

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence.

*House of Representatives,
15th November, 1932.*

[AS AMENDED BY THE LEGISLATIVE COUNCIL.]
18th November, 1932.

Right Hon. Mr. Forbes.

LOCAL AUTHORITIES' SINKING FUNDS.

ANALYSIS.

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| Title.
1. Short Title.
2. Interpretation.
3. Temporary restriction of rights of local authority to withdraw sinking funds from control of Public Trustee. | 4. Appointment by a local authority of the Public Trustee as Commissioner of any sinking fund may be made irrevocable.
5. Restricting authority to issue Orders in Council authorizing special investments of sinking funds. |
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A BILL INTITULED

AN ACT to restrict temporarily the Power of Local Authorities to withdraw any existing Sinking Fund from the Control of the Public Trustee, as Sinking Fund Commissioner, before the Maturity of the Loan for which the Sinking Fund has been created, and to make certain other Provisions in relation to Sinking Funds. Title.

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

1. This Act may be cited as the Local Authorities' Sinking Funds Act, 1932. Short Title.

2. In this Act, the term "local authority" includes a local authority as defined by the Local Bodies' Loans Act, 1926, or declared by any other Act to be a local authority within the meaning of the said Local Bodies' Loans Act, and also includes a Harbour Board, a Hospital Board, an Electric-power Board, a Railway Board, a Fire Interpretation.
Cf. 1926, No. 60,
s. 2

Board, and such other public bodies as are from time to time declared by the Governor-General by Order in Council to be local authorities for the purposes of this Act.

Temporary restriction of rights of local authority to withdraw sinking funds from control of Public Trustee.

3. (1) Notwithstanding anything to the contrary in section forty of the Local Bodies' Loans Act, 1926, or in any other enactment, or in any rule of law, it shall not be lawful for any local authority that has heretofore appointed the Public Trustee as the Commissioner of any sinking fund created for the repayment of any loan to remove or suspend him from his office as such Commissioner at any time before the date of the maturity of the loan or the first day of April, nineteen hundred and thirty-five (whichever is the earlier), and any resolution passed by any such local authority since the first day of April, nineteen hundred and thirty-two, purporting to remove or suspend the Public Trustee as the Commissioner of any such sinking fund, is hereby declared to be and at all times since the passing of such resolution to have been null and void.

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(2) Where any local authority has at any time since the first day of April, nineteen hundred and thirty-two, and before the passing of this Act purported to remove or suspend the Public Trustee as the Commissioner of any sinking fund and to appoint any other persons as Sinking Fund Commissioners in his stead, all moneys paid to or received by such persons acting as Commissioners (in this section referred to as the new Commissioners) shall be deemed to have been as lawfully paid to and received by them as if the last preceding subsection had not been passed.

(3) Within one month after the passing of this Act the new Commissioners shall pay to the Public Trustee all moneys received by them in their capacity as such Commissioners, or shall transfer to the Public Trustee the investments representing any such moneys, and upon such payment or transfer the new Commissioners shall be released from all liability in respect of the sinking fund, save and except their liability for any investment that may have been made by them in securities not authorized by law.

(4) The securities taken over by the Public Trustee from the new Commissioners shall be held by him as

New.

investments of the sinking fund to which they relate and the Public Trustee shall not be concerned to inquire as to the legality or sufficiency of any such security nor be liable for any loss that may arise in respect thereof.

4. Where any local authority has heretofore appointed or hereafter appoints the Public Trustee as the Commissioner of any sinking fund, and such appointment has by resolution passed or deed executed by such local authority been expressed to be irrevocable, or to be revocable only on certain specified conditions, such appointment shall be irrevocable or, as the case may be, shall be revocable only on the conditions specified in the resolution or deed, anything to the contrary in any Act or in any rule of law notwithstanding.

5. (1) Except as provided in the *next succeeding* subsection, no Order in Council authorizing the special investment of any local authority's sinking fund of which the Public Trustee is the Commissioner shall be issued under section forty-two or section eighty-eight of the Local Bodies' Loans Act, 1926, or under a like authority conferred on the Governor-General in Council by any other Act, at any time prior to the *first* day of April, nineteen hundred and *thirty-five*.

(2) The restrictions imposed by the *last preceding* subsection shall not apply with respect to the investment in any debentures or other securities charged upon the public revenues of New Zealand of any moneys belonging to any sinking fund and received on or at any time after the first day of October, nineteen hundred and thirty-two, by the Public Trustee as the Commissioner thereof, from the local authority liable for the payment of the same, but an Order in Council authorizing the investment of any such moneys in such securities may be issued under any authority referred to in the *last preceding* subsection as if that subsection had not been passed.

Appointment by a local authority of the Public Trustee as Commissioner of any sinking fund may be made irrevocable.

Restricting authority to issue Orders in Council authorizing special investments of sinking funds.