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Hon. Sir J. Vogel.

GOVERNMENT LOANS TO LOCAL BODIES.

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A BILL INTITULED

AN ACT to enable Local Bodies to construct certain Public Works, Title.
and to empower the Government to grant Loans to such Bodies
for those purposes.

BE IT ENACTED by the General Assembly of New Zealand in
Parliament assembled, and by the authority of the same, as follows:—

No. 62—1.

- Short Title. 1. The Short Title of this Act is "The Government Loans to Local Bodies Act, 1886," and it shall come into operation on the day of , one thousand eight hundred and eighty-
- Interpretation. 2. In this Act, if not inconsistent with the context,—
- "District" includes a county, road district, town district, river district, and drainage district respectively constituted under any Act of the General Assembly: 5
- "Local authority" means the Council, Board, or other authority having power to make and levy rates in a district as herein defined: 10
- "Public work" includes the following:—
- (1.) A road, bridge, and a tramway the property of a district;
 - (2.) Irrigation works or for the supply of water to a district; 15
 - (3.) Waterworks for the supply of water within a district or districts, and for the storage and distribution of water for mining purposes, including "water-races" within the meaning of any Act of the General Assembly relating to mining; 20
 - (4.) Drainage works for the drainage of any district or districts, or part thereof;
 - (5.) A wharf in a navigable river or arm of the sea, and works for the protection or improvement of rivers;
 - (6.) Buildings for the purposes of a public school established under "The Education Act, 1877;" 25
 - (7.) Generally all works necessary for the construction, use, protection, or control of any such public work; and all expenses of engineers and assistants and of supervision in the construction of the same: 30
- "Treasurer" means the Colonial Treasurer of the colony for the time being, and includes any member of the Executive Council acting for such Treasurer in his absence.
3. Ordinary repairs or maintenance of a public work shall not be included in the cost of construction; and no loan shall be made for these purposes under the provisions of this Act. 35
- In case of the total or partial destruction of a public work by fire, flood, or accident, or the widening or extension of any such work, the reconstruction of such work, or such widening or extension, shall be deemed a public work within the meaning of this Act. 40
- Where a bridge has become decayed, or is from any cause insufficient for public traffic, the reinstatement, enlargement, or rebuilding of such bridge shall also be deemed a public work within the meaning of this Act.
4. Whenever any contract, debt, or liability is entered into or incurred, or any act or thing is done or suffered, by a local authority under this Act, such contract, debt, liability, act, or thing shall for all purposes be deemed to be the contract, debt, liability, or act of the corporate body which such local authority represents. 45

PART I.

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HOW LOANS MADE TO LOCAL AUTHORITIES.

- Local authorities empowered to raise loans under this Act. 5. Every local authority is hereby empowered to borrow and raise money by way of loan under this Act for the construction of a public work within the meaning of this Act; and shall have and may exercise

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all such powers, rights, and authorities as such local authority has or could exercise under any Act of the General Assembly in respect of works or undertakings which it is thereby empowered to construct or undertake, and shall be subject to all such liabilities in respect thereof
5 as would arise under any such Act.

6. Before granting any loan the Treasurer shall be satisfied that the local authority has been duly empowered to raise money by way of loan for the construction of a public work, and has made a special rate for the purpose of paying the interest and other charges thereon,
10 and has taken all necessary steps to comply with an Act passed in the present session of the General Assembly, called "The Local Bodies Loans Act, 1886," or with such other Act of the General Assembly as may empower the local authority to construct or undertake a public work within the meaning of this Act, and borrow money upon the
15 security of a special rate, or upon the security of a special rate, together with such other security as may be authorized by any such Act and this Act.

Treasurer to be satisfied Act has been duly complied with, and special rate made.

7. The Treasurer may, in his discretion, refer any application for a loan, with particulars of the security offered thereon, to the Controller and Auditor-General, and may require him to advise as to the sufficiency of such security. In any such case the Treasurer shall be bound
20 by the opinion of the Controller and Auditor-General.

Treasurer may refer applications for loans to Controller and Auditor-General.

8. The revenues to be derived from any public work, or from any endowments or other property of the local body, may be made a
25 part of the security for the payment of the annual or other charges upon any loan, and such loan may be secured over such work, undertaking, or property, and the revenues derivable therefrom, in addition to a special rate to be levied for that purpose; but such special rate shall represent at least one-half of the annual liability of the local authority
30 in respect of the loan.

