

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-three hereof as if the existing securities issued in respect of the loan and held by the Public Trustee 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.
- (b) The second 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 persons other than the Public Trustee were a separate loan to which that clause applies and such second part of the sinking fund were the sinking fund of such separate loan.

23. (1) Subject to the provisions of clause twenty-two 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, 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 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 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.

24. Subject to the provisions of clause twenty-two hereof, the existing sinking fund of every loan referred to in the First Schedule hereto (other than the loans referred to in the last preceding clause) 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 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 premiums to which any holder (other than the State Advances Superintendent) 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.

(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 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.

BROKERAGE.

27. The local authority shall not, in respect of the conversion into new securities of any existing securities to which this Order applies, enter into any contract for the payment of brokerage at a rate exceeding one-quarter per centum of the amount of such existing securities.