

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:

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. (1) The existing sinking fund of any loan in the First Schedule hereto the securities issued in respect of which are held by the Public Trustee shall be applied by the Commissioner 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, as far as it will extend, to the nearest multiple of one hundred pounds, in repayment as at the date of conversion of the principal secured by the existing securities issued in respect of such loan; and

(c) Thirdly, 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.

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

24. (1) The existing sinking fund of every loan referred to in the First Schedule (other than the loans referred to in the last preceding clause) shall be applied by the Commissioners 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 in respect of which the sinking fund is held; and

(b) Secondly, 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.

(2) Where the sinking fund of any loan is at the date of conversion held as security, not only for those existing securities issued in respect of a loan to which this Order applies, but also for other securities to which this Order does not apply, such sinking fund shall be equitably apportioned between those securities to which this Order does so apply and those securities to which this Order does not so apply, and the last preceding subclause shall in relation to any such sinking fund be construed as applying only to that part of the sinking fund so apportioned to the existing securities to which this Order applies.

CONSOLIDATED SPECIAL RATE.

25. (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 to provide for the payment of interest, sinking fund, and other charges in respect of such securities. Such special rate shall be made and levied over the whole of that area of the district of the local authority over any part of which any existing special rate in respect of the loans specified in the First Schedule hereto was made and levied.

(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.

26. 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.