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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, OCTOBER 26, 1896.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL,

It is nine months since I assumed the Government of this Island, and during that period I have endeavoured to qualify myself for this meeting by studying and examining the different questions which will come before us, and especially those which require early treatment.

I thought it desirable to submit to this training and undergo this apprenticeship before making long and extended tours throughout the length and breadth of this Island. Keenly alive though I am to the necessity of a Governor making himself personally acquainted with the different districts of the Colony which he governs, and with the leading inhabitants, British or native, official or unofficial, still I am inclined to think that greater advantages are likely to be gained from such tours if he has first examined and studied the different questions which will arise in their course. This has been my constant occupation during the last nine months, but, notwithstanding, I have found time for interesting and instructive tours in the Province of Uva, in the Southern Province, and I have also paid visits to different parts of the Western, North-Western, and Central Provinces.

Accordingly, I can now meet you with some confidence, and am prepared to state my views and opinions and to explain and justify the policy which, with your concurrence and co-operation, I hope to adopt.

Standing on the threshold of my new legislative duties, it is natural I should feel and express my satisfaction at finding myself entitled to the assistance of such able and experienced counsellors. During the nine months I have been here I have enjoyed the assistance of the Official

Members of this Council, more especially of the Executive Council, and I appreciate fully the kindness and the loyalty with which that assistance has been given; but this is the first time that I have had the opportunity of formally welcoming to my Councils you, gentlemen, who are called Unofficial Members, and who represent the various interests in this Island. Let me say I do so with complete satisfaction, and that I am anxious to hear—nay, to invite—your views and opinions, and to give them most careful consideration. It may happen—I suppose it must happen—that occasionally we may differ on some questions, not of policy—because we have one policy in common, and that is the welfare and prosperity of this Island; but we may occasionally differ as to the best means of attaining that object. If so—and please believe me when I say it—I shall do so with no light heart and only after careful consideration.

Let us, then, in our debates and discussions remember that we are actuated by the same motives and that we are making for the same goal, although we may occasionally differ as to the best and safest road by which to travel. I assure you I am deeply alive to the responsibilities which devolve upon me, and I fully appreciate the dignity of the position which I occupy as Her Majesty's representative, which should raise me high above the mists of bias and of prejudice, and that it is my desire to hold the scales of my Administration evenly balanced, equally to guard the interests and equally to promote the welfare of all classes of Her Majesty's subjects, whatever their race and whatever their creed.

FINANCES.

The first subject with which I shall have to deal is our finances, for on the soundness of our financial position depends the stability of the whole structure. Before arriving in this Island I had the opportunity of reading my distinguished predecessor's last Address, which was delivered at the opening of his last session of this Council, and a more striking testimony to the prosperity of this Island I could not desire to have. Sir Arthur Havelock showed that your revenue in the year 1894 had reached the sum of nineteen and a half millions; that is to say, three and a half millions more than in the year 1890, the last year of Sir Arthur Gordon's administration. Sir Arthur Havelock predicted that the revenue for 1895 would exceed Rs. 20,000,000. His prediction, I am happy to say, has been more than realized, for the revenue of 1895, the last year for which we have the actual figures, will be nearly Rs. 21,000,000. This is very satisfactory, but we should not be unduly elated, and we should not be induced to rush into extravagance, nor run away with the idea that because the revenue of 1895 exceeds the revenue of 1890 by almost Rs. 5,000,000, that therefore we had Rs. 5,000,000 more to spend in 1895 than we had in 1890.

This is not the case. For instance, if you examine the accounts you will find that the Railway Receipts in 1895 exceeded the Railway Receipts of 1890 by nearly two and a half million rupees, but you will also find that the increase of railway expenditure to a great degree neutralized this increase of revenue. In the same way, as regards the Harbour Fund the receipts for 1895 increased to Rs. 1,054,000 and thereby helped to swell the sum total of revenue. On the other hand, the expenditure rose to the sum of Rs. 1,214,000, and thereby more than neutralised the increase. If you examine the accounts in this way, you will see that part of the increased revenue is for practical purposes nominal. If the increased revenue of 1895 over the year 1890 amounted to the large sum of Rs. 4,750,000, the increase of expenditure amounted to the still larger sum of Rs. 5,583,000, and this expenditure was for the most part beyond the control of Government.

To prove this I will state the principal items:—

Charges for Debt amounted to Rs. 1,556,000; Military Contribution amounted to Rs. 867,000; Hospitals to Rs. 300,000; Education to Rs. 150,000; Post Office to Rs. 300,000; the loss by Exchange was Rs. 503,000; the Railway cost Rs. 1,275,000; Pensions Rs. 330,000;—all of which account for Rs. 5,411,000 out of the Rs. 5,583,000 increase.

Next, gentlemen, I propose to deal with the insular debt. This amounts to the sum of £3,541,000 sterling, which at the present rate of exchange equals the sum of Rs. 60,706,000, to which should be added Rs. 3,300,000, the proceeds of the late rupee Loan. This debt is about two and a half times our revenue, and in this respect we can compare favourably with most other Colonies. For instance, in Natal the debt is seven times the revenue; in Australia more than seven times the revenue, and in South Africa five and a half times the revenue. The annual charge on account of our debt is the large sum of Rs. 3,140,000. I use round numbers. Of this amount the Railway pays Rs. 1,790,000 besides yielding a profit of Rs. 1,000,000. Thus, thanks to this magnificent property which you possess in the Railways of the Island, the total charges on your

debt, after paying the working expenses of the Railway, are entirely paid off, with the exception of the small amount of Rs. 360,000. As regards debt, which is being rapidly paid off, your position, therefore, is sound and satisfactory, and you would be fully justified in going to the money market and borrowing again, if necessity arose.