A loan may be secured partly on a public work or endowments and a special rate, but latter to represent not less than one-half annual liability for loan.

9. The moneys to be lent or advanced to a local authority shall be paid out of such funds as are in the control of the Treasurer by virtue of Part II. of this Act, and the local authority shall from time to time do
35 all acts and things and execute all instruments necessary to give effect to this Act.

What funds to be lent to local authorities.

10. The Treasurer may enter into an agreement with a local authority for all or any of the purposes following, and may from time to time modify or alter any such agreement :—

Treasurer may enter into agreements with local authorities for certain purposes.

40 (1.) He may agree to make a loan in one sum, or to lend a part of such sum in one financial year and another part in the next succeeding or a subsequent year.

(2.) He may agree to make advances to the local authority of such sums on account of such loan, and at such time or times as shall be set forth in the agreement.

45 (3.) All such advances shall bear interest at the rate of four pounds per centum per annum until the thirty-first day of January next following, when debentures shall be given to the Treasurer by the local authority as hereinafter provided.

50 (4.) But if any amount so advanced or any part thereof shall be a fraction of fifty pounds such fraction may, if the loan be not completed in that year, be carried on to the next year, and shall in that case be treated as if it were part of the advances to be made in the year to which it is carried forward.

Treasurer to render accounts of advances to local authorities and receive debentures.

11. The Treasurer shall, as soon as may be after the *thirty-first* day of January in each year, render an account to each local authority that has received advances under the foregoing provisions, and the local authority shall immediately thereupon make and issue to the Treasurer debentures for the sums advanced as aforesaid, together with interest thereon at the rate aforesaid added thereto. 5

Where a local authority has not received any advance on account of the loan, then the debentures shall be given and issued on the loan being paid over to such authority.

Form of debentures to be prescribed by Governor in Council.

12. Every such debenture shall be in such form as the Governor in Council shall from time to time prescribe, and subject thereto shall— 10

Terms of such debentures.

- (1.) Be for such amounts as the Treasurer directs, and shall bear interest at the rate of five pounds per centum per annum, which shall be payable by the local authority to the holder of the debenture half-yearly for twenty-six years, dating from the *first* day of February in the year when such debenture is made and issued: 15
- (2.) Contain an undertaking by the Treasurer to pay the principal sum of each debenture at the end of twenty-six years from such *first* day of February: 20
- (3.) Contain such other provisions as the Governor in Council may think necessary to give effect to this Act. 25

Treasurer not to lend local authorities in excess of sums stated.

13. The Treasurer shall not lend or agree to lend in any one year, to any of the local authorities hereinafter mentioned, a larger sum than that set opposite the name of each local authority, that is to say,— 25

To a County Council a sum exceeding	pounds;	
To a Road Board a sum exceeding	pounds;	
To a Town Board a sum exceeding	pounds;	30
To a River Board a sum exceeding	pounds:	

Provided that the Treasurer may agree with any local authority to lend it any sum not exceeding the amounts above specified for two successive years.

If part of loan net taken in one year it may be carried to next or succeeding year.

14. If any part of a loan agreed to be taken by a local authority in any one year is not so taken, the same may be carried on to the next or any succeeding year, and may then be taken as may be agreed between the Treasurer and the local authority. 35

If moneys lent not all required, surplus to be repaid to Treasurer.

15. If on the completion of the public work for which any loan has been obtained it shall be found that all the money lent is not required for the purpose for which it was borrowed, then such part as is not so required shall be repaid to the Treasurer, and the Treasurer shall return to the local authority debentures to a corresponding amount. 40

Interest on returned debentures to be paid up.

Interest on any debentures so returned shall be paid by the local authority up to the date of such return. 45

Fractional parts under £50 to be paid into local fund.

If any part of the money not required as aforesaid is less than fifty pounds, then the local authority may pay it into the local fund, to form part of its ordinary revenue.

Treasurer to give notice of dates when applications for loans will be considered.

