

New Zealand.



ANALYSIS.

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1908, No. 231.

AN ACT to amend the Local Bodies' Loans Act, 1908. Title.
 [6th October, 1908.]

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

1. This Act may be cited as the Local Bodies' Loans Amendment Act, 1908, and it shall be deemed part of and be read together with the Local Bodies' Loans Act, 1908 (hereinafter referred to as the principal Act). Short Title.

Government Guarantee of Local Bodies' Loans.

2. When a local authority proposes to raise a special loan under Part I of the principal Act it may make application to the Minister of Finance for a Government guarantee of that loan in pursuance of this Act. Government guarantee of special loans.

3. On any such application being made the Governor may, if he thinks fit, at any time before the loan or any part thereof has been Order in Council guaranteeing loan to be gazetted,

raised, make and cause to be gazetted an Order in Council guaranteeing the loan.

On default of payment by local authority, guaranteed loans to be paid out of Consolidated Fund.

4. When any loan has been so guaranteed, all principal and interest becoming payable in respect thereof shall, if and as often as any default is made by the local authority in the payment thereof, be payable by the Minister of Finance out of the Consolidated Fund without further appropriation than this Act, and every such Order in Council shall be deemed accordingly to constitute a contract between His Majesty the King in respect of the Government of New Zealand and the several holders for the time being of all debentures issued by the local authority in respect of the loan.

Guaranteed loans not to exceed total of £500,000.

5. The total amount of principal moneys so guaranteed in any one financial year by all the Orders in Council made in that year shall not exceed the sum of five hundred thousand pounds, but no guarantee shall be invalidated by any breach of this section.

Part II of principal Act as to Government loans not applicable to guaranteed loans. Local authority to make due provision for loan before guarantee.

6. The provisions of Part II of the principal Act so far as they relate to Government loans to local authorities shall have no application to the guarantee of loans under this Act.

7. No guarantee of any loan shall be given under this Act unless the Minister of Finance is first satisfied that the local authority is duly empowered to raise the loan, and has duly made a special rate for the purpose of paying the interest, sinking fund, and other charges payable in respect thereof, and has taken all necessary steps to comply with the provisions of Part I of the principal Act.

Joint special loans may be guaranteed.

8. The provisions of this Act apply to a joint special loan raised under section three of the principal Act in the same manner as to a loan raised by a single local authority.

Method of raising loans.

9. Every loan guaranteed under this Act shall be raised by debentures in accordance with the principal Act, subject to the following modifications:—

(a.) In lieu of the statement required by section twenty-one of the principal Act, that the holder of such debentures has no claim in respect thereof upon the Government or public revenues of New Zealand, every such debenture shall bear on the face thereof a certificate, signed by an officer of the Treasury Department authorised in that behalf by the Minister of Finance, to the effect that the debenture is guaranteed by the Government of New Zealand under the Local Bodies' Loans Amendment Act, 1908.

(b.) Every such debenture shall be payable on the expiration of thirty-three years after the issue thereof.

(c.) The interest payable on any such debenture shall not exceed four and a half per centum per annum.

Sinking funds.

10. (1.) In respect of every loan guaranteed under this Act the local authority raising the same shall establish, and at all times during the currency of the loan maintain, a sinking fund in accordance with the provisions hereinafter contained.

(2.) All moneys payable into the sinking fund shall be paid to the Public Trustee, who shall invest the same, and all interest accruing therefrom, in such manner as is prescribed by regulations.

(3.) When the principal of the loan becomes payable the accumulated sinking fund in the hands of the Public Trustee in respect of the loan shall be applied by him in the repayment thereof.

(4.) The Public Trustee shall once in every year render an account to the local authority of all moneys in his hands to the credit of the sinking fund.

(5.) The amount payable into the sinking fund in respect of any loan shall be one per centum per annum of the amount of the loan, or such greater percentage as the local authority, with the approval of the Minister of Finance, from time to time determines.

(6.) One-half of the annual sum so payable into the sinking fund in respect of any loan shall be paid by the local authority, and the residue shall be paid by way of subsidy by the Minister of Finance out of the Consolidated Fund without further appropriation than this Act.

