

1859.
VICTORIA.

RAILWAY LOAN.

COPIES OF A LETTER ADDRESSED ON THE 17TH NOVEMBER, 1859, TO THE CHAIRMAN OF THE CONTRACTING BANKS, RELATIVE TO MODE OF SALE OF DEBENTURES IN FUTURE, AND OF A LETTER RECEIVED FROM MR. MACARTHUR IN REPLY.

Ordered by the Legislative Assembly to be printed, 2nd December, 1859.

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Treasury, Melbourne,
17th November, 1859.

SIR,

The Government have had under consideration the method hitherto followed in the disposal of the debentures on account of this Colony. I have the honor to inform you that they have determined upon the following course, believing that such will be more advantageous to the Colony and also more in accordance with the usual custom followed in placing similar transactions on the London market.

The requirements of the Colony for railway purposes in 1860, will be about three millions sterling, and it is the wish of the Government that the Railway Loan Agents should, immediately on receipt of the advices by the Mail Steamer leaving this to-morrow, advertise in the usual way, that till some day to be fixed by them early in April 1860, tenders will be received for all or any portion of, say, three millions sterling, and that the assurance should be given to the Public that no further portion of the Loan will be submitted in 1860.

I may here, however, say that the Government feel a difficulty in deciding whether it might not be advantageous to withhold from sale say one and a-half million sterling, out of the three millions required next year, say till August, 1860, when that moiety could be advertised for sale by tender. And therefore the Government would request the co-operation of the Railway Loan Agents in the matter. If they find, on receipt of the present advices, that the money market is easy and that the three millions would be taken by the public at good rates, then they are to arrange for the sale of the entire amount, but if they are of opinion that three millions will be too much to put on the market, and that there exists the prospect of good rates being made about the month of August following, then it is wished by the Government that only one and a half millions, or such other amount as may by them be deemed sufficient, to be put in the market without injuriously affecting it, should be advertised to be sold in April, and the remainder say in September.

Before the departure of the next mail steamer I shall send you the limits fixed upon by the Government as the minimum price for the Debentures to be sold, as before indicated. The limits will be enclosed in a sealed envelope, addressed to the Chairman of the Railway Loan Agents, which is to be opened by him after the tenders have been opened in the presence of the other agents and the tenderers.

At last dates there were unsold Debentures in London amounting to £1,718,000, of which the sum of £626,000 will be required for the services of this year, and will, no doubt, be realized before the present advices reach London; the remaining million will form part of the three millions to be sold in 1860. By next mail I shall forward two millions of the Debentures, or, probably, I may retain one-half of them to go forward by the January mail; care, however, will be taken that the whole are in London in time.

I may further add that it is the intention of the Government to fix their limit inclusive

of accrued interest, intimation of which it may perhaps be deemed necessary by the Railway Loan Agents to notify in the advertisement calling for tenders. There will, of course, be no accrued interest of any amount on the Debentures sold in April.

I trust the above proposals are distinctly put before you, and will be glad to have your acknowledgment of the receipt of this communication.

I have the honor to be,

Sir,

Your most obedient Servant,

(Signed)

J. McCULLOCH.

D. C. Macarthur, Esq.,

Chairman of the Representatives of Contracting Banks.

No. 56.]

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Melbourne, 18th November, 1859.

SIR,

I have the honor to acknowledge the receipt of your letter, dated 17th November, advising me of the requirements of the Government for Railway purposes during the year 1860, and furnishing instructions for the guidance of the London Committee of the Contracting Banks in the sale of three millions of Debentures intended to be transmitted to them.

The instructions conveyed are perfectly clear and explicit, and I have forwarded a copy of the same to the Chairman of Representatives in London.

I have the honor to be,

Sir,

Your obedient Servant,

(Signed)

D. C. MACARTHUR,

Chairman of Representatives.

To the Honorable the Treasurer.