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LEGISLATIVE COUNCIL, CEYLON.

ADDRESS OF HIS EXCELLENCY THE RIGHT HON. SIR J. WEST RIDGEWAY, K.C.B., K.C.S.I.,
ON OPENING THE SESSION OF THE LEGISLATIVE COUNCIL, NOVEMBER 5, 1897.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL,

It is a pleasure again to meet you and to seek a renewal of that confidence and co-operation which were so fully accorded to me during the last Session.

On the last occasion when I opened this Legislature I laboured under certain obvious disadvantages. I had only been a short time in the Colony. I had not enjoyed frequent opportunities of visiting many of its districts or of becoming acquainted with many of its leading men, official or unofficial. Practically, I had but skimmed the surface of my administrative duties. I am now entitled to speak to you with greater confidence, for these deficiencies, which could not fail to embarrass the most experienced administrator, have been supplied so far as my receptive capacity will permit. During the last twelve months I have visited every important district in the Island, excepting Batticaloa, which I hope to visit in the course of this Session, and one or two others. I have thus had the opportunity of becoming personally acquainted, much to my advantage, with every member of the Civil Service, with most members of other departments, and with many men of light and leading in the unofficial community—British and Native. Naturally, in the course of my duties I have had occasion to study, and I hope successfully to master, the questions which concern and interest this Colony.

And here I may remark, Gentlemen, that notwithstanding that my information is thus amplified, and that my experience is so much extended, I see no occasion for altering the views which I expressed, or for modifying the programme which I sketched when I last had the honour of addressing you. Some of you may have considered that programme ambitious, but reflection and experience have satisfied me that I have undertaken no more than I can reasonably hope to perform during my term of office.

With these prefatory remarks I proceed to review the administrative history of the past year; and if I do so at some length, remember that I am not merely formally opening a Session of the Legislature, in the course of which responsible Ministers will have the opportunity, from day to day, of explaining and justifying their measures and policy, but that I am myself directly responsible for the Government of the Colony, and that this is the occasion—the only occasion during the twelve months—when I have the opportunity of reviewing my administration during the past year, and of explaining, and perhaps defending, my policy in the past as well as in the future.

FINANCE.

Naturally the first branch of the Administration to engage our attention is Finance, for on the soundness of the financial foundation does the stability of the whole administrative superstructure depend. I rejoice again to be in a position to congratulate you on the good fortune which, under God's blessing, continues to attend the Colony. As my statement will prove to you, our prosperity continues to expand and our revenue to advance by leaps and bounds.

Revenue and Expenditure, 1896.

Last year I congratulated you on the fact that Sir Arthur Havelock's estimate of the revenue for 1895 had been exceeded, and that the revenue, estimated at about Rs. 20,000,000, had almost reached the sum of Rs. 21,000,000.

Our estimate for 1896 was Rs. 21,120,000, but the revenue, which seems to regard with contempt the limits prescribed by reasonable caution when framing the Estimates, has leapt over that figure and landed us at the unprecedented sum of Rs. 21,974,000. Our expenditure had been estimated at Rs. 21,118,000, but owing to supplementary expenditure, the nature of and reasons for which were explained to you by the Auditor-General, then acting as Colonial Secretary, the actual expenditure was Rs. 21,237,000. This has left us the handsome surplus of about Rs. 700,000—a very satisfactory result, you will agree; the more satisfactory as we have not been accustomed to surpluses of late years. For instance, in 1893 there was a deficit of Rs. 200,000; in 1894 of Rs. 800,000; and in 1895 the revenue and expenditure almost just balanced; and in 1896 we had a surplus of about Rs. 700,000.

Let us hope that we have turned the corner, and are now entering the promised land of surpluses,—moderate surpluses, not sufficient to excite cupidity or invite extravagance.

Estimates of 1897.

The estimated revenue for 1897 was Rs. 21,913,000, and the expenditure Rs. 22,068,000. This expenditure, with the exception of about Rs. 350,000 (unexpended votes of the Public Works Department) and the usual automatic savings estimated at 4 per cent. on the expenditure, will probably be incurred, and there will also be the usual supplementary expenditure, which this year I hope will amount to less than a million rupees. This is a large sum, but it is less than the supplementary expenditure of previous years: for instance, 1895, when the supplementary expenditure was Rs. 1,363,000, and 1896, when it was Rs. 1,278,699. Of course supplementary expenditure is technically a blot on our financial record, but under certain circumstances in a growing Colony such as this it is justifiable. For instance, if our revenue were stationary we could not indulge in supplementary expenditure; but when our revenue expands month by month, and at the same time the Government is confronted by demands which it would be inconvenient to postpone, is it not better to satisfy them than to hoard up till the end of the year, and then spend money which could have been meantime remuneratively invested in developing our resources? But the demands must be real and urgent. The present supplementary expenditure fulfils these conditions. Thus up to 1st October the supplementary expenditure amounted to Rs. 856,000. Of this, Rs. 200,000 are for Railways, Rs. 310,000 for Public Works (including Rs. 77,000 for damages done by the storms of last Spring), Rs. 160,000 Jubilee expenditure, and Rs. 50,000 Indian Famine Fund, which makes a total of Rs. 720,000 out of the Rs. 856,000 incurred.

Accordingly, our expenditure for the current year will be increased by about a million, or, if we deduct unexpended votes, there will be a net increase of about Rs. 650,000, or a total expenditure of Rs. 22,710,000, while our estimated revenue was only Rs. 21,913,000. Well, Gentlemen, you will, under these circumstances, be glad to hear that our actual revenue will largely exceed the estimate, and that accordingly we may reckon upon a considerable surplus at the end of the year. Yes, Gentlemen, during the nine months which expired on 1st October we realized Rs. 950,000 more than our estimate, unprecedented as that estimate was, and consequently the excess of actual over estimated revenue for 1897, viz., Rs. 23,200,667, will probably be more than one and a quarter million rupees.

And yet the year 1897 did not promise well. Famine and other troubles in India threw their shadow upon this Island. Exchange rose, and consequently the price of tea fell. Rice was abnormally dear, and owing to the local Banks remitting to India all their spare cash the money market became very tight. It could scarcely be hoped that under these circumstances our estimates would be realized or that our imports and exports would not fall off. Manufactured goods would scarcely be imported in the same degree, and grain importers, who depend so much on the accommodation which the Banks might be unable to give, would be seriously embarrassed. Indeed, Gentlemen, this question of the import of grain and rice was for some time the cause of grave anxiety to the Government. The rice market, as regards its imports and the stock in hand, was watched with unremitting vigilance, and for months we kept our finger on the pulse of the trade.

Thank God, these and other fears have not been realized, and this Island has been spared the troubles which many believed to be impending. But the most sanguine could scarcely have hoped that under such conditions the buoyancy of our revenue would not be affected, or that there was much chance of our estimate, framed in brighter days, being realized. But, Gentlemen, as you know, they have been realized—far more than realized. Our imports have exceeded our imports of 1896 in value and quantity, and though our exports, owing to the fall in the price of tea, are nominally of less value, they also are greater in quantity. The increase in imports has chiefly been in grain, cotton, spirits, sugar, and kerosine oil. This is striking evidence of the prosperity of the Colony and of the ability of the people to purchase luxuries even under the trying conditions which prevailed in 1897.

Estimates, 1898.

The estimated revenue and expenditure for 1898 are Rs. 23,411,000 and Rs. 23,404,000 respectively. The details of the Estimates will be fully explained to you by the Colonial Secretary when he submits them for your approval, and therefore I need not analyse or explain them on this occasion. I will only say that they have been framed with care and caution, and point out that the unprecedentedly large sum of Rs. 2,007,990 has been allotted to public works, being an increase of Rs. 598,737 over the provision for 1897. No reduction of revenue is proposed. If you are content with a stationary policy—to rest and be thankful—then there may be some reduction of taxation;

but if you choose the path of progress and continue to develop your resources, then you have not a rupee to spare. I do not now allude to the question of the kerosine oil duty and the *ad valorem* import duties, which is *sub judice*. Last session you appointed a Select Committee to inquire into this question, but, owing to the absence of the Unofficial Members in England, the Committee has not reported. I have no desire to anticipate its recommendations, but in view of the probable increased import into this Colony of machinery worked by kerosine oil, I may at once say that Government has no objection to at once exempting from duty oil imported for the use of machinery.

DEBT.

Next, Gentlemen, as to our Debt, a very important factor in the situation which we should always keep before us. For whenever we approach the Secretary of State with a proposal to construct a railway or other work of magnitude requiring a loan, naturally and inevitably his first question is, What do you owe? Are you justified in increasing your debt?

On the 1st January, 1896, our insular debt (converting the sterling debt into rupees at the current rate of exchange) amounted to Rs. 63,738,000. On the 1st January, 1897, it amounted to Rs. 58,341,000, or about two and a quarter years' revenue. The reduction is partly due to the working of sinking funds, &c., but mainly to the higher rate of exchange now prevailing.

The charges on 1st January, 1896, were Rs. 2,910,000, and on 1st January, 1897, Rs. 2,800,000. Of this amount, Rs. 1,670,700 were paid from our Railway receipts, which in addition, after all expenses were paid, yielded in 1896 a surplus of Rs. 2,000,000 for general administrative purposes.

The amount of the debt, as I have stated, is Rs. 58,341,000, of which Rs. 34,481,000 have been expended on Railway construction, and Rs. 20,000,000 have been expended on or allotted to the construction and improvement of the Colombo Harbour.

HARBOUR.

Of this sum—Rs. 20,000,000—Rs. 5,814,065 had been expended up to 30th June last on the new works now under construction, and Rs. 10,397,664 will be required in order to complete these works. Accordingly the total appropriations to date have reached Rs. 16,211,729. The original estimate of Messrs. Coode, Son, & Matthews was only Rs. 8,648,000, and the excess is mainly accounted for by extra works. These extra works, executed or in contemplation, include Rs. 581,815 additional expenditure on the workshops, offices, and block jetty; Rs. 886,367 on account of land acquisition and connected expenses; Rs. 190,356 for the additional width of 50 ft. on the reclamation ground; Rs. 541,538 for the fishermen's ramp; Rs. 779,486 for the proposed coaling depôt; Rs. 114,871 for the construction of a battery at Rock House and the removal thereto of some of the guns from the Mutwal battery; Rs. 1,688,056 for dredging operations in the harbour; and, most important of all, Rs. 2,461,538 for the graving dock, the construction of which was voted in the last Session of Council. These are only estimates, and may possibly and will probably be exceeded, and there may be new items of expenditure.

The harbour revenue has not expanded so much as was expected: it does not cover the expenditure—including in the expenditure charges for interest and sinking fund for the loans raised for harbour construction. In 1896 the revenue and expenditure amounted to Rs. 1,114,998 and Rs. 1,135,995, respectively, while the estimated revenue and expenditure for 1897 are Rs. 1,176,000 and Rs. 1,187,000, respectively, or a deficit of about Rs. 10,000. There has been a slight decrease in harbour dues this year and also in the tonnage and number of ships entering the harbour, but our quarantine regulations may be responsible for this.

It should be remembered that the expenditure must necessarily increase in the future. The charges, interest, and sinking fund for this year aggregated Rs. 921,000, but the sum required on this account next year will be larger, owing to the necessity of making provision for the sinking fund on the sterling and rupee loans of 1893. Nor is this all. As I have told you, Rs. 10,397,000 will be required to complete the new works. Of this we have only Rs. 5,711,000 in hand, the unexpended balance of the loans of 1893, and accordingly another five million at least will be required. If we pay only 3 per cent. on this, our debt charges on account of the harbour will rise from Rs. 921,000 to Rs. 1,263,233.

