exclusive as regards cases decided by the Supreme Court of a State, and an unsuccessful litigant in a State forming part of the Commonwealth has the option of appealing to the King in Council or to the High Court. It was pointed out to your Commissioners in evidence at Sydney that if cross-appeals by both plaintiff and defendant were made from a decision of a State Supreme Court, and the plaintiff appealed to the King in Council, and the defendant to the High Court, the judgments of the two Courts of Appeal might be directly contrary to each other, whilst each would be a final and conclusive judgment. Probably no practical inconvenience would arise in such a case, as the prerogative right of the Crown to grant special leave of appeal to the Privy Council could be invoked by the parties concerned.

Under section 74 no appeal is permitted to the King in Council from a decision of the High Court without the certificate of such High Court upon any question as to the limits *inter se* of the constitutional powers of the Commonwealth and those of any State or States, or as to the limit *inter se* of the constitutional powers of any two or more States. Except as provided in this section, the right of the Crown to grant special leave of appeal is not impaired. Parliament may make laws limiting the matters in which such leave may be asked, but proposed laws containing any such limitation must be reserved for the King's pleasure.

The Commissioners are of opinion that litigants in New Zealand may well be content with the right of appeal which exists from the Court of Appeal in New Zealand to the King in Council. A conference of eminent legal authorities will shortly be held in London, the result of which will probably be a scheme enlarging the powers and usefulness of the Privy Council as a Colonial Court of Appeal.

VI. Imperial Relations.

It has been alleged as a reason for joining the Australian Commonwealth that federation would consolidate British interests, and thus tend to promote the unity of the Empire. But it is possible that, in the future, Imperial unity may be better promoted by the existence of two British Powers in these seas rather than one. All British colonies now recognise the necessity of adherence to the Mother-country and to each other, and have lately given splendid proofs of their loyalty to the Empire. But history teaches us how a community may be hurried by a gust of popular passion or prejudice into some irrevocable deed, where there is no check upon the action of its Government and Legislature. Neither Australia nor New Zealand would be likely in future years under any circumstances to break away from the Empire without inquiry as to the attitude of the other; time would be gained, and a catastrophe probably averted.

VII. Federal Departmental Administration.

Your Commissioners are of opinion that the stretch of some twelve hundred miles of sea between Australia and New Zealand is a weighty argument against New Zealand joining the Commonwealth, and they believe that, should New Zealand federate, great inconvenience must at all times be experienced in the administration of the several departments controlled by the Federal Government —an inconvenience which must operate most prejudicially against good administration. It has also to be seriously considered whether, owing to the distance between New Zealand and the Federal capital, the wants of New Zealand would not be in danger of being overlooked, and, indeed, disregarded, by the Federal Parliament and Executive Government, or, if not so overlooked and disregarded, of being imperfectly understood or improperly appreciated.

VIII. Agricultural, Commercial, and Industrial Interests.

Those who are favourable to federation urge the great importance of inter-State free-trade, which, it is alleged, would benefit New Zealand. It is therefore necessary to consider carefully the statistics of the trade and commerce of New Zealand, the potentialities as regards production of the several States of