relate to processes under the Resource Management Act 1991.

We are particularly concerned that any appeal to the Planning Tribunal against any decision to issue a water or land use consent may delay the commencement of work on the development of facilities to the point that the completion of such projects may then be impossible in the short time available. We also note that an appeal to the High Court on any point of law could be the source of extensive

delay and therefore urge the Trust to adopt a careful and thorough approach in making its application for resource consents.

During the hearings, we heard evidence from some community groups, iwi, potential developers and user groups that the level of consultation, thus far, had been inadequate. We acknowledge the viewpoint of the Trust that so far the process has been more one of pre-selection of a proposal than one of consultation. For these reasons, we believe that it is vital that extensive consultation take place, and that it occur prior to the lodging of any application for consents, so that differences are resolved at the earliest opportunity. This would diminish the prospect of objections being taken to the Planning Tribunal.

Particular consultation requirements not to be specified in the bill

We have considered suggestions from submissioners that particular consultation requirements be specified in this bill. In particular, it was suggested that the Trust be required to consult with tangata whenua and with territorial authorities of the region during the preparation of the proposal, or that the Minister be required to consult such interests when considering the proposal put forward by the Trust.

Although we wish to stress the need for extensive consultation, we do not want to recommend consultation requirements that may prove too inflexible to enable the Trust or the Minister to determine an appropriate proposal in the limited time available. We also note that the Resource Management Act 1991 already sets out comprehensive consultation requirements.

It is not enough for interested parties simply to be kept informed. We urge the Trust to consult extensively in the development of its proposal. The Trust has undertaken to do so, and has submitted a proposed consultation plan.

Venue for the event

We received submissions from the Banks Peninsula District Council and the Banks Peninsula Cruising Club, and from Port of Tauranga Limited (through the Pacific Development and Investment Corporation), offering the use of their respective venues if the cup were not able to be held in Auckland. Such a situation could possibly arise if appropriate resource consents in respect of the favoured Auckland proposal cannot be obtained in the time available.

We note that the sole purpose of the Auckland Regional Services Trust is to act in the interests of the people of the Auckland region. The Trust, therefore, could not be involved in the development of facilities in other centres. This bill deals only with the issue of the Trust's powers and functions. The issue of which venue will be used is not within the scope of the bill. To clarify this, we recommend that the definition of "facility" in clause 2 be amended to provide that any operational base that the Trust is involved in developing be situated "in the Auckland Region".

The final decision on the venue at which the contest is to be held lies with the holder and the defender of the cup. Team New Zealand has informed us that, now that syndicates have registered their initial interest in competing in the event, any change in venue would require the mutual consent of the holder and of the challenger of record on behalf of all registered syndicates.

Different organisational structures

Although most submissioners agreed that the Trust should have an initial role in determining which proposal is the most appropriate, we have been asked to consider different organisational structures for the development and management

of facilities for the cup. It is anticipated that there will be private sector involvement.

We considered the following options:

- A Local Authority Trading Enterprise (“LATE”), as defined in section 594B of the Local Government Amendment Act 1974.
- Management of the project by the Trust itself, either singly or jointly with another person. Under proposed new section 707ZJA (2) (a), this may occur only if the Trust is able to satisfy the Minister that any LATE set up to perform such a function on behalf of the Trust could not operate as a successful business.
- A LATE, to be a stand-alone company with directors appointed by and responsible to the Minister, rather than the owner or owners.
- A charitable trust. Under provisions in the bill, the Auckland Regional Services Trust would be permitted to forward funds to a charitable trust which is already established.
- A company set up to manage the project, similar to that established to organise the 1990 Commonwealth Games in Auckland. The Trust may opt to hold shares in such a company, although a shareholding by the Trust of greater than 50 percent would cause the company to become a LATE. We note, however, that the company set up to manage the Commonwealth Games was so arranged as to limit the individual liability of the directors to \$1 each. We understand that now, under the Companies Act 1993, it may not be possible to establish a company under such conditions. Under the new solvency test provisions, if directors make a distribution at a time when a company cannot satisfy the solvency test, then all or part of the distribution may be recovered from shareholders, and directors may have to make up any shortfall personally. This may make it difficult to find people willing to take on the responsibility of being directors of such a company.
- Investment of funds by the Trust in any company engaged in the management of the project.
- No involvement in the project by the Trust or any other publicly funded body.