(7.) The several amounts so payable into the sinking fund by the local authority and by the Minister of Finance respectively shall be so paid in the month of April in each year, the first of such payments in each case being calculated in respect of the fraction of a year during which the loan had been current on the expiration of the preceding financial year.

(8.) If and as often as default is made by a local authority in the payment of any sum of money into the sinking fund, that sum shall constitute a debt due to the Public Trustee by the Corporation of the local authority, and shall be recoverable by action at the suit of the Public Trustee in any Court of competent jurisdiction, or may be deducted by the Minister of Finance from any subsidy or other moneys then or thereafter becoming payable to the local authority, and the amount so deducted shall be paid by the said Minister to the Public Trustee to the credit of the sinking fund.

(9.) In order to provide funds for the creation of a sinking fund in accordance with the foregoing provisions the local authority may permanently appropriate and pledge any part of the local fund not prohibited by the principal Act from being made security for the loan.

11. All moneys paid by the Minister of Finance on account of any guaranteed loan, in consequence of the default of the local authority, shall constitute a debt due to the Crown by the Corporation of the local authority.

Moneys paid by Minister of Finance on account of guaranteed loan to be a debt to Crown.

12. (1.) If any default is made by a local authority in the payment of the principal or interest of any guaranteed loan, all the powers vested in a Judge of the Supreme Court by sections thirty-six to forty-five of the principal Act may be exercised by him on the application of the Minister of Finance as well as on the application of the holder of any debenture in respect of which the default has been made.

Powers of Judge on default by local authority.

(2.) Subject to the rights of any debenture-holder, all the provisions of sections thirty-six to forty-five of the principal Act shall apply to any default of the local authority in repaying to the Crown any sums due in accordance with the last preceding section, and for the purposes of those sections all such sums shall be deemed to be part of the guaranteed loan.

(3.) In respect of any sinking fund in the hands of the Public Trustee in accordance with this Act the Public Trustee shall be deemed to be a Commissioner of Sinking Funds within the meaning of section thirty-seven of the principal Act.

Investment of trust moneys in guaranteed debentures.

13. (1.) For the purpose of the investment of trust moneys, debentures issued by a local authority and guaranteed under the provisions of this Act shall be deemed to be securities issued by the Government of New Zealand within the meaning of any Act, deed, will, or settlement authorising the investment of trust moneys, except so far as the investment of trust moneys on any such debentures is expressly prohibited by any such Act, deed, will, or settlement.

(2.) This section applies to any Act, deed, will, or settlement whether passed or executed before or after the passing of this Act.

Annual report by Minister.

14. The Minister of Finance shall annually lay before Parliament, within fourteen days after the first meeting thereof, a report showing—

- (a.) What applications for guarantees under this Act have been made by local authorities during the preceding financial year :
- (b.) Which of those applications have been granted, and the several amounts so guaranteed :
- (c.) Which of those applications have been refused :
- (d.) Particulars showing what amounts have been paid by way of subsidy on sinking funds during the preceding financial year :
- (e.) The total amount guaranteed under this Act :
- (f.) Particulars showing what amounts (if any) have been paid during the preceding financial year on account of any guaranteed loan and in consequence of the default of any local authority.

This Act to extend to loans in respect of which a poll, &c., has been taken before the passing of this Act.

15. (1.) The foregoing provisions of this Act shall extend and apply to any loan proposed to be raised by a local authority under the principal Act, notwithstanding the fact that the necessary poll of the ratepayers, or any other steps preliminary to the raising of the loan, have been taken before the passing of this Act; provided that no part of the loan has been actually raised and no special rate made in respect thereof by the local authority before the passing of this Act.

(2.) When any loan is guaranteed in pursuance of this section, all the provisions of this Act relating to debentures and sinking funds shall apply to that loan, notwithstanding anything to the contrary in the proposal submitted to and approved by the ratepayers before the passing of this Act, and the said proposal shall be deemed to be modified accordingly.

Miscellaneous.

Extending principal Act to Native townships.

