

New Zealand.

Title.

ANALYSIS.

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1933, No. 14.

Title.

AN ACT to amend the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33.

[6th December, 1933.]

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

Short Title.

1. This Act may be cited as the Local Authorities Interest Reduction and Loans Conversion Amendment Act, 1933, and shall be read together with and deemed part of the Local Authorities Interest Reduction and

Loans Conversion Act, 1932-33 (hereinafter referred to as the principal Act).

2. Section two of the principal Act is hereby amended as from the passing thereof by adding to the definition of the term "existing securities" the words "and also includes mortgages or other charges on land or on any other property of a local authority executed before the said date as security for a loan or loans raised by such local authority (not being a mortgage executed under the authority conferred on the Napier Borough Council by section sixty-three of the Hawke's Bay Earthquake Act, 1931)".

For purposes of principal Act, the term "securities" extended to include mortgages of land and other charges.

3. (1) This section applies only to existing securities, as defined by section two of the principal Act, which expressly or by implication confer on the holders an option to demand that payment of the interest thereon be made in the United Kingdom or in New Zealand (whether or not the holders may have a right to demand that payment of such interest be made at any other place), and which are within one or other of the following classes, namely:—

Restricting application of principal Act with respect to securities sold in the United Kingdom.

(a) Existing securities as aforesaid that were issued in the United Kingdom; or

(b) Existing securities as aforesaid that were issued elsewhere than in the United Kingdom, and were acquired by a holder outside New Zealand as the result of a sale effected in the United Kingdom on or before the first day of July, nineteen hundred and thirty-three.

(2) The rate of interest payable under any existing securities to which this section applies shall, if such interest is paid in New Zealand, but not in any other case, be reduced to a rate that is twenty per centum lower than the rate prescribed by the securities or to the rate of four and one-quarter per centum per annum, whichever rate is the higher.

(3) Notwithstanding anything to the contrary in section three of the principal Act, that Act shall not apply with respect to any securities to which this section applies.

(4) If for the purposes of this section the question arises in relation to any security as to whether or not it was issued in the United Kingdom or was acquired

by a holder outside New Zealand as the result of a sale effected in the United Kingdom on or before the date referred to in paragraph (b) of subsection one hereof, such question shall be determined by the Minister of Finance, whose decision shall be final.

(5) This section shall be deemed to have come into force on the passing of the principal Act and shall apply with respect to interest that accrued on or after the first day of April, nineteen hundred and thirty-three, but shall not apply to any interest accrued before that date.

Reduction effected by principal Act not to apply to interest accrued before 1st April, 1933.

4. Section five of the principal Act is hereby amended as from the passing thereof by inserting, after the words "all interest that accrues" in subsection three, the words "on or after the first day of April, nineteen hundred and thirty-three, or"; and by inserting, after the words "is paid" in the same subsection, the words "(whichever is the later date)".

Fixing $4\frac{1}{4}$ per cent. as the maximum rate of interest on loans that may hereafter be raised by local authorities.

5. Section six of the principal Act is hereby amended by omitting from subsection two all words after the words "at a rate of interest in excess of", and substituting the words "four and one-quarter per centum per annum".

Local authority may convert securities for which it has assumed liability.

6. (1) Where the liability of any local authority in respect of any existing securities issued by it has, whether before or after the passing of the principal Act or this Act, been transferred to or assumed by any other local authority, the last-mentioned local authority may convert such securities (being securities to which the principal Act applies) in accordance with the provisions of the principal Act as if it had issued them.

(2) Where any local authority that has issued any existing securities as aforesaid has, whether before or after the passing of the principal Act or this Act, been indemnified by any other local authority against its liability in respect of such securities, the indemnifying local authority may convert such securities (being securities to which the principal Act applies) in accordance with the provisions of the principal Act as if it had issued them.

(3) Where pursuant to this section a local authority converts any securities issued by another local authority in respect of any loan, then, as from the date from which the conversion takes effect, as fixed by Order in Council

under section thirteen of the principal Act, the first-mentioned local authority shall be solely liable to the holder in respect of all the securities issued in respect of the same loan and dealt with in the same Order in Council (whether such securities are converted in accordance with the foregoing provisions of this section or not), and the liability of the issuing local authority in respect of such securities, if not theretofore determined, shall thereupon be determined.

(4) Nothing in this section shall apply with respect to any debentures to which the Auckland Transport Board Empowering Act, 1933, is applicable.

7. (1) Without restricting the generality of the provisions contained in section thirteen of the principal Act, any Order in Council under that section (whether issued before or after the passing of this Act) may, for the purposes of the conversion of any existing securities, contain provisions—

Matters that
may be provided
for under section
13 of principal
Act.

- (a) For the issue by any local authority of securities calculated to produce a net amount not exceeding in the aggregate the total amount of the premiums allowed in respect of the conversion by that local authority of any existing securities, for the borrowing of moneys by the sale or hypothecation of any securities so issued, and for the payment in cash out of the moneys so borrowed of the whole or any portion of the amount to which the holders of any existing securities may on their conversion become entitled by way of premium :
- (b) Authorizing the payment of any premiums as aforesaid out of the unexpended balance of any loan-moneys for the time being in the hands of a local authority :
- (c) For the variation of the security pledged for the repayment of the loan in respect of which any existing securities were issued, and in particular—
 - (i) Where a special rate made on the rateable property within a defined area which does not comprise all the rateable property within the district of a local authority has been pledged as security, the Order in Council

may contain provisions authorizing or directing the making of a special rate in lieu of such first-mentioned special rate on all the rateable property within the district of the local authority; and

(ii) Any Order in Council under the said section thirteen may authorize or direct the making of a consolidated special rate (in substitution in whole or in part for two or more existing special rates) as security for the new securities that may be issued on the conversion of any existing securities and for any existing securities that are not converted in accordance with the provisions of the principal Act or as security for any of such new or existing securities.

(2) Where any lands the property of the Crown are liable to any special rate for which a consolidated or other special rate has been substituted for the purposes of the conversion of any existing securities, such lands shall, notwithstanding anything to the contrary in any other Act or in any rule of law, be liable to the substituted special rate to the same extent as, but not to any greater extent than, they were liable to the first-mentioned special rate. If any dispute arises as to the extent to which any lands the property of the Crown are liable to any substituted special rate as aforesaid, it shall be referred to the Controller and Auditor-General, whose decision shall be final.

Order in Council under principal Act to be conclusive of authority to borrow in accordance therewith.

8. (1) In any Order in Council under section seven or section thirteen of the principal Act, authorizing the borrowing of moneys by any local authority, the Governor-General may impose any conditions that could be imposed by Order in Council under section eleven of the Local Government Loans Board Act, 1926.

(2) The issue (whether before or after the passing of this Act) of an Order in Council under the said section seven or section thirteen of the principal Act shall be conclusive evidence of the right of the local authority to borrow moneys in accordance therewith, and in particular it shall not be necessary that an Order in Council in respect of the same transaction be issued under section eleven of the Local Government Loans Board Act, 1926.

9. (1) The rate of interest payable by any local authority in respect of any unsecured advances made out of the Main Highways Account pursuant to section two of the Main Highways Amendment Act, 1926, at any time prior to the first day of April, nineteen hundred and thirty-three, and then outstanding, shall be reducible in accordance with the provisions of section five of the principal Act as if such advances were secured by debentures issued by the local authority.

(2) This section shall be deemed to have come into force on the passing of the principal Act.

Application to loans made to local authorities by Main Highways Board of provisions of principal Act as to reduction of interest rates.