We believe that we are not qualified, in the limited time available to us for the consideration of this bill, to consider fully and determine which of these options would be most appropriate.

It is our view, therefore, that the bill must allow a full range of options. The Minister will be in a position to make such a determination once the investigations and feasibility studies currently being undertaken are completed. Under this legislation, the Trust will not be able to proceed with any option without the written approval of the Minister. We have been advised that the Minister has also undertaken to go to the Auckland mayoral forum to discuss the Trust’s proposal before he makes a final decision.

Financial contributions

A number of submissioners raised the issue of where funding for the development of the facilities should come from. Papakura District Council and the Purpose Built Pier Company submitted that no public money should be invested in the project, which could and should be funded by the private sector. The Pacific Development and Investment Corporation submitted that any Trust funds committed to the project should be only in the form of loans, and that the developer should be from the private sector. Team New Zealand and the Trust were of the opinion that private money was unlikely to be forthcoming for the facility at this stage, although arranging private sponsorship of the facility at a later date may be

feasible. Submissioners were divided on the appropriate level of contributions by local, regional and central government.

The Trust informed us that the initial results of an economic impact study by Ernst and Young showed that the initial expenditure from just one major syndicate and associated visitors would bring approximately \$25 million to the Auckland economy, and approximately \$68 million to the whole country. The Trust believes that these are conservative estimates. Moreover, Team New Zealand submitted that indirect benefits to New Zealand of hosting the cup could be far greater, with increased tourism and world-wide promotion of the country's image. The findings of the more extensive economic impact studies currently being undertaken may have some bearing on the amounts contributed by different public and private interests.

We note that the issue of the appropriate level of funding by local, regional and central government is not within the scope of the bill. However, we wish to emphasise that the Trust must be careful in its application of public money, and must encourage the private sector to contribute to facilities from which it may derive considerable financial gain.

Limit on Trust contributions not specified

Further comments from submissioners proposed that a limit be placed on the amount of money that could be invested by the Trust in the project, given that the funds currently held by the Trust may also be needed to provide for other future infrastructural developments in the Auckland region. A number of submissioners were concerned that the surplus to be transferred to the Auckland Community Trust may be substantially diminished.

We note that, although the bill allows the Trust to manage the project if it can be shown that a LATE set up to do so could not operate as a successful business, the proposed new section 707zjB will require the Trust to manage any asset as far as possible in accordance with sound business practice.

The purpose of this legislation is to allow the Trust to take the initiative in organising a project which may not initially be an attractive investment prospect for the private sector. It is, therefore, desirable for provision to be made for the Trust to be able to run the project as a non-commercial business. We note that any substantial funding by the Trust of the facilities will be strictly subject to the approval of the Minister.

We do not believe that it is desirable for a limit on contributions by the Trust to be specified in the bill, as this could lead to undue delays if such an arbitrary figure were to be reached, thus necessitating further legislation.

However, we recommend that, since the Trust holds its funds on behalf of the region, it should be required to ensure that an analysis of the costs and benefits of the America's Cup to each of the districts within the Auckland region has been completed and made available to the Auckland Regional Council and the territorial authorities in the Auckland region, before committing any funds to the project. We also believe that the Trust should be active in promoting public and private interest and investment.

We propose that a new subsection (1A) be inserted into proposed new section 707zjA to give effect to these recommendations.

Public access to waterfront

We are aware that there is a strong desire for public access to the waterfront to become available, and for it to be maintained in the future. We note that the scope of the bill is restricted to the provision of an operational base for competitors in the America's Cup, and we also note that Auckland consent authorities could require public access as part of the consent conditions on the facility, in terms of the Resource Management Act 1991 and in accordance with the National Coastal Policy Statement.

However, we also recommend that the Trust, in providing for such facilities, may also have regard to members of the public being able to have access to the waterfront at the conclusion of the America's Cup. This is to be achieved through an appropriate amendment to the definition of the term "facility" in clause 2. We do recognise the need for the syndicate bases themselves to be secure for the America's Cup yachting events.

