

4 pages written 29 Apr 1874 by Sir Donald McLean in Sydney to Sir Julius Vogel

2/28
Sydney - 29th April 1874.

My dear Vogel

After consultation with Wentworth and Cape, I came to the conclusion that the course to adopt was to invite tenders for £300,000 at 4 P.C., 40 years currency, copy of the notice marked A herewith - I delayed advertising as long as I could in the hope of otherwise effecting a sale; in the mean time acquainting myself with the state of the Money Market which required time and caution.

- Queensland -

The last considerable operation was in Queensland debentures; these after much difficulty were disposed of at 88, 4 P.C., 40 years currency - Cape informs me that the Queensland Government took up a large proportion of them. The present market quotations for the debentures above referred to are 90 and 91, but no sale except for very small parcels can be effected - It is evident however that Queensland is in very high favour in the market not only from the fertility and its resources being so well known, but also from the financial and commercial ties existing between it and N. S. Wales.

A good many of the Queensland debentures have been absorbed by private parties in fulfilment of certain trusts. Wentworth

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purchased £20 or £30,000 for purposes specified in his father's will - I mention this to show that it is not likely that many will be on the market, so that the time for floating our debentures is opportune. New South Wales is not likely to be on the market for some time; Queensland may come back again by next July or August. At present we are the only colony in possession of the Sydney market.

- New Zealand -

The Colony is growing in public favour, but its past native difficulties, various land laws and absence and absence of frequent communication place it at a disadvantage as compared with Queensland. The Californian service when properly established will remove many existing prejudices.

Cape strongly urged the issue of short dated debentures not to exceed three or at most five years, after pointing out that changes of the terms on which debentures had been already placed might be injurious to the credit of the colony, we agreed that an adherence to the 4% would be preferable to any change; and, from other reliable sources, I gather that 4% from being better understood, will float better than 4 1/2% with 30 years currently redeemable after

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Five years on giving Sir months notice - Cape
 offered to negotiate with the Bank of New South
 Wales - I authorized him to do so at 8 7/8%: He
 declined saying it was no use trying at any figure
 above 8 6 and that our debentures would have
 to yield to a fall of 2 P.C. below succuland.

I told him our securities were so high at home
 and constantly improving that I could not place
 our policy at such a disadvantage.

I deem it advisable now to wait the issue of the
 advertisement before entertaining any private
 offer, at any rate for a less sum than £200,000, as
 it might prejudice ^{future} negotiations.

Ralston I have had two interviews with,
 and possibly to the extent of £50,000 I may be
 able to do business with him if the whole amount
 is not tendered for; by his letter herewith you
 will see he expects 5 P.C.; but I have seen him
 since and believe that was merely a feeler.

Wentworth being absent in the country, I told
 him I was not prepared to make any offer
 until I consulted with him, but that some of our
 debentures would be shortly placed on the market.

I did this the day before the notice was published,
 yesterday the 28th. I called on the 27th thinking he
 might take an offer of £200,000 at 4 per cent, but he

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