

Edenborough that all revenue should be paid by the Collector of Revenue to them, and they honour Paymaster's cheques, agreeing to allow a limited overdraft in advance of revenue. By law all Customs and other dues are to be paid in British currency. The meaning of this charge is that as there is a very limited amount of British currency in the islands, and though by law payments in other than British currency are optional with the payee, and the merchants and others continue to take payments in Chili money, Donald and Edenborough have the advantage of having British currency in hand to pay their Customs dues, whereas other merchants have to provide themselves with British currency for the purpose of paying their dues. A copy of the Government account for 1897 is herewith (marked 19 and 25 in red), from which it may be seen that for many months the account was in debt to Donald and Edenborough. In my opinion, this ground of complaint is the outcome of petty trade jealousy, and unworthy of further notice. The British Resident, as I have said, reported to the Governor at the time the arrangement with Donald and Edenborough was made, and also the passing of the law as to currency.

(9.) This objection ought to have been met long since by the Government and the British Resident. A plan of the premises is herewith (marked 31 in red). Your Excellency will recollect from the reports from time to time sent by the British Resident that all alcoholic liquor (spirits, wines, and beer) are on first importation brought into a room called a bond, in charge of the Licensing Officer, who is also Collector of Customs. These liquors are issued from there to any purchaser from the owner under the authority of a permit. When the purchaser is a European the Licensing Officer grants the permit; where the purchaser is a native the law is that the native's Ariki grants the permit. As the room used as a bond is a room forming part of Donald and Edenborough's store, it is manifest that the direct connection with their store should have been cut off by permanently closing the communication by boarding it up. I suggested that the British Resident should at once seal it up. No information was given to me showing that the communication had been improperly used. It was an old communication existing before the room was used as a bond. It could not be used by Donald and Edenborough without the Licensing Officer's knowledge, or the knowledge of any person acting for the Licensing Officer; but, as Mr. Scard (Donald and Edenborough's manager) helped Mr. Garnier a good deal in his work as Post Officer and Revenue Officer, Mr. Scard might, of course, have controlled the bolts on the bond side, and also on Donald and Edenborough's side, and so have opened the communication. It must be explained that, though the room is called a "bond," it was not a bond in the sense of the liquor being stored there waiting payment of Customs duty. The Customs duty is paid on importation. There is no bonding in the ordinary sense. So far as I could make out from the information given, the complaint is a trade grievance or jealousy. The way in which the "permit" system is worked is as follows: A buyer who wishes to purchase liquor goes to the merchant or other vendor. The vendor's liquor is in the so-called bond. The vendor therefore gives to the proposed buyer an authority to get from the Licensing Officer out of the bond so much liquor of the vendor as is proposed to be sold; then the buyer takes the authority to the Licensing Officer, and has then not only to produce the vendor's authority, but also to get from the Licensing Officer a permit, if the buyer is a European, or to get from his Ariki a permit if the buyer is a native. Now, as Donald and Edenborough deal in liquor, and have liquor, therefore, in bond, and other vendors of "liquor" are further off from the bond—some at a considerable distance—it is probable that Donald and Edenborough have a trade advantage in the sale of liquor, and probably thereby an advantage in the sale of other goods. I suggested to the Licensing Officer that he should consider whether or not he could not remove this ground of complaint by issuing all permits at some central place, not being any merchant's store. He, as I understand, concluded that this could be done, and that he would follow that course in the future.

(11) and (12). Mr. Scard was appointed Auditor by the Government of the Cook Islands and the Parliament several years ago, and his appointment approved of by Mr. Moss. He probably recommended the appointment. It is true that Mr. Moss had heard, before his approval, from reliable authority that Mr. Scard was passing under an assumed name—that he had come from the United States under the assumed name, having committed an offence of falsification of account-books when in the employ of Wells, Fargo, and Co., a well-known American firm; that this falsification was to conceal the defalcation of a partner in the firm, a close friend of Mr. Scard's; that he escaped from America as much to avoid giving evidence against his friend as to avoid prosecution for the offence; that he had taken no other part in the defalcation or the embezzlement. So much is admitted by Mr. Moss; but, on the other hand, Mr. Moss asserts—and I am disposed to think his assertion is well founded—that Mr. Scard was at the time of his appointment a trusted servant in one of the principal, if not the principal, business firms at Rarotonga (Donald and Edenborough), and was leading an exemplary life, and was a very capable business-man and accountant. I must leave the matter to your Excellency without further comment. Mr. Scard's manner impressed me favourably. I should myself, had I been a resident at Rarotonga, have been disinclined to rake up this misconduct against Mr. Scard unless I had had good reasons to think that his conduct at Rarotonga was open to question. I heard of nothing against him while at Rarotonga. He is now in chief charge of Donald and Edenborough's business at Rarotonga. I am told that Donald and Edenborough are substantial merchants at Auckland, with a large island trade.

(11), (12), and (13). It is true that Mr. Scard has assisted Mr. Garnier, the Postmaster and Collector, in the post-office business and his accounts. I ventured at the inquiry to express to Mr. Garnier an opinion that it was not proper for a public officer to accept outside assistance—that persons engaged on public business should only be responsible officers; that if the public would not provide the assistance the public must put up with the inconvenience. I found no reason to conclude that this objection to Mr. Scard's services being used was shared in by the residents generally, but was practically confined to the petitioners, and possibly some others—opponents of the British Resident.