

(2) For such purpose the local authority shall permanently appropriate a sum which bears the same proportion to the annual contribution payable, before the date of conversion, to the existing sinking fund of such loan as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities issued in respect of such loan, and shall pay such sum to the Commissioners yearly and every year until the maturity date of such unconverted securities, or until the Commissioners are satisfied that the accumulations of sinking fund will suffice to redeem such securities at maturity.

(3) The first of such yearly payments shall be made not later than one year after the date on which the last annual contribution payable before the date of conversion to the existing sinking fund of such loan was payable.

(4) Subject to the provisions of this Order, the provisions of sections forty to forty-four of the Local Bodies' Loans Act, 1926, shall, so far as applicable and with all necessary modifications, apply with respect to such sinking fund.

APPLICATION OF EXISTING SINKING FUNDS.

19. (1) The existing sinking fund of every loan referred to in the First Schedule hereto shall be applied by the Commissioners thereof, so far as it will extend, in or towards making the following payments, in the following order of priority, namely:—

(a) Firstly, in transferring to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities issued in respect of such loan;

(b) Secondly, in payment, in accordance with the directions of the local authority, of any cash payments required to reduce to the nearest multiple of fifty pounds the aggregate amount of all premiums to which any person is entitled; and

(c) Thirdly, so far as it will extend in repayment as at the date of conversion of the principal secured by the existing securities.

(2) Interest up to the date of conversion on any existing securities so repaid in accordance with paragraph (c) of the last preceding subclause shall be paid by the local authority out of the local fund.

CONSOLIDATED SPECIAL RATE.

20. (1) As a security for the new securities and the unconverted securities the local authority shall forthwith, by resolution gazetted (in the form numbered (3) in the Second Schedule hereto), make and levy a special rate over the whole of the district of the local authority to provide for the payment of the half-yearly instalment of principal and interest in respect of the new securities and the interest and other charges in respect of the unconverted securities.

(2) Subject to the provisions of this Order, the provisions of the Local Bodies' Loans Act, 1926, and of any other Act shall, so far as applicable and with all necessary modifications, apply with respect to such special rate, and with respect to the principal, interest, and other charges in respect of such securities, as if such special rate were made and levied in respect of a special loan raised under Part I of the said Local Bodies' Loans Act, 1926, and the local authority was a local authority and the district a district within the meaning of that Act.

(3) Upon the making of such special rate every special rate theretofore made in respect of any existing securities to which this Order applies shall cease to be a security for such existing securities.

SECURITIES HELD BY TRUSTEES.

21. The provisions of sections twenty-two, twenty-three, and twenty-four of the New Zealand Debt Conversion Act, 1932-33 (relating to the adjustment of premiums as between capital and income and to the powers of trustees and other persons in relation thereto), shall apply with respect to existing securities converted into new securities in accordance with this Order in the same way as they apply with respect to securities converted under that Act, save that the references in the said section twenty-two to the first day of April, one thousand nine hundred and thirty-three, shall be construed as references to the day following the date of conversion.

BROKERAGE.

22. The local authority shall not, in respect of the conversion into new securities of any existing securities to which this Order applies, enter into any contract for the payment of brokerage at a rate exceeding one-quarter per centum of the amount of such existing securities.

FIRST SCHEDULE. LOANS TO BE CONVERTED.

Name.	Amount.	Rate of Interest.		Date of Maturity.
		Original.	Existing.	
1924 Loan	£ 50,000	Per Cent. 6	Per Cent. 4½	1st September, 1960.
1925 Loan	50,000	6	4½	1st October, 1961
1926 Loan	35,000	6	4½	1st October, 1962.
Total	£135,000			