

(2) For such purpose the local authority shall permanently appropriate for payment on or before each of the maturity dates specified in the Third Schedule hereto a contribution equal to the aggregate amount of principal secured by the new securities maturing on such date, and shall pay each such contribution to the Commissioners on or before the maturity date to which it relates :

Provided that every such contribution shall be diminished by a sum of not more than two thousand two hundred pounds, together with the amount of interest received during the preceding half-year on the moneys and investments for the time being in such sinking fund.

(3) The provisions of sections forty to forty-four of the Local Bodies' Loans Act, 1926, shall apply with respect to such sinking fund.

SINKING FUND FOR UNCONVERTED SECURITIES.

21. (1) If dissent is signified in accordance with the provisions of this Order from the conversion of any existing securities to which this Order applies issued in respect of any loan referred to in the First Schedule hereto, the local authority, in order to provide funds for the repayment of the unconverted securities issued in respect of such loan, shall forthwith make provision for the creation, pursuant to a resolution of the local authority, of a sinking fund, of which such persons as the local authority appoints shall be the Commissioners.

(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.

22. (1) The existing sinking fund of every loan referred to in the First Schedule hereto shall be applied by the Commissioners thereof 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 sum (not exceeding six thousand pounds) to meet the costs and charges of and incidental to the conversion of any existing securities to which this Order applies, including any cash payments required by this Order to be made in respect of premiums ; and
- (c) Thirdly, in transferring the balance to the Commissioners of the consolidated sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.

(2) If the amount transferred to the Commissioners of the consolidated sinking fund in pursuance of paragraph (c) of the last preceding subclause and subclause (c) of clause nineteen of the Christchurch Tramway Board Loans Conversion Order, 1933 (No. 1), is less than £116,380 the amount so transferred shall forthwith be augmented by other funds available for debt-redemption purposes so that the total sum so transferred is not less than £116,380.

(3) Any amount in the sinking fund of any loan not subject to this Order or the Christchurch Tramway Board Loans Conversion Order, 1933 (No. 1), maturing on the first day of October, one thousand nine hundred and thirty-four, which is not required to meet debentures maturing on that date shall forthwith be transferred to the Commissioners of the consolidated sinking fund referred to in clause twenty hereof.

CONSOLIDATED SPECIAL RATE.

23. (1) As a security for the new securities and the unconverted securities the local authority shall forthwith, by resolution gazetted (in the form numbered (4) 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 interest and sinking fund in respect of such 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 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.

(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.

24. 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 reference 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.