I can foresee no new source of revenue after the completion of the works, and accordingly we can only hope for the ordinary annual increase from the growth of trade. On the other hand, you will remember that in 1911 the harbour debt will be reduced by £250,000, equal at the current rate of exchange to Rs. 4,000,000.

Do not infer, Gentlemen, from these remarks that I grudge any of the expenditure which is necessary in order to make Colombo a first class harbour, or to supply it with a graving dock capable of accommodating the largest ships afloat. But evidently it is necessary that we should carefully watch the expenditure and avoid extravagance and luxuries: for instance, the patent slip which the Crown Agents have pressed us to construct. This I consider to be a luxury which we are not justified in undertaking so long as there are many necessary wants and requirements in other parts of the Colony to be supplied. The correspondence will be laid before you, and it is possible that you may take a more favourable view of the proposal, in which case I will defer to your opinion.

Before leaving the subject of our Debt, I should say that we have lent Rs. 459,000 to local bodies, of which a considerable amount has been repaid. The Local Boards are regular and punctual in repayment.

PRESENT FINANCIAL POSITION.

At the beginning of the year 1896 the total cash balances of the Government amounted to less than Rs. 2,000,000. On the 1st August last, the latest date to which complete information is obtainable, the balances had reached a total of Rs. 4,340,522. These totals include actual cash in the General Treasury, in the hands of the Government Agents and other Heads of Departments, and

with the Crown Agents, but they do not of course include the reserve held on account of the note currency circulation and are not more than sufficient to meet current liabilities. Besides the actual cash balances, the Government held on 1st January, 1896, Indian and other securities, exclusive of the securities held in connection with the note currency circulation, to the value of less than Rs. 7,000,000, an amount since increased to Rs. 7,525,480. These securities may be regarded, speaking somewhat generally, as representing the balance of the sterling and rupee loans raised under the provisions of the Ordinances of 1892 and 1893, the surplus of 1896, and certain moneys held in trust by Government—for instance, the Widows' and Orphans' Fund, amounting to Rs. 1,800,000, but they do not include the investments (Rs. 5,613,000) on account of the currency note reserve.

Of the Rs. 21,000,000, or, to speak more accurately, the Rs. 20,976,553, raised by means of the loans in question, there had been expended to the 31st July last on works connected with Railway extension, Harbour improvement, and other works of public utility, Rs. 15,265,463, or within Rs. 5,711,090 of the total amount raised. Of the sums that go to make up the 15 million expended, the largest item is, as may be imagined, in respect of the Colombo Harbour works, which had absorbed some Rs. 5,284,921. But other items that figure largely in this expenditure are the Galle Railway extension for nearly Rs. 4,000,000, the extension to Matara upwards of Rs. 3,000,000, the Bandarawela extension over Rs. 1,000,000, and the line to Kurunegala about Rs. 760,000.

The unexpended balance of the loan, amounting, as I have mentioned, to Rs. 5,711,090 on the 31st July last, will be insufficient to meet all our requirements; and, as I have already explained, a further sum of nearly Rs. 5,000,000 (Rs. 4,853,321) will be required and must eventually be raised by means of another loan.

When I last addressed you I estimated this deficit at Rs. 2,000,000, but since then we have made appropriations, as I have just pointed out, for the graving dock ($2\frac{1}{2}$ millions) and other purposes.

This closes my remarks, Gentlemen, on the financial situation. I think that we must all agree that it is eminently sound and satisfactory. Compare our estimated revenue for 1898, about Rs. 23,500,000, with our actual revenue for 1888 (Rs. 16,000,000). In this increase of 50 per cent. in ten years you have a certain measure of the advance of the Colony. I said in my opening remarks that your revenue was advancing by leaps and by bounds, and I do not think that my language was exaggerated. Your revenue of 1894 showed an increase of nearly $1\frac{1}{2}$ million over your revenue of 1893; your revenue of 1895 of nearly $1\frac{1}{2}$ million over your revenue of 1894; your revenue of 1896 of nearly one million over your revenue of 1895; and I hope that your revenue of 1897 will show an increase of nearly $1\frac{1}{2}$ million over your revenue for 1896; and we estimate the revenue for 1898 at nearly $1\frac{1}{2}$ million more than the estimated revenue for 1897. But we must not be dazzled by these glowing figures or be tempted by them into extravagance. Our revenue is magnificent, but our expenditure is also magnificent; and still more magnificent are those numerous and ingenious schemes for the development of our resources, which never fail to fascinate the authors of their being or to command the enthusiastic approval of those who are *not* responsible for the finances of the Colony. These are the days of our sunshine, and like the wise virgins we should trim and prepare our lamps for the dark night which may be about to follow. As wise and prudent men we should insure against possible misfortune. What form is that insurance to take? Is it to take the form of hoarding up savings; reducing our already light taxation; or of developing the latent resources of the Colony, extending its communications, opening out comparatively inaccessible districts, and thus providing fresh fields into which new capital can flow? This bolder policy is in my opinion the wise and prudent policy, and its consideration brings me to the important subject of Roads and Railways.

ROADS AND RAILWAYS.

In my Address last year I stated that the first step in developing the resources of the country was the extension of communications; and to that opinion I adhere. I told you that "the policy which I should like to see adopted as regards railways is to construct as rapidly as possible every railway which is necessary for the development of the resources of the country and which can be proved to be remunerative. I cannot speak distinctly on this point until the surveys and traffic returns are ready."

The surveys and traffic returns of certain proposed railways have at length been received. The Northern Railway Commission submitted their final report in February last, and it was adopted—informally adopted—at a meeting of this Council. In May I recommended to the Secretary of State, in a despatch which will be laid upon the table to-day, the commencement of railway communication with the North. I proposed to the Secretary of State the immediate construction of a light broad gauge railway from Kurunegala to Anuradhapura, and simultaneously of a light railway on the 2 ft. 6 in. gauge from Kankasanturai to Elephant Pass. The cost of the former was estimated at Rs. 4,000,000 and the latter at Rs. 1,260,000. When both sections are completed we shall be in a position to form from actual experience an accurate estimate of the comparative merits and cost of both types of railway, and then to decide with confidence on the gauge for the section between Anuradhapura and Elephant Pass. You will find the reasons for these proposals in the papers which will be laid upon the table to-day, but you will of course remember that those proposals have to run the gauntlet of the Crown Agents, Consulting Engineers, and the Colonial Office, and that it is quite possible that they may be materially modified by the Secretary of State before they are formally submitted to you for approval.

When I assumed my office I found waiting for settlement the vexed question of the Kelani Valley Railway. It was impossible to decide whether it should or should not be constructed until a survey and estimate had been prepared. Accordingly I desired this to be done. The survey and estimate, however, were not ready until August last. I then visited the district to see for myself what were its requirements and possibilities, and I came to the conclusion that the railway might be

safely constructed, if it were constructed as a light railway on a 2 ft. 6 in. gauge. Subject to this condition, I have little doubt that from the day of its opening it will be remunerative. We know the acreage under tea cultivation; we know the amount of produce and the supplies required for the estates. There is ample traffic in sight, and if most of this produce and these supplies are sent by railway, the railway will certainly pay. But how can we ensure that this will be the case, and that when the railway is opened the road and river will cease to be used? Well, the tea planters and all the leading native traders concerned have offered a guarantee—a sufficient guarantee, in my opinion. They will pledge themselves to use the railway, and they propose that if Government has reason to doubt whether they are carrying out their promise, it should establish prohibitory tolls on traffic proceeding by road or river. I think that is a fair offer, but we have an additional guarantee in the fact that if the railway is economically constructed we can adopt rates so low that competition of road and river will be impossible. Under these circumstances, I think that the railway may be safely constructed, provided, as I have already stated, that it is constructed as a light railway, and I estimate that from the day it is opened it will return a surplus of say Rs. 150,000 after all expenditure, including working expenses, charges for interest, and sinking fund, &c., has been defrayed. I therefore propose to recommend the construction of this railway to the Secretary of State. The length from Colombo to Ruanwella will be 50 miles, and the cost of construction Rs. 2,877,000. I should explain that the survey of the alternative line from Veyangoda to Ruanwella had to be abandoned, as the cost of such a railway would have been prohibitive. For some miles it would have cost Rs. 160,000 per mile. It has been contended that the Tea Planters of the Kelani Valley have sufficiently good communications available in the road and river, even if these are at certain seasons liable to interruption. But it might be plausibly replied that as the Government has assumed the monopoly of the construction of communications, it is bound to provide the best form of communication—in this case a railway—when it can do so without risk or loss to the revenue and without prejudice to other districts. But, putting aside this argument, I would point out to you that the principal advantage of this railway in my eyes, as an administrator, is that, besides serving a tea district which turns out more tea than any other district in the Island excepting Dimbula, it will help to open out and develop the remote Province of Sabaragamuwa, where there is a large undeveloped Crown estate. The construction of a railway as far as Avisawella will be a great stride in this direction.

As regards the vexed question of tramways or roadside light railways, in my Address last year I expressed doubts—and in all my public utterances I have sounded the same doubting note—as to whether they would answer the expectations of their advocates. I asked whether estates off the line of tramway, say two or three miles away, would cart their produce that distance, and then transfer it to the tramway to be carried by it, say, eight or nine miles. Experience teaches us that in such a case they would cart it all the way to the main line. These tramways will not be very cheaply constructed. Our roads in the hilly districts are not well adapted to them, with their steep gradients and sharp curves, and I greatly doubt whether they can be constructed for much less than Mr. Waring's estimate of Rs. 50,000 per mile. In this case the rates cannot be low, for a tramway must pay its expenses, and if the tramway is only used by the estates which have factories in its immediate vicinity it is not likely to do so. These are doubts, Gentlemen, not convictions, and if facts or experience can dispel them, I will gladly be persuaded. However, I promised to appoint a small Commission to inquire into and report on the question. Accordingly, in February last I appointed a Commission consisting of Mr. (now Sir F. R.) Saunders, the Hon. Mr. Christie, and Mr. P. A. Mackintosh. Their report was not very favourable to the scheme, but they recommended that one line should be undertaken, and that when the knowledge to be gained by its construction and working would be available other schemes might be more definitely considered. The line the construction of which they recommended was a 2 ft. 6 in. gauge railway from Nanu-oya *via* Nuwara Eliya to Uda Pussellawa, but they proposed the condition that the owners of the estates interested should undertake that all their traffic would be placed upon the railway, and, in order to give binding effect to the agreement, should consent to the imposition of prohibitory road tolls on estate produce and supplies. On these terms I am prepared to recommend the construction of the Uda Pussellawa tramway to the Secretary of State, and, when his sanction has been received, to this Council. I think that it may be safely constructed, and I shall be glad if the result is to justify the Government in constructing road tramways elsewhere.

The total railway construction proposed by me is 181 miles, at a cost of nine million rupees. There may, I calculate, be a deficit of about Rs. 100,000 per annum on the Kurunegala-Anuradhapura section (71 miles), after paying all charges including interest and sinking fund, and a surplus of Rs. 150,000 on the Colombo-Ruanwella (50 miles), and of Rs. 70,000 on the Kankasanturai-Elephant Pass (41 miles) railway. There should be a small credit balance of Rs. 200 or Rs. 300 on the Uda Pussellawa railway (19 miles). Accordingly we should, after constructing these 181 miles of railway, command from the day they are opened a surplus of Rs. 120,000 to be carried to the credit of the general revenue.