Future ownership or disposal of facilities

We recognise that the future ownership of the facilities is of major concern to all interested parties, and to the people of Auckland in general. Submissioners expressed differing views on the matter.

Officers from the Auckland Regional Council submitted that, once the cup event is concluded, ownership of the facilities should be vested in the Auckland City Council, as the Auckland Regional Council did not believe that the Trust should retain land. The Auckland Regional Council was also of the view that the facilities should be retained in public ownership, particularly in view of the public money which will probably need to be invested in the facilities by the Trust.

However, officers of the Auckland City Council have given an initial indication that the council would not be interested in receiving ownership of the facilities after the cup, as responsibility to ratepayers requires councillors to be satisfied that no on-going financial support would be necessary before taking on the management of more facilities.

The Trust noted that the bill, as introduced, requires that assets be managed by the Trust with a view to the sale of the assets as soon as is prudent and practicable. Other submissioners suggested a sunset clause, specifying a date by which time the Trust must dispose of any interest in facilities which it may hold at that time pursuant to this legislation. We believe that such a provision would not be desirable, as it may result in the "fire-sale" of such assets.

Our view is that there should be a full range of options available for the future ownership of the facilities. We understand that the wording of the bill, as introduced, would make any possible transfer of the facilities into the ownership of another public body, such as a territorial authority, difficult. This difficulty would arise from proposed new section 707ZJA(3), which provides that these assets should be managed in accordance with sound business practice but with a view to being sold as soon as is prudent and practicable. This context may preclude the transfer of the assets to another public body for less than the highest potential financial return, where such a transfer may be of benefit to the people of Auckland City and the region.

We therefore recommend that the bill be amended to provide more readily for the retention in public ownership of facilities which may have been funded by public money. Moreover, we wish to provide expressly for the possibility that an asset may be transferred to a territorial authority in the Auckland region without consideration. This is to be done by omitting subsections (3) to (5) of proposed section 707ZJA, and substituting four distinct clauses which set out separately the

requirement for the Trust to manage the assets in accordance with sound business practice, the Trust's reporting obligation, and the Trust's power to dispose of the assets.

Requirement to report on whether assets should continue to be held by the Trust

Where the Trust continues to own any assets after 30 June 1999, it will be required on a regular basis to justify why it should or should not continue to hold any assets held pursuant to this legislation. The bill, as introduced, requires that such a report be made on a bi-annual basis, but we believe that an annual statement is more desirable. Once systems have been established to review the Trust's on-going interest in the facilities, we believe that the public benefit of having an annual review will outweigh the costs of providing it. New proposed section 707ZJC has been drafted to give effect to this recommendation.

Future review of the Trust's role will not be affected

Some submissioners felt that the bill places responsibility for organising facilities for the cup on an organisation whose future is uncertain. Indeed, the Minister of Local Government has indicated that a review of the future role of the Auckland Regional Services Trust will occur.

However, this bill deals with the immediate issue of the provision of facilities for the America's Cup, and not with the issue of the future of the Trust and its functions. We have been advised that this bill will not affect the conducting of this review, and we wish to stress that, in supporting the purpose of this bill, we are not seeking to anticipate or prejudice the outcome of this process.

Validation of actions taken by the Trust

Due to the urgent need to investigate proposals for the provision of facilities for the cup, it will have been necessary for the Trust to take actions prior to the enactment of this bill. Clause 6 of the bill validates such actions, so long as they would be considered lawful once this legislation comes into force. We support this, although we recommend that validation be limited to activities undertaken pursuant to paragraphs (a) and (b), and new paragraph (ba) of proposed new section 707ZJA (1).

KEY TO SYMBOLS USED IN REPRINTED BILL

AS REPORTED FROM A SELECT COMMITTEE

Struck Out (Unanimous)

Subject to this Act,

Text struck out unanimously

New (Unanimous)

Subject to this Act,

Text inserted unanimously

(Subject to this Act,)

Words struck out unanimously

Subject to this Act,

Words inserted unanimously

LOCAL GOVERNMENT AMENDMENT (NO. 6)

ANALYSIS

Title	707zjb. Management of assets
1. Short Title and commencement	707zjc. Obligation of Trust to report annually on assets owned by it
2. Interpretation	707zjd. Power to dispose of assets
3. Functions of Trust	707zje. Effect of sections 707zja to 707zjd
4. New sections inserted	5. Application of revenue
707zja. Functions in relation to America's Cup	6. Validation of actions

A BILL INTITULED

An Act to amend the Local Government Act 1974

BE IT ENACTED by the Parliament of New Zealand as follows:

5 **1. Short Title and commencement**—This Act may be cited as the Local Government Amendment Act (No. 6) 1996, and shall be read together with and deemed part of the Local Government Act 1974* (hereinafter referred to as the principal Act).

