

pursuant to the authority conferred by this clause shall, notwithstanding anything to the contrary contained in clause fourteen of this Order, be such rate not exceeding four and one-quarter per centum per annum 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 six thousand one 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 first day of September following the date of conversion up to and including the first day of September, one thousand nine hundred and sixty-four, a contribution of one thousand three hundred and eighty pounds, increased in respect of each contribution by a sum equal to four and one-quarter per centum of the aggregate amount of new securities redeemable up to and including the first day of September 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 fund for unconverted securities.

(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 in the First Schedule hereto for which a sinking fund was provided, 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 persons who at the date of conversion were Sinking Fund Commissioners in respect of such loan shall be the first 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 in respect of which such existing sinking fund is held, 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:

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 FUND.

23. For the purposes of the next two succeeding clauses the sinking fund of every loan in the First Schedule hereto some only of the existing securities issued in respect whereof are held by the Public Trustee shall be divided into two parts the first of which shall bear to the second the same proportion which the amount of the existing securities so held by the Public Trustee bears to the amount of the existing securities held by persons other than the Public Trustee. The said parts shall be applied as follows:—

(a) The first part of such sinking fund shall be applied by the Commissioner thereof in accordance with the provisions of clause twenty-four hereof as if the existing securities issued in respect of the loan and held by the Public Trustee were a separate loan held by the Public Trustee and such first part of the sinking fund were the sinking fund of such separate loan.

(b) The second part of such sinking fund shall be applied by the Commissioner thereof in accordance with the provisions of clause twenty-five hereof as if the existing securities issued in respect of the loan and held by persons other than the Public Trustee were a separate loan within the meaning of that clause and such second part of the sinking fund were the sinking fund of such separate loan.

24. (1) Subject to the provisions of clause twenty-three hereof, the existing sinking fund of every 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 thereof in or towards making the following payments, in the following order of priority, namely:—

(a) First, in transferring to the Commissioner 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, as far as it will extend to the nearest multiple of five pounds, in repayment as at the date of conversion of the principal secured by the existing securities issued in respect of such loan and held by the Public Trustee; 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.