

18. (1) Every premium to which any person is entitled under the last preceding clause shall be satisfied by payment of the amount thereof in cash.

(2) All payments of cash in accordance with the last preceding subclause that are not made out of any sinking fund pursuant to the provisions of this Order (if any) in that behalf shall be made by the local authority out of moneys borrowed in accordance with the next succeeding clause, or out of the local fund, and charged to the appropriate account.

19. (1) For the purpose of providing for cash premium payments the local authority may create, issue, and sell at par new securities for an aggregate amount not exceeding three thousand eight hundred pounds, bearing interest at a rate not exceeding four and one-quarter per centum per annum, and redeemable at par on such one or more of the maturity dates (not being later than the thirty-first day of May, one thousand nine hundred and thirty-eight) set out in the Third Schedule hereto as may be determined by the local authority.

(2) Pending the raising of the moneys by the sale of any such new securities the local authority may borrow the said sum of three thousand eight hundred pounds, or any part thereof, by the hypothecation of such new securities at a rate of interest not exceeding five per centum per annum.

PLACE FOR PAYMENT OF PRINCIPAL AND INTEREST.

20. The principal and interest in respect of new securities shall be payable in New Zealand.

CONSOLIDATED SINKING FUND FOR NEW SECURITIES.

21. (1) In order to provide funds for the repayment of the new securities the local authority shall forthwith make provision for the creation, pursuant to a resolution of the local authority, of a consolidated sinking fund, of which the Public Trustee shall be the Commissioner.

(2) For such purpose the local authority shall permanently appropriate and shall pay to the Commissioner of the consolidated sinking fund on each thirty-first day of May following the date of conversion up to and including the thirty-first day of May, one thousand nine hundred and sixty-nine, a contribution of seven hundred and twenty-seven pounds, increased in respect of each contribution by a sum equal to three and one-half per centum of the aggregate amount of new securities redeemable up to and including the thirty-first day of May preceding the date on which such contribution is payable, and reduced by the aggregate of the sums which during the twelve months preceding the date of payment of such contribution have, pursuant to the provisions of the next succeeding clause, been paid to any sinking funds for unconverted securities. The proviso to subsection three of section twenty of the Electric-power Boards Amendment Act, 1927, shall not apply to any such part of the contribution as exceeds seven hundred and twenty-seven pounds.

(3) The provisions of subsections four, five, and six of section ninety-five of the Local Bodies' Loans Act, 1926, shall apply with respect to such sinking fund.

SINKING FUND FOR UNCONVERTED SECURITIES.

22. (1) If dissent is signified in accordance with the provisions of this Order from the conversion of any existing securities 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 the Public Trustee shall be the first Commissioner.

(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 Commissioner yearly and every year until the maturity date of such unconverted securities, or until the Commissioner is 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:

Provided that nothing in the said sections or in this Order shall authorize the removal or suspension of the Public Trustee as Commissioner of any sinking fund.

APPLICATION OF EXISTING SINKING FUNDS.

23. The existing sinking fund of every loan referred to in the First Schedule hereto shall be applied by the Commissioner thereof in or towards making the following payments, in the following order of priority, namely:—

- (a) First, 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 (not exceeding in respect of all the loans in the First Schedule the aggregate amount of two hundred pounds) required or authorized by this Order to be made in respect of premiums;
- (c) Thirdly, in payment in accordance with the directions of the local authority of the costs and charges (not exceeding in respect of all the loans in the First Schedule the aggregate amount of one hundred and fifty pounds) of and incidental to the conversion of the existing securities to which this Order applies; and
- (d) Fourthly, in transferring the balance to the Commissioner of the consolidated sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.