10 (2) This Act shall come into force on the date on which it receives the Royal assent.

2. Interpretation—Section 707N of the principal Act (as inserted by section 68(1) of the Local Government Amendment Act 1992) is hereby amended by inserting, in their appropriate alphabetical order, the following definitions:

15 “ ‘America's Cup’ means the yachting event known as the America's Cup which is to take place in the years 1999 and 2000; and includes any preceding Challenger Series, Defender Series, or World Series:

*R.S. Vol. 25, p. 1

Amendments: 1991, Nos. 49, 58, and 115; 1992, Nos. 42, 71, 74, 113, and 139; 1993, No. 73; 1994, No. 68; 1995, Nos. 25 and 40

Struck Out (Unanimous)

“ ‘Facility’ means any structure (including any building, equipment, or other device) planned, designed, constructed, or undertaken, or intended to be planned, designed, constructed, or undertaken, to provide an operational base for competitors in the America’s Cup; and includes the land on which any such structure is, or is intended to be, situated:”.

New (Unanimous)

“ ‘Facility’—

 “(a) Means any structure (including any building, equipment, or other device) planned, designed, constructed, or undertaken, or intended to be planned, designed, constructed, or undertaken, to provide in the Auckland Region an operational base for competitors in the America’s Cup; and

 “(b) Includes—

 “(i) The land on which any structure described in paragraph (a) of this definition is, or is intended to be, situated; and

 “(ii) Such part of any structure described in paragraph (a) of this definition, and such part of any land (being land to which subparagraph (i) of this paragraph applies or land in the immediate vicinity of any such structure) as is set aside, or intended to be set aside, for the purpose of providing or maintaining public access to the waterfront area after the conclusion of the America’s Cup:”.

3. Functions of Trust—Section 707zj (1) of the principal Act (as inserted by section 68 (1) of the Local Government Amendment Act 1992) is hereby amended by repealing paragraph (h).

4. New sections inserted—The principal Act is hereby amended by inserting, after section 707zj (as inserted by section 68 (1) of the Local Government Amendment Act 1992), the following sections:

“707ZJA. **Functions in relation to America’s Cup—**

(1) The Trust—

5 “(a) Shall investigate the feasibility and desirability of, and possible timeframes for, the development of one or more facilities, and the most appropriate body or bodies to develop each facility; and

10 “(b) Shall report to the Minister, not later than the (31st day of May 1996) 30th day of June 1996, on the options for the financing, development, ownership, and management of one or more facilities; and

New (Unanimous)

15 “(ba) May apply to the relevant consent authorities for resource consents under the Resource Management Act 1991 for any facility (even though the activity permitted by any resource consent granted may not be undertaken by the Trust unless the Minister gives, under paragraph (c) of this subsection, the Minister’s written agreement to the undertaking of that activity by the Trust); and

20 “(c) May, with the written agreement of the Minister,—

“(i) Undertake, either singly or jointly with any other person, the development of one or more facilities:

25 “(ii) Subject to subsection (3) of this section, own, manage, and maintain any facility or any part of a facility:

“(iii) Make advances on such terms and conditions as it thinks fit, to any person undertaking the development or management of a facility.