16. For all the purposes of the principal Act a Native township, whether constituted under the Native Townships Act, 1895, or the Native and Maori Land Laws Amendment Act, 1902, shall be deemed to be a town district, and the provisions of the principal Act shall extend and apply accordingly.

17. Section three of the principal Act is hereby amended by repealing paragraph (f) of subsection three thereof, and substituting the following paragraph therefor:—

Section 3 of principal Act amended.

“(f.) Every such objection shall be heard and determined in manner prescribed by regulations.”

18. Section three of the principal Act is hereby further amended by adding to subsection one thereof the following words: “or the payment, consolidation, or conversion of the whole or any part of any special loan or loans which the local authority has theretofore lawfully raised, or for which the local authority is otherwise liable.”

Section 3 of principal Act further amended.

19. Section eight of the principal Act is hereby amended by repealing paragraph (a) thereof, and substituting the following:—

Section 8 of principal Act amended.

“(a.) The particular purpose or purposes for which the loan is required.”

20. Section eleven of the principal Act is hereby amended by inserting, after the words “section eight hereof” in paragraph (c), the words “or a statement giving the purport and effect of that notice.”

Section 11 of principal Act amended.

21. Section fifteen of the principal Act is hereby amended by omitting the words “paying off” in paragraph (b), and by inserting after paragraph (a) the following paragraph:—

Section 15 of principal Act amended.

“(aa.) Paying off the whole or any part of any special loan theretofore lawfully raised.”

22. Where a loan is proposed to be raised under the authority of paragraph (d) of section fifteen of the principal Act, a special roll of the ratepayers of the district or part of a district in which the loan is proposed to be raised shall be prepared and completed, and objections thereto shall be heard and determined in the manner prescribed by subsection three of section three of the principal Act, save that the special roll shall be deposited for public inspection not less than seven days before the special order is made authorising the loan.

Special roll under section 15 of the principal Act.

23. (1.) If the amount of any loan raised under Part I of the principal Act is found insufficient to complete the undertaking in respect of which it was raised, the local authority may borrow under that Part of the said Act a further sum not being greater than one-tenth of the amount of the original loan for the purpose of completing that undertaking.

Power to raise supplementary loan.

(2.) In any such case it shall not be necessary to give any notice to or take a further poll of the ratepayers, and a special rate may be made by the local authority as security for the interest and other charges in respect of such further loan.

(3.) The last-mentioned special rate shall be deemed to be and may be levied as a part of or in addition to the special rate made and levied in respect of the original loan.

24. In any case where after the commencement of this Act money is authorised by the ratepayers to be borrowed for any particular purpose and no part of such money is borrowed within two years after the taking of the poll, the authority shall lapse, and no proceedings shall thereafter be taken for borrowing the money except under the authority of another poll of the ratepayers.

Lapse of authority to raise loan.

25. (1.) Notwithstanding anything to the contrary in section thirty of the principal Act, no local authority shall after the passing of this Act appoint as a Commissioner of the sinking fund of any

Public Trustee to be the sole Commissioner of sinking funds.

loan raised under the principal Act any person other than the Public Trustee.

(2.) The last preceding subsection shall not apply to any loan in respect of which any person other than the Public Trustee has been already appointed as a Commissioner of the sinking fund before the passing of this Act.

(3.) When the Public Trustee is appointed after the passing of this Act as the Commissioner of the sinking fund of any loan raised by a local authority under the principal Act, he shall, notwithstanding anything to the contrary in section thirty of the principal Act, invest the moneys of that sinking fund at his own discretion in securities issued by the Government of New Zealand, and not in securities of any other kind.

Section 52 of
principal Act
amended.

26. Section fifty-two of the principal Act is hereby amended by adding to subsection two the following paragraph:—

“(f.) Land situated in a Native township and occupied under lease granted under the Native Townships Act, 1895, or under the Native and Maori Land Laws Amendment Act, 1902, for a term of not less than twenty-one years, with a right of renewal and provisions for compensation for improvements.”

Repeal.

27. Section ninety-one of the principal Act is hereby amended by repealing subsection five thereof.