If ever there was a colony which was justified in believing implicitly in the advantages of an enterprising railway policy, it is Ceylon. In its existing railways it has a magnificent and highly remunerative property. It is estimated that this year the receipts from your railways, after all working expenses have been paid, will pay all your annual charges on the whole insular debt—a debt incurred, you will remember, for railway as well as harbour construction—now amounting to Rs. 2,800,000 per annum, and will leave a balance of about half a million to be added to the general revenue. The highly satisfactory position of Ceylon Railways has been thus concisely described by Major Wilson in his able and exhaustive report on Ceylon Railways:—

“Between 1862 and 1894 the Ceylon Railway has accumulated 46½ millions of profits, and after paying over 17 millions in the shape of interest and capital, and nearly 9 millions towards a sinking fund for the extinguishing of the debt, has left a handsome balance of 20½ millions available for

“Colonial purposes. As the capital outlay on the whole open mileage is about 50 millions, this means “that the net profits up to date only fall short of the total capital outlay by some 3½ millions.”

And yet when those railways were proposed there were many wise men who disapproved, and who would have prevented their construction if they had had the power to do so.

ROADS AND BRIDGES.

Next, as to Roads and Bridges. In my Address last year I informed you that I proposed to create a fund for the construction of new roads. After consultation with the Government Agents and the Director of Public Works I had estimated that six millions of rupees would construct the new roads and bridges which at the present time are necessary for the development and opening out of the Colony. At the present average rate of expenditure, about Rs. 400,000 per annum, these roads would not be completed for fifteen years or so. If we made a much larger allotment from revenues, we should unduly cripple ourselves in other directions, unless indeed there was a large expansion of revenue. I therefore proposed to create a special fund by funding receipts from land sales so long as necessary in order to provide the six millions required. This fund was to be earmarked for road construction, and was to be placed under trustees, who were to be empowered to borrow up to the maximum of six millions. The Director of Public Works assured me that if the money were forthcoming the roads and bridges in question could be constructed in five or six years. In short, my proposal was to construct in five or six years the roads and bridges which this Council might declare to be necessary, and to spread the payment over a period of say fifteen years.

This proposal seemed to me to be in strict accordance with the dormant but unrepealed orders of Lord Grey dated 13th July, 1848, and I was not without some reason for supposing that the present Secretary of State would approve my proposal. However, I was mistaken. The Secretary of State is opposed to the creation of a special fund such as that proposed by me, and accordingly the scheme cannot be adopted.

Thanks to your expanding revenue, I do not anticipate that any great inconvenience will follow. This year I was able to allot Rs. 685,000 for constructing and Rs. 362,500 for repairing and adding to roads and bridges. I have caused to be laid on the table a report by the Director of Public Works on the progress made with new works this year, and I think that you will regard it as satisfactory.

In 1898 we shall be able to allot Rs. 784,000 for new roads and bridges, and Rs. 452,122 for repairs and additions to existing roads and bridges. I also propose to allot Rs. 1,160,400, against Rs. 960,000 in 1897, to maintenance—the increase being due to the larger number of roads to be maintained and in consequence of the inferior metalling on many of the existing roads. I hope that this ample, indeed unprecedented, provision of funds will enable me to comply with any reasonable demands for grant-in-aid roads, the construction of which has been much facilitated by the Ordinance which you passed last year, especially by the provision which enables the promoters of the road to pay their moiety by instalments.

THE ADMINISTRATIVE MACHINERY.

I now proceed to deal with questions of Administration generally.

I told you, Gentlemen, on assuming office, that my first care would be Administration, and that the improvement of the administrative machinery would have my special attention. I informed you that your administrative machinery was good, but that it required overhauling. It has been constructed piecemeal and added to from time to time, but your progress has been so rapid and your administrative machinery has consequently been driven so hard, that there has not been time to examine it, to pull it to pieces and refit it—replacing those parts which are worn out or antiquated. I propose to undertake this duty, and if during my term of office I am able to do no more than place your administrative machinery on an efficient footing, I shall not be dissatisfied—my labour will not have been in vain.

The Civil Service.

One of the first subjects with which I proposed to deal was the re-organization of the Civil Service, for there can be no satisfactory administration—however vigorous and well-meaning the Government—if there is not an efficient and contented Civil Service, and it is my experience that contentment and efficiency generally go hand in hand. At an early stage of my administration I had arrived at the opinion that a re-organization of the Service was necessary. There were three defects which impaired its efficiency: first, the system of classification; secondly, the poor prospects of many members of the Service, especially those of the Second Class; and thirdly, the failure of the Lower Division of the Civil Service to attract natives of ability.

The correspondence which will be laid upon the table to-day will show you how I proposed to remedy these defects, and how far my views and proposals have been accepted by the Secretary of State. I believe that the scheme as finally arranged will greatly conduce to the increased efficiency of the Service. It will give the Governor the opportunity of employing officers in the appointments for which they are best fitted and of transferring them from posts which, from any reason, they are unable satisfactorily to fill.

The adoption of the incremental scale of salary and the higher pay to be given to officers of the Second and Third Class in particular will be a great boon, and equally encouraging will be the grant of local or supplementary allowances to officers employed in unhealthy, remote, or expensive stations. On the other hand, the Governor will in future have the power of requiring an inefficient officer to retire on pension, whatever his length of service may be.

The scheme will involve no increased expenditure; indeed there will eventually be a saving, not inconsiderable, in consequence of the reduction of certain posts which in these days of improved communications may be abolished without inconvenience.

I hope, Gentlemen, that my proposals will meet with your approval, without which they of course cannot be adopted.

Certain proposals made by me for the more extended employment in the Civil Service of the native agency on more economical terms than those which we have to offer to the imported agency are still under the consideration of the Secretary of State, and no doubt the discussion and ventilation which will follow the publication of these papers will throw useful light on the subject.

THE TECHNICAL COLLEGE.

Closely allied to this question of the employment of the Ceylonese in the Public Service is the re-organization of the Technical College. When I assumed office I found that many Departments were open to the Ceylonese—namely, the Public Works, the Survey, the Post Office and Telegraph, the Railway, and others—but qualified candidates were not forthcoming. The reason was plain. There was no institution at which they could be trained. There are many educational institutions in the Colony which give excellent literary education, but they do not give the technical instruction required. I accordingly proposed to re-organize the Technical College and to make it, in addition to its other functions, the training ground for the Departments to which I have referred. This has been done, and with the willing co-operation of Heads of Departments and under the able management of the Principal, Mr. Human, the re-organization has been carried out. Four principal departments have been established at the College, namely, Civil Engineering, Electrical Engineering and Telegraphy, Surveying and Levelling, and Mechanical Engineering, with a staff of qualified instructors and the suitable equipment. Three of these departments are already opened and have been actively at work during the greater part of the year. As soon as we have succeeded in securing in England the services of a competent instructor for Electrical Engineering and Telegraphy, the remaining department, which is in all other respects ready, will be opened to receive the students who are waiting for admission. Meantime a special class to be trained in Telegraphy for the Government Service has been temporarily formed.

The diplomas which successful students will gain after a final examination conducted at the end of their two years' training by independent experts will enable them to find employment; but, in addition, a certain number of appointments in the Public Works, Survey, Telegraph, and Railway will be annually offered to the students of the College. The prospect is bright. There has been no scarcity of candidates of a desirable kind from whom to select by competitive examination those who seem to be best suited for the different departments, and there is now a full complement of students at work in each department. The cost of training each pupil will be probably Rs. 150, and certainly not more than Rs. 200 per annum.

You voted the funds necessary for providing the increased accommodation required, and also the necessary equipment. The accommodation is of a temporary character, but when the College has proved itself to be a success I will ask you to provide a more suitable habitation for it.

SURVEY.

In my Opening Address last year I impressed upon you the very backward condition of this Colony as regards its survey. The trigonometrical survey was still incomplete, no topographical survey worthy of the name had been undertaken, and a cadastral survey merely existed in the dreams of some optimist Surveyor-General. The fact is that your progress and the consequent demand for land has been so rapid, that in order not to check the flow of capital into the Colony it was necessary to devote all the energies of the Department to surveys of lands for sale. That rush has subsided and the time has certainly come to supply these crying wants.

I proposed to stop all small isolated surveys as much as possible, to employ licensed private surveyors for the survey of lands for sale, and to employ an increased Survey Department almost exclusively in the topographical and cadastral surveys of the Island. But before finally adopting these plans I awaited the report of Colonel Sir Thomas Holdich, a distinguished officer of the Indian Survey, whose services had been lent to me by the Government of India. Sir Thomas Holdich's report has been laid upon the table. You will see that he entirely agreed as to the absolute necessity of a thorough reform of our Survey Department, and made very valuable suggestions. You will be agreeably surprised to find that a large saying will eventually follow the adoption of his proposals.

The re-organization has been in progress throughout the year and, although sufficiently advanced to admit of the commencement of the cadastral and topographical surveys, it cannot be completed until about June, 1898. The topographical survey only began in August, yet the Surveyor-General hopes that the Department will be able to map about 120,000 acres this year. The results of the cadastral survey, which began in April, have been eminently successful, and 100,000 acres, including all such details as roads, paths, and streams, have been mapped.

The improvement effected can be judged by the following comparison. In 1896 the total area surveyed, all inclusive, amounted to 45,438 acres, and the gross expenditure of the Department was Rs. 447,674. For the current year the outturn will not be less than 100,000 acres of cadastral survey and 120,000 acres of topographical and forest survey—namely, 220,000 acres in all—besides 150 miles of Province boundaries. The estimated expenditure, which will not be exceeded, is Rs. 507,401. Accordingly, by increasing the expenditure by one-seventh, we have by this change of system increased the outturn five-fold. Next year the results should be still more satisfactory, for during the current year the Department was not at its full strength or thoroughly up to its duties, and was only at work during part of the year. Next year the full staff, thoroughly trained, will be employed during the whole twelve months.

Much credit is due to the Surveyor-General, Mr. Grinlinton, for the aptitude and energy with which he has adopted, and for the zeal and ability with which he has enforced, the reform.

FOREST DEPARTMENT.

As I explained last year, an attempt has been made to improve the working of this Department by gradually placing the Crown forests under the charge of the Conservator of Forests, while unreserved and village forests remain under the Government Agents.

This reform has to some extent been carried out, and it will, I hope, remove any cause of friction and conduce to harmony and efficiency. But I confess that I am not satisfied that the Department is worked on practical lines, or that all the officers who work under the Conservator of Forests are by training qualified to discharge their duties efficiently.

The subject continues to engage my anxious consideration, and it is possible that I may appoint a Commission under a practical expert to inquire into the working of the Department and the qualifications of the Conservator's staff.

ARRACK.

I informed you that I had appointed Mr. F. R. Ellis to inquire into the question of our Arrack Department, with a view of ensuring and perhaps increasing our revenue, which seemed to me to be at the mercy of a possible combination of the few men who practically hold a monopoly of the rents. Mr. Ellis's able and lucid report will be submitted to you. No heroic measures are contemplated. It is necessary to move cautiously in this matter and only after careful deliberation. The risks attending any radical change of a system which has been so long in force are too great to be lightly faced. The amount of revenue at stake is very large—Rs. 3,000,000 is the estimate for next year. But some of Mr. Ellis's recommendations have been adopted, and the others will have the careful consideration of Government.

