

(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) Subject to the provisions of this clause as to payment in cash, every premium to which any person is entitled under the last preceding clause shall be satisfied by issuing to him additional new securities for the amount of such premium, or so much thereof as is not paid in cash, as the case may be.

(2) The local authority may, if it thinks fit, pay in cash the whole or any part of the aggregate amount of all such premiums to which any person is entitled.

(3) All payments of cash in accordance with the last preceding subclause shall be made by the local authority out of moneys raised pursuant to the authority conferred in the next succeeding clause or out of the local fund.

(4) The power of the local authority to issue new securities in accordance with this Order shall be deemed to include the power to issue any additional new securities required for the purposes of this clause.

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 four thousand pounds, redeemable at par on such one or more of the maturity dates set out in the Third Schedule hereto as may be determined by the local authority. The rate of interest payable on any new security issued 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 four thousand 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 Commissioners of the consolidated sinking fund on the first day of April, one thousand nine hundred and thirty-five (being the first maturity date specified in the Third Schedule hereto), a contribution of five hundred pounds, on the first day of October, one thousand nine hundred and thirty-five (being the second maturity date specified in the said Third Schedule), a contribution of two thousand one hundred pounds, and on each of the other maturity dates specified in such Third Schedule a contribution of one thousand three hundred pounds, increased in respect of each contribution by a sum equal to two and one-eighth per centum of the aggregate amount of new securities redeemable up to and including the maturity dates immediately preceding that on which such contribution is payable, and reduced by the aggregate of the sums which during the six 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 FUNDS.

23. Where the whole of the securities issued in respect of any loan specified in the First Schedule hereto 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 securities to which the Act applies bears to the amount of the outstanding existing securities to which the Act does not apply.