

Hon. Mr. Ward.

LOCAL BODIES' LOANS CONVERSION.

ANALYSIS.

Title.	
1. Short Title.	12. Disposal of residue of Sinking Fund.
2. Interpretation.	13. Pending conversion, moneys may be borrowed.
3. Local authority may convert loans.	14. Security for conversion debenture.
4. Local authority may issue debentures.	15. Interest, form, currency, &c., of conversion-debenture. First Schedule.
5. Amount for which debentures may be issued.	16. Price at which debenture may be sold.
6. Outstanding holder not bound to accept payment.	17. Transfer of debenture. Second Schedule.
7. Agents may be appointed.	18. Poll not necessary.
8. Agents for Sinking Fund Commissioners.	19. No objection to be made to rate, &c.
9. Outstanding holders may exchange.	20. No claim on colony. Schedules.
10. Payment of premium.	
11. Costs payable out of Sinking Fund.	

A BILL INTITULED

AN ACT to authorise Local Bodies to convert and consolidate their Title.
Loans.

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

1. The Short Title of this Act is "The Local Bodies Loans Con- Short Title.
version Act, 1894."

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

"Act" includes provincial Ordinance:

10 "Conversion debenture" means a debenture authorised to be
issued under this Act:

15 "District" includes a borough, county, road district, drainage
district, and river district constituted under any Act re-
lating thereto respectively; and includes any two or more
districts that have united to raise a joint loan:

"Local authority" means the Council, Board, or other autho-
rity having power to make and levy rates in a district, and
includes any two or more local authorities that have united
to raise a joint loan:

20 "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 ad-
ministration of the local affairs of a district:

No. 184—1.

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

“ Person ” includes firm, company, and corporation :

“ Special order ” means a special order as defined by the local Act. 5

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. 10

Local authority may issue debentures.

4. 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.

5. Such conversion debentures may be issued to the amount of the outstanding loan, with such further amount by way of premium or compensation as may be found necessary in order to effect the conversion. 15

Outstanding holder not bound to accept payment.

6. 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. 20

Agents may be appointed.

7. The local authority may appoint any person or 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 may prescribe. 25

Agents for Sinking Fund Commissioners.

8. 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.

Outstanding holders may exchange.

9. The holders of outstanding debentures shall be entitled to surrender the same in exchange for conversion debentures, at such rates as may be agreed upon between the local authority or its Agents and such holders. 30

Payment of premium.

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

Costs payable out of Sinking Fund.

11. 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. 40

Disposal of residue of Sinking Fund.

12. (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, and, after payment thereof of all the sums, costs, and charges referred to in the *last-preceding* section, the residue thereof shall be disposed of by the Commissioners for the benefit of the local authority in such manner as, on the application of the local authority, the Governor in Council may prescribe. 45

(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.

13. 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 bank, company, or 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.

14. (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 conversion debenture.

(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.

15. (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 *thirty* years.

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

(2.) Every debenture shall be in the form in the *First* 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.

First Schedule.

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

(4.) Coupons in the form in the said *First* Schedule hereto, similarly numbered and expressing the rate of interest, shall be attached to every debenture.

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

16. 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.

Price at which debenture may be sold.

17. Any such debenture may be transferred by indorsement in the form in the *Second* Schedule (or by separate form of transfer to the like effect), attested by one witness, whose address and occupation shall appear on such instrument; and such transfer, or a notari-ally-attested copy thereof, shall be presented for registration in the books of the local authority within twenty-one days from the date thereof if executed in New Zealand, and if executed beyond New Zealand within twenty-one days after the arrival thereof in the colony; and no such transfer shall be liable to stamp duty.

Transfer of debenture.
Second Schedule.

18. 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 or in respect of the issue of any debentures issued under the authority of this Act, or the incurring of the indebtedness thereby created.

Poll not necessary.

No objection to be made to rate, &c.

19. No objection shall be allowed in any Court to any rate which the local authority or a receiver shall purport to strike, make, or levy under the provisions of this Act; and 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. 5

No claim on colony.

20. No claim of any holders of debentures or coupons issued under the authority hereof, 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. 10

Schedules.

SCHEDULES.

FIRST SCHEDULE.

FORM OF DEBENTURE.

No. _____, *New Zealand.*
 Conversion Debenture, issued pursuant to "The Local Bodies' Loans Conversion Act, 1894."
 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 aforesaid 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 such 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 _____].
 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 Bodies' Loans Conversion Act, 1894," 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 £ _____.
 A.B.,
 Mayor [or Chairman, as the case may be].
 [or E.F., } Agents.
 G.H., }
 C.D., Treasurer.

SECOND SCHEDULE.

FORM OF TRANSFER OF DEBENTURE.

I [Transferor], of [Name in full, occupation, and address], hereby transfer to [Transferee], of [Name in full, occupation, and address], the within [or a certain] Conversion Debenture, of the [local authority], numbered [Quote number correctly].
 (Signature) A.B., Transferor.

Signed in the presence of C.D.,
 [Add address and occupation].

[NOTE.—The above form is printed for the guidance of transferors, and should be strictly followed. If the original debenture is not forwarded to [office of the local authority], with the indorsement thereon, for registration, there should be forwarded either a notarially-attested copy thereof or a separate form of transfer in the above form, duly executed before some well-known person, such as a Justice, clergyman, barrister, solicitor, London broker, Mayor, Town Clerk, or county official.]