

Hon. Mr. Allen.

LOCAL BODIES' LOANS.

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A BILL INTITULED

Title. AN ACT to consolidate certain Enactments relating to Local Bodies' Loans.

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. (1.) This Act may be cited as the Local Bodies' Loans Act, 1913.

(2.) This Act is divided into Parts, as follows:—

PART I.—Local Bodies' Loans generally. (Sections 3 to 54.)

PART II.—Loans to Local Bodies by Advances Office. (Sections 55 to 70.)

PART III.—State-guaranteed Loans. (Sections 71 to 83):

PART IV.—Conversion of Local Bodies' Loans. (Sections 84 to 104):

PART V.—Miscellaneous. (Sections 105 to 111.)

2. In this Act, if not inconsistent with the context,—
- “Advances Office” means the New Zealand State-guaranteed Advances Office established under the New Zealand State-guaranteed Advances Act, 1909; and “Board” and “Superintendent” mean respectively the Board constituted and the Superintendent appointed under that Act:
 - “Chairman” of a local authority includes the Mayor of a borough:
 - “District” includes a borough, county, road district, town district, Native township, drainage district, water-supply district, and river district constituted under any Act relating thereto respectively:
 - “Local authority” means the Council, Board, or other statutory governing authority of a district as herein defined and having power to make and levy rates in such district:
 - “Local fund” means the district fund in a borough, the county fund in a county, the Road Board fund in a road district, and the similar general fund of a town district, Native township, drainage district, water-supply district, or river district:
 - “Minister” means the Minister of Finance:
 - “Ordinary revenues” does not include moneys received by way of grant from the Government, or moneys borrowed by a local authority, or set apart by it for any special purpose under this or any other Act:
 - “Public work” or “undertaking” includes public works of any nature, and any undertaking or purpose which a local authority is authorized to erect, construct, engage in, or provide for by means of money borrowed under this or any other Act for the time being in force:
 - “Ratepayers” means the ratepayers in a district or part of a district, and includes all persons entitled to vote on any proposal to raise a loan:
 - “Regulations” means regulations made under this Act:
 - “Special order” means such an order made in accordance with the provisions of any Act in force by virtue of which a local authority can make a special order, and where there is no such provision means a resolution passed by the local authority at a special meeting convened for the purpose.

Interpretation.
1908, No. 106, sec. 2

PART I.

LOCAL BODIES' LOANS GENERALLY.

Power to raise Special Loan.

3. (1.) A local authority may from time to time raise a special loan for and in connection with the constructing, providing, or establishing any public work, or the purchase or other acquisition of any land, building, erection, or structure, or the engaging in any undertaking as to which the local authority is duly authorized by law, 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.

Local authority may borrow money for public work.
1908, No. 106, sec. 3
1908, No. 231, secs. 17 and 18

One loan may cover more than one purpose.

(2.) One special loan may be raised for more than one of such purposes, the amount applicable to each purpose being stated when submitting the proposal for the loan to the ratepayers as hereinafter mentioned, or in the special order authorizing the loan, as the case may be.

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Loans for benefit of part of district.

(3.) A local authority may raise a special loan for any authorized purpose in and for the benefit of some defined part of a district (whether called by any distinctive name or not), and in such case (except in cases where the steps described in sections *seven* to *eleven* hereof are not required to be taken)—

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(a.) The steps described in sections *seven* to *eleven* hereof shall be limited to the part affected, and the poll shall be taken in respect of that part only.

(b.) Where the part of the district affected is not a legal subdivision, a special roll shall be prepared comprising the names of all persons entitled to vote in that part, together with the numbers of the sections, blocks, areas, and rateable values of the lands included in that part of the district.

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(c.) Such special roll shall be prepared, corrected, completed, and authenticated in the time, manner, and form prescribed by regulations.

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(d.) Before any steps are taken as described in sections *seven* to *eleven* hereof, the special roll shall be deposited for public inspection at the office of the local authority for not less than seven days, and notice thereof shall be published in some newspaper circulating in the district.

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(e.) Any person whose name appears on such roll may, not later than seven days after the last day on which the roll was so deposited, lodge with the local authority an objection to his name being included in the roll, on the ground that his property will not be benefited, or will be only partially benefited, by the expenditure of the proposed loan, or on the ground that the property of any person is wholly or partially omitted from the roll.

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

Joint special loans.

(4.) A local authority may unite with some one or more local authorities in raising a joint special loan for any authorized purpose which is declared by resolution by each of the local authorities concerned to be of benefit to their respective districts, and in such case—

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(g.) The steps described in sections *seven* to *eleven* hereof shall be taken separately in each district.

(h.) The proposal to raise the loan must be carried in each several district.

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(i.) The provisions of this Act relating to special loans shall, so far as applicable, apply to every joint special loan raised under this section.

Apportionment of loan raised by joint authorities.

(5.) In the case of a joint loan, the local authorities interested may agree as to the mode in which the loan shall be apportioned, and what part of the special rate shall be raised by each of them,

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and also which of such authorities shall have supervision and control of the public work or undertaking upon which such loan is to be expended.

5 (6.) The local authority of a district may permit any other local authority to construct or carry out a public work or undertaking in such first-mentioned district on such terms as may be agreed between such local authorities; and the local authority so receiving permission may, if so authorized by the votes of the ratepayers as hereinafter provided, apply all or any part of the moneys raised 10 under this Act for the purposes of such work or undertaking in like manner as it could do in its own district.

4. (1.) A local authority may, out of any loan-moneys, pay—

15 (a.) Any preliminary expenses incurred in connection with the scheme for which the loan was raised if the Auditor certifies them to be reasonable and incurred in good faith and to be directly for the benefit of the scheme :

Preliminary expenses and first year's interest may be paid out of loan. 1908, No. 106, sec. 4

(b.) The first year's interest of the loan during the construction of any works for which any special loan is raised.

20 (2.) The intention to pay such expenses or interest shall be stated to the ratepayers in the notice referred to in section eight hereof in cases where that section applies.

5. It shall not be lawful to pay out of any loan the cost of maintenance or repair of any public work or undertaking for which the loan was raised.

Maintenance, &c., not payable out of loan.

25 6. The local authority may, in any case where it is deemed advisable, deposit with any bank at interest any sums of money at credit of any loan account upon such terms as the bank and the local authority agree.

Ibid., sec. 5

Loan-moneys may be deposited at bank. Ibid., sec. 6

Preliminary Steps to be taken.

30 7. Before raising a special loan the consent thereto of the ratepayers of the district shall be obtained by the local authority, and for that purpose the steps hereinafter directed shall be taken.

Consent of ratepayers to be obtained.

Ibid., sec. 7

35 8. The local authority shall publish in any newspaper circulating in the district, once in each week for four successive weeks, a notice setting forth—

Publication of proposal.

Ibid., sec. 8 1908, No. 231, sec. 19

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

(b.) The sum proposed to be borrowed for each such purpose :

40 (c.) The proposed security, and the provision for repayment of the loan :

(d.) A statement whether or not it is proposed to pay out of the loan the cost of raising the loan, or the interest for the first year.

45 9. (1.) A poll of the ratepayers shall be taken upon the proposal.

How poll to be taken.

(2.) The Chairman shall publish, not less than four times, in any newspaper circulating in the district a notice setting forth the day on which the poll shall be taken. The first publication under this section of the date of the poll shall be made not less than fourteen days before the said date, and the poll shall be taken not 50 less than one nor more than three weeks after the day of the last publication of the notice mentioned in section eight hereof.

1908, No. 106, sec. 11 1908, No. 231, sec. 20 1910, No. 39, sec. 3

(3.) On the day so appointed a poll shall be taken in like manner as the same would be taken for the election of a member of the local authority, and every ratepayer shall be entitled to vote accordingly.

(4.) The voting-paper shall be printed, and in the form numbered (1) in the *First* Schedule hereto, and shall contain full particulars of the notice mentioned in section *eight* hereof or a statement giving the purport and effect of that notice with the words legibly printed below in two distinct lines: "I vote for the above proposal," and "I vote against the above proposal."

When proposal
carried.
1908, No. 106, sec. 12

10. If the total number of valid votes recorded in favour of the proposal is at least three-fifths of the total number of valid votes recorded at the poll, then, and not otherwise, the proposal shall be deemed to be carried, and the local authority may proceed with the proposal accordingly; but if the proposal is not carried, the local authority shall not so proceed: 15

Provided that in the case of a borough a majority of the total valid votes recorded shall suffice to carry the proposal.

Result of poll to be
gazetted.
Ibid., sec. 13

11. (1.) As soon as conveniently may be after the poll the Chairman shall send to the Minister, for publication in the *Gazette*, a notice of the number of votes recorded for and against the proposal, and in such notice shall declare the proposal to be carried or rejected, as the case may be. 20

(2.) A similar notice shall also be published in some newspaper circulating in the district.