IRRIGATION.

The work of last year as set forth in Sessional Paper XV. of 1897, which has been laid upon the table, is, in my opinion, far from satisfactory. It is a disappointing record. No improvement on 1895 is shown, and I fear that the irrigation history of 1897 will not be much more encouraging. You furnish the Central Irrigation Board with ample funds: there can be no complaint that they are insufficient, for they are not expended. The annual vote is Rs. 200,000, but the average annual expenditure of the last five years has not been much more than Rs. 140,000. There is evidently a lack of energy and enthusiasm in utilising the resources placed at the command of the Provincial Boards. I have by repeated admonitions sought to put more life into these Boards and to galvanize them into activity, but with very qualified success. The fact is that the system is bad.

These Boards are composed of officers whose time and attention is already occupied by their own departmental duties, and they consequently regard the honorary duty of irrigation work as of secondary importance, to be taken up when they have leisure and inclination. In short, they deal with it in the spirit of amateurs. However eager and energetic the Government Agent, he is helpless without the prompt and cordial assistance of the Provincial Engineer and Superintendent of Surveys, who have to make a joint report on the technical aspects of his proposals before they can even be considered. This report deals with questions of survey and levels, extent of irrigable land, engineering difficulties, estimate of cost, &c., and therefore requires a careful study of the question on the ground. But these officers, as I have explained, can only give irrigation a remittent attention. They lay aside irrigation schemes, however the Government Agent may persuade and protest, until they can conveniently take them up, and thus year after year passes and little progress is made. The system must be revised and the machinery re-organized, and this I think can be done with little or no increase of expense. I find that in the year 1867 a committee appointed by the Legislative Council to inquire into and report on irrigation work in Ceylon expressed the conviction that there should be a special Irrigation Department, and that there should not only be skilled supervision in each case, but that there should also be a professional officer having special charge of all irrigation works, who should have all the irrigation strings gathered in his hand. I believe this conclusion to be sound, and I propose to appoint an able and experienced officer to be Irrigation Assistant to the Irrigation Board. It will be the duty of the Irrigation Assistant to examine and report on all schemes proposed by the Provincial Irrigation Board, and by means of his own staff to make the survey and prepare the plans and specifications, and when the scheme is sanctioned by the Central Board to carry it out under the orders of the Director of Public Works. In short, irrigation work will be the sole duty of an irrigation staff, which has no other responsibilities, instead of being, as at present, an additional and secondary duty thrown upon hard-worked men who can only deal with it fitfully, if not capriciously.

I am confident that when these reforms are carried out the progress of irrigation will be vigorous and sustained. There is plenty to be done, and the funds are sufficient if judiciously utilized. The Government Agents are fully alive to the great value of irrigation. Indeed, the late famine in India must bring home to all of us the urgent necessity of utilizing the plentiful waters now running waste, in the cultivation of rice and other products which have to be imported from India.

CRIME.

I deeply regret that I cannot congratulate you on the diminution of violent crime in the Colony, especially crime involving the use of the knife. Ceylon still maintains its unenviable notoriety as regards violent crime, and this is the more significant because as regards other kinds of crime it can bear favourable comparison with most parts of Her Majesty's dominions.

The Solicitor-General has been of late engaged in drawing up a report on the cause and condition of crime in this Colony. It will, I am sure, be an able and valuable report, but it is not yet ready. The Solicitor-General, however, informs me that he has arrived at a favourable conclusion, and that the quinquennial period 1891-95 shows a marked diminution in crime. I wish I could share his views, but I have serious doubts. The Solicitor-General, like every high authority who has dealt with the subject, condemns the returns and statistics of crime as unreliable, and

undoubtedly they are imperfect, misleading, and badly kept. Under these conditions it must be very difficult to make a trustworthy comparison between this and that period or this and that locality. These returns are now being better kept, and will, I hope, afford more useful and trustworthy guidance in future.

The Solicitor-General finds that the proportion of persons out of every 100,000 tried for grievous hurt and hurt by dangerous weapons was, on an average, 13 persons annually during 1886-90, and 11 persons annually during 1891-95. The Solicitor-General applies the test which is usually used in this Colony, but I confess that even supposing the statistics on which these figures are based to be accurate, I should prefer as a test of criminality the proportion of persons implicated in cases, which are admittedly true cases, to the proportion of persons tried. For instance, two or three murders may be committed in a district and the perpetrators may not be arrested. Evidently the number of cases or persons tried for murder in that locality affords no true test of its criminality. However, accepting the test applied by the Solicitor-General, I find that in the period 1891-95 the proportion of persons tried for grievous hurt and hurt by dangerous weapons was 11 for every 100,000 of population. In 1896 it was 13.6, and during the first nine months of this year 15.5. In this calculation for 1896 and 1897 cases for simple hurt with a knife are excluded.

As regards homicide, 123 persons was the annual average of persons tried during 1891-95, 131 persons were tried during 1896, and during the first nine months of 1897 112 persons have been tried, which is equal to 140 persons for the whole year. Accordingly, it might appear that there has been an increase of serious crime since 1895, but this is not necessarily the case. Not only have the returns and statistics been improved, but crimes of this nature, which used to be overlooked by the headmen, are now reported. When reported they were not always vigorously pursued, in spite of the close supervision of the Attorney-General's Department, and were often compromised or withdrawn when brought into Court. All this has been changed, I hope. Every case of violent crime is reported by telegram to Government, and the Magistrate or the Inquirer invariably proceeds at once to the spot and conducts a searching inquiry. The case is then watched at every stage by the Attorney-General's Department and by the Government. The administration of justice in this respect is, I think, in most parts of the Island, especially in the Western and Southern Provinces, as vigorous as can be reasonably expected. Consequently convictions are more numerous, and one unfortunate result is that our jail population is much increased.

I have compared the condition of this Island with that of the Province of Bengal, and I find that in 1895, the last year for which we have statistics of both, while in Bengal homicides numbered one case to 97,000 persons, here they have numbered one case to 19,000 persons; and as regards the use of the knife, in Bengal there was one case to 27,500 of population, and here one case to 3,450 of population.

Comparing crime with population, the returns for the first six months of 1897 show that in Ceylon one person in every 1,200 annually commits a serious crime. Of the Provinces, the Southern Province has the worst record of 1 in 600, and next comes the Western Province with 1 in 1,000. The best record is that of the Northern Province, 1 in 2,500. The inhabitants of this Province, chiefly Tamils and Moors, although the least criminal are the most litigious; in the institution of civil suits they surpass all others.

It is significant that the Provinces which have the monopoly of the distillation of arrack are the most criminal. But there are other reasons. The Sinhalese, who form the large majority of the inhabitants of the Western and Southern Provinces, are, when compared with the Tamils and Moors, notorious for a reckless use of the knife, partly due to an absence of self-control under provocation and partly to the fatal Sinhalese practice of habitually carrying knives. In these maritime districts also the influence of the Headmen is small compared with that of the chiefs in other parts of the Island. The patriarchal system has disappeared, and the rural police have not acquired yet sufficient restraining force to replace it.

The subject has long engaged the anxious consideration of the Government of this Colony. In 1893 you enacted "The Knife Ordinance," according to which it is an offence to wear a knife in a district which has been proclaimed by the Governor, but this Ordinance can only be applied when offences connected with the knife are epidemic or endemic, and not, as is generally the case, when they are sporadic. I propose to introduce an Ordinance which will make it an offence for an individual who has been convicted of unlawfully using a knife or is proved to be a dangerous character to wear a knife for a certain period without a license from the Government Agent. By Ordinance No. 15 of 1897 you armed me with fresh powers. You enabled me to appoint Inquirers whose duty it would be to make immediate inquiry on the spot when a crime is committed, for it is most essential that there should be a prompt investigation of a crime before there is time to make away with evidence, manufacture a false defence, or contrive a conspiracy of silence. Under the same Ordinance, police can be quartered in and at the expense of a village when, by reason of the existence of crime and outrage, it is desirable to do so. But this power can only be exercised in cases where there is a combination of the village to commit or encourage crime or defeat the ends of justice.

What is really required is the creation of a healthy public opinion, which will condemn the use of the knife and discourage the wearing of knives by members of the community who are known to be passionate or dangerous characters. The growth of a public opinion of this kind may follow in the wake of education, but at present it does not exist. Until public opinion is developed on these lines it is necessary that fear should take its place as a deterrent, and therefore I have, with great reluctance, encouraged punishment by flogging when the knife is unlawfully used. It is a form of punishment highly distasteful to me, and which I should like to see reserved for cases of premeditated brutality. But it is essential to extirpate this cancerous sore, and if the lash is the instrument which should be used, then we must use it. But the effect will be carefully watched, and I shall rejoice if the day arrives when it can be safely discontinued. In the meantime my approval is necessary before any such punishment can be carried into effect, and it is not given until the proceedings in the case have been carefully perused.

The Government has not confined itself to punitive measures. Many cases of violent crime arise out of land disputes, and it has been represented that if there were greater promptitude in disposing of these cases in our Courts, and if greater facilities were afforded for the partition and sale of lands held in common, one of the causes of violent crime would be removed. I have accordingly directed a short Ordinance to be introduced amending the Stamp Ordinance No. 7 of 1890, and exempting from stamp duties proceedings for the partition and sale of lands under Ordinance No. 10 of 1862. The Ordinance No. 1 of 1897, relating to chena, forest, and waste lands, will also I hope do much good in the settlement of land disputes by the prompt and inexpensive means of adjudication which it supplies.

But no measures, deterrent or punitive or ameliorative, will be effective unless the instruments with which we have to work are efficient. Our instruments in this matter are the headmen. The policy of enlisting the services of men of local influence and position in the cause of good government is wise and statesmanlike. Formerly these men had their reward in the honour and authority which they enjoyed. The honour we can still confer, and it is wise to do so; but the authority must naturally yield to English law as it spreads its branches in all directions. If we desire to retain the services of these men, we must discover some other inducement. At present in most cases their services are not remunerated, and indeed the expenses which they are obliged to incur are not recouped to them. Can it be a matter of surprise that under such circumstances they should often be slack and apathetic? The subject has often been considered and reconsidered; lately it has been exhaustively discussed with the Government Agents, and I have arrived at the same conclusion as most of those experienced officers, namely, that it would be a grave mistake to transform the headman into the ordinary stereotyped official. If we did so, we should in course of time supplant the present headmen by a totally different class, who would no longer be men of local position, possessions, and influence, but members of a graded salaried service liable to be sent here or there on promotion or transfer, and therefore without local influence or sympathy. We had better adhere to the present excellent system as long as we possibly can. The post of headman should bring with it honour and respect, and the Government and its officers should recognize that this is, and should be, the highest inducement we can offer if we desire to secure the services of men of local influence. Their expenses should be certainly recouped to them, and rewards, not necessarily in money, should be given for good service rendered. For this purpose I propose to place at the disposal of each Government Agent a fund created from various sources, including a yearly grant from the general revenue. The sum of Rs. 25,000 has been provided in the Estimates of 1898 for this purpose.

NUWARA ELIYA.

You passed an Ordinance last year at the instance of the inhabitants of Nuwara Eliya, including the Local Board itself, for the abolition of the Local Board and for the administration of the place by a Board nominated by and under the control of Government.

