

Right Hon. Mr. Coates.

LOCAL AUTHORITIES INTEREST REDUCTION
AND LOANS CONVERSION AMENDMENT.

ANALYSIS.

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A BILL INTITULED

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

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 Authorities Interest Reduction and Loans Conversion Amendment Act, 1934, and shall be read together with and deemed Short Title.

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part of the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33 (hereinafter referred to as the principal Act).

Validation of irregularities in procedure adopted by local authorities in the conversion of loans.

2. (1) Where anything required to be done under Part II of the principal Act, or under any Order in Council made under or for the purposes of the said Part II, cannot be done at or within the time required by the said Part II or by any such Order in Council, or is done before or after such time, or is in any other respect whatsoever irregularly or defectively or invalidly done, or is omitted to be done, the Governor-General may by Order in Council validate any proceedings of any local authority that may be affected by such irregularity, defect, invalidity, or omission, and neither the proceedings of the local authority nor any new securities issued by that local authority shall thereafter be questioned in any respect in any Court on the ground of any such irregularity, defect, invalidity, or omission.

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

As to variation of Orders in Council under section 13 of principal Act.

3. (1) If any Order in Council under section thirteen of the principal Act has heretofore been or is hereafter amended pursuant to the powers conferred on the Governor-General by subsection two of that section, at any time after a local authority has duly passed and confirmed a resolution under subsection two of section nine of the principal Act for the conversion of any existing securities in accordance with the terms of that Order in Council, that local authority may issue, and shall be deemed at all times heretofore to have had authority to issue, new securities in accordance with the original Order in Council, as amended, without passing or having passed any further resolution or further resolutions under the said subsection two of section nine of the principal Act.

(2) Any such amending Order in Council (whether made before or after the passing of this Act) may be in like manner amended or revoked.

(3) Every such amending Order in Council made after the passing of this Act shall come into force on a date to be specified therein in that behalf, and the date so specified may be before or after the date of the amending Order in Council, or before or after the date of the passing of this Act:

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Provided that if the date on which any such Order in Council is to come into force is not specified therein, it shall come into force on the date of the making thereof.

(4) The limitation of time prescribed by section fifteen of the principal Act shall have no application to any amending Order in Council issued under the authority of subsection two of section thirteen of the principal Act.

4. (1) Section fourteen of the principal Act is hereby amended by omitting the words "the issue of such new securities", and substituting the words "all new securities issued for the purposes of such conversion".

Section 14 of principal Act amended.

(2) Section fourteen of the principal Act as amended by the foregoing provisions of this section shall apply with respect to all conversion schemes under Part II of the said Act, notwithstanding that in any case the local authority concerned may not be a local authority within the meaning of the Local Bodies' Loans Act, 1926.

(3) If default is made by any local authority in the payment of any principal or of any interest or of any instalment of principal and interest secured by any new security issued under or for the purposes of the principal Act, the holder of such security shall have the same rights and remedies in all respects as if it had been issued under Part I of the Local Bodies' Loans Act, 1926, whether the local authority is a local authority within the meaning of that Act or not:

Provided that nothing in this subsection shall be construed to deprive the holder of any new security of any right or remedy that he may have independently of this subsection.

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

5. For the purposes of Part V of the Local Bodies' Loans Act, 1926 (relating to the conversion of local bodies' loans), the term "local authority" includes and shall be deemed at all times heretofore to have included a Harbour Board.

Harbour Boards may convert loans in accordance with Part V of Local Bodies' Loans Act.

6. Where by any Order in Council issued under section thirteen of the principal Act a local authority whose district is divided into two or more legal subdivisions is authorized or directed to make a consolidated special rate in accordance with the provisions of subparagraph (ii) of paragraph (c) of subsection one of section seven of

See Reprint of Statutes, Vol. V, p. 401

Consolidated rate for conversion scheme may be on differential basis.

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the Local Authorities Interest Reduction and Loans Conversion Amendment Act, 1933, it may, by the same or a subsequent Order in Council, be further authorized to make and levy that rate on a differential basis for the several legal subdivisions.

Local authorities may make consolidated rates for non-convertible loans.

