

and section 89 enacts that until the imposition of such duties the Commonwealth shall make the payments to the States mentioned in that section. Section 92 provides that, on the imposition of uniform duties of Customs, trade, commerce, and intercourse among the States shall be absolutely free. Section 96 enables Parliament to grant financial assistance to any State during a period of ten years after the establishment of the Commonwealth, and thereafter till Parliament otherwise provides; and section 105 allows Parliament to take over the public debts of the States as existing at the establishment of the Commonwealth, or a proportion thereof, with powers to convert, renew, or consolidate such debts; the States in turn being required to indemnify the Commonwealth in respect of the debts taken over. The enactments mentioned are some of the most important; but all the sections from 81 to 105 should be carefully studied to understand the relative rights and duties of the Commonwealth and the States as regards financial matters.

In sections 106 to 124 there are various enactments relating to the States and the admission of new States; the powers of the State Legislatures; prohibiting the States from raising naval or military forces, or coining money; providing for the recognition of the laws of the States throughout the Commonwealth; and making it the duty of the latter to protect any State against invasion, and in certain events against domestic violence. There are also powers as to the admission and formation of new States, and altering the limits of States.

Section 125 provides that the seat of government is to be determined by Parliament, and is to be in the State of New South Wales, and not less than one hundred miles from Sydney. Meantime Parliament is to meet at Melbourne until it meets at the seat of government.

The last section of the Act provides a mode of altering the Constitution by a process of referendum to the electors, with certain limitations and qualifications.

As your Commissioners make frequent reference in the succeeding part of this report to particular provisions of the Constitution Act, it has been printed in full in the Appendix hereto.

SCOPE OF INQUIRIES.

Your Commissioners, having held a preliminary meeting in Wellington on the 17th and 18th days of January last, and considering that the District of Southland was perhaps the largest exporting district of New Zealand produce to Australia, decided to hold a sitting at Invercargill, and accordingly they commenced to take evidence there on the 5th day of February following.

With the exception of Invercargill, they deemed it unnecessary to hold sittings in the colony outside of the four centres, and therefore they have sat and taken evidence at Invercargill, Dunedin, Christchurch, Wellington, and Auckland.

The matters in respect of which their Commission commanded inquiry were of such magnitude, and of such importance to the future welfare of the colony, that your Commissioners determined to make the fullest investigation, both in New Zealand and Australia, into all facts and figures which had any important bearing upon the subjects committed to their consideration. Accordingly, in New Zealand they required the attendance before them of all persons who appeared capable of giving useful evidence. Notice was given by public advertisement of intended sittings, requesting all persons who desired to give evidence to communicate with the Secretary. In each place the Mayor of the city or borough, the chairman of the Chamber of Commerce, the president of the local Agricultural and Pastoral Association, merchants, manufacturers, tradesmen, farmers, and the heads of the various labour organizations were subpoenaed.

Your Commissioners proceeded to Australia, and visited the States of New South Wales, Tasmania, Victoria, South Australia, and Queensland. In these States they were favoured with the evidence of members of the Federal and