in my telegram of the 14th instant. I am not unmindful of the disadvantage of nominally increasing the total indebtedness of the colony, but it is trifling in comparison with the saving, not only in the present, but in the future, which must result from setting up a low rate of interest, and giving to investors the advantage of loans which they may sell at a profit without a premium. This is especially the case now that there is a prospect of trustees investing in inscribed stock, for they are very reluctant, and in most cases are unable to buy premium loans.

5. Now that the Bill has passed, I have heard a great many opinions concerning it. The Governor and Deputy-Governor of the Bank of England thought operations under it would not be rapid. Mr. Scrimgeour told me various opinions prevailed amongst persons dealing in colonial stocks. Some questioned the value of the measure, others thought it had already largely added to the value of colonial securities, which are very high now, and others again looked to large future results from the Act. Mr. Scrimgeour was amongst the latter, and considered it would greatly add to the value of colonial securities. Such is my opinion, and the balance of the opinions I hear is in the same direction.

6. I think the New Zealand Government should lose no time in taking action under the Bill, in order to be the first to introduce the new stock. I am of opinion that early next year a new loan may be issued under it, and at the same time the process of conversion be organized and commenced.

7. The Act, which takes its place in the Statute Book as "The Colonial Stock Act, 40 and 41 Vict., chap. 59," has been issued to-day, and I forward two copies of it for the information of the Government.

I have, &c.,

The Hon. the Premier, Wellington. JULIUS VOGEL, Agent-General.

Enclosure 1.

COLONIAL STOCK BILL.

The Earl of CARNARVON, in moving the second reading of this Bill, said its object was to enable such colonies as pleased to turn the bonds and debentures which they issued into registered stock. The Bill was considered at great length last year; it was brought almost to its final stage in the House of Commons, and had only failed on account of the lateness of the session and of some negotiations that were going on. This Bill contemplated two forms of stock—one payable to bearer, and the other to the person named, and it provided that where it was desired the two forms should be made convertible. An undertaking was given that no Imperial guarantee, direct or indirect, should attach to this stock. Many of the clauses of the Bill had been taken from the National Debt Act of 1870, and a great deal of the Bill, which would be extremely valuable both to the colonies and to England, was due to the ability of that distinguished colonist who was Prime Minister of New Zealand for a long time, and was now Agent-General for New Zealand in this country—Sir Julius Vogel. He did not say that the idea was his, but he it was that put it into the legislative shape in which the Bill now appeared before their lordships.

The Bill was read a second time.

Enclosure 2.

COLONIAL STOCK.

[40 & 41 VICT. CH. 59.]

ARRANGEMENT OF CLAUSES.

AN ACT to amend the Law with respect to the Transfer of Stock forming part of the Public Debt of any Colony, and the Stamp Duty on such Transfer. [14th August, 1877.]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Application of Act.

1. Where provision has been made by the Legislature of a colony and otherwise, for the inscription and transfer in a register kept in the United Kingdom by some bank, colonial officer, or person (which bank, officer, or person is in this Act referred to as the Registrar) of any stock forming the whole or part of the public debt of such colony, and the Government of such colony cause a declaration under