

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.

21st October, 1921.

[AS AMENDED BY THE LEGISLATIVE COUNCIL.]

Hon. Mr. Downie Stewart.

LOCAL BODIES' LOANS AMENDMENT.

Title.	ANALYSIS.
1. Short Title.	3. Face value of debentures may exceed £1,000.
2. Extension of time within which authority to borrow moneys, conferred on local authority by ratepayers, may be exercised. Consequential repeal.	4. Provisions as to hypothecation of debentures.
	5. Investment of sinking funds held by Public Trustee.

A BILL INTITULED

AN ACT to amend the Local Bodies' Loans Act, 1913, and
Part IV of the Finance Act, 1921.

Title.

5. 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 Bodies' Loans Amendment Act, 1921, and shall be read together with and deemed part of the Local Bodies' Loans Act, 1913 (hereinafter referred to as the principal Act).

Short Title.

10 2. (1.) Section fifteen of the principal Act is hereby amended by omitting the word "two," and substituting the word "five."

Extension of time within which authority to borrow moneys, conferred on local authority by ratepayers, may be exercised.

15 (2.) The extension effected by this section of the time within which a local authority may borrow moneys after being authorized by the ratepayers in that behalf shall apply with respect to loans authorized by the ratepayers before the passing of this Act and in respect of which the authority conferred by the ratepayers has not lapsed as well as to loans that may be authorized by the ratepayers after the passing of this Act:

New.

20 Provided that, in the case of an existing authority to borrow any moneys, the period of five years limited by this section shall commence to run on the date of the passing of this Act.

25 (3.) Section twenty-three of the War Legislation Act, 1917, is hereby repealed.

Consequential repeal.

3. (1.) Section twenty-six of the principal Act is hereby amended by omitting from subsection two the words "and not more than one thousand."

Face value of debentures may exceed £1,000.

(2.) Section fifty-eight of the principal Act is hereby amended by omitting from paragraph (c) the words "and not more than one thousand pounds."

Provisions as to hypothecation of debentures.

4. (1.) Where a local authority exercises the power of hypothecation or mortgage of debentures conferred by section thirty of the principal Act the following provisions shall apply and have effect :— 5

(a.) The person lending money on the security of such hypothecation or mortgage shall be entitled to possession of the debentures hypothecated or mortgaged until his advances, interest, and charges shall have been repaid : 10

(b.) The debentures hypothecated or mortgaged may exceed in face value by any amount the sum borrowed :

(c.) The local authority may, by the deed or agreement of hypothecation or mortgage, confer on the lender a power of sale of all or any of the debentures hypothecated or mortgaged, and such power may be exercised by the lender in such manner and to such extent as may be provided in such deed or agreement. 15

(2.) The said section thirty is hereby amended as from the thirty-first day of March, nineteen hundred and *twenty-one*, by adding thereto the words "or such higher rate, not exceeding *seven* per centum, as the Minister of Finance may in any case authorize." 20

(3.) Where any local authority has, since the thirty-first day of March aforesaid and before the passing of this Act, borrowed money by the hypothecation or mortgage of debentures at a rate of interest in excess of six per centum per annum but not exceeding seven per centum per annum the money so borrowed shall be deemed to have been as lawfully borrowed as if this section had been passed before the said thirty-first day of March, nineteen hundred and *twenty-one*. 25

Investment of sinking funds held by Public Trustee.

5. (1.) Section thirty-seven of the principal Act is hereby amended by adding to subsection three thereof the words "or in such other manner as may be *specialy* authorized in that behalf by the Governor-General in Council." 30

(2.) Section fifty-eight of the principal Act is hereby amended by adding to paragraph (m) the words "or in such other manner as may be *specialy* authorized in that behalf by the Governor-General in Council." 35

(3.) Section eighty-two of the principal Act is hereby amended by adding to subsection two the words "or in such other manner as may be *specialy* authorized in that behalf by the Governor-General in Council." 40

New.

6. Section eleven of the Finance Act, 1921, is hereby amended, as from the passing of that Act, as follows :—

(a.) By omitting from subsection one the words "at a specified rate of interest or for a specified term exceeding ten years" and substituting the words "whether the rate of interest or the term of years of the loan was or was not specified or determined." 45

(b.) By repealing subsection four, and substituting the following subsection :— 50

Amendment of provisions authorizing the modification of conditions subject to which a local authority may be empowered to borrow moneys.

5 “(4.) The powers conferred by this section may be exercised notwithstanding that debentures in respect of any moneys proposed to be borrowed may have been executed by a local authority or public body. If any debentures so executed have been mortgaged or hypothecated by the local authority or public body the local authority or public body shall arrange with the holders of such debentures for their redemption or for the substitution of other debentures, whether such last-mentioned debentures have been executed for the purposes of this section or not. If any such first-mentioned debentures have been issued to purchasers, the local authority or public body may repurchase all or any of the debentures so issued, or may arrange with the holders of such debentures for the exchange of such debentures for debentures executed for the purposes of this section.”

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15 (c.) By inserting after subsection four the following subsection :—

20 “(4A.) An Order in Council under this section relating to any specified loan or loans shall be conclusive evidence that the local authority or public body named in such Order has complete authority of law to borrow the full amount named in the Order, and that the precedent consent of the Minister of Finance has been duly obtained, and that the local authority or public body has complied with all the requirements of this section.”