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7. (1) This section applies only to such local authorities as satisfy the following conditions, namely:—

- (a) That they have exercised the powers conferred on them by Part II of the principal Act in respect of all or some of their securities convertible thereunder; and 10
- (b) That as security for the new securities issued by them they have made a consolidated special rate (whether on a uniform basis or a differential basis) over all rateable property in their respective districts; and 15
- (c) That they are liable in respect of securities that are not convertible under Part II of the principal Act (whether such securities are existing securities within the meaning of the principal Act or not). 20

(2) Any local authority to which this section applies may, in lieu of any special rate or special rates by which its non-convertible securities are secured (whether such special rate or special rates or any one or more of such special rates have been made over the whole district of the local authority or have been made over a defined part or defined parts thereof), make and levy by special order an annually recurring rate on a uniform basis for the whole of its district or on a differential basis for the several legal subdivisions of its district (in this section referred to as a consolidated rate) on all rateable property within its district of an amount calculated to produce a sum greater than the annual charges payable in respect of its non-convertible securities by an amount equal to ten per centum of those annual charges. 25 30 35

(3) If any local authority to which this section applies proposes to exercise the powers conferred on it by the *last preceding* subsection with respect to its non-convertible securities, it may, if it thinks fit, treat as non-convertible securities for the purposes of this section any securities that, being convertible or having been convertible under the principal Act, have not been so converted (but 40

exclusive of securities the holders of which have dissented from conversion), and in such cases the references in the *last preceding* subsection to non-convertible securities shall include references to such unconverted securities.

5 (4) Every special order made for the purposes of this section shall specify the special rate or the several special rates in lieu of which the consolidated rate is made, and shall be published by the local authority in the *Gazette*.

10 (5) Nothing in this section shall in any way prejudicially affect the security afforded by any special rate to the holders of any securities.

8. (1) This section applies only to such County Councils as satisfy the following conditions, namely:—

County Councils that satisfy conditions of this section may be authorized to raise loans for benefit of defined areas without poll of ratepayers.

15 (a) That they have exercised the powers conferred on them by Part II of the principal Act in respect of all or some of their securities convertible thereunder; and

20 (b) That as security for the new securities issued by them they have made a consolidated special rate on a uniform basis over all rateable property in their respective districts; and

25 (c) That, in the case of County Councils that have issued non-convertible securities, they have, in accordance with the *last preceding* section, made a consolidated special rate on a uniform basis over all rateable property in their respective districts as security for such non-convertible securities and for any unconverted securities to which the provisions of subsection *three* of the
30 *last preceding* section are applicable.

(2) Notwithstanding anything to the contrary in the Local Bodies' Loans Act, 1926, or in any other Act, any County Council to which this section applies, if authorized so to do by an Order in Council issued under
35 section eleven of the Local Government Loans Board Act, 1926 (as appearing in section twenty-nine of the Finance Act, 1932 (No. 2)), may, without taking the steps prescribed in sections nine to thirteen of the first-mentioned Act, raise a special loan for the benefit of a
40 defined part of its district, and as security therefor may make and levy by special order a special rate over all the rateable property in its district.

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(3) Any loan to be raised under the authority of this section may be so raised in accordance with the terms and conditions of the authorizing Order in Council, and not otherwise.

Cancellation or modification of existing authorities to borrow money.

9. (1) Notwithstanding anything to the contrary in any Order in Council under section eleven of the Local Government Loans Board Act, 1926, that has been issued on or after the first day of January, nineteen hundred and thirty-four, it shall not after the passing of this Act be lawful for any local authority to borrow any moneys referred to in such Order in Council at a rate of interest exceeding three and one-half per centum per annum : 5 10

Provided that nothing herein shall restrict the power conferred on the Governor-General in Council, by the said section eleven, to prescribe a different rate of interest in respect of any moneys proposed to be borrowed by any local authority. 15

(2) Every Order in Council issued under the said section eleven before the first day of January, nineteen hundred and thirty-four, in so far as the authority conferred thereby has not been exercised before the passing of this Act, is hereby revoked, and it shall not hereafter be lawful or competent for any local authority to borrow any moneys to which such Order in Council relates except in accordance with the provisions of an Order in Council that may be made under the said section after the passing of this Act. 20 25

Repeals.