(3.) If the proposal is carried, the notice thereof so published in the *Gazette* shall be conclusive evidence that the raising of the loan to which it refers is duly authorized, and that all proceedings and things under this Act in relation thereto have been lawfully taken and done. 25

(4.) If the Chairman knowingly inserts, or causes or allows to be inserted, in any notice published as aforesaid any false statement as to the number of votes recorded for and against any proposal to which such notice relates, he shall be liable to a fine not exceeding *five* hundred pounds, to be recovered summarily before a Magistrate under the Justices of the Peace Act, 1908. 30 35

Disputed polls.
Ibid., sec. 14

12. If the result of any poll is disputed, any six ratepayers may, in the manner prescribed by the Local Elections and Polls Act, 1908, require an inquiry to be held, and the matter in dispute shall be determined in the manner prescribed by that Act in the case of disputed polls: 40

Provided that where the number of ratepayers on the roll of any district or on any special roll does not exceed twenty, then the inquiry may be held as aforesaid on the requisition of not less than one-fourth of the number of ratepayers on such roll.

Loan authorized to
be raised from
specified lender,
may be raised from
another lender on
same terms.

13. Where the preliminary steps for the raising of a loan have been taken with reference to any specified lender, and the raising of the loan from the said lender has been duly authorized by the ratepayers, the local authority may, without taking any further steps, raise the loan from any other lender on substantially the same terms and conditions, if any, as those submitted to and approved by the ratepayers. 45 50

14. In any case where money is authorized 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
 5 the money except under the authority of another poll of the ratepayers.

Lapse of authority to raise loan.
 1908, No. 231, sec. 24

15. A local authority may raise a special loan by special order, and without taking the steps described in sections *seven* to *eleven* hereof, for any of the following purposes :—

Poll not necessary in certain cases.
 1908, No. 106, sec. 15
 1908, No. 231, sec. 21

10 (a.) Repaying any existing overdraft, or other liabilities lawfully incurred for any purpose for which a special loan may be raised ; or

(b.) Paying off the whole or any part of any special loan theretofore lawfully raised ; or

15 (c.) Consolidating, or converting the whole or any part of any special loan theretofore lawfully raised, but so that the annual charge on the district in respect of such loan is not thereby increased ; or

20 (d.) Undertaking any public work as to which the local authority is authorized by any Act to raise a special loan by special order and without taking those steps ; or

(e.) Any purpose for which a special loan may be raised where the ratepayers of the district, or of the part of the district affected, do not exceed one hundred in number, if the consent (in the form prescribed by regulations) of at least three-fourths of those ratepayers, the capital value of whose properties as appearing on the valuation roll of the district is collectively greater than the capital value of the properties of those ratepayers who do not so consent to the raising of the loan, is testified by their signatures in writing, in such manner as is prescribed by regulations.

16. Where it is proposed to raise a special loan under the authority of paragraph (e) of section *fifteen* hereof in respect of
 35 part of a district which is not a legal subdivision, the special roll of the ratepayers of that part shall be prepared, completed, and deposited, and objections thereto shall be heard and determined, in the manner prescribed by subsection *three* of section *three* hereof, save that the special roll shall be deposited for public inspection not
 40 less than seven days before any steps are taken under the said paragraph (e) of section *fifteen*.

Procedure in case of loans under paragraph (e) of last preceding section.
 1910, No. 39, sec. 5

17. (1.) If the amount of any loan authorized to be raised under this Act or under any former Act relating to local bodies' loans is found insufficient to complete the undertaking in respect of which
 45 it was raised, the local authority may, for the purpose of completing the undertaking, borrow from the same or any other lender, a further sum not being greater than one-tenth of the amount originally authorized by the ratepayers, and in any such case it shall not be necessary to give any notice to or take a further poll of the rate-
 50 payers.

Power to raise supplementary loan.
 1908, No. 231, sec. 23

(2.) A special rate shall be made by the local authority as security for the interest and other charges in respect of such further loan,

and such special rate may be levied as a part of or in addition to the special rate made and levied in respect of the original loan.

Security for the Loan.

What may be pledged.
1908, No. 106, sec. 16

18. (1.) For the purpose of securing the repayment of any special loan, and the interest thereon, the local authority may appropriate and pledge as such security any one or more of the following:—

- (a.) The work, land, building, erection, or other subject-matter of the loan, and the revenues therefrom:
- (b.) A special rate made and levied for the purposes of that special loan:
- (c.) Any other property of the local authority, and any revenues from any source, and any funds and moneys:

Provided that moneys received or receivable by way of grant from the Government, or theretofore pledged as security for any loan or appropriated to any special purpose shall not be so appropriated or given in security.

(2.) The securities pledged for any special loan shall be jointly and severally liable for the whole loan.

(3.) The moneys secured on any public work or undertaking shall be a first charge thereon.

Special rate.
Ibid., sec. 17
1910, No. 39, sec. 4

19. (1.) If the proposal to raise a special loan is carried, the local authority may forthwith, by resolution gazetted (in the form numbered (2) in the *First* Schedule hereto) make and levy a special rate to provide for the payment of interest, or interest and sinking fund, or interest and principal, as the case may be.

(2.) The provisions of this section shall also apply to a special rate made and levied in respect of a special loan to be raised under section *fifteen* hereof.

(3.) Every special rate shall be an annually recurring rate, and shall be payable at intervals as specified in the resolution; and shall be levied year by year, without further proceeding by the local authority, until the loan in respect of which the special rate was made is paid off.

Margin of special rate.

(4.) Every special rate shall be so calculated as to yield, if necessary, ten pounds per centum more than the annual or other charges in respect of the loan.

Special rating area.

(5.) Every special rate shall be made over an area contained within continuous boundaries, and all the rateable property within that area shall be liable to the special rate.

Property becoming rateable.

(6.) Where, after the special rate is made, any property within that area becomes rateable property within the meaning of the Rating Act, 1908, such property shall become liable to the special rate and shall be rated accordingly.

(7.) The *last preceding* subsection shall apply and be deemed to have applied to all special rates made on or after the twelfth day of October, eighteen hundred and ninety-six, and in the case of special rates made before that date shall also apply to all property which after the first day of October, nineteen hundred and two (being the date of the coming into operation of the Local Bodies' Loans Amendment Act, 1902), became or becomes rateable property.

(8.) A special rate to provide for the payment of interest, or interest and sinking fund, upon a loan raised for the exclusive benefit of any part of a district may be made and levied as aforesaid within that part only.

5 (9.) All special rates shall be applicable to the loan as security for which they were made, and to no other purpose.

10 20. (1.) Where a special loan is secured by a special rate made over the whole of the district, the local authority may by special order decide to pay the interest, or interest and sinking fund, on such loan out of its general fund; and where a special loan is secured by a special rate made over the whole of any legal subdivision or of any defined portion of a district, the annual charges in respect of the loan may be paid out of any separate rate made over the whole of the same subdivision or portion.

Where loan may be paid out of general fund or separate rate. 1908, No. 106, sec. 18

15 (2.) Where a special loan is secured by a special rate made over portion of the district, the local authority may, with the consent of the Audit Office, by special order decide to pay the interest, or the interest and sinking fund, on the loan out of the general fund:

20 Provided that the amount of the interest, or interest and sinking fund, on any such loan so paid shall not exceed fifty pounds in any one year.

(3.) To the extent to which the payments authorized by this section are made as therein mentioned it shall not be necessary to collect the special rate.

25 21. (1.) The local authority making a special rate may from time to time amend the same, by increasing or diminishing it, if necessary, so that the annual produce thereof shall suffice to provide the payment of interest, or interest and sinking fund, on account of the loan secured thereon.

Power to amend special rate. Ibid., sec. 19

30 (2.) No special rate shall be diminished unless the Audit Office, previous to any such reduction, approves thereof in writing; and such reduction shall continue only for so long a period as the Audit Office approves in writing.

Bridges.

35 22. (1.) Notwithstanding anything in the Counties Act, 1908, limiting the amount of general and separate rates which may be made in any year by County Councils, the Council of any county, if duly authorized in that behalf by a poll of the ratepayers taken in manner prescribed by this Act in the case of a proposal to raise a special loan, may by special order make and levy, in addition to the general and separate rates authorized by the aforesaid Act to be raised, a special rate, to be called a "bridge rate," for the purpose of providing funds for the reconstruction of bridges on roads under the jurisdiction of the Council, but such rate shall not in any one year exceed the amount of one farthing in the pound on the capital value of all the rateable property in the county.

Power to levy bridge rate. Ibid., sec. 79

40 (2.) The bridge rate may be levied on the whole county when the bridge proposed to be reconstructed is for the benefit of the county generally, or the Council, if it thinks fit, may levy the rate on one or more ridings which are specially benefited by the bridge.

50 (3.) The proceeds of any such rate shall be paid into a separate account at the bank, to be called "The [Name of County] Bridge

Fund Account," and a separate account thereof shall be kept by the Council.

(4.) The cost of raising the rate shall be charged against the General County Fund, and no part of such Bridge Fund shall be used for any purpose save as in manner hereinafter provided.

Application for
loan to renew
bridge.
1908, No. 106, sec. 80

23. (1.) Where, by reason of any accident of flood, fire, or other mischance, or on account of disrepair, it becomes necessary to renew any such bridge exceeding thirty feet in span, the Council may (without taking the steps prescribed by sections *seven to eleven* hereof) raise a loan for that purpose.

(2.) The Bridge Fund Account of any county shall be used solely and exclusively for meeting the interest and charges on loans raised under the provisions of this section.

Loans for Public Works in Mining Districts.

Provisions for public
work and for loan.
Ibid., sec. 20

24. (1.) In any case where a local authority proposes to construct a public work for the benefit of any such portion of its district as is comprised within a gold-mining district, and to raise a loan for that purpose, the following special provisions shall apply, anything in this or any other Act to the contrary notwithstanding:—

Mining privileges
rateable.

(a.) For the purpose of the special rate to be made as security for the loan, all mining privileges not already rateable situate within the aforesaid portion of the district shall be deemed to be rateable property, and the holders thereof to be occupiers, within the meaning of the Rating Act, 1908, and the special rate may be made and levied thereon accordingly, as well as upon all other rateable property. The rateable value of such mining privileges means the sum which, invested at six pounds per centum per annum, would produce a yearly amount equal to the rent paid therefor by the owner or licensee to the Crown.

Goldfields revenue
may be pledged.

(b.) As collateral security for the loan, and the annual or other charges in respect thereof, the local authority may pledge all the goldfield revenue (including gold duty) which during the currency of the loan may become payable to the local authority in so far as the same is derived from the aforesaid portion of the district.

Acts incorporated
and modified.

(2.) For the purposes of this section the Rating Act, 1908, is hereby incorporated herein:

Provided that that Act and all other Acts in conflict with this section are hereby modified to the extent of such conflict, but not further or otherwise.

Raising the Loan.

Debentures.
Ibid., sec. 21

25. (1.) Every special loan under this Part of this Act shall be raised by the issue of debentures in the form numbered (3) in the *First Schedule* hereto.

(2.) Such debentures shall be numbered consecutively, so that no two debentures shall bear the same number, and shall be for a sum of not less than twenty and not more than one thousand pounds.

(3.) Every debenture shall state on the face thereof the public work or undertaking, special rate, or other property or funds upon which the principal and interest are secured, and also the fact that the holder thereof has no claim in respect thereof upon the Govern-
 5 ment or public revenues of New Zealand.

(4.) All such debentures shall be signed by the Chairman and countersigned by some officer appointed by the local authority for that purpose, or shall be signed by the Agents hereinafter mentioned ; and, in the case of a joint special loan, shall be signed and counter-
 10 signed in such manner as may be agreed on by the local authorities jointly raising the loan.

26. (1.) The yearly interest on every debenture shall not exceed five per centum on the amount thereof, and shall be payable half-yearly or otherwise ; and separate coupons for each sum so payable,
 15 in the form numbered (4) in the *First* Schedule hereto, and numbered consecutively for each debenture, shall be attached thereto.

Interest and coupons.
 1908, No. 106, sec. 22

(2.) It shall be sufficient if the signatures of any persons to any coupon are lithographed on the coupon, or impressed thereon by means of a stamp.

20 27. (1.) Debentures and coupons respectively shall be transferable by delivery ; and payment of the sum named therein to any person in possession of any such debenture or coupon shall discharge the Corporation of all liability in respect of such debenture or coupon.

Transfer of debentures and coupons by delivery.
 Ibid., sec. 23

25 (2.) Any debenture may also be transferred by indorsement, in or to the effect of the form numbered (5) in the *First* Schedule hereto (or by separate form of transfer to the like effect), and such transfer, or a notarially attested copy thereof, may be presented for registration in the books of the local authority at its public office.

30 (3.) Such transfer, or the registration thereof, shall not prevent such debenture from subsequently passing by delivery alone, or affect the right of the holder thereof for the time being to demand from the local authority payment of the moneys secured thereby in terms thereof, or his right to receive any conversion or other new debenture,
 35 or compensation in exchange therefor under any scheme for such exchange, or otherwise to deal as the owner thereof with the local authority ; nor shall such transfer or registration preclude the local authority from so dealing with such holder.

Transfer by indorsement.

40 28. (1.) The local authority, or, in the case of a joint special loan, the local authorities jointly raising such loan, may appoint any incorporated company or association, or any such company or association together with one or more persons, within or out of New Zealand, to be Agents for raising and managing any loan authorized to be raised under this Act.

Appointment of agents.
 Ibid., sec. 24

45 (2.) Such Agents shall have full power to raise such loan by debentures or otherwise, in such manner, and either at once or at such times and in such parts, and upon such terms and conditions, as the local authority or local authorities direct, and to give or grant any discharge or quittance for the moneys raised under any such loan, and to dispose of such moneys in such manner as the local authority or local authorities direct.

Hypothecation of debentures.
1908, No. 106, sec. 25

29. Pending the raising of any special loan, the local authority raising the same, or such Agents as aforesaid, may borrow any sum or sums of money, not exceeding the whole amount authorized to be borrowed, by the hypothecation or mortgage of any debentures hereby authorized to be issued; but all moneys so borrowed shall be a first charge upon and shall be repaid out of the loan when raised, and the yearly rate of interest on moneys so borrowed shall in no case exceed six per centum.

5

Loan-moneys to be banked.
Ibid., sec. 26

30. All moneys raised under this Act by a local authority shall be paid into a separate account in the name of the special loan at the bank where the local fund is kept, and shall not be drawn out of such account or expended except for the special purposes of the loan.

10

Repayment of the Loan.

Term of debentures.
Ibid., sec. 27

31. The sum of money named in any debenture and in any coupon shall, on maturity, be a debt due to the holder thereof by the local authority that issued the same, and shall be payable at the place, within or out of New Zealand, named in the debenture, and at the time named therein, being not longer than fifty years from the issue thereof.

15

Provision for repayment.
Ibid., sec. 28

32. Before raising any loan the local authority shall make provision for the repayment thereof, either—

20

(a.) By making, with or without a sinking fund, the whole loan repayable at a stated period, or any parts thereof at stated periods; or

(b.) By making any debentures in respect of such loan payable by periodical drawings.

25

Sinking fund.
Ibid., sec. 29

33. In order to provide funds for the creation of a sinking fund, or for the repayment of debentures becoming due by periodical drawings, the local authority may permanently appropriate and also pledge any part of the local fund not prohibited by this Act from being made security for such loan.

30

Sinking Fund Commissioners.
Ibid., sec. 30

34. (1.) The local authority shall from time to time appoint Commissioners, within or out of New Zealand, to whom they shall pay all moneys so appropriated as a sinking fund or for the repayment of debentures as hereinbefore provided; and such Commissioners shall invest such moneys, together with all interest and profits accruing therefrom, in such securities as the local authority from time to time directs.

35

(2.) The Commissioners to be appointed under this section may be interpreted to mean the Public Trustee alone, or may include any incorporated company or association, within or out of New Zealand, as one of such Commissioners.

40

(3.) In the case of a joint special loan the local authorities concurring in raising the same may unite in appointing such Commissioners.

45

(4.) The purchase by the Commissioners of any debenture securing repayment of any part of the loan for which a sinking fund was created shall be deemed to be an investment of the sinking fund within the meaning of this section.

35. (1.) All Commissioners appointed under the *last preceding* section shall be deemed to be bodies corporate, with perpetual succession and a common seal, and power to do and suffer all things which bodies corporate may do and suffer, and with authority
 5 for any two of such Commissioners to exercise the functions of the corporate body.

Commissioners a corporate body. 1908, No. 106, sec. 31

(2.) All vacancies arising in the office of any Commissioner shall be filled as they arise by new appointments by the local authority concerned.

Vacancies.

10 36. (1.) Notwithstanding anything to the contrary in section *thirty-four* hereof, no local authority shall appoint as a Commissioner of the sinking fund of any loan borrowed from any Department of the Government any person other than the Public Trustee.

Public Trustee to be Commissioner of sinking funds in cases of Government loans. 1908, No. 231, sec. 25 1912, No. 32, sec. 2

15 (2.) The *last preceding* subsection shall not apply to any loan in respect of which any person other than the Public Trustee was appointed as a Commissioner of the sinking fund before the passing of the Local Bodies' Loans Amendment Act, 1908.

20 (3.) When the Public Trustee is appointed as the Commissioner of the sinking fund of any loan raised by a local authority under this Act, he shall, notwithstanding anything to the contrary in section *thirty-four* hereof, invest the moneys of that sinking fund in the common fund of the Public Trust Office.

25 37. (1.) When the principal of any loan becomes payable, the accumulated sinking fund provided for repaying the same shall be applied by the Commissioners in the payment thereof.

Application of sinking fund. 1908, No. 106, sec. 32

30 (2.) In the case of periodical drawings the Commissioners shall from time to time pay out of moneys paid to them for that purpose and the accumulations thereof (if any) the amount of all debentures coming due, according to the conditions on which the loan was raised.

35 38. (1.) The Commissioners shall, whenever required, render to the local authority accounts of all moneys and all securities in their hands.

Accounts of Commissioners. Ibid., sec. 33

(2.) Immediately after the thirty-first day of March in each year the Commissioners shall render to the local authority a balance-sheet showing all transactions in respect of such moneys or securities during the year ending on that day.

40 (3.) Such balance-sheet shall be accompanied by a certificate, signed by the Audit Office or by some person appointed by that Office for the purpose, of all the securities held by the Commissioners.

39. The local authority may borrow money—

45 (a.) From any bank by way of overdraft in anticipation of its usual revenue applicable to the payment of interest upon any loan, and for the purpose of paying such interest, but such amount shall not at any time exceed the total amount of such income for any one year; or

Power to borrow to pay interest, &c. Ibid., sec. 34

50 (b.) For the purpose of paying so much of the principal of any loan when the same becomes payable as is not provided for by any accumulated sinking fund held for the payment thereof, except where the debentures are paid by periodical drawings.

Lender no claim on Government.
1908, No. 106, sec. 35

40. No claim of any holder of debentures or coupons secured on any public work or undertaking, special rate, or other property of a district or part thereof, under this Act, shall attach to or be paid out of the public revenues of New Zealand or attach to or be paid by the Government thereof.

5

Default.

Appointment of Receiver.
Ibid., sec. 36

41. If the sum secured by any debenture or any coupon is not paid upon presentation thereof respectively at the place where and the time when the same is payable, or at such place at any time thereafter, the holder thereof may apply to a Judge of the Supreme Court, by petition in a summary way, for relief under this Act; and the Judge may, if satisfied of the truth of the matters alleged in such petition, appoint a Receiver of such part of the local fund or other property of the local authority as is liable under the provisions of this Act for the payment of such debenture or coupon.

10

15

Property vesting in Receiver.
Ibid., sec. 37

42. Such part of the local fund or other property of the local authority as is specified in the Judge's order, and all securities held by the local authority or by the Commissioners of Sinking Funds as an accumulated sinking fund for the repayment of that loan, shall, from the date of the said order, vest in the Receiver so appointed, and shall cease to be vested in the Corporation or the said Commissioners.

20

Powers of Receiver.
Ibid., sec. 38

43. All powers for the recovery of rates, tolls, rents, or other moneys of the local authorities shall, after the appointment of a Receiver and in respect of all moneys hereby vested in him, cease to be exercised by the local authority, and shall be exercised by the Receiver.

25

Power of sale of pledged property.

44. (1.) With respect to any property (other than money) vested in a Receiver as aforesaid, the Receiver shall have all the rights, remedies, and powers conferred by law on a mortgagee for value:

30

Provided that no power of sale shall be exercisable by the Receiver except upon an order of a Judge of the Supreme Court.

(2.) No public reserve, or land granted or set apart by the Crown for the use, convenience, or enjoyment of the ratepayers or inhabitants of a district, shall be sold under any power contained in or derived under this Act.

35

Receiver may amend rate.
Ibid., sec. 39

45. The Receiver shall, in respect of any special rates vested in him, have the power given to the local authority to amend a special rate, as provided by section *twenty-one* hereof, but such power shall be exercised only upon an order by a Judge of the Supreme Court.

40

Receiver to give security.
Ibid., sec. 40

46. Every Receiver shall, before entering on his office, give such security for the faithful execution thereof as the Judge directs.

Application of receipts by Receiver.
Ibid., sec. 41

47. (1.) All moneys received by the Receiver shall be applied as follows, and that only under the order of a Judge of the Supreme Court:—

45

(a.) In the payment of the expenses of the application and order, and other incidental proceedings:

(b.) In the payment of such remuneration to the Receiver, and of such expenses of his office, as the Judge directs:

50

(c.) In the payment of the principal and interest of the loan in respect of which the Receiver is appointed:

(d.) The residue, after payment of the above, in payment into the local fund.

(2.) The terms of such order may be adapted to meet the case of a joint special loan.

48. The Receiver shall account for all such moneys in such manner as the Judge directs. Receiver to account. 1908, No. 106, sec. 42

5 49. When all the principal and interest of the loan in respect of which the Receiver was appointed are paid, or at any time by an order of the Judge upon the application of the local authority, the powers of the Receiver shall cease, and shall revest in the local authority; and in such case he shall forthwith pay any moneys in his hands into the local fund. Powers of Receiver to release on payment. Ibid., sec. 43

10 50. With a view of avoiding unnecessary expense, the Judge, if he thinks fit, may appoint as Receiver the Clerk of the defaulting Corporation, upon such terms and conditions as the Judge thinks fit to impose. Clerk of local authority may be Receiver. Ibid., sec. 44

15 51. A local authority may agree with any creditor to extend the time for payment of any principal or interest owing by it, and may in respect of his debt issue and deliver to a creditor debentures, coupons, or other security under this Act. Power to compromise with creditors. Ibid., sec. 46

Illegal Borrowing.

20 52. (1.) If the local authority at any time—
(a.) Borrows any money or issues any debentures in excess of or otherwise than in accordance with the provisions of this Act in that behalf; or Liability for illegal borrowing. Ibid., sec. 47

25 (b.) Borrows, under this or any other Act, any moneys which the local authority is not legally bound to repay; or

(c.) Purports or attempts to bind the Corporation to pay any money which the Corporation is not legally bound to pay; or

30 (d.) Permits any money borrowed on special loan to be expended in any manner or for any purpose other than that for which it was borrowed and ought to be expended,—

every member of the local authority who consents thereto shall, for each such offence, be liable to a penalty not exceeding *one* hundred pounds, to be recovered, with full costs of suit, in any Court of competent jurisdiction.

35 (2.) It shall be the duty of the Audit Office to institute the necessary proceedings against any member liable to any such penalty.

(3.) All costs incurred by the Audit Office in any such proceedings shall be paid out of the local fund; and all moneys recovered for penalties and costs shall be deemed to be part of the local fund, and shall be paid over accordingly.

40 53. Any member of a local authority voting against any such illegal borrowing, illegal issue of debentures, or illegal expenditure as mentioned in the *last preceding* section, may require that his vote shall be recorded on the minutes or other proceedings of such local authority accordingly. Vote to be recorded. Ibid., sec. 48

50 54. (1.) At any meeting at which any proposal is made for the borrowing and raising of any money on loan, or for the expenditure of money borrowed under this Act, or at which any matter incidental Proceedings on a division. Ibid., sec. 49

to such borrowing or expenditure is proposed, then, if the proposal is carried without a division being taken thereon, it shall be assumed that the voting thereon was unanimous.

(2.) Any member of the local authority may demand that a division be taken on any such proposal, and thereupon it shall be the duty of the Chairman or other person presiding at such meeting to make and keep a record of the votes of the members voting on such division, and to instruct the Clerk or other proper officer to enter such record on the minutes of the local authority. 5

(3.) If the Chairman or other person fails to make and keep a record of the votes on any such division, or if any Clerk or other officer, being so instructed as aforesaid, fails to enter such record on the minutes as aforesaid, the Chairman, person, or Clerk so offending shall be liable to a fine not exceeding *twenty* pounds and not less than *five* pounds. 10 15

PART II.

LOANS TO LOCAL BODIES BY ADVANCES OFFICE.

Purposes for which loans may be granted to local authorities by Advances Office. 1912, No. 47, secs. 6, 8.

55. Subject to the provisions of this Part of this Act, the Superintendent is hereby authorized to lend money to any local authority empowered to borrow money by way of special loan under this Act for any of the public works following, that is to say:— 20

- (a.) The construction of a road or street, including the channeling thereof;
- (b.) The construction of a bridge;
- (c.) The construction of waterworks for the supply of water; 25
- (d.) The construction of drainage-works or irrigation-works; or
- (e.) The construction of sanitary works:

Limitation of amount of loans that may be granted.

Provided that the Superintendent shall not, except pursuant to an agreement entered into with a local authority before the date of the passing of the New Zealand State-guaranteed Advances Amendment Act, 1912, grant to any local authority any loan which, together with all other loans granted by him to that local authority within the preceding *three* years, exceeds *sixty* thousand pounds. 30

Priority of applications. 1908, No. 106, sec. 66

56. (1.) Applications for loans in cases of extraordinary damage, where a public work has been destroyed by flood, tempest, or accident, or to carry out the terms of a prior agreement made between the Superintendent and a local authority, shall have priority over other applications. 35

1912, No. 47, sec. 7

(2.) If at any time the moneys for the time being available for the purposes of advances to local authorities as aforesaid are insufficient to satisfy the applications therefor, the Superintendent may, subject to the provisions of the *last preceding* subsection, give preference to local authorities applying for loans for the purpose of constructing roads and bridges in outlying districts. 40

Applications for loans. 1909, No. 31, secs. 66, 67, 68

57. (1.) Applications for loans shall be made in the prescribed manner and form, and shall be granted only pursuant to a resolution of the Board passed at a duly constituted meeting of the Board at which the application was duly considered. 45

(2.) An application may be granted for the amount applied for or any less sum the applicant is willing and empowered to accept. 50

58. Unless the Superintendent otherwise decides, every loan granted under this Part of this Act shall be paid over to the local authority within six months after the date of the granting of the same.

Loans to be accepted by local authority within six months.

5 59. All loans and advances to local authorities under this Part of this Act shall be made in the Advances to Local Authorities Branch of the Advances Office out of the funds from time to time provided in that behalf pursuant to the provisions of the New Zealand State-guaranteed Advances Act, 1909.

Moneys to be paid out of funds provided for the purpose pursuant to the New Zealand State-guaranteed Advances Act. 1909, No. 31, sec. 64

10 60. Before granting an application for a loan the Board shall satisfy itself—

Matters to be complied with before loan granted. Ibid., sec. 69

(a.) That the local authority is duly empowered by statute to raise the loan, and has duly taken all statutory and other proceedings necessary for that purpose :

15 (b.) That the purpose for which the loan is required is lawful and reasonable :

(c.) That, irrespective of any other security, there is the security of a special rate sufficient to meet ten per centum more than the periodical payments in respect of the loan as they fall due.

20 61. (1.) A loan shall not be granted under this Part of this Act on the security of any special rate unless—

Power to lend limited. 1908, No. 106, sec. 52 1908, No. 231, sec. 26

25 (a.) The rateable value of so much of the rateable property as consists of Native lands or Crown lands is less than two-thirds of the rateable value of all the rateable property on which the rate is levied ; nor unless

(b.) The number of ratepayers on whose property the rate is levied exceeds one.

(2.) Paragraph (a) of the last preceding subsection does not apply in the case of—

30 (c.) Native land vested in the Public Trustee under any Act in trust for Maoris, or vested in a Maori Land Board or in the Board constituted by the East Coast Native Trust Lands Act, 1902, and occupied in each case under lease granted for a term of not less than twenty-one years, with a right of renewal and provisions for compensation for improvements ; nor in the case of

35 (d.) 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 ; nor in the case of

40 (e.) Crown land occupied under perpetual lease, or lease in perpetuity, or renewable lease.

45 62. A loan shall not be granted under this Part of this Act, whether on original application or on further application, for a less sum than fifty pounds.

Minimum amount of loan. 1908, No. 106, sec. 71

Rate of interest to be charged for loan. 1909, No. 31, sec. 70 1910, No. 39, sec. 8 1912, No. 47, sec. 2

63. With respect to every loan granted under this Part of this Act the following provisions shall apply:—

(a.) The rate of interest charged shall be four and a half per centum per annum, or one-eighth per centum per annum more than the rate at which the money was raised (which-
ever is the greater). In calculating the last-mentioned
rate all fees, commissions, discounts, and other charges
connected with the raising shall be included. This para-
graph shall apply to all loans, or to any part thereof, paid
to a local authority on or after the commencement of
this Act, whether the application for such loan was finally
granted before or after that date. Nothing in this para-
graph shall affect the rate of interest payable on any loan
or part of a loan paid to a local authority after the passing
of the New Zealand State-guaranteed Advances Amend-
ment Act, 1912, and before the passing of this Act.

Repayment of loan.

(b.) The loan and interest thereon shall be repaid by half-yearly instalments over such prescribed term of years (not exceeding fifty) as may be agreed on; the amount of the instalments in respect of interest and principal being in every case according to prescribed tables:

Ibid., sec. 5

Provided that the loan may be sooner repaid in whole or in part on such terms as may be agreed on.

(c.) The debentures on which the loan is granted shall be in such form as is prescribed.

(d.) If, in addition to the debentures, the loan is further secured by any mortgage or charge, it shall be in such form as is prescribed, or as (subject to any prescription) the Superintendent requires.

Local authority may raise loan at higher rate of interest than originally approved without further consent of ratepayers.

Ibid., sec. 3.

64. (1.) In any case where a local authority is authorized by the ratepayers to borrow moneys under this Part of this Act, and the Board has provisionally approved or finally granted an application for a loan at a specified rate of interest, the loan or any part thereof may be raised at a higher rate of interest without any further consent of the ratepayers being obtained if, before the loan or any part thereof is paid to the local authority, a resolution in the prescribed form making a special rate sufficient to cover the increased payments in respect of the loan or part thereof as aforesaid is passed by the local authority at a special meeting and is gazetted.

(2.) A local authority shall have no right of action against the Superintendent for breach of contract or otherwise in respect of the failure of the Superintendent to advance to that local authority any moneys at the rate of interest at which the application for such moneys was finally granted by the Board.

Application of surplus of loan. Ibid., sec. 4

65. (1.) If, on the completion of the public work for which a special loan has been or is hereafter obtained, it is found that any of the money raised is not required for the purpose for which it was raised, the money not so required shall be repaid to the Superintendent:

Provided that where the loan was obtained for the purpose of more than one public work, any surplus moneys remaining after the completion of one of those works may be applied in the completion of any other of the said works if the amount appropriated to that work is not sufficient for its completion.

Special provisions for loans for works in outlying districts. Ibid., sec. 9

66. (1.) Of the moneys from time to time provided for the purpose of providing funds for advances to local authorities as aforesaid, there shall be set aside in each of the ten years after the passing

of this Act an amount not exceeding in any financial year the sum of two hundred and fifty thousand pounds.

(2.) The moneys so set aside shall be advanced to local authorities for the purposes of constructing roads and bridges in outlying districts and for metalling such roads for the first time.

(3.) The Minister of Finance shall, without further appropriation than this Act, in each of the first ten years of the term of any loan under this section, pay out of the Consolidated Fund into the Advances Account an amount equal to one per centum of the amount of the loan, and in each year of the next ten years shall pay an amount equal to one-half per centum of the amount of the said loan.

(4.) The amount payable by the Minister under this section in each year in respect of any loan or a proportionate part of that amount, as the case may be, shall be paid on the day or days fixed in each year for the payment of instalments of principal and interest by the local authority, and the amount so payable by the Minister shall be deducted from the amount payable by the local authority.

(5.) The decision of the Board as to what is an outlying district within the meaning of this section shall be final and conclusive.

67. No objection shall be allowed in any Court to any rate purporting to have been made or levied by a local authority to secure the repayment of moneys borrowed from the Advances Office, and no defence shall be heard by any Court on any claim for rates made or levied for such purpose if such defence alleges any irregularity in the proceedings for pledging, making, or levying of such rates, nor shall any action or other proceeding be allowed by any Court for questioning the validity of such rate, or for restraining the recovery thereof.

Validity of the rate not to be questioned. 1910, No. 39, sec. 11

68. (1.) In any case where default is made by a local authority in the full and punctual payment of any instalment of interest or of interest and principal on a loan raised under the provisions of this Part of this Act or under the corresponding provisions of any former Act, the amount of such instalment, together with an additional charge at the rate of five per centum per annum on the amount in default, shall be recoverable from the defaulting local authority as a debt due to the Crown.

Power of recovery in case of default. 1908, No. 106, sec. 73

(2.) A certificate under the hand of the Audit Office shall be sufficient evidence of the sums in respect of which default has been made, and, on application by the Superintendent in that behalf, the Audit Office shall take all steps necessary to procure payment thereof.

(3.) In addition to such remedy, the Audit Office may be appointed a Receiver of the special rate or other security on which the loan was issued, as provided in Part I of this Act:

Audit Office may be appointed Receiver. Ibid., sec. 74

Provided that in such case the Receiver shall not be required to give any security as mentioned in section forty-six hereof.

69. All moneys raised by the Minister pursuant to section eighty-five of the Local Bodies' Loans Act, 1908, and unexpended on the coming into operation of this Act shall forthwith be paid by the Minister into the Advances Account, and shall be used for the purposes of loans to local authorities under this Part of this Act.

Moneys raised under the Local Bodies' Loans Act, 1908, to be used for loans under this Act.

Effect of merger of
rating-area.
1912, No. 32, sec. 5

Merger of Rating-area.

70. (1.) The merger of any area over which a special rate is made as security for a loan or of any part thereof, or the inclusion of such area or part thereof within the district of a local authority other than the local authority that made the rate, shall not affect such special rate as a security, but the same shall continue to be charged and levied upon the whole area upon which it was charged prior to such merger or inclusion, subject as hereinafter provided. 5

(2.) Where the whole of such area is merged or included as aforesaid, then the whole of the liability in respect of the loan shall upon such merger or inclusion, *ipso facto*, become a liability of the local authority within whose district such area is merged or included, and all the powers and authorities in connection with the loan shall be deemed to be transferred from the local authority that raised the loan to the local authority within whose district such area is merged or included; and such last-mentioned local authority shall take all such steps as may be necessary for collecting and recovering the special rate, and may, by resolution, make any further special rate or rates that may be required to meet the charges or interest from time to time payable with respect to the loan. 10 15 20

(3.) Where a transfer of liability has been made as aforesaid, whether before or after the coming into operation of this Act, all such entries as are necessary to give effect to such transfer may, with the previous consent of the Auditor, be made in the register which on the passing of this Act is kept pursuant to section ninety-three of the Local Bodies' Loans Act, 1908. 25

(4.) Where part only of such area is merged or included as aforesaid, then the whole of the liability in respect of the loan shall continue to be a liability of the local authority that raised the loan, but the Governor may, upon the written application of that local authority or of the Minister, by warrant under his hand, direct that any local authority in whose district part of such area has been merged or included shall pay annually to the first-mentioned local authority during the currency of the loan, on such date as is specified, such amount as he considers a duly proportionate part of the interest and other charges payable in respect of the loan. Such proportionate part shall be calculated on the rateable value of all rateable property in the whole of such area, and in the part so merged or included, at the time when the loan was raised. 30 35

(5.) Any local authority directed to make any such annual payment shall take all such steps as may be necessary for collecting and recovering the special rate in the part of such area merged or included in its district, and may, by resolution, make any further special rate or rates over that part that may be required to meet that payment. 40

(6.) If such annual payment is not made within one month from the due date, then the local authority that raised the loan may recover the amount, with interest at *five* per centum per annum, in any Court of competent jurisdiction, and the amount as stated by the Governor shall be conclusive and binding on that Court, and it shall not be competent for that Court to question the validity of the warrant. 45 50

(7.) In every case of merger or inclusion as aforesaid, such notices as may be prescribed by regulations shall be given to the Minister and to every local authority concerned.

5 (8.) The preceding provisions shall, *mutatis mutandis*, apply in any case where part of any such area is again merged or included in the district of another local authority.

10 (9.) In any case where a part of any such area has been heretofore merged or included as aforesaid, and no adjustment or apportionment of the liability in respect of any loan has been made in accordance with the law then in force, the Governor may, if he thinks fit, on the application of the Minister or of any local authority concerned, deal with the matter in accordance with subsection *four* hereof, and thereupon the provisions of this section shall apply thereto accordingly.

15 (10.) In any case where the whole or part of any such area has been heretofore merged or included as aforesaid the Governor may, if he thinks fit, on the written application of any local authority concerned, make any adjustments which he considers equitable, having regard to all the circumstances of the case (including the conduct in 20 the matter of the local authorities concerned) between the local authorities concerned, as regards payments in respect of the loan made by any of such local authorities since the date of such merger or inclusion and within such period (not exceeding four years immediately preceding the commencement of this Act), as the 25 Governor for the purposes of each particular adjustment determines, and any payment directed by the Governor to be made to any local authority may be recovered by it from the local authority directed to make the payment in any Court of competent jurisdiction.

30 (11.) The Governor may, for any of the purposes of this section, appoint any person or persons to be a Commission under the Commissions of Inquiry Act, 1908, with all the powers of that Act, and such Commission shall, after inquiry, report to the Governor its opinion on the matters referred to it, but it shall not be obligatory on the Governor to act in accordance with such opinion.

35 (12.) In every case of merger or inclusion as aforesaid, the transfer of the liability or the apportionment of the payments in respect of a loan shall be made under this section and not under the provisions of any other Act.

40 (13.) This section shall apply to all loans granted to local authorities under Part II of the Local Bodies' Loans Act, 1908, or the corresponding provisions of any former Act, or under the New Zealand State-guaranteed Advances Act, 1909, or under this Act.

PART III.

STATE-GUARANTEED LOANS.

45 71. When a local authority proposes to raise a special loan outside of New Zealand, it may, before obtaining the consent of the ratepayers, apply to the Superintendent for a State-guarantee under this Part of this Act, and thereupon the Superintendent shall

Government
guarantee of
special loans.

refer the application to the Board for its consideration, and shall as soon as practicable forward the recommendation of the Board to the Minister for his decision.

Order in Council guaranteeing loan to be gazetted.

72. When the consent of the ratepayers to the raising of the loan has been obtained, the Governor may, if he thinks fit, at any time before the loan or any part thereof has been raised, make and cause to be gazetted an Order in Council guaranteeing the loan. 5

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

73. When any loan has been so guaranteed, all principal or interest becoming payable in respect thereof shall, if and as often as any default is made by the local authority in the payment of such principal or interest, be payable by the Minister 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. 10

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

74. 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. 20

Part II not applicable to guaranteed loans.

75. The provisions of Part II of this Act shall have no application to the guarantee of loans under this Part.

Local authority to make due provision for loan before guarantee.

76. No guarantee of any loan shall be given under this Part of this Act unless the Minister 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 this Act. 25

Joint special loans may be guaranteed.

77. The provisions of this Part of this Act shall apply to a joint special loan raised under subsection *four* of section *three* of this Act in the same manner as to a loan raised by a single local authority. 30

Method of raising loans.

78. Every loan guaranteed under this Part of this Act shall be raised by debentures in accordance with the provisions in Part I of this Act, subject to the following modifications:— 35

(a.) In lieu of the statement required by section *twenty-five* hereof, 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 authorized in that behalf by the Minister, to the effect that the debenture is guaranteed under this Act by the Government of New Zealand. 40

(b.) The interest payable on any such debenture shall not exceed *five* per centum per annum. 45

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

Sinking funds.

79. (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. 50

(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. 55

(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.

5 (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.

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

15 (6.) The amount so payable into the sinking fund by the local authority shall be paid in the month of April in each year, the first of such payments being calculated in respect of the fraction of the financial year during which the loan had been current.

20 (7.) 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 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 Minister to the Public Trustee to the credit of the sinking fund.

25 (8.) 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 its local fund or other property not prohibited by this Act from being made security for the loan.

30 80. All moneys paid by the Minister 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 on account of guaranteed loan to be a debt to Crown.

35 81. (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 forty-one to fifty hereof may be exercised by him on the application of the Minister 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.

40 (2.) All the provisions of sections forty-one to fifty hereof 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.

45 (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 forty-two hereof.

50 82. (1.) For the purpose of the investment of trust moneys, debentures issued by a local authority and guaranteed under the provisions of this Part of this Act shall be deemed to be securities issued by the Government of New Zealand within the meaning of

Investment of trust moneys in guaranteed debentures.

any Act, deed, will, or settlement authorizing 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. 5

Annual report
by Minister.

83. The Minister 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 granted to local authorities during the preceding financial year, and the several amounts so guaranteed; 10

(b.) The total amount guaranteed under this Part of this Act; and

(c.) 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. 15

PART IV.

CONVERSION OF LOCAL BODIES' LOANS.

Interpretation.

1908, No. 106, sec. 97

84. In this Part of this Act, if not inconsistent with the context,— 20

“Conversion debenture” means a debenture authorized to be issued under this Part of this Act:

“Local Act” means, as the case may be, the Counties Act, 1908, the Municipal Corporations Act, 1908, and any other Act for the time being in force providing for the administration of the local affairs of a district or the constitution of a Harbour Board: 25

“Local fund” means the district fund in a borough, the county fund in a county, and the similar general fund in any other district, or of any Harbour Board. 30

Local authority
may convert loans.
Ibid., sec. 98.

85. Subject to the provisions of this Part of this Act, any local authority if authorized in that behalf by special order, may from time to time call in and convert any outstanding loan raised by such local authority under the authority of any Act or Ordinance other than Part II of this Act, or Part II of the Local Bodies' Loans Act, 1908, or the corresponding provisions of any former Act. 35

Creation of sinking
fund.
Ibid., sec. 99

86. (1.) Every local authority, before converting a loan under this Part of this Act, shall make provision to the satisfaction of the Public Trustee for the repayment of the converted loan at maturity by the creation of a sinking fund. 40

(2.) For such purpose the local authority shall, out of its local fund, permanently appropriate such yearly sums as the Public Trustee deems necessary, and shall pay such sum to the Public Trustee yearly and every year during the currency of the loan, or until he is satisfied that the accumulations of sinking fund will suffice to redeem the loan at maturity. 45

(3.) The first yearly payment in respect of sinking fund shall be made to the Public Trustee by the local authority at the expiration of twelve months after the raising of the converted loan.

(4.) All moneys received by the Public Trustee from any local authority in respect of sinking funds shall be invested by him in such of the securities sanctioned by the Public Trust Office Act, 1908, as will yield the highest rate of interest, and, together with all accumulations of interest, shall be held by him for the purpose of redeeming the converted loan at maturity.

(5.) The Public Trustee shall supply to the local authority a yearly statement showing the accretions of sinking fund and the investments representing the same.

10 (6.) The Public Trustee shall make no charge by way of commission for managing and investing the sinking fund.

87. For the purposes of such conversion the local authority may issue conversion debentures, to be disposed of in exchange for the debentures representing the outstanding loan.

15 88. Such conversion debentures may be issued to the amount of the outstanding loan, and where there is no sinking fund, then also with such further amount by way of premium or compensation as is found to be necessary in order to effect the conversion.

20 89. Nothing in this Part of this Act shall be deemed to entitle the local authority to compel the holder of any such outstanding debenture to accept payment thereof before its due date.

25 90. The local authority may appoint any persons in England or elsewhere to be Agents for the purpose of managing and effecting the conversion of any loans, and such Agents may exercise such of the powers hereby conferred upon the local authority as the local authority prescribes.

30 91. Such Agents shall also be the agents of the Sinking Fund Commissioners in respect of the sinking fund (if any) connected with the loan to be converted, and shall have full power to act generally in connection with the conversion.

92. The holders of outstanding debentures shall be entitled to surrender the same in exchange for conversion debentures, at such rates as are agreed upon between the local authority or its Agents and such holders.

35 93. Any sum payable by way of premium or compensation in respect of such conversion shall be paid either in cash or in conversion debentures:

40 Provided that no conversion debenture shall be issued for a smaller sum than twenty pounds, and that any payment of a smaller sum shall be made in cash.

45 94. (1.) All sums payable in cash under the *last preceding* section, and also all costs of issuing such conversion debentures, and all charges incident to the conversion and other operations connected therewith, shall be paid out of the sinking fund (if any) set free by such conversion; or, if there is no sinking fund, or to the extent to which such sinking fund is insufficient, then out of the local fund.

50 (2.) The residue of the sinking fund (if any) so set free as aforesaid shall be applied as the local authority thinks fit, either towards payment of the aforesaid premium or compensation in respect of the converted loan, or in augmentation of the sinking fund to be established

Local authority may issue debentures. 1908, No. 106, sec. 100.

Amount for which debentures may be issued. Ibid., sec. 101

Outstanding holder not bound to accept payment. Ibid., sec. 102

Agents may be appointed. Ibid., sec. 103

Agents for Sinking Fund Commissioners. Ibid., sec. 104

Outstanding holder may exchange. Ibid., sec. 105

Payment of premium. Ibid., sec. 106

Costs payable out of sinking fund. Ibid., sec. 107

Residue of sinking fund.

under this Part of this Act for the purpose of the repayment of the converted loan at maturity.

Disposal of residue
of sinking fund.
1908, No. 106, sec.
108

95. (1.) All sinking fund accrued and accruing in respect of any loan shall, to the extent to which such loan is converted, be deemed to be set free for the purposes aforesaid. 5

(2.) The Commissioners shall determine how much of the sinking fund in their hands is applicable to the unconverted portion of a loan, and how much thereof is from time to time set free:

Provided that from their determination there shall be an appeal to a Judge of the Supreme Court, whose decision shall be final. 10

(3.) Such appeal shall be brought by way of summons, and the Public Trustee shall sufficiently represent all interests other than those of the local authority.

Pending conversion,
moneys may be
borrowed.
Ibid., sec. 109

96. Pending the operations for converting loans and issuing the conversion debentures, the local authority may, for the purpose of carrying out the provisions hereof, obtain advances from any person to an extent not exceeding the estimated amount of sinking fund to be set free by the conversion. 15

Security for
conversion
debentures.
Ibid., sec. 110

97. (1.) The rates, revenue, or other securities for any loan to be converted shall, save as to so much of the sinking fund (if any) as is set free by the conversion, become the security for the conversion debentures representing so much of the loan as is converted. 20

(2.) Any local authority when converting two or more loans may consolidate them into one loan, and in such case the securities for the separate loans (other than sinking funds set free by the conversion) shall become a consolidated security for the conversion debentures representing so much of the separate loans as are converted and consolidated. 25

(3.) Nothing in this section shall prejudice the existing security for the debentures representing so much of any loan as remains unconverted. 30

Interest, form,
currency, &c.,
of conversion
debentures.
Ibid., sec. 111

98. (1.) Conversion debentures shall bear interest at a rate not exceeding four and one-half per centum per annum, and shall have a currency not exceeding fifty years.

(2.) Every debenture shall be in the form numbered (6) in the *First* Schedule hereto, and shall be signed by the Mayor or Chairman, countersigned by the Treasurer or other officer of the local authority, and sealed with the corporate seal of the local authority. 35

(3.) All debentures shall be numbered consecutively, and as between the holders thereof shall rank equally. 40

(4.) Coupons, in the form numbered (7) in the said Schedule, shall be attached to every debenture, and shall bear the same number as the debenture to which they are attached.

(5.) The signatures to coupons may be made by fac-similes thereof in lithograph or otherwise. 45

Price at which
debenture may
be sold.
Ibid., sec. 112
Debentures, where
payable.
Ibid., sec. 113

99. No debenture issued under this Part of this Act shall be sold at a price that will produce to the purchaser a greater interest than four and one-half per centum per annum.

100. (1.) Every debenture shall be payable, both as to principal and interest, at a place, within or out of New Zealand, to be named in the debenture and also in the coupon. 50

(2.) Debentures and coupons shall be transferable by delivery, and payment to any person in possession of a debenture or coupon shall discharge the local authority from all liability in respect thereof.

Transfer.

101. It shall not be necessary for the local authority to cause any public meeting of the ratepayers to be held, or to take any poll of the ratepayers, for the purpose of consenting to the conversion or consolidation of any loan or loans or the issue of any conversion debentures, or the creation of the indebtedness consequent thereon.

Poll not necessary.
1908, No. 106, sec.
114

102. (1.) No objection shall be allowed in any Court to any rate which the local authority or a Receiver purports to strike, make, or levy under this Part of this Act.

No objection to be
made to rate, &c.
Ibid., sec. 115

(2.) No informality or irregularity, whether in form or in substance, in the making, striking, or levying of such rate, or in the election or appointment of any body or person acting in connection therewith, shall be allowed by any Court as a defence to any action or proceeding for the recovery of such rate, or be entertained as a ground for quashing such rate or restraining the recovery thereof.

103. No claim of any holder of conversion debentures or coupons shall attach to or be paid out of the public revenues of New Zealand or the Government thereof.

No claim on public
revenues.
Ibid., sec. 116

104. (1.) The Governor may from time to time, by Order in Council gazetted, empower any local authority to inscribe all or any of its conversion debentures in the books of such bank or other corporation in New Zealand as he approves in that behalf, and to issue stock or other certificates in respect thereof.

Inscription of
conversion
debentures.
Ibid., sec. 117

(2.) The power conferred by this section on the Governor in Council may be similarly exercised by him in respect of inscription in England, in the event of such inscription being authorized by Imperial legislation.

(3.) For the purposes of such inscription the Governor in Council may from time to time make regulations prescribing the form of stock or other certificates to be issued, the form of register to be kept, and generally such other matters as he thinks necessary in order to give full effect to this Part of this Act.

(4.) No claim of any person in respect of any such inscribed debentures, or stock, or other certificates, or any interest thereon, or otherwise howsoever, shall attach to or be paid out of the public revenues of New Zealand or the Government thereof.

PART V.

MISCELLANEOUS.

40

105. Where a notice is required by this Act to be given or published by a local authority, such notice shall be given or published in the same manner as other notices are given or published by such local authority, unless some other mode is expressly set forth in this Act.

Service of notices.
Ibid., sec. 118

106. Where any contract, debt, or liability is entered into or incurred, or any act or thing is done or suffered by a local authority under this Act, such contract, debt, liability, act, or thing shall for

Contract, &c., of
local authority
binding on
Corporation.
Ibid., sec. 119

all purposes be deemed to be the contract, debt, liability, or act of the corporate body which such local authority represents.

Exemptions from stamp duty.
1908, No. 106,
sec. 120

107. Stamp duty shall not be payable in respect of any debenture or coupon issued under this Act, or of any transfer thereof respectively, or in respect of any statutory declaration required by this Act to be made by a local authority or any officer thereof. 6

Validation of irregularities.
Ibid., sec. 121
1910, No. 39, sec. 7

108. Where at any time after proceedings have been commenced or taken for raising a loan under this Act, or under the corresponding provisions of any former Act relating to local bodies' loans, it is discovered that any of the proceedings were irregular or defective, the Governor, if satisfied that the ratepayers have not been misled, may, by Order in Council gazetted, validate such proceedings, and thereupon the validity of the proceedings or of the security for the loan shall not be questioned on the ground of such irregularity or defect. 10

Crown liable for special rates in certain cases.
1908, No. 106,
sec. 122

109. In any case where land liable to any special rate is acquired by the Crown, the Crown shall be liable for payment of such rate for any year during which there is no occupier of the land within the meaning of the Rating Act, 1908. 15

Regulations.
Ibid., sec. 123

110. The Governor may from time to time, by Order in Council gazetted, make regulations for any purpose for which regulations are contemplated by this Act. 20

Repeals.

111. (1.) The enactments mentioned in the *Second Schedule* hereto are hereby repealed.

Savings.

(2.) All Orders in Council, orders, regulations, debentures, certificates, notifications, securities, instruments, registers, records, rates, polls, and generally all acts of authority which originated under any of the said enactments, and are subsisting or in force on the commencement of this Act, shall enure for the purposes of this Act as fully and effectually as if they had originated under the corresponding provisions of this Act, and accordingly shall, where necessary, be deemed to have so originated. 30

(3.) All matters and proceedings commenced under any of the said enactments, and pending or in progress on the commencement of this Act, may be continued, completed, and enforced under this Act. 35

Provisions as to existing loans.
Ibid, sec. 124

(4.) With respect to special loans raised under any such enactment, or under any former Act relating to local bodies' loans, the following provisions shall apply:—

(a.) Any Sinking Fund Commissioners appointed in connection with any such special loan shall be deemed to have been appointed under this Act, and the provisions thereof shall apply to them accordingly. 40

(b.) In the case of special loans raised under the *Local Bodies' Loans Act, 1886*, the additional power of sale of the public work or undertaking conferred by section sixty-six of that Act, and the other provisions of such Act relating to such sale, shall continue to apply. 45

(c.) Any debenture or bond issued in respect of any such loan may be transferred as provided in section twenty-seven hereof. 50

(5.) Notwithstanding the repeal by this section of the Local Bodies' Loans Act, 1908, the provisions of that Act (relating to the inscription of the debts of local authorities) shall continue to apply to loans which have been granted by the Minister pursuant to subsection two of section seventy thereof, but which have not been inscribed before the commencement of this Act.

SCHEDULES.

Schedules.

FIRST SCHEDULE.

(1.) VOTING-PAPER.

[Name of local authority.]

PROPOSAL to raise a special loan under the Local Bodies' Loans Act, 1913, upon which a poll will be taken upon the day of 19

[Insert full particulars of the notice required by section 8 of that Act.]

- 1. I vote for the above proposal.
- 2. I vote against the above proposal.

N.B.—The voter must erase the line marked 2 if he wishes to vote for the proposal, or line 1 if he wishes to vote against it. The voter shall erase one or other of the said lines, and his vote shall be deemed to be given according to the one of the said lines which he leaves unerased.

(2.) RESOLUTION MAKING SPECIAL RATE.

IN pursuance and exercise of the powers vested in it in that behalf by the Local Bodies' Loans Act, 1913, the [Name of local authority] hereby resolves as follows:—

That for the purpose of providing the interest and other charges on a loan of [Amount of loan], authorized to be raised by [Name of local authority] under the above-mentioned Act, for [Name the public work or works for which loan is required], the said [Name of local authority] hereby makes and levies a special rate of [State amount in the pound] upon the rateable value of all rateable property of the [Name of district or special rating area], comprising [Name the district—e.g., the whole of the County of ; or, in the case of a special rating area, name the ward, riding, or other statutory subdivision comprising the same ; or, if not such a subdivision, describe by its boundaries and state the numbers of the sections and block comprising the same, and name of survey district. If the special rating area has no specific name, refer to it as "special rating area"], and that such special rate shall be an annual-recurring rate during the currency of such loan and be payable half-yearly on the day of and the day of [or yearly on the day of] in each and every year during the currency of such loan, being a period of [State number] years, or until the loan is fully paid off.

(3.) DEBENTURE.

No.

[Name of local authority] of [Name of district], New Zealand.

[Here insert name or description of loan as commonly known] Loan of £ secured on [State public work or undertaking, special rate, or other property on which loan is secured].

DEBENTURE for £ , payable at [State place of payment], on the day of 19 , issued by the [Name of local authority] of [Name of district], New Zealand, under the Local Bodies' Loans Act, 1913.

N.B.—The holder of this debenture has no claim in respect thereof upon the Government or public revenues of New Zealand.

On presentation of this debenture at [State place of payment], on or after the day of , 19 , the bearer thereof will be entitled to receive £ . Interest on this debenture will cease after the day when the payment falls due, unless default is made in payment.

This debenture bears interest at the rate of per centum per annum, payable on and in each year, on presentation of the attached coupons.

Issued under the common seal of the Corporation of [Name of local authority —e.g., the City of Wellington], the day of , 19 .

A. B., Mayor [or Chairman].
[Or E. F., } Agents.]
G. H., }

C. D., Treasurer [or other officer appointed for that purpose].

(4.) COUPON.

Debenture No. of the [Name of local authority] of [Name of district], New Zealand, issued under the Local Bodies' Loans Act, 1913, secured on [Specify the public work or undertaking, special rate, or other property on which loan secured].

On presentation of this coupon at [State place of payment], on or after the day of , 19 , the bearer hereof will be entitled to receive £ .

A. B., Mayor [or Chairman].
[Or E. F., } Agents.]
G. H., }

C. D., Treasurer [or other officer appointed to sign debentures].

(5.) TRANSFER.

I, of , hereby transfer to , of , the within [or a certain] debenture [Describe debenture by name and year of loan and number] of the [Name of local authority] of [Name of district], New Zealand.

Dated this day of 19 . A.B., Transferor.

Signed by the said A. B. in the presence of—

C. D.,
[Address and occupation].

(NOTE.—The witness, whether in or out of New Zealand, should be a Justice of the Peace, barrister, solicitor, minister of religion, Mayor, Town Clerk, or Chairman or official of a local authority.)

(6.) CONVERSION DEBENTURE.

No.

[Name of local authority] of [Name of district], New Zealand.

Conversion Debenture, issued pursuant to Part III of the Local Bodies' Loans Act, 1913.

Conversion Loan, secured on rates [or other security, as the case may be] of the [Name of local authority] of [Name of district], as provided by the above Act.

CONVERSION Debenture for £ , payable at on the day of , 19 , issued by the [Name of local authority] of [Name of district], New Zealand, under the above Act.

N.B.—The holder of this debenture has no claim in respect thereof upon the Government or public revenues of New Zealand.

On presentation of this debenture at on the day of , 19 , the bearer thereof will be entitled to receive £ . Interest on this debenture will cease after the date when payment of the debenture falls due.

Issued under the common seal of the [Name of local authority] of [Name of district], the day of , 19 . A.B.,

(L.S.) Mayor [or Chairman, as the case may be].

C. D., Treasurer. [Or E. F., } Agents.]
G. H., }

(7.) COUPON.

Conversion Debenture No. of the [Name of local authority] of [Name of district], New Zealand, issued under Part III of the Local Bodies' Loans Act, 1913, secured on rates [or other security, as the case may be] of the [Name of local authority] of [Name of district], as provided by that Act.

ON presentation of this coupon at on or after the day of 19 , the bearer hereof will be entitled to receive £ .

N.B.—The holder of this coupon has no claim in respect thereof upon the Government or public revenues of New Zealand.

A. B.,
Mayor [or Chairman, as the case may be.]
[Or E. F.,
G. H.,] Agents.]

C. D., Treasurer.

SECOND SCHEDULE.

ENACTMENTS REPEALED.

- 1908, No. 106.—The Local Bodies' Loans Act, 1908 : Except section 78.
- 1908, No. 231.—The Local Bodies' Loans Amendment Act, 1908.
- 1909, No. 31.—The New Zealand State-guaranteed Advances Act, 1909 : Part IV, except sections 77 to 86.
- 1910, No. 13.—The New Zealand State-guaranteed Advances Amendment Act, 1910 : Section 21.
- 1910, No. 39.—The Local Bodies' Loans Amendment Act, 1910.
- 1912, No. 32.—The Local Bodies' Loans Amendment Act, 1912 : Except section 3.
- 1912, No. 47.—The New Zealand State-guaranteed Advances Amendment Act, 1912.