You thereby admitted that Nuwara Eliya occupies an exceptional position, and is in a different position from other towns. The justification of this policy is the fact that Nuwara Eliya is the insular sanitarium, which affords the means of regaining health without a journey to Europe to many official and unofficial members of the community. There is every possibility also of its being again a military sanitarium. I sanctioned this year, subject to your approval, a small expenditure in order to dispel the doubts of the War Office regarding the suitability of the place for that purpose. The experiment has, I believe, proved to be perfectly successful, and I hope that we may soon see Nuwara Eliya again a sanitarium for the troops in this Island, in whose health, happiness, and efficiency we are so much interested. There is moreover every prospect of Nuwara Eliya being a health resort for Burmah, Western India, and Aden, and for winter visitors from Europe. Under these circumstances, I am inclined to follow the example of my distinguished predecessor, Sir William Gregory, and to invite you to advance a reasonable sum of money in improving the sanitation and amenities of the place. The expenditure would soon, I believe, be recouped to us by the sale of building sites, for Government is the principal landowner. However, I should like to be guided by you in this matter. If a majority of you consider that it would be undesirable to make such a grant, I will not press the matter, but you will remember that in such a case Nuwara Eliya will make but slow progress, as the private owners of property are not sufficient to undertake the work.

THE PUBLIC WORKS DEPARTMENT.

Mr. MacBride, after a long and faithful service, during which he has performed valuable work for the Colony, was compelled to retire last year through ill-health. His place has been filled by Mr. Francis Cooper, Director of Public Works, Hongkong, an officer with a high reputation for ability and energy. Mr. Cooper assures me that his Department is in urgent want of re-organization, both in the direction of decentralisation and of centralisation: of decentralisation as regards detail work, and of centralisation as regards plans, estimates, &c., in connection with Public Works extraordinary. The necessity for this is undoubted. For instance, any one who has travelled much in this Island and has scanned the motley architecture, often as unsuitable as it is unsightly, of many of the public buildings, must agree that is very desirable that there should be unity of design and direction, if not of excellence, and that young engineers should no longer be allowed to indulge their architectural fancy and caprice unguided and unrestrained. I am in sympathy with Mr. Cooper, and will give him ready co-operation in the task which he has undertaken, but on one condition—namely, that the reorganization of his Department involves little or no increased expenditure, and that, like the reorganization of the Civil Service, redundancies are sacrificed in order to keep within the limits of the existing authorized expenditure. But pending the scheme of reorganization I have, at the urgent application of the Director, allowed provision to be made in the Estimates for the appointment of an Assistant Director of Public Works in place of the Financial and Office Assistant, and of a Chief Draughtsman and Quantity Surveyor. The closer supervision over the preparation of reports, plans, and specifications renders this increase of establishment necessary.

GEOLOGICAL SURVEY.

The desirability of a geological survey of the Island has been long experienced, and the want should not be allowed to remain unsupplied. The inconvenience of our ignorance is often felt. I am in communication with the Government of India as to the cost of such a survey, and if that Government would allow their Geological Department to undertake the work, we should be confident of its being well done under the skilled supervision which Ceylon cannot afford. The result of my negotiations and any consequent scheme which may be approved by the Secretary of State will be submitted to you without any unnecessary delay.

THE PLAGUE.

The outbreak and virulence of the plague at Bombay has caused me great anxiety. Its appearance at Colombo might have had disastrous consequences. We are not a continent like India with many ports, all of which are not likely to be closed at the same time. Colombo is practically the only port which the Island now possesses, and it is a port of call for all Eastern trade. If the port of Colombo were closed we should practically be cut off from the rest of the world. Certainly the plague in Colombo would cause ships to avoid the port, and among other inconveniences, or rather calamities, there would be no freight for our produce except at exorbitant terms.

I appointed a Commission consisting of Mr. Taylor, the Auditor-General; Sir William Kynsey, the Principal Civil Medical Officer; Mr. Lee, the Principal Collector of Customs; Brigade-Surgeon Lieut.-Colonel Duke; and Mr. Price, Mayor of Colombo, to consider the question, and to report what steps should be taken to prevent the introduction of the plague into Ceylon, and in the case of its introduction the best means of stamping it out. The report of the Commission, already presented to you, has shown how thoroughly the Commission discharged the duty committed to them, and how well prepared we were at an early date, even before India itself, I think, to grapple with the disease if it appeared in the Island.

Bearing in mind the importance, not only to Ceylon, but to the world in general, of maintaining Colombo as a port of call clean above suspicion, and realizing how easily the plague might be imported into Colombo suddenly and without warning, I adopted very stringent measures as regards our intercourse with the West Coast of India. Sanitary experts living amidst hygienic environments of scientific excellence, unable to realize the very different conditions of tropical sanitation, may condemn these measures as benighted and retrograde; but they were demanded by common sense, and I should have incurred a grievous responsibility had I neglected them. It should be remembered also that the highest authorities were admittedly ignorant regarding the nature of the plague and the manner in which it could be transmitted. Moreover, it was necessary to satisfy some of our more timid customers among the nations of Europe that we were above suspicion, and consequently we adopted certain precautions which under other circumstances I might have considered superfluous; for instance, in order to secure our European trade we reluctantly sacrificed our trade with Western India; but these measures were only provisionally adopted, as I informed the Government of Bombay at the time, and pending the report of the Conference of Venice. As soon as the report of the Conference was received and it appeared that the nations to which I referred had accepted the Convention, I at once relaxed without pressure from outside the exceptional precautions which I had adopted to disarm their fears and suspicions.

You will see from the papers which will be placed on the table that this Colony has been invited to adhere to the Convention. I have replied that, although I am ready to carry out the recommendations of the Commission, I would prefer not to surrender my liberty of action in case I should again find it necessary to adopt more stringent precautions than those authorized by the Convention.

SANITATION OF COLOMBO.

Closely cognate to this question is the sanitation of Colombo, which is far from being satisfactory. It is a question which does not concern Colombo only, but which is of vital importance to the whole Colony. If Colombo became the habitual resort of cholera—and we must not rely upon past immunity—the consequences would be very serious, if not disastrous. Surely while there is time we should put our house into order. The matter engaged my attention a few days after my arrival in the Colony, and although no time was lost and the services of one of the most distinguished experts of the day (Mr. Mansergh) were secured, no progress has been made or can be made until we receive his report and recommendations. I hope that it may not be long delayed, and that we may soon be in a position to deal with a question upon which the prosperity of Colombo, and indeed of Ceylon, so much depends. I deeply regret that I am not in a position to make a more satisfactory statement.

An ample supply of pure water to the town is very essential, but equally great is the necessity of ensuring that our supply will not be subjected to interruption. Both these ends will be attained by the duplication of the pipe which brings our existing very pure supply from the reservoir at Labugama. I am happy to say that the Municipal Council and the Government have come to terms on this vexed question, and that the duplication will soon be carried out.

IMMIGRATION.

The question of the sanitation of Colombo cannot be dealt with without considering the dangers to the public health attendant on the immigration of coolies. Formerly the great bulk of coolies came by the desolate Northern road, and if a case of cholera broke out among them during the march of 150 miles along this desolate road it was treated at one of the many hospitals, and quarantine was easily established at one of the numerous camps on the road. Thus it seldom or ever reached the more inhabited districts.

All this is changed. The great majority of the coolies now come from Tuticorin to Colombo. Last year 90 per cent. of the coolies landed in Colombo. They are welcome guests, for without

them the staple industry of the Island, on which our prosperity is so dependent, would perish. Nevertheless they are a source of danger to Colombo. Tuticorin is often visited by cholera, and the coolies before starting frequent the town, and are therefore very likely to contract and carry the undeveloped disease with them to Colombo.

I therefore found myself on the horns of a dilemma. If vessels were allowed to land coolies at Colombo without quarantine, cholera would sooner or later be brought among us; or if even that evil were averted, such an unrestricted intercourse with a foul port would expose Colombo to suspicion. On the other hand, if quarantine were imposed on the steamers bringing coolies from Tuticorin, they would be obliged, being mail steamers, to cease calling there, and the flow of immigration would be checked. I appointed a Commission to inquire into the feasibility of establishing a quarantine station at Dutch Island, but the conclusion arrived at was that the scheme was impracticable until Puttalam were connected by railway with Kurunegala and Anuradhapura. Hare Island, in the port of Tuticorin, was proposed as a quarantine station, but after communicating with the Madras Government I was convinced that the suggestion was impracticable for reasons which I am ready to explain if the question is raised in this Council. Accordingly the only alternative was a quarantine station at Colombo, and after careful consideration I selected an isolated site at Ragama, nine miles from Colombo, where several camps, well separated from each other, can be erected. Two or three camps are now ready. In ordinary circumstances they will serve as a depôt, but if cholera broke out again at Tuticorin they would become quarantine stations. In that case different batches of coolies would be sent to different camps, and if any case of cholera occurred it would be treated in a still more isolated cholera camp. When coolies arrive from Tuticorin they are landed after medical examination at an isolated corner of the Breakwater, opposite to which the train is drawn up. Here they are bathed, and immediately entrained and taken to Ragama.

I regard this as a temporary arrangement until the railway from Kurunegala to Anuradhapura or Puttalam is constructed, but it is the best arrangement which we can make, and it offers the minimum of danger to Colombo.

The risk of cholera being imported from Tuticorin is caused by the coolies having to pass through the town of Tuticorin. If this could be avoided, the danger of cholera being imported by coolies into Colombo would be small. And there is another consideration. It is our interest to make the journey of the cooly to Ceylon as easy and as pleasant as possible, for he is essential to our prosperity. When he reaches the estate where he is to be employed he is well treated and cared for—he is too valuable to be treated otherwise—but on the road there he has often to undergo hardship and sometimes, it is feared, blackmailing, especially at Tuticorin.

The more contented and prosperous the cooly is when he returns to his native village, the more likely are others to follow his example. In India the military pensioners are the recruiting agents for the army, and the returned cooly should do the same good work for us in Madras. Forty-eight thousand coolies returned to their homes last year. Did they return happy and prosperous? If so, we sent forth forty-eight thousand advertising agents, and we cannot have a better guarantee that imported labour will not fail us.

It is therefore undoubtedly desirable that the immigrant cooly should avoid Tuticorin. I therefore propose, subject to the approval of the Madras Government, to establish a depôt at a railway station ten miles from that town, where the coolies who come by train can be taken. There they will be bathed and fed, and after a few hours' rest sent by special train to the jetty at Tuticorin, whence they will be immediately embarked on board the steamer for Colombo. Thus all contact with the town of Tuticorin will be avoided.

I have appointed an Assistant Immigration Agent at Tuticorin, a medical officer, Dr. Bawa; and at Paumben Mr. Wilkinson, late Chairman of the Maturata Planters' Association, has been appointed to succeed that able and devoted officer, Mr. Cotton, who sacrificed his life to his sense of duty.

TEA PLANTING AND NEW PRODUCTS.

Planting is apparently prosperous almost everywhere, in spite of high exchange and low prices. The export of tea during the first six months of 1897 was 62,387,000 lb., against 60,440,000 lb. in the corresponding period of last year.

There was an encouraging increase in the products of the cocoanut palm, especially in oil. This growing industry deserves every encouragement. There is plenty of suitable surveyed land (30,000 acres) available for this cultivation, chiefly in the Eastern Province, and ready for sale. I recently caused the fact to be advertised, and every endeavour is being made to survey and offer for sale other land for the same purpose.

