

New Zealand



ANALYSIS.

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1895, No. 57.

AN ACT to authorise Local Authorities to Convert and Consolidate their Loans. Title.
[1st November, 1895.]

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

1. The Short Title of this Act is “The Local Authorities’ Loans Conversion Act, 1895.” Short Title.

2. In this Act, if not inconsistent with the context,— Interpretation.

“Conversion debenture” means a debenture authorised to be issued under this Act:

“District” includes a borough, county, road district, drainage district, water-supply district, and river district constituted under any Act relating thereto respectively; and includes any two or more districts that have united to raise a joint loan or to convert or consolidate two or more loans:

“Local authority” means the Council, Board, or other authority empowered to raise loans by any Act or provincial Ordinance, and includes any two or more local authorities that have united to raise a joint loan or to convert or consolidate two or more loans:

“Local Act” means, as the case may be, “The Counties Act, 1886,” “The Municipal Corporations Act, 1886,” 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:

“Local fund” means the Borough Fund in a borough, the County Fund in a county, and the similar General Fund in any other district, or of any Harbour Board :

“Person” includes firm, company, and corporation :

“Special order” means a special order as defined by the local Act: Provided that where not defined by the local Act “special order” means a resolution passed by the local authority at a special meeting called for the purpose.

Local authority may convert loans.

3. Subject to the provisions of this Act, any local authority, if authorised 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 provincial Ordinance.

Creation of sinking fund.

4. (1.) Every local authority, before converting a loan under 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.

(2.) For such purpose the local authority shall, out of its revenues or general fund, permanently appropriate such yearly sum 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.

(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 by him be invested in such of the securities sanctioned by “The Public Trust Office Consolidation Act, 1894,” 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.

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

Local authority may issue debentures.

5. 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.

Amount for which debentures may be issued.

6. 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.

Outstanding holder not bound to accept payment.

7. But nothing in 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.

Agents may be appointed.

8. 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.

9. Such Agents shall also be the Agents of the Sinking Fund Commissioners 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.

Agents for
Sinking Fund
Commissioners.

10. 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.

Outstanding holder
may exchange.

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

Payment of
premium.

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.

12. (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 be no sinking fund, or to the extent to which such sinking fund is insufficient, then out of the local fund.

Costs payable out of
Sinking Fund.

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

Residue of sinking
fund.

13. (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.

Disposal of residue
of Sinking Fund.

(2.) The Commissioners shall determine how much of the sinking funds 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.

(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.

14. 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.

Pending conversion,
moneys may be
borrowed.

15. (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.

Security for conver-
sion debentures.

(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.

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

Interest, form,
currency, &c., of
conversion debentures.

16. (1.) The debentures issued under this Act 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.

Schedule.

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

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

(4.) Coupons, in the form in the said Schedule hereto, 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.

(6.) No debenture or coupon shall be liable to stamp duty.

Price at which
debenture may be
sold.

17. No debenture issued under the 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.

Debentures, where
payable.

18. (1.) Every debenture shall be payable, both as to principal and interest, at a place, within or without the colony, to be named in the debenture and also in the coupon.

Transfer.

(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.

Poll not necessary.

19. 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 debentures under this Act, or the creation of the indebtedness consequent thereon.

No objection to be
made to rate, &c.

20. (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 Act.

(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.

No claim on colony.

21. No claim of any holder of debentures or coupons issued under this Act, or of any creditor of the local authority, shall attach to or be paid out of the public revenues of New Zealand or the Government thereof.

Inscription of con-
version debentures.

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

(2.) The power by this section conferred upon the Governor in Council may be similarly exercised by him in respect of inscription.

in England, in the event of such inscription being authorised 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 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.

SCHEDULE.

Schedule.

FORM OF DEBENTURE.

No. _____, *New Zealand.*
 Conversion Debenture, issued pursuant to "The Local Authorities' Loans Conversion Act, 1895."
 CONVERSION Loan, secured on Rates [or other security, as the case may be] of the [local authority], as provided by the above Act.
 Conversion Debenture for £ _____, payable at _____ on the _____ day of _____, 19 _____, issued by the [local authority], New Zealand, under the above Act.
 N.B.—The holder of this debenture has no claim in respect thereof upon the Government of the Colony of New Zealand or the revenues of that colony.
 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 corporate seal of the [local authority], the _____ day of _____, 189 _____, [or 19 _____].
 (L.S.)
 A.B.,
 Mayor [or Chairman, as the case may be].
 [or E.F., } Agents.
 G.H., }

C.D., Treasurer.

FORM OF COUPON.

CONVERSION Debenture No. _____, of the [local authority], New Zealand, issued under "The Local Authorities' Loans Conversion Act, 1895," secured on Rates [or other security, as the case may be] of the [local authority], as provided by that Act.
 ON presentation of this coupon at _____ on or after the _____ day of _____, 18 [or 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 of the Colony of New Zealand or the revenues of that colony.
 A.B.,
 Mayor [or Chairman, as the case may be].
 [or E.F., } Agents.
 G.H., }

C.D., Treasurer.