Your taxation, gentlemen, is light. Take the revenue of 1895—about Rs. 21,000,000. Deduct from it the revenue derived for services rendered, such as the Post Office, the Railway, &c.; deduct still further the revenue raised by duties on grain and arrack, which are almost entirely paid by the masses, and there will remain a sum of $4\frac{1}{2}$ million rupees, which represents the ordinary general taxation of the Island,—Re. 1.50 per head. That is the taxation, gentlemen, which you and I are called on to pay. Surely, that cannot be considered anything but very light taxation.

Now, I ask you to contemplate the exact financial position of the Island. In January, 1896, when I assumed the Government, there was a cash balance of about Rs. 2,000,000, but that did not more than suffice to meet current liabilities. Besides the reserve on account of the note currency circulation, which cannot be touched, there were about Rs. 7,000,000 invested in Indian and other securities. This seven millions represented the balance of the sterling loan and of the rupee loan which we raised in pursuance of the Ordinances of 1893. These loans, aggregating about Rs. 21,000,000, were raised on account of the Harbour improvement, Railway construction, &c., but other claims arose and were satisfied out of them; and thus when I assumed the Government of the Island, out of the 21 millions in question, about $13\frac{1}{4}$ millions had been expended. There was thus a balance of about $7\frac{1}{2}$ millions. But against this there were appropriations for the Northern Arm of the Harbour Works of $9\frac{1}{2}$ million rupees. Thus you will see that there was a deficit of 2 millions. To this should be added the cost of the Graving Dock, estimated at £150,000 sterling, a work which I hope sincerely will soon be put in hand; the Central Railway Station, estimated at about $1\frac{1}{2}$ million, of which you have advanced Rs. 300,000 from the balance of the loan in question and other liabilities.

On the other hand, you must remember that the Railway certainly, and the Harbour possibly, may prove to be remunerative, and will at least pay the charges for interest and sinking fund on account of the part of this loan which we raised for their benefit.

Now, let me point out what the estimated Revenue and Expenditure for the year 1896 (the current year) was when I took over charge. The revenue for 1896 was estimated at Rs. 21,120,000, and the expenditure about Rs. 2,000 less. The revenue, I am happy to say, will be much more than realised, but the excess will be swallowed up by the usual supplementary expenditure. It is, of course, a pity that this Supplementary Expenditure should be necessary, but I do not see how it can be avoided in the case of a growing community such as this, where urgent demands constantly arise; and if, owing to an increase of revenue we have the money in hand, I think it would be a mistake, indeed pedantic, instead of satisfying those demands we were to wait until the beginning of another financial year. However, gentlemen, you may rely upon my watching and keeping down this supplementary expenditure as much as possible, and I am happy to say that the expenditure—the supplementary expenditure—for this year will be much smaller than usual. This year the supplementary expenditure will be practically one-half of that of last year and one-third of that of the previous year. I may here mention that our supplementary expenditure for this year includes over Rs. 100,000 for improving the Wharf and Warehouse accommodation, including the extension of the new export warehouse, landing stages, &c. Rs. 250,000 have thus been spent during the last few years in improving the Customs premises.

To sum up:—This was my position when I assumed charge of the Administration. The Revenue and Expenditure were almost balanced. There was no spare cash. There was not a rupee in the Treasury which was not “ear-marked” and allotted to some purpose; and consequently I feel inclined to rub my eyes and wonder whether I am dreaming when I read about our overflowing Treasury, our large surplus, and the niggardliness of Government in not consenting to this or that scheme involving a large expenditure. I am in the position of a man who has inherited a valuable but undeveloped estate, and whose predecessor in developing that estate has spent every penny which he could command; and when I succeeded to that estate I found that the revenue barely covered the expenditure, and that there was no spare cash whatever in hand. Consequently, if I am to proceed with the development of the estate I must raise money somehow.

or other. I say this in no complaining spirit, for if I were to complain I should be unreasonable and inconsistent, inasmuch as the position in which I find myself here is precisely the position in which I left my successor in the Government of the Isle of Man, and I have no doubt, if I also do my duty in developing the resources of this Island, my successor will find very little money lying idle in the Treasury.

MONEY WANTED BADLY.

The moral in this, gentlemen. I want money badly. Every Department is clamouring and knocking at my door, complaining that it is dying of starvation, and that its efficiency is seriously impaired by the want of money. This importunity is natural and wholesome. It is the child of zeal. Every Head of a Department wishes to make his Department as efficient as possible, particularly if on him does not lie the responsibility of finding the money necessary.

It has been asked—it was asked in the last session—if Sir Arthur Gordon, with a small revenue at his command, was able to do so much, why should not we with this much larger revenue be able to do the same? But I have shown, I think, that the revenue in 1890—the last year of Sir Arthur Gordon's administration—was practically not so much larger than the revenