

on the new securities shall on the conversion of such securities be entitled to receive new securities for the same aggregate amount of principal as is secured by the existing securities.

(2) The holder of any existing securities bearing interest at a rate which, as reduced in accordance with Part I of the Act, exceeds the rate of interest payable on the new securities shall on the conversion of such securities be entitled to receive new securities for the same aggregate amount of principal as is secured by the existing securities, and, in addition thereto, shall be entitled to receive a premium on such principal computed in accordance with the Fourth Schedule hereto.

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 shall be made out of the sinking funds pursuant to the provisions of this Order in that behalf.

#### PLACE FOR PAYMENT OF PRINCIPAL AND INTEREST.

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

#### CONSOLIDATED SINKING FUND FOR NEW SECURITIES.

20. (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 such persons as the local authority appoints shall be the Commissioners.

(2) For such purpose the local authority shall permanently appropriate and shall pay to the Commissioners of the consolidated sinking fund on each first day of January following the date of conversion up to and including the first day of January, one thousand nine hundred and sixty-seven, a contribution of £20,725, increased in respect of each contribution by a sum equal to three and one-quarter per centum of the aggregate amount of new securities redeemable up to and including the first day of January 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.

(3) In addition to the contributions payable to the consolidated sinking fund in accordance with the last preceding subclause there shall be paid to the Commissioners of such consolidated sinking fund, to be held as part thereof, all moneys and securities held at the date of conversion by the Auckland City Sinking Fund Commissioners, and representing the balance of the sum of ten thousand pounds, more or less, being the proceeds realized by the sale by the Tamaki Road Board of its electric-power plant to the Auckland Electric-power Board.

(4) 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 issued in respect of any loan in the First Schedule hereto (other than the loans referred to in the next succeeding clause), 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) Each of the existing sinking funds of the following loans referred to in the First Schedule hereto, namely: Streets Improvement Loan, £225,000; Auckland City Council Consolidated Loan of £500,000; Consolidated Loan, 1924, £847,000; and the existing sinking funds in respect of the Remuera Road Board Waterworks Loans of which there are existing securities outstanding amounting to £23,900, the securities of the Remuera Road Board Waterworks Extension Loan of £10,000 referred to in the First Schedule hereto being part thereof (of which loans some only of the securities issued in respect thereof are existing securities to which this Order applies) shall be applied by the Commissioners thereof in accordance with the following provisions of this clause.

(2) Out of the existing sinking funds in respect of the securities of the Remuera Road Board Waterworks Loans as referred to in the preceding subclause and of which there are outstanding securities amounting to £23,900, and of the Consolidated Loan, 1924, of £847,000, the Commissioners shall transfer the sums of £665 and £3,075 respectively 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.

(3) Subject to the payments thereof directed to be made by the preceding subclause (2) hereof each of the existing sinking funds referred to in the preceding paragraph (1) of this clause shall be held by the Commissioners thereof as security for the repayment of such of the securities in respect of which the sinking fund is held as are not converted into new securities in accordance with this Order.

23. Where in respect of any loan specified in the first column of the First Schedule hereto (other than the loans referred to in the last preceding clause) the whole of the securities issued in respect thereof and outstanding at the date of conversion are not existing securities to which the Act applies, the existing sinking fund of such loan shall be divided into two parts, the first of which shall bear to the second the same proportion which the amount of the outstanding existing securities to which the Act applies bears