

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. Where the whole of the securities issued in respect of any loan specified in the second column of 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 securities to which the Act does not apply. The first part of such sinking fund shall be applied by the Commissioners thereof in accordance with the provisions of clause twenty-four hereof as if those existing securities issued in respect of the loan to which the Act applies were a separate loan to which that clause 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 Commissioners as a sinking fund for those securities issued in respect of the loan to which the Act does not apply.

24. Subject to the provisions of clause twenty-three hereof, the existing sinking fund of every loan referred to in the First Schedule hereto shall be applied by the Commissioners thereof, 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 to which any holder is entitled on the conversion of any existing securities to which this Order applies (whether issued in respect of such loan or of any other loan referred to in the First Schedule hereto); 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.

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 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, and as if the local authority were a local authority and its district a district within that Act.

(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 adjustments 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.