30 *New (Unanimous)*

“(1A) The Trust shall, before committing any funds to any activity under subsection (1) (c) of this section,—

35 “(a) Ensure that an analysis of the costs and benefits of the America’s Cup to each of the districts within the Auckland Region has been completed and made available to—

“(i) The Auckland Regional Council; and

“(ii) Each of the territorial authorities in the Auckland Region; and

New (Unanimous)

“(b) Investigate and promote, to such extent as the Trust thinks fit, public involvement and private involvement in the financing, development, ownership, management, operation, and maintenance of some or all of the facilities or the whole or any part of any facility. 5

“(2) The Trust—

“(a) Shall transfer to a local authority trading enterprise, under Part XXXIVA of this Act (as applied by section 707zk (1) of this Act), any function or undertaking authorised by **subparagraph (i) or subparagraph (ii) of subsection (1) (c)** of this section, unless the Minister is satisfied that the Trust has demonstrated that a local authority trading enterprise that had as its principal objective the carrying out of that function or that undertaking or both could not, as required by section 594Q of this Act, operate as a successful business: 10 15

“(b) May acquire and hold equity or debt securities in any company engaged, or intending to be engaged, in the development, management, or operation of a facility. 20

Struck Out (Unanimous)

“(3) The Trust shall manage any assets held by the Trust pursuant to **subsection (1) (c)** or **subsection (2)** of this section in accordance with sound business practice but with a view to the sale of those assets as soon as is prudent and practicable. 25

“(4) Where,—

“(a) On the 30th day of June 1999; or 30

“(b) On the 30th day of June in any subsequent year that is an odd-numbered year,—

the Trust owns any assets to which **subsection (3)** of this section refers, the Trust shall publish in its annual report for the financial year ending on that day, the reasons why the Trust considers that it should or should not continue to hold those assets. 35

“(5) This section shall have effect notwithstanding anything in section 707zj of this Act.”

New (Unanimous)

5 “707zJB. **Management of assets**—The Trust shall manage any assets held by the Trust pursuant to **subsection (1)(c) or subsection (2) of section 707zJA** of this Act in accordance with sound business practice.

10 “707zJC. **Obligation of Trust to report annually on assets owned by it**—Where, on the 30th day of June 1999 or on the 30th day of June in any subsequent year, the Trust owns any assets to which **section 707zJB** of this Act refers, the Trust shall publish in its annual report for the financial year ending on that day the reasons why the Trust considers it should or should not continue to hold those assets.

15 “707zJD. **Power to dispose of assets**—(1) Notwithstanding anything to the contrary in this Act or any other Act, the Trust may sell, exchange (and in respect of any such exchange may give or receive any money or other consideration for equality of exchange), transfer, or otherwise dispose of the whole or any part of the assets to which **section 707zJB** of this Act refers.

20 “(2) Where the Trust decides under **subsection (1)** of this section to sell, exchange, transfer, or otherwise dispose of any of the assets to which **section 707zJB** of this Act refers to a territorial authority, wholly or partly within the Auckland Region, those assets may be disposed of, with or without consideration, and on such terms and conditions as may be agreed upon by the
25 Trust and the territorial authority.

30 “(3) Any consideration, or money for equality of exchange, paid by a territorial authority, wholly or partly within the Auckland Region, to the Trust for the sale or exchange of any assets to which **section 707zJB** of this Act refers may be payable as an annual sum in perpetuity or may otherwise be for such amount or amounts payable at such time or times or in such manner as may be agreed upon by the Trust and the territorial authority.

35 “(4) Any money received by the Trust pursuant to the sale or exchange of any of the assets to which **section 707zJB** of this Act refers shall form part of the general funds of the Trust.

“707zJE. **Effect of sections 707zJA to 707zJD**—Sections 707zJA to 707zJD of this Act shall have effect notwithstanding anything in section 707zJ of this Act.”

5. Application of revenue—Section 707ZU(1) of the principal Act (as inserted by section 68(1) of the Local Government Amendment Act 1992) is hereby amended by repealing paragraph (a), and substituting the following paragraph:

“(a) First, to meet the costs of the Trust, including, without limitation,—

“(i) The costs of exercising its functions and powers under sections 707ZJ and 707ZJA of this Act; and

“(ii) Its administrative costs; and

“(iii) Its election costs; and

“(iv) Its debt servicing; and

“(v) The remuneration of its members and officers:”.

6. Validation of actions—Any actions taken by the Trust in undertaking after the 21st day of March 1996 and before the commencement of this Act some or all of the functions specified in ~~(paragraphs (a) and (b))~~ paragraphs (a) to (ba) of section 707ZJA (1) of this Act are hereby declared to be and to have always been as valid and lawful as they would have been had **section 707ZJA** of this Act been in force when those actions were taken.