16. The Treasurer shall from time to time give notice in the *Gazette*, and in such other manner as he may think expedient, of the date on which he will be prepared to consider applications from local authorities for loans under this Act. 50

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17. Applications for loans in cases of extraordinary damage where a public work has been destroyed by flood, tempest, or accident, or to carry out the terms of a prior agreement made between the Treasurer and a local authority as hereinbefore authorized, shall have priority over other applications made under this Act.

Applications for loans in cases of extraordinary damage, or to carry out prior agreement, to have priority.

18. If at any time there are not sufficient funds available under this Act to enable the Treasurer to make loans to all the local authorities that have applied for them, the Treasurer shall (but subject to the terms of the *last-preceding* section) grant such applications *pro rata*:

If sufficient funds not available, loans may be made *pro rata*.

Provided that if the amount allotted *pro rata* to any local authority is considered by such authority inadequate to commence the public work for which money is required, the Treasurer may agree with the local authority to hold over such amount for its use until the next succeeding year when the same shall be available, in addition to any sum which such authority may then be entitled to or make application for.

19. The Treasurer shall refuse to grant loans under this Act only upon one or other of the grounds following:—

Grounds on which Treasurer may refuse to grant loans.

- (1.) That applicants have not complied with the terms of this Act:
- (2.) That there is no money then available:
- (3.) That the security is not sufficient.

Fresh application for a loan may be made at any time.

20. The statement of the Treasurer that this Act has not been complied with, that the security is not sufficient, or that no money is available in respect of any application, shall be conclusive, and no such statement shall be questioned, or be the subject of legal proceedings at the instance of any local authority, or of any person, in any Court of judicature.

Treasurer's statement on certain points to be conclusive.

21. If the moneys granted on one application are found insufficient to complete the public work in respect of which application is made, a further application may be made by the local authority, and may be granted by the Treasurer if money is then available and the expenditure contemplated is covered by the previous consent of the ratepayers of the district.

If moneys granted not sufficient, a further application may be made.

22. If the amount required on such further application is not greater than ten per centum of the sum originally authorized by the ratepayers to be borrowed, such further application may be granted by the Treasurer.

If amount required on further application does not exceed ten per cent. of sum originally granted, additional sum may be granted.

In any such case it shall not be necessary to give any notice to, or take a further poll of, the ratepayers, and further debentures may be made and issued, and the amount paid over, and a special rate may be made by the local authority as security for the interest and other charges in respect of such further debentures.

No notice to, or poll of, ratepayers necessary, and special rate originally made to be leviable in respect of additional sum.

Such last-mentioned special rate shall be deemed to be and may be levied as a part of and in addition to the special rate made and levied in respect of the original loan.

23. All debentures made and issued by any local authority, and delivered to the Treasurer under this Act, shall be retained in the custody of the officers appointed to retain custody of securities for public moneys under "The Public Revenues Act, 1878:" Provided that nothing herein shall be deemed to affect any right or power

Debentures to be in custody of officers under "The Public Revenues Act, 1878."

conferred by this Act on the Treasurer in respect of any such debentures.

Remedies for recovery of interest in case of default.

24. In any case where default may be made by a local authority in payment of the interest due upon any debenture issued under this Act, the same may be recovered from the corporate body which such local authority represents as a debt due to the Crown or the holder of such debenture, as the case may be. 5

In addition to any such remedy the Controller and Auditor-General, in the case of the Crown, and any other person, in the case of a creditor, may be appointed a Receiver of the special rate or other security on which any debenture is wholly or partly secured, in the manner prescribed by "The Local Bodies Loans Act, 1886," or such other Act providing for the appointment of a Receiver as may be in force in the district of such local authority. 10

Act applicable to boroughs having a certain number of inhabitants.

25. The Council of a borough established under any Act relating to Municipal Corporations, the inhabitants of which at the time of the last census were returned as numbering less than *four thousand*, may apply for and obtain aid for the construction of a bridge on a main road upon the same terms and conditions as a local authority. 15 20

Application of Act in such cases.

26. All the provisions of this Act shall, *mutatis mutandis*, apply to a loan made and granted by virtue of the *last-preceding* section, and to the payment of the interest thereon by a local authority, and to all moneys payable by the Treasurer, as if such loan had been made to a local authority. 25

How to be decided what are main roads.

The Treasurer may from time to time decide, on the advice of the Minister for Public Works, what roads shall be deemed "main roads" within the meaning of the *last-preceding* section.

