

Northern Territory of South Australia," which was ceded in 1863 to South Australia under Royal Letters Patent, and which are liable to revocation.

The administration of the tropical territories of South Australia at present entails upon the Government of that State a loss of from £70,000 to £80,000 a year. It was recently indicated by Mr. Holder, late Premier of the State, that this price was really paid for the preservation of a "white Australia," by the exclusion of coloured labour. This argument has been urged by him as a reason why the Federal Government should take over the administration of the territory. It may be pointed out that more than one-third of the Australian Continent lies north of the Tropic of Capricorn, and all the southern colonies are directly interested in the profitable occupation and development of these territories. It appears probable therefore that such applications as the one which has already been officially made to the Federal Government by South Australia will receive favourable consideration. Your Commissioners look upon the acquisition of these territories by the Commonwealth as a certain cause of increased Federal expenditure.

The evidence of the Right Hon. Sir John Forrest, a member of the Federal Government, given before your Commissioners, plainly shows that the construction of a railway connecting the railways of the States of Western Australia and South Australia, at a cost of £3,000,000, is contemplated by the Federal Government; and, indeed, the question of the construction of that railway was one of the matters referred to in the speech of His Excellency the Governor-General upon the occasion of his declaring his reasons for summoning the Federal Parliament to the present session.

Your Commissioners think it a matter for serious consideration whether the probability of the construction of such a costly work, and of other similar undertakings, will not hasten the time when the whole work of railway construction and management will be taken over by the Federal Government; and, while such a policy might prove advantageous to the various continental States, it could only result in serious injury and loss to an isolated State like New Zealand.

A majority of the leading Australian statesmen who gave evidence before your Commission admitted that New Zealand, owing to its distance and separation by sea, might reasonably claim special conditions before joining the Commonwealth. It is clear, however, that the terms of the Act would not allow a differential Customs tariff similar to that granted for a period of five years to Western Australia. Any condition exempting the Maoris from the operation of the clause disqualifying aborigines would also require an Imperial declaratory Act, if not an amendment of the Commonwealth Constitution. Conditions exempting New Zealand from liability to contribute towards matters of a purely Australian character, such as the transcontinental railway and the administration of tropical Australia, and giving her a more complete autonomy with respect to the administration of Federal services, might be embodied in the statute establishing the union; but it is difficult to see how such provision could be made permanently with respect to all the contingencies that may lie ahead under an indissoluble partnership between two communities having no definite natural bond uniting them together on the basis of common interests.

It should be always borne in mind that federation in Australia was hastened by the constant friction and irritation which existed in several of the colonies through border duties of Customs, questions concerning the control of rivers which were the boundaries of States, by conflicting railway tariffs in different States, the need for a system of defence applicable to the entire continent, and other causes. The same reasons for federation do not exist in this colony.

Thus far your Commissioners have indicated certain matters in which federation might be prejudicial to the best interests of New Zealand. They, however, in the course of their inquiries endeavoured to ascertain what advantages were claimed by those advocating New Zealand joining the Commonwealth. The principal arguments advanced in New Zealand were the benefits alleged to be derivable from intercolonial free-trade, and from the broader education of the inhabitants of this colony by association with the larger community of Australia. Your Commissioners have already dealt with the question