(3) Section fourteen and section sixteen of the Local Government Loans Board Act, 1926, are hereby repealed. All exemptions heretofore granted under the said section fourteen and all consents referred to in the said section sixteen are hereby revoked, and it shall not hereafter be lawful or competent for any local authority to borrow any moneys to which any such exemption or consent relates except in accordance with the provisions of an Order in Council under section eleven of the said Act. 30 35

(4) Section six of the principal Act is hereby repealed.

Special provisions as to payment of principal and interest on securities to which section 18 of principal Act applicable.

10. (1) This section applies to securities which, being convertible under Part II of the principal Act, confer on the holders thereof, expressly or by implication, an option to demand that payment of the interest thereon or of the principal be made either in New Zealand or elsewhere : 40

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Provided that the Minister of Finance may exclude any securities from the operation of this section if in his opinion, having regard to any particular circumstances, it is equitable so to do.

5 (2) If the holder of any securities to which this section applies has, at any time before the passing of this Act, dissented from the conversion thereof, he may withdraw his dissent and elect to convert such securities into new securities on terms to be fixed, in the case of dispute
10 between the holder and the local authority, by the Minister of Finance. If he does not withdraw his dissent before he receives any further payment of interest on such securities, or within such extended time as the Minister of Finance may allow, the option to demand
15 that payment of interest or principal be made out of New Zealand shall be cancelled, and thereafter such interest and principal shall be payable in New Zealand and not elsewhere.

20 (3) If the holder of any securities to which this section applies dissents from the conversion thereof at any time after the passing of this Act, the option to demand that payment of interest or principal be made out of New Zealand shall be cancelled, and thereafter such interest and principal shall be payable in New
25 Zealand and not elsewhere.

(4) When any securities to which this section applies are being dealt with under section nineteen of the principal Act, the following provisions shall apply:—

30 (a) If such securities are dealt with under paragraph (a) of subsection one of that section, a statement that they are subject to this section shall be enfacéd thereon:

35 (b) If such securities are exchanged for other securities, in accordance with paragraph (b) of subsection one of that section, such other securities shall provide expressly that payment of principal and interest shall be made only in New Zealand, and the said paragraph (b) shall be read subject to this section.

40 11. (1) This section applies to all securities which satisfy the following conditions, namely:—

45 (a) That they confer on the holders thereof, expressly or by implication, an option to demand that payment of the interest thereon or of the principal be made in New Zealand or elsewhere; and

Cancelling
option given
by certain
non-convertible
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(b) That they are not convertible under the principal Act, but would have been so convertible if the rate of interest thereon were in excess of four and one-quarter per centum per annum (being the minimum rate, as fixed by section three of the principal Act, payable on convertible securities); and 5

(c) That the last payment of interest thereon made before the passing of this Act, was made elsewhere than in the United Kingdom: 10

Provided that the Minister of Finance may exclude any securities from the operation of this section if in his opinion, having regard to any particular circumstances, it is equitable so to do.

(2) The holder of any securities to which this section applies shall not hereafter be entitled to require that payment of the interest thereon or of the principal be made elsewhere than in New Zealand, whether or not before the passing of this Act he has given notice of his intention to demand payment elsewhere than in New Zealand. 15 20

(3) All securities to which this section applies, with all unpaid coupons (if any) belonging thereto, shall forthwith after the passing of this Act be forwarded to the local authority that issued the same in order that they may be enfaced with a statement to the effect that payment of principal or interest will not be made elsewhere than in New Zealand. 25

(4) No interest shall be paid on any such securities after the passing of this Act until the provisions of the *last preceding* subsection have been complied with. 30

Non-convertible securities may, with consent of holder, be included in any scheme of conversion.

Extension of time within which conversion schemes may be authorized under principal Act.

12. Any Order in Council under section thirteen of the principal Act may make provision that any securities that are not otherwise convertible under that Act may, with the consent of the holder thereof, be converted in accordance with the terms of such Order in Council. 35

13. Section fifteen of the principal Act is hereby amended by omitting the reference to the thirty-first day of March, nineteen hundred and thirty-five, and substituting a reference to the thirty-first day of December, nineteen hundred and thirty-five. 40