

II.

The following Memorandum was prepared at the Treasury, explanatory of the terms on which Her Majesty's Government could concur, subject to the sanction of Parliament, in the proposed plan of assistance to the construction of the Inter-colonial Railway. It was communicated, on the 13th December 1862, to the Delegates of Nova Scotia and New Brunswick, the Canadian Delegates being at that time absent at Paris.

— No. 1. —

TREASURY MEMORANDUM.

No. 1.
Treasury Memo-
randum.

It is proposed,—

1. That Bills shall be immediately submitted to the Legislatures of Canada, Nova Scotia, and New Brunswick, authorising the respective Governments to borrow 3,000,000 £., under the guarantee of the British Government, in the following proportions:—5-twelfths, Canada; 3½-twelfths, Nova Scotia; 3½-twelfths, New Brunswick.

2. But no such loan to be contracted on behalf of any one Colony until corresponding powers have been given to the Governments of the other two Colonies concerned, nor unless the Imperial Government shall guarantee payment of interest on such loan until repaid.

3. The money to be applied to the completion of a Railway connecting Halifax with Quebec, on a line to be approved by the Imperial Government.

4. The interest to be a first-charge on the Consolidated Revenue Funds of the different Provinces, after the Civil List and the interest of existing debts, and as regards Canada after the rest of the six charges enumerated in the 5 & 6 Vict. c. 118 and 3 & 4 Vict. c. 35 (Act of Union).

5. The Debentures to be in series as follows, viz.:—

£. 250,000	to be payable	10 years	after contracting loan.
£. 500,000	"	20 years	" "
£. 1,000,000	"	30 years	" "
£. 1,250,000	"	40 years	" "

In the event of these debentures, or any of them, not being redeemed by the Colonies at the period when they fall due, the amount unpaid shall become a charge on their respective revenues, next after the loan, until paid. The principal to be repaid as follows:

First decade (say 1863 to 1872 inclusive), 250,000 £. in redemption of the first series, at or before the close of the first decade from the contracting of the loan.

Second decade (say 1873 to 1882 inclusive), a sinking fund of 40,000 £. to be remitted annually, being an amount adequate, if invested at five per cent. compound interest, to provide 500,000 £. at the end of the decade; the sum to be remitted annually to be invested, in the names of trustees, in Colonial securities of any of the three Provinces prior to or forming part of the loan now to be raised, or in such other Colonial securities as Her Majesty's Government shall direct and the then Colonial Governments approve.

Third decade (say 1883 to 1892 inclusive), a sinking fund of 80,000 £. to be remitted annually, being an amount adequate, if invested at five per cent. compound interest, to provide 1,000,000 £. at the end of the decade; the amount when remitted to be invested as in the case of the sinking fund for the preceding decade.

Fourth decade (say 1893 to 1902 inclusive), a sinking fund of 100,000 £. to be remitted annually, being an amount adequate, if invested at five per cent. compound interest, to provide 1,250,000 £., being the balance of the loan at the end