

LOCAL AUTHORITIES LOANS AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill amends the Local Authorities Loans Act 1956.

Clause 2 authorises the Local Authorities Loans Board to delegate to the Secretary to the Treasury the power of the Board to sanction all or any specified classes of renewal loans. In exercising the power so delegated to him, the Secretary to the Treasury must comply with any general or special directions given or conditions attached by the Board.

Clause 3: Section 27 of the principal Act provides that where a loan is to be raised for the benefit of a part of a district that is not a legal subdivision a special roll of ratepayers is to be prepared. This clause provides that a special roll is not to be prepared for the purposes of any renewal loan or conversion loan or supplementary loan, but in such a case the special roll prepared for the purposes of the original loan is to be the roll for the purposes of the renewal or conversion or supplementary loan.

Clauses 4 and 5 authorise renewal, conversion, and supplementary loans to be raised pursuant to an ordinary resolution of the local authority publicly notified instead of by special order. Public notice will not be required where the local authority has no power to make and levy a rate as security for the loan.

Clause 6: The effect of *subclause (1)* is that where a local authority has power to make and levy a special rate as security for a loan the rate may be made when the sanction of the Local Authorities Loans Board to the loan has been obtained instead of when the authorising Order in Council has been made.

Subclause (2): The principal Act empowers a Harbour Board to raise a renewal loan or conversion loan without the authority of a special Act, but a special Act is required to enable the Board to make and levy a special rate as security for any such loan. This subclause provides that where a Harbour Board is empowered by a special Act to make and levy a rate as security for a loan a special Act will not be required to authorise the Board to make and levy a special rate as security for any renewal or conversion loan raised for the repayment or conversion of the original loan. Provisions of the special Act fixing the amount of the rate or authorising the making of a rate on a differential basis or authorising the levying of a rate to meet a deficiency in the estimated revenue of the Board will continue to apply to the renewal or conversion loan.

Clause 7: By section 89 of the principal Act the accumulated sinking fund must be applied in repayment of a loan on maturity, and where parts of a loan mature on different dates a proportionate part of the sinking fund must be applied in repayment of earlier maturities. This clause provides that where a local authority pays money to the Sinking Fund Commissioners in excess of the amount that it is required to pay it may allocate that excess to any maturity specified by the local authority.

Hon. Mr Lake

LOCAL AUTHORITIES LOANS AMENDMENT

ANALYSIS

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A BILL INTITULED

An Act to amend the Local Authorities Loans Act 1956

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

1. **Short Title**—This Act may be cited as the Local Authorities Loans Amendment Act 1961, and shall be read together with and deemed part of the Local Authorities Loans Act 1956* (hereinafter referred to as the principal Act).

- 10 2. **Delegation by Board of power to sanction renewal loans**—
The principal Act is hereby amended by inserting, after section 10, the following section:
“10A. (1) The Board may from time to time delegate to the
15 Secretary to the Treasury its power to sanction all or any
specified classes of special loans to be raised for the purpose of repaying on maturity the whole or any part of any special loan previously raised.

*1957 Reprint, Vol. 8, p. 443
Amendment: 1959, No. 17

“(2) In the exercise of any power delegated to him under this section the Secretary to the Treasury shall comply with any general or special directions given or conditions attached by the Board, and subject thereto may exercise that power in the same manner and with the same effect as if it had been conferred on him directly by this section and not by delegation.”

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“(3) The provisions of subsections (3) and (4) of section 10 of this Act shall apply to any delegation under this section.”

3. Loan for benefit of part of district—Section 27 of the principal Act is hereby amended by adding the following subsection:

“(4) Notwithstanding anything in subsection (2) of this section, any special roll prepared pursuant to that subsection shall continue in force for the purpose of any loan for the repayment or conversion of the whole or any part of the loan for which that roll was prepared or of any further special loan under section 44 of this Act.”

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4. Poll not necessary in certain cases—(1) Section 42 of the principal Act is hereby amended by omitting the words “by special order”, and substituting the words “pursuant to a resolution of the local authority, after giving not less than fourteen days’ public notice of the purport of the resolution,”.

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(2) Section 42 of the principal Act is hereby further amended by adding the following proviso:

“Provided that it shall not be necessary to give public notice of the resolution in any case where the local authority has no power to make and levy a rate as security for the loan.”

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5. Power to raise supplementary loan—(1) Section 44 of the principal Act is hereby amended by omitting from subsection (1) the words “by special order”, and substituting the words “pursuant to a resolution of the local authority, after giving not less than fourteen days’ public notice of the purport of the resolution,”.

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(2) Section 44 of the principal Act is hereby further amended by adding to subsection (1) the following additional proviso:

“Provided further that it shall not be necessary to give public notice of the resolution in any case where the local authority has no power to make and levy a rate as security for the loan.”

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6. Special rate—(1) Section 47 of the principal Act is hereby amended—

5 (a) By omitting from subsection (1) the words “Where the local authority has been authorised by Order in Council”, and substituting the words “Subject to subsection (1A) of this section, where the local authority has obtained the sanction of the Board”:

(b) By repealing the proviso to subsection (1).

10 (2) Section 47 of the principal Act is hereby further amended by inserting, after subsection (1), the following subsections:

15 “(1A) A Harbour Board shall not be entitled to make any special rate as security for the repayment of a loan (other than a loan for the repayment or conversion of the whole or any part of a previous loan in respect of which the Harbour Board is authorised by a special Act to make a special rate), except under the authority of the special Act authorising the Board to raise the loan.

20 “(1B) Any provisions of the special Act authorising a Harbour Board to make or levy a special rate on a differential basis or to meet a deficiency in the estimated revenue of the Board shall apply, with all necessary modifications, to a special rate made by the Board pursuant to subsection (1A) of this section in respect of a repayment loan or conversion loan.

25 “(1C) Subject to the provisions of this Act and any other Act, where a Harbour Board makes a special rate pursuant to subsection (1A) of this section in respect of a repayment loan or a conversion loan, the amount of all special rates that may be levied in respect of all loans raised under the special Act
30 (including for the purposes of this subsection loans for the repayment or conversion of any previous loan raised under the authority of the special Act) shall not exceed the amount of the special rate authorised to be made and levied by the special Act.”

35 **7. Application of sinking fund**—Section 89 of the principal Act is hereby amended as from the commencement of that Act by adding to subsection (1) the following additional proviso:

40 “Provided further that where the local authority has made any payment to the Commissioners in respect of the sinking fund which is in excess of the amount of any payment required

by the Board, and has at the time of making the excess payment directed the Commissioners in writing that the excess payment is to be allocated to the repayment of a specified part of the loan or of any issue thereof, then, on the maturity of that part the Commissioners shall, in addition to the part of the accumulated sinking fund to be applied in such repayment under the first proviso to this subsection, apply the excess payment together with any accumulations of income arising from that excess in repayment of the part of the loan or issue so specified.”

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