

PREMIUMS.

17. (1) The holder of any existing securities bearing interest at a rate which, as reduced in accordance with Part I of the Act, does not exceed 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.

(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) Every premium to which any person is entitled under the last preceding clause shall be satisfied by payment of the amount thereof in cash.

(2) All payments of cash in accordance with the last preceding subclause that are not made out of any of the following funds, namely:—

- (a) Out of moneys raised pursuant to the authority in that behalf conferred on the local authority by the succeeding clause 19 hereof;
- (b) Out of the unexpended balances of loan-moneys pursuant to the authority conferred by the succeeding clause 20 hereof; or
- (c) Out of any sinking fund pursuant to the provisions of this Order in that behalf;

shall be made by the local authority out of the local fund, and charged to the appropriate account.

19. For the purpose of providing for cash premium payments the local authority may create, issue, and sell at a price which shall not be below par new securities for an aggregate amount not exceeding one thousand five hundred 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. Pending the raising of the moneys by the sale of any such new securities the local authority may borrow the said sum of one thousand five 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.

20. The local authority is hereby authorized, out of the unexpended balances in its hands at the date of conversion of any loan moneys raised in respect of the loans numbered 9 and 10 in the First Schedule hereto, to pay the whole or any part of the premiums to which any person is entitled under the provisions of this Order.

PLACE FOR PAYMENT OF PRINCIPAL AND INTEREST.

21. The principal and interest in respect of new securities shall be payable in New Zealand.

CONSOLIDATED SINKING FUND FOR NEW SECURITIES.

22. (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 third day of August following the date of conversion up to and including the third day of August, one thousand nine hundred and sixty-eight, a contribution of six hundred and five 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 third day of August 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.

23. (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.