The appearance of a canker on cacao in Matale and elsewhere has caused some apprehension. An extended study of this canker was made by Mr. Willis, Director of the Royal Botanic Gardens, and Mr. Green, whose services I am glad to have secured as Honorary Government Entomologist, and circulars regarding the disease and some suggested remedies have been published. Attempts have been made in England, India, and Java to obtain the services of a specialist to examine the disease, but with no success. The fact is that there are not more than four or five men in England and the Colonies who possess the necessary qualifications, and they fill permanent posts which cannot be left vacant. Mr. Willis has given great attention to the matter, and although he considers the disease serious he does not believe that it will prove dangerous to cacao cultivation generally in the Colony. Cacao planters have been making large profits in many cases, and the disease, it is said, is largely the result of overcropping and bad cultivation, taking much out of the land and returning little or nothing, and careless treatment of the trees.

The encouragement of new products is an essential duty of the Governor of this Colony. The chief interest this year has centred in the Para rubber, for the seed of which there has been a great demand, far more than the Gardens, which form almost the only existing source of supply,

can possibly meet. About 88,500 seeds have been supplied to planters this year, and many more could have been supplied if they had been forthcoming. Many planters have trees from five to eight years old, so that in two or three years Para rubber should begin to figure in the list of Ceylon exports.

The Forest Department has also planted a considerable area and will plant more, not as a commercial undertaking, but in order eventually to supply seed to the public, who are now taking up the industry in earnest: 11,500 seeds have thus been utilized this year by the Forest Department.

The important fibre plant, rhea, has received considerable attention this year. The Director of the Royal Botanic Gardens has planted out a considerable area with different varieties in some of his Gardens. The plant is reported to grow very well indeed in Ceylon, and there is no doubt about the beauty and strength of its fibre, but the difficulty lies in its preparation. When this is overcome, as no doubt it will be overcome, the price of the raw material should rise and a very valuable article of export would be widely grown.

The rise in the price of vanilla has again attracted notice to this product; and Mr. Willis has planted out during the year plots of coca, the Ceylon bowstring hemp, the important West Indian food-plant—*tous les mois*—and others. These plants are intended partly for experiment, partly to enable the Gardens to supply larger quantities of the plants to meet any sudden demands.

“The Flora of Ceylon” was unfortunately left incomplete at the death of the late Director, Dr. Trimen, but Sir Joseph Hooker has, I am happy to say, undertaken its completion. The work remaining to be done will occupy two volumes. A considerable part of the first of these has already been sent to the press.

Mr. Willis has reported that an immense amount of scientific work remains to be done in Ceylon botany, for the study of the fungi of Ceylon, especially of the disease-producing parasitic fungi, is at present almost untouched. Much has to be learnt about the physiology of tropical plants (on which knowledge the application of science to practice is mainly founded), their modes of life, the chemistry of soils, manures, &c., the principles of tea-making, rubber-curing, and such subjects, and innumerable other questions. Mr. Willis cannot find time for more than one such investigation at once, and I have therefore made provision in the Estimates for a “scientific assistant” from 1898 onwards. The pay of this post is very small, but is enough I think to attract young botanists and others capable of doing useful work. The chief feature of the post is that it is not a permanency for its incumbent, who is only to be guaranteed one year’s tenure of it at first, with the possibility of subsequent extension. For the first occupant Mr. Willis is trying to get a man with sufficient training in the study of fungi to enable him to work out the life histories of the fungi of the cacao and betel diseases and others. Another man might be afterwards obtained who would study rubber thoroughly, then perhaps a skilled viticulturist to experiment with and teach vine-growing in Ceylon, and so on. His idea is at each vacancy to fill the post with the man who will work at the most important problem of the moment.

Proper scientific work can only be carried on in a laboratory fitted for the purpose. Accordingly the Public Works Department are about to erect a small building for this purpose at Peradeniya. Besides serving for the work carried on by Mr. Willis and his assistants, this would be used by students and botanists from Europe and America, who come in ever-increasing numbers for a few months’ study in the Tropics, and the existence of proper facilities for scientific work would attract many to Ceylon instead of elsewhere.

The scientific staff of this Department has been much strengthened by the appointment of Mr. E. E. Green as Honorary Entomologist. Mr. Green has already rendered great service in the case of the cacao disease and other diseases directly due to insects.

An endeavour is being made to bring the Gardens into closer touch with the public by the publication of periodical circulars on important subjects. Mr. Willis intends to arrange for personal instruction by members of the staff, whether by lectures away from Peradeniya or by demonstrations in the Gardens and elsewhere. This latter branch of work, however, he thinks should be connected with the School of Agriculture, and he proposes to bring it before the Committee dealing with that institution.

In Mr. Willis the Colony has evidently secured the services of a Director worthy to succeed the distinguished men who have preceded him, and I am confident that his energy, practical ability, and the keen interest which he takes in the development of new products, as well as in his more scientific duties, will be most beneficial to the Colony.

WHARF AND WAREHOUSE ACCOMMODATION AND PORT TRUST.

Gentlemen, I recently appointed a Commission to inquire into and report upon the alleged difficulties and delays in landing cargo and coal in the Port of Colombo. This Commission, a very representative body, has submitted its report—a valuable and exhaustive report—which will be presented to you to-day.

It appears that the chief cause of the difficulties which exist is the want of sea frontage much more than that of wharf and warehouse accommodation, and until this want is supplied the existing difficulties cannot be radically or satisfactorily dealt with. But this want cannot be supplied until the harbour works now in progress have been completed, or at least till the land reclamation is finished and the coal depôts are moved. Meantime the Commission has proposed certain remedies, which will be adopted:

Gentlemen, we have heard a great deal of a Port Trust lately. I quite agree that there are conditions under which a Port Trust would be desirable, not only in the interests of trade, but of the Government itself. But do these conditions obtain? We have large harbour works under construction, entailing a serious drain on the general revenues. Is it proposed to make over the control of those works and expenditure to a local body? If not, would you have the unconstructed part of the harbour under the control of Government and the constructed part under a Port Trust? Then surely there would be chaos and confusion. Moreover, as the report of the Wharf Commission

shows, a Port Trust could make no permanent improvements until the harbour works, or at least the reclamation of land, are completed.

I entirely concur with the Commission when they report—only one member dissenting—“that a period of transition like the present is not a favourable opportunity for attempting the introduction of a totally new system.” When the period of transition is over—when the harbour is completed—when its finances are placed upon a sound and stable footing—then the creation of a Port Trust will be a practical question requiring decision, and very probably the decision will be then in favour of a Trust. Until then, in the interests of the Island generally, the control of the harbour and its finances must, I think, remain directly in the hands of Government.

The Commission propose an extension of the limited powers of the Harbour Board. I do not know why my predecessor, Lord Stanmore, limited the Board to an advisory and consultative role. No doubt there were then good and sufficient reasons, but they have ceased to exist, and I think that the day has certainly come when those powers should be extended; when meetings should be regularly held and members should have power to bring forward for discussion proposals for improvement, which if passed would be seriously considered by the Government.

MISCELLANEOUS ADMINISTRATIVE QUESTIONS.

There are many other administrative questions of interest on which, if time permitted, I should like to touch. For instance, the establishment of a Board of Education, whose duties will be principally advisory, and which will I hope establish a much-needed touch between the Department of Public Instruction and the heads of the educational movement in the Island; the introduction of twenty-five cent telegrams, the cheapest in the world, in consequence of which there has been an increase of 60 per cent. in the number of local telegrams—there has been no pecuniary loss, as was anticipated, through the introduction of these telegrams. Two new hospitals and several dispensaries will be opened during the year, and a Bacteriological Institute is being constructed. Mr. J. W. C. De Soysa has generously contributed towards this, and the Institute will bear his name. On the other hand, the Government has lost the valuable assistance of Sir William Kynsey, who has retired from the service, to my great regret.

Last year you voted Rs. 300,000 for the improvement and extension of the Maradana Railway Station. The alteration of the goods yard has been completed, and the siding accommodation has been increased by 100 per cent., besides providing for the more convenient marshalling of trains. The warehouse accommodation has also been increased by the addition of 160 ft. in length, or 5,600 square feet of area. A goods shed is in course of construction at the Wharf to meet the growing requirements of traffic. The approach to the station by the widening of the St. Sebastian canal bridge and road will be completed this year, and should materially relieve the congestion of traffic. The earnings of the Railway from 1st January to 31st August amounted to Rs. 147,000 more than the average estimates. Indian coal is to be used instead of Welsh coal, as far as practicable; and, finally, satisfactory sanitary arrangements for third class native passengers have been made.

LEGISLATION.

The legislation which I propose to submit to you during this session is neither bulky nor contentious. I have already alluded to one or two of the proposed measures. Among the others will be a Bill relating to the Military Contribution. You are aware that Her Majesty's Government has decided to adopt a percentage of the revenue as the basis of the contribution of the Colony. This will effectually remove the uncertainty arising from fluctuations of exchange to which the finances of the Colony have been hitherto liable owing to the contribution being fixed in sterling. To carry out the determination of Her Majesty's Government I have caused an Ordinance to be drafted which will shortly be submitted for your consideration. It provides that a sum of nine and a half per cent. of the Colonial revenue shall be appropriated yearly to the Imperial Government as a contribution for the defence of the Colony. For the purpose of calculating the contribution “Colonial revenue” is defined as including the net receipts of the Ceylon Government Railway, that is to say, the gross receipts of that Railway less the charges for maintenance of the same and for interest and sinking fund on amounts borrowed for railway construction and extension, and also the gross receipts from all other sources of revenue excluding the proceeds of land sales and premia on leases or land grants, and receipts which are merely matter of account and refund. The Ordinance further provides that the percentage of nine and a half per cent. shall be deemed a fixed contribution in return for the annual cost of Military garrison, such cost to include the expense of maintaining all Military works and buildings, exclusive of capital expenditure required for Military lands and buildings outside of Trincomalee. It further provides that the sum paid by way of percentage in any year shall not exceed three-fourths of the cost of the garrison for that year, and that the percentage is to be paid quarterly on the 15th day of March, June, September, and December in each year.

The Government propose to prohibit absolutely the importation of bhang and ganja into Ceylon and to double the duty on opium. A draft Bill has been prepared for the purpose of carrying out that proposal, and will be submitted to you in due course. The duty leviable upon all opium imported into this Island has been raised from one rupee to two rupees per pound. The Bill further provides that any person who shall possess or sell any bhang or ganja is guilty of an offence, and is liable on a first conviction to a fine not exceeding fifty rupees, or to simple or rigorous imprisonment not exceeding three months, or to both, and on a subsequent conviction to a fine not exceeding one hundred rupees or to simple or rigorous imprisonment not exceeding six months, or to both. Provision is further made for searching shops or places where bhang or ganja is suspected of being sold or possessed, and the sale of opium to children is absolutely prohibited.

Some years ago the P. & O. ss. "Britannia" ran down and sunk a cargo lighter belonging to the Wharf & Warehouse Company. At the time of the accident the late Mr. Carter was in charge of the ss. "Britannia" as Government pilot, and an action was successfully maintained in the District Court against Mr. Carter for the damages sustained by the Wharf & Warehouse Company in respect of the sinking of the lighter. A draft Ordinance has been drawn for the purpose of limiting the liability of Government pilots to the sum of Rs. 1,000. It provides for the appointment of pilots for the purpose of conducting ships within the ports of Colombo and Galle, the limits of which ports are specified in the second column of the schedule to the draft Ordinance. The provision resembles that made for the appointment of pilots by the Trinity House under section 618 of "The Merchant Shipping Act, 1894" (57 & 58 Vict. chapter 60). A Government pilot is not, except at night, entitled to fees. When so entitled the clause further provides that he shall be liable to be mulcted, in addition to Rs. 1,000, in the fees to which he is entitled on account of pilotage in respect of the voyage in which he was engaged when he became so liable. This provision has been adapted from section 620 of "The Merchant Shipping Act, 1894," which limited the liability of a pilot appointed by the Trinity House to the amount of £100, being the penalty of the bond given by such pilot under sub-section 2 of section 619 of the same Act, and the amount payable to such pilot on account of pilotage in respect of the voyage on which he was engaged when he became so liable. The Ordinance further declares the non-liability of the Ceylon Government and the owner or master of a ship when a pilot appointed under the Ordinance is employed within the limits defined in the schedule thereto. This provision has been adapted from section 633 of "The Merchant Shipping Act, 1894."

Under the provisions of sub-section 2 of section 4 of the Ordinance No. 15 of 1889 every applicant for a surveyor's license had the option of being examined at Colombo or at some place within the Province in which he resided. It is considered desirable that all examinations should take place in Colombo at the Technical College. I have caused a Bill therefore to be drafted providing that the examination shall be held in Colombo at the Technical College by such person as may be appointed by the Governor.

Since the passing of the Ordinance No. 15 of 1889 the Technical College, as you are aware, has been founded at Colombo, which College issues diplomas to persons who have passed examinations in surveying and levelling. It is considered desirable that persons holding those diplomas should be exempted from the examination prescribed by section 4 of the Ordinance, in the same way that persons described in Schedule A to the Ordinance are now exempted by section 6. Clause 4 of the draft gives effect to the above.

In "The Inventions Ordinance, 1892," no express provision has been made for the registration of assignment of grants of exclusive privilege issued under that Ordinance; it appears to me desirable to amend the Ordinance No. 16 of 1892 and to provide for the registration of such assignments. A Bill has been drafted and will be shortly introduced into this Council providing for the entry of such assignments in the register of inventions kept under the provisions of "The Inventions Ordinance, 1892."

In the public interests, and for the protection of the public health, it is essential that the Government of this Colony should be invested with the powers conferred by the provisions of the Ordinance No. 13 of 1896 relating to pilgrimages. The intention of the Government is merely to use the Ordinance in cases of necessity and in such a manner as not to interfere with the exercise of the religious practices of any denomination or sect of the community.

Notwithstanding the repeated public assurances which I have given to this effect in and out of this Council, the provisions of the Ordinance appear to have caused some misapprehension. I have consequently directed a draft Bill to be prepared showing clearly that the Ordinance is enacted for sanitary purposes, and will only be enforced on occasions in which restrictive regulations are found to be necessary. The Ordinance will shortly be introduced into Council and I have no doubt will meet with your approval. I shall indeed be gratified if it disarms the objections and allays the fears of an important section of the community, who have earned the gratitude of the Colony for their earnest and successful efforts in the cause of education, and if it reconciles them to the grant to Government of powers which are absolutely necessary in these days of plague, cholera, and other pestilence.

There will also be probably submitted during the course of this session other Ordinances, including:—

- (a) An Ordinance which is being prepared to make further provision for the branding, sale, and transfer of cattle, on the lines suggested by the Commissioners who were appointed to inquire into and report upon the best means of preventing cattle stealing and cattle trespass throughout the Colony;
- (b) An Ordinance to introduce certain amendments into the Local Board Ordinance of 1876, which the working of that Ordinance has shown to be necessary. Advantage will be taken of the introduction of that measure to consolidate the by-laws of Local Boards.
- (c) An Ordinance to amend the Widows' and Orphans' Pension Fund Ordinance in certain particulars.

I cannot however conclude my observations under the head of Legislation without expressing my acknowledgments to the Committee which has been engaged in revising the Criminal Procedure Code. The revised Code is now under the consideration of the Secretary of State, and it is not possible for me to say whether it will be submitted to you at an early date. But I do not wish to lose this opportunity of acknowledging the indebtedness of the Government to the Honorable the Chief Justice, who was kind enough to preside over the Commission, for the care he has given and the assistance he has rendered in this important matter.

THE JUBILEE.

The record of the year would be incomplete without mention of the celebration of the sixtieth anniversary of Her Majesty's reign. 1897 will always be memorable in history as the year in which the unity and solidarity of the Empire were solemnly baptized and proclaimed with intense enthusiasm. The principle feature of the remarkable demonstrations which this auspicious event evoked was the distinguished and conspicuous part assigned to the Colonies of the Empire. For the first time in the history of England was the sovereign escorted through the streets of the Metropolis by Colonial troops, and among them the volunteers of Ceylon—artillery, mounted infantry, and infantry—took a prominent and, I understand, creditable position.

I believed that it would greatly gratify the loyalty of the native population of the Colony if its various races were represented—unofficially represented—in London on this unique and auspicious occasion. I accordingly proposed to the Secretary of State that I should select and send to England for this purpose representatives of the various races, and this proposal was at once approved. I may here perhaps express the acknowledgments of the Government and people of this Colony to Mr. Chamberlain and the gentlemen who assist him at the Colonial Office for the kindness and courtesy which they extended to our representatives. My expectation that the loyalty of the Colony would be gratified was not disappointed. The keen interest with which the movements of these gentlemen were followed throughout the Island and the joy and honour with which they were received on their return, were remarkable, and the memory of this great occasion has thus been enshrined in many a mind.

In Ceylon too we celebrated the Jubilee with fitting ceremony in all parts of the Island, but naturally with special display in Colombo, the Metropolis of the Island. It is unnecessary, indeed it would be out of place, for me to describe the functions, ceremonies, and festivities with which we celebrated this great event. But there was one demonstration so remarkable as to justify its special mention here. I allude to the moment when Her Majesty's gracious Message was read by me to a vast multitude, numbering it was said some 30,000 people, assembled on the sea front. The scene must have made a lifelong impression on all who were fortunate enough to witness it, and the roar of applause and approbation which arose as the simple and touching words of that Message were repeated by man to man, must still ring in their ears. In the course of my travels and varied experiences I have seen many striking sights, but none that impressed me more than the spectacle which met my eye as, on that dark night, I looked down from my elevated position on that enormous multitude, which seemed to extend into the very sea,—a multitude of various races, all animated by one common impulse of loyalty and affection to the Queen.

It is pleasing to know that these exhibitions of loyalty have been highly appreciated by Her Majesty herself. Ceylon alone among all the Crown Colonies was allowed the great honour of presenting to Her Majesty in person, by the hands of the members of this Council who happened to be in England, her addresses of loyalty and affection. But more than that. Her Majesty herself, through her Secretary of State, has specially addressed her subjects in Ceylon. "The Queen directs me," wrote Mr. Chamberlain, "to convey both to the senders of these loyal addresses and also to the whole community of Ceylon her deep thanks for the love and respect to which the celebrations throughout the Island testify." Ceylon may well be proud to be the recipient of so gracious a message. These words must have sent a thrill of joy and pride into every loyal heart, and they should be treasured in the Island as the precious heritage of all classes and races of men, and as honoured evidence of the loyalty of Ceylon in the year 1897, and of the gracious appreciation of that loyalty by Queen Victoria.

GENTLEMEN OF THE LEGISLATIVE COUNCIL,

I have detained you at great length. I have trespassed much on your time and patience, but my excuse must be my anxiety to give you ample information regarding my administration of your affairs during the past year, in order that you may be enabled intelligently and efficiently to deal with the questions which will be duly brought before you.

I pray that the Divine Providence may guide your deliberations so that they may conduce in the future, as in the past, to the welfare and prosperity of this important Colony.

I now, in the Queen's name, declare the Session of this Legislature to be duly opened.

MESSAGE TO THE LEGISLATIVE COUNCIL.

WEST RIDGEWAY.

THE Governor has directed that the Estimates of Revenue and Expenditure for the year 1898 be laid before the Legislative Council.

Estimate of Revenue.

The Revenue for 1898 is estimated at Rs. 23,411,000, being Rs. 201,333 over the estimate for 1897, revised with the aid of the actual receipts for the first nine months, and Rs. 1,436,427 in excess of the actual receipts for 1896. This increase is not due to any new item of Revenue, but to the gradual and steady increase of existing sources. The principal increases as compared with 1896 are expected under the heads Customs (Rs. 300,000), Licenses, &c. (Rs. 468,000), and Railway (Rs. 573,000)—increases which indicate an expansion of trade and the growing prosperity of the Colony.

Estimate of Expenditure.

The increased revenue permits of more liberal provision being made to develop the resources of the Colony and to promote the general welfare of the community. The appropriations proposed for 1898 amount to Rs. 23,404,068, or Rs. 1,335,519 more than the Estimates for 1897, the increase being Rs. 830,000 on Public Works, Rs. 213,000 on Railways, Rs. 81,000 on the Survey Department, and other sums dealt with in the following detail.

Public Debt.

There is a decrease of Rs. 10,290 in the provision for charges on account of Public Debt owing to the present high rate of exchange. The decrease would have been larger but for the fact that the contribution to the Sinking Fund on account of the sterling loan of £1,000,000 is due for the whole year against half the year in 1897, and also on account of one million rupees of the local loan. It will be observed that the amount payable by the Crown Agents in respect of interest on Dutch Kredit Brieven disappears from the Estimates. This is due to an arrangement having been made for the purchase of the Kredit Brieven for £1,250 and for the payment to the holder of an annuity of £25 during her lifetime.

Pensions.

There is an increase of Rs. 59,081 in the vote for Pensions. The expenditure under this head is to a certain extent beyond the control of Government, as the pensions become payable under prescribed rules as explained on previous occasions. There is, however, one item to which the Governor would desire to call the attention of the Council, viz., the special allowance of Rs. 1,000 to Mrs. Ingram Cotton, and it is hoped that this allowance will be readily voted, in view of the exceptional circumstances under which the late Mr. Ingram Cotton met with his death while employed in work not strictly connected with his duties as Superintendent of Immigration at Paumben.

Establishments.

It will be noticed on reference to the usual comparative statement attached to the Estimates that the Establishments will cost Rs. 5,977,749, being an increase of Rs. 79,175 over the provision for 1897. The causes of this increase will be briefly explained in dealing with the several Departments of the Government.

His Excellency the Governor.

There is a small increase of Rs. 360 in the votes allowed to the Governor's establishment owing to the appointment of a Sergeant Instructor to take general charge of the drill and interior economy of the Mounted Orderlies. It is believed that this arrangement will tend to increase the efficiency of the Mounted Orderlies.

Secretariat.

On the whole there is an apparent decrease of Rs. 8,124 compared with 1897. This is chiefly due to an alteration made in the Printing Branch in the system of accounting with regard to printed forms supplied to certain Public Departments. It is intended to allow an assistant on Rs. 300 per annum to the Petition Clerk, as there has been a large increase in the number of petitions presented and dealt with.

An increase of Rs. 1,000 per annum is proposed to the salary of the First Assistant to the Government Printer in recognition of the efficient services rendered by him for twelve years, and also in view of the fact that he has no immediate prospect of promotion. A slight re-arrangement has also been made in the salaries of some of the subordinate officers without any increase of cost.

Audit Office and Treasury.

There are no alterations in the votes allowed to these Departments, except the omission of that for postage. It has been decided that no actual payment of money should be made by Departments on account of stamps indented for, but that an annual apportionment be made in the same manner.

as for printed forms, viz., as a money credit representing the value of stamps allowed to each Department.

Provincial Administration.

The increase under "Establishments" is chiefly due to the appointment of an Assistant Superintendent of Immigration at Tuticorin and of a Shroff at Negombo. The appointment of the former officer has been mainly made to guard against the introduction of the bubonic plague and other infectious diseases to this Colony, which might interfere with the free flow of cooly immigration, while the salary of the latter officer will be more than recouped by the savings which will be effected on the expenditure now incurred on account of travelling expenses and commission on money orders, &c. The excess under "Other Charges" is chiefly due to the cost of advertisements under the Waste Lands Ordinance, No. 1 of 1897. The only other new items are the votes of Rs. 3,000 to meet the allowance and other expenses of the Assistant Superintendent of Immigration at Tuticorin and of Rs. 1,080 on account of lodging allowances to clerks at Nuwara Eliya while their quarters are occupied by the Military.

Survey Department.

The increase of Rs. 81,868 is chiefly on account of the topographical and cadastral surveys. The salaries of the officers have been re-arranged in accordance with Colonel Holdich's scheme for the re-organization of the Department, at a saving of cost.

Customs Department.

The increase of Rs. 2,330 under "Establishments" is partly due to an addition to the subordinate staff on account of the increasing business of the port and of the erection of new warehouses for non-dutiable goods. On the whole, however, there is a decrease of Rs. 6,256, under "Special Expenditure," in the provision for this Department when compared with 1897.

Port and Marine Department, Colombo.

There is an increase of Rs. 40,384 when compared with 1897. The excess under "Establishments" is due to the transfer of a Pilot from Galle to Colombo as a supernumerary, and to the grant of increased house allowances to the Pilots, and also to the establishment of a cooly shelter at the root of the Breakwater and of a Camp of Observation at Ragama. The excess under "Other Charges" is chiefly on account of special trains for the conveyance of coolies, and is to a certain extent due to the transfer of the depôt from Kelaniya to Ragama. A sum of Rs. 2,880 is also provided for a steam disinfecter for the hospital ship.

Port and Marine Department other than Colombo.

The decrease under "Establishments" is due to the reduction in the number of Pilots employed at Galle, owing to the great falling off in the number of vessels arriving at that port. The arrivals during this year have so far averaged less than one a day, and it is considered that one officer, who will hold the combined appointment of Master Attendant and Pilot, will be able to discharge satisfactorily the duties connected with the port, especially as he can avail himself, in case of emergency, of the services of the boatswain, who is a retired Pilot. It is intended, however, in the event of a revival of the shipping trade to an appreciable extent to send back to Galle the Pilot transferred to Colombo. The work connected with the supply of anchors and cables to the shipping, heretofore carried on by Captain Blyth, has been undertaken by Government, and this has necessitated the inclusion of certain new items of expenditure, which will be more than recouped by the recoveries which will be made.

Botanic Gardens.

It is intended to organise a system of experimental cultivation of economic, rare, or new plants in the Royal Botanic Gardens, and the increased provision by Rs. 3,950 practically represents the additional expenditure required to carry out proposals made by the Director. In connection with this scheme it is proposed to attach a Scientific Assistant to the Department, and to secure, if possible, the services of a young man with a training in the study of fungoid diseases for this post. A sum of Rs. 3,931 is included for the completion by Sir Joseph Hooker of the publication of the "Handbook to the Flora of Ceylon," which was interrupted by the death of the late Dr. Trimen.

Colombo Museum.

The pay of the Taxidermist has been restored to its former rate, and the vote of Rs. 1,000 for furniture, which was omitted from the Estimates for 1897, has been renewed.

Legal Departments.

The apparent decrease in the amounts voted to the Supreme Court, Attorney-General, Solicitor-General, and District Courts is due to the omission of the votes for Postage. The increase of Rs. 9,184 under Courts of Requests and Police Courts is chiefly due to the confirmation of Messrs. Molamure and De Saram in their appointments as Itinerating Magistrates, Ratnapura and Kegalla and the Western Province, and to the creation of an additional Itinerating Magistracy for Kalutara and Negombo. The above-named gentlemen have held their present appointments for eight years and five years respectively, and as the Courts presided over by them may be considered to have passed the tentative stage, it is only fair that they should be placed on a permanent footing.

The increase in the Registration Department is chiefly due to the appointment of five additional Registrars to carry out efficiently the work connected with the registration of deaths in Colombo.

Police.

Of the net addition of Rs. 53,588 to the Police votes, no less a sum than Rs. 37,366 represents the increase to "Establishments." This is mainly due to the establishment of a Police Force at Anuradhapura and to the proposal to create a fund from which to remunerate unpaid headmen, while additions have also been made to the strength at several stations. It is not intended to give regular salaries to all minor headmen.* What is proposed to be done is to reward the headmen for good work performed, and to treat them liberally when put to unavoidable expenditure in the discharge of their duties.

Prisons.

The expenditure connected with Prisons continues to decrease, a reduction of Rs. 10,874 having been made when compared with 1897, principally in connection with the closing of Slave Island Jail.

Medical Department.

The increase under "Personal Emoluments" is due to the creation of a Deputy Assistant Colonial Surgeonship for the Police Department and to the periodical increments earned by the officers; while the increase under "Other Charges" is due to the gradual extension of the system of animal vaccination and to other small items. It is also proposed to vote an annual grant of Rs. 2,000 to facilitate the taking of vacation leave by Medical Officers stationed in solitary stations.

Hospitals and Dispensaries.

It is proposed to open eleven new Dispensaries next year, and this accounts for Rs. 10,110 out of the increase of Rs. 16,116 under this head.

Ecclesiastical.

A reduction of Rs. 1,500 has been made in the Ecclesiastical votes owing to the death of the Rev. Mr. Maclean.

Education.

No material additions have been made to "Establishments," but it is proposed to restore the vote of Rs. 2,000, which has been omitted for three years, for opening new schools in neglected districts, as the present state of the revenue admits of this being done. The provision for grants in aid, however, continues to increase, an addition of Rs. 20,873 being found necessary owing to a larger number of schools registered for examination and to results improving year by year.

Transport.

A reduction of Rs. 3,000 has been made in the vote for "Passage money to Public Officers proceeding to and returning from England," as the number of officers who are entitled to this privilege is gradually diminishing.

Exchange.

The rate of exchange, which has been taken at 1s. 3d. to the rupee against 1s. 2½d. in 1897, permits of a reduction of Rs. 76,724 being made in the provision under this head.

Military Expenditure.

The Military Contribution payable is now regulated by the Revenue of the Colony, and the excess of Rs. 113,900 when compared with 1897 is due to the increase anticipated in the receipts for next year. The calculation has been made in accordance with the provisions of the Ordinance which will shortly be laid before the Legislative Council.

The additional provision of Rs. 4,672 for the Volunteer Regiment is due to the contemplated formation of a Company at Nuwara Eliya and Hatton, and also of an additional Company for the Railway. It is decided to make enrolment in the Volunteer Force a condition of employment for certain classes of officers in the Railway Department in future.

Miscellaneous Services.

The only material alteration is the addition of Rs. 32,000 to the vote for "Interest on Widows' and Orphans' Pension Fund Deposits." This is due to the contributions, under Ordinance No. 21 of 1896, to the Fund annually increasing.

Colonial Store.

The increase in the amount allowed to this Department is due to provision having been made for the expenses connected with the inspection of explosives by a military officer.

Crown Agents, London.

The decrease of Rs. 100 is due to the rise in the rate of exchange.

Forest Department.

No additional provision is proposed for the Forest Department, but it is intended to allow any further sums which may be found to be necessary during the course of the year for any special supply of timber the cost of which should be more than reimbursed by its sale.

Post Office and Telegraphs.

It is proposed to open three Post Offices at Mupane, Undugoda, and Havelock Town, and Telegraph Offices at Bentota, Norwood, and Maturata. Provision has been made for the expenditure

connected therewith, and it has also been found necessary to increase the existing staff still further owing to the introduction of the 25-cent telegrams. Increased subsidies are proposed for the conveyance of certain mails, and some of the existing votes which have been represented to be insufficient have been supplemented.

Railway Department.

In the Railway Department there is an increase of Rs. 213,367, but this is chiefly due to the large sum of Rs. 432,829 having been set apart for "New Works" against Rs. 270,678 in 1897. The details of these works will be found specified in the Estimates.

Public Works Department.

The salaries of some of the principal officers of the Department have been re-arranged in accordance with a scheme submitted by the Director of Public Works for the re-organization of the Department. The post of Assistant Director of Public Works has been substituted for that of Financial Assistant, with an additional salary of Rs. 2,500, which will be saved on other appointments. It is also proposed to create the office of Chief Draughtsman and Quantity Surveyor on Rs. 4,000 per annum in connection with the above scheme, with the view of placing this branch of the Department on a satisfactory basis.

Public Works Annually Recurrent.

Under Public Works Recurrent there is an increase of Rs. 231,642. It has been represented that the votes at present allowed for the maintenance of certain roads are inadequate to maintain them in an efficient state of repair, and a sum of Rs. 199,696 out of the above increase is required for augmenting these votes. The balance of Rs. 31,946 is distributed among the sub-heads Repairs to Buildings, Additions to Buildings, Repairs to Bridges, &c.

Public Works Extraordinary.

The state of the Revenue has permitted the large sum of Rs. 2,057,000 to be set apart for Public Works, being an increase of Rs. 557,747 over the provision for 1897.

Provision is made towards the Dehiwala flood-outlets, and most of the principal items under "Works and Buildings" are connected with the Medical Department. It is proposed to build permanent wards at the Infectious Diseases Hospital for Europeans and natives at a cost of Rs. 41,200, and also to build new hospitals at Dimbula and Maturata. The expenditure connected with the Medical Department under the different sub-heads aggregates Rs. 319,450. In the different Provinces there is a provision of Rs. 60,000 for lines for overseers and coolies, which are found necessary to retain an effective labour supply.

The expenditure proposed for "New Roads" amounts to Rs. 323,062, exclusive of the sum of Rs. 100,000 included on account of Government moieties for any further branch roads which may be constructed during the year with the previous statutory sanction of the Legislative Council in each case, and of Rs. 382,352 provided for additions and improvements to roads. The following are some of the principal items:—

	...	Rs.
Road from Padiapellella to Kabaragalla (Government moiety)	...	36,000
Namanakuli and Passara roads (balance of estimate)	...	64,345
Extension of Madulsima road from Doomoo Gap to Forest Hill	...	35,800
Bandarawela to Ampitiyakanda Gap	...	50,000
Glenella-Havilland road (Government moiety, re-vote)	...	20,000

The provision of Rs. 33,000 for the Mannar causeway will complete a work which has been long in progress. In the Eastern Province a like work is proposed at the bar of the Periyamukatuwaram on the Main Coast road.

A sum of Rs. 318,681 is provided for new bridges and for the conversion of wooden bridges into iron ones, while a sum of Rs. 73,770 is asked for the repair of bridges.

It is considered desirable to acquire the Police Barracks and Inspector's quarters in Kollupitiya, Colombo, which are most conveniently situated for their purpose, and for which the owner demanded an increased and excessive rent. The building rented from the Loan Board for the Medical Stores will also be taken over and enlarged.

The principal item under the head "Miscellaneous" is the vote of Rs. 50,000 for a statue of the Queen in commemoration of the sixtieth anniversary of Her Majesty's accession to the throne, as authorized by the resolution of the Legislative Council on 22nd June, 1897.

By His Excellency's command,

E. NOEL WALKER,
Colonial Secretary.

November 5, 1897.