PART II.

OF THE INSCRIPTION OF THE DEBTS OF LOCAL AUTHORITIES. 30

Treasurer may open an inscription register in Treasury for debts of local authorities.

27. The Treasurer may cause a register to be kept in the Treasury, in which shall be inscribed the total amounts of the debentures which each local authority would be required to give as security for moneys lent to it under the provisions of this Act, and in such case it shall not be required that the local authority shall give such debentures as hereinbefore provided. 35

Treasurer to give notice to local authorities that he intends to inscribe debts.

28. Before such inscription the Treasurer shall give notice to the local authority that he intends so to inscribe such debt and the amount thereof; and if any difference shall arise as to the amount so to be inscribed, the matter shall be referred to the Controller and Auditor-General, and his decision thereon shall be final. 40

Local authority to have same liabilities as to inscribed debt as if debentures had issued.

29. When any debt shall have been so inscribed the same liabilities shall attach to the local authority thereunder as would have attached to it if the local authority had issued debentures as hereinbefore provided, and all the provisions hereinbefore made in respect of any such debentures shall *mutatis mutandis* apply to any such inscription. 45

Debts under "Roads and Bridges Construction Act, 1882," may be inscribed.

30. All debts due or which may become due from local authorities, and secured by debentures now held or which may be held by the Government under the provisions of "The Roads and Bridges Construction Act, 1882," may be inscribed under the provisions of this 50

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Part of this Act, and in case of any such inscription the Treasurer shall cause any such debentures to be cancelled and returned to the local authority by which the same were issued.

PART III.

5 HOW FUNDS PROVIDED BY COLONIAL TREASURER.

31. In order to give effect to this Act the House of Representatives may, by resolution to be passed in each financial year, declare what amount the Treasurer shall lend to local authorities under this Act in that year, and the Treasurer may make loans to such amount

House Representatives to resolve what sum shall be available in each year for purposes of Act.

10 accordingly.

If no such resolution is passed in any financial year, the Treasurer may make loans under the authority of this Act in such year to a total amount not exceeding two hundred thousand pounds, and such amount shall be in addition to any loans agreed by the

If no resolution passed, Treasurer may make loans up to £200,000 in each year.

15 Treasurer to be made previously but not yet completed.

32. Subject to the provisions of this Act, and for the purpose of providing the money to make loans to local authorities, the Treasurer, as often as occasion requires, and upon being authorized to do so by the Governor in Council shall have and may exercise the following powers, or any of them :—

Powers of the Treasurer upon being authorized by Governor in Council.

- 20 (1.) He may in each financial year borrow any such moneys from the Public Account or from any fund in such account under the control of the Treasurer.
- 25 (2.) He may borrow such moneys entirely from one fund in such account, or partly from one such fund and partly from another, or may borrow the whole or any part of such moneys from any bank or monetary institution.
- 30 (3.) As security for moneys borrowed he may give scrip in such form as may be prescribed by the Governor in Council, and agree to redeem such scrip after he receives debentures from local authorities under this Act.
- 35 (4.) He may sell all or any part of any debentures received by him from a local authority for a part or the whole of the time they are current, with or without the option of redeeming them before they are due.
- (5.) He may borrow money on security of such debentures, and may hypothecate or pledge the same accordingly.
- 40 (6.) He may issue fresh debentures representing the whole or any part of such debentures. Such debentures shall bear interest at a rate not exceeding four pounds per centum per annum, and shall be current for not longer than twenty-five years from the issue thereof, or

45 He may issue debentures with a currency of not longer than five years, bearing interest at five pounds per centum per annum.

Any such debentures may be issued with or without taking power of redemption earlier, at the option of the Treasurer, and may be made payable in or out of the colony, and at such date as he thinks fit, or by means of a sinking fund, or by notice.

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Debentures, &c., to be countersigned by the Controller and Auditor-General.

33. Every debenture, scrip, or other security issued and made by the Treasurer under or by virtue of this Act shall be countersigned by the Controller and Auditor-General, and without such countersignature no such debenture, scrip, or other security shall have any effect or operation.

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Treasurer not to issue debentures, &c., to a larger amount than represented by debentures of local authorities held by him.

34. The Treasurer shall not, in exercise of any power vested in him under or by virtue of this Act, make or issue debentures, scrip, or other security to a larger amount than is represented by debentures issued by local authorities under this Act, and remaining in the custody or control of the Treasurer, or of the officers appointed to retain custody of securities for public moneys as hereinbefore mentioned.

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The restriction contained in this section shall not apply where the Treasurer issues scrip as security for moneys borrowed by him in anticipation of receiving debentures from local authorities, as provided in sub-clause *three* of section *thirty-two* of this Act.

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When Treasurer issues debentures representing debentures of a local authority, debentures of such authority equal in amount to those issued by the Treasurer to be retained.

35. Whenever the Treasurer, in exercise of any power as aforesaid, issues any debentures representing debentures of a local authority or authorities, there shall be retained in such custody or control as aforesaid debentures of such authority or authorities to an amount equal to the amount of debentures issued by the Treasurer to represent them.

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Governor in Council may empower Treasurer to borrow from certain public funds.

36. The Governor may, by Order in Council, from time to time, empower the Treasurer to borrow any moneys he is authorized to lend under this Act from the Postmaster-General, the Public Trustee, and the Commissioners of the Public Debts Sinking Funds.

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Order in Council to be sufficient authority.

37. Such Order in Council shall be sufficient authority to the Postmaster-General, the Public Trustee, or the Commissioners of Public Debts Sinking Funds to lend any of the funds under their control respectively, not exceeding the amount specified in such Order in Council.

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What powers may be exercised by the Governor in Council.

38. The Governor may, by Order in Council, from time to time declare and prescribe—

(1.) In what manner any sums borrowed by the Treasurer under this Act shall be secured or repaid to the fund from which they have been borrowed.

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(2.) What interest shall be paid when such moneys are borrowed from the Postmaster-General, the Public Trustee, or the Commissioners of the Public Debts Sinking Funds.

(3.) In what form, and upon what terms and conditions, any scrip, debenture, or other security shall be made and issued by the Treasurer for any purpose for which the same may be made or issued under this Act.

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(4.) Prescribe or do any other act or thing which it is provided by this Act shall be prescribed or done by the Governor in Council.

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No Order in Council made under this Act shall be repugnant to any express enactment herein contained.

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39. There shall be a sinking fund created for the purposes of this Act, which shall be under the control of the Commissioners of Public Debts Sinking Funds, and

Creation of a sinking fund to be under control of Commissioners of Public Debts Sinking Funds.

- 5 (1.) Such fund shall consist of such amount as may be annually appropriated from time to time by the General Assembly not exceeding *two* per centum on the amount of all debentures received by the Treasurer from local authorities under this Act, and he shall pay the same into the sinking fund accordingly;
- 10 (2.) The payments to be made to the sinking fund shall continue for a period of *twenty-six* years, and the first of such payments shall commence within *twelve* months after the issue of such debentures.

15 **40.** The Commissioners of Public Debts Sinking Funds shall have all such powers, duties, and authorities in respect of the sinking fund created under this Act as they now have in respect of any other sinking fund vested in them or under their control by virtue of "The Public Debts Sinking Funds Act, 1868," and any Act amending the same.

Powers of Commissioners of Public Debts Sinking Funds.

20 **41.** The Treasurer shall not be in any manner personally liable to any local authority, or to any person or body corporate, for or in respect of any act or thing made, done, or executed by him by virtue of this Act.

Treasurer not to be personally liable.

25 **42.** Whenever power is given to make a loan or advance, or to pay or issue any money, to a local authority under this Act, then, unless express provision is otherwise made, the Treasurer may do so out of any moneys available for that purpose, without any further appropriation or authority other than this Act.

Loans or advances to be made on authority of this Act.

30 **43.** The Treasurer shall annually lay before the General Assembly, within fourteen days after the first meeting thereof, a report of all matters done under this Act, showing—

Annual report by Treasurer to be laid before General Assembly.

- 35 (1.) What applications have been made by local authorities, and which of them have been granted or refused, as the case may be;
- (2.) What sums have been granted or advanced to local authorities, and for what purposes, and the names of such authorities;
- (3.) What sums have been borrowed or raised by the Treasurer, and what are the outstanding liabilities and the assets.