

24. (1) The existing sinking fund of every loan in the First Schedule (other than the loans referred to in the last preceding clause) of which the Public Trustee is Sinking Fund Commissioner, shall be applied by the Public Trustee as such Commissioner, so far as it will extend, 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 such sinking fund is held;
  - (b) Secondly, in payment, in accordance with the directions of the local authority, of any cash payments required by this Order to be made in respect of premiums payable on the conversion of any existing securities to which this Order applies (whether issued in respect of the said loan or of any other loan referred to in the First Schedule hereto) provided that the aggregate of all the payments made pursuant to this paragraph shall in no case exceed the sum of four thousand four hundred and eighty-four pounds; 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) Where in respect of any loan to which this clause applies the whole of the existing securities issued in respect thereof and outstanding at the date of conversion are not 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 securities in respect of which such existing sinking fund is held and to which the Act applies bears to the amount of the outstanding securities in respect of which the existing sinking fund is held and to which the Act does not apply. The first part of such sinking fund shall be applied by the Public Trustee as Commissioner thereof in accordance with the provisions of the preceding subclause (1) hereof as if those existing securities in respect of which the existing sinking fund is held and to which the Act applies were a separate loan to which that subclause applies, and such first part of the sinking fund were the sinking fund of such separate loan, and the second part of such sinking fund shall be retained by the Commissioner as a sinking fund for those existing securities in respect of which the existing sinking fund is held and to which the Act does not apply.

25. The existing sinking fund of every loan in the First Schedule hereto (other than the loans referred to in the two last preceding clauses) shall be applied by the Commissioners thereof as follows:—

- (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 such sinking fund is held;
- (b) Secondly, in payment, in accordance with the directions of the local authority, of any cash payments required by this Order to be made in respect of premiums payable on the conversion of any existing securities to which this Order applies (whether issued in respect of the said loan or of any other loan referred to in the First Schedule hereto);
- (c) Thirdly, in paying to the Public Trustee as Commissioner of the aforesaid consolidated sinking fund (to be held as part of that sinking fund) on each first day of July following the date of conversion all interest accrued during the preceding twelve months on the outstanding balance of such existing sinking fund for the time being in the hands of the Commissioners thereof; and
- (d) Fourthly, in paying out of the outstanding balance, to the Public Trustee as Commissioner of the aforesaid consolidated sinking fund (to be held as part of that sinking fund) on the first day of July, one thousand nine hundred and forty-five, and on every first day of July thereafter until such balance is exhausted, the sum of two thousand pounds.

#### CONSOLIDATED SPECIAL RATE.

26. (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, sinking fund, and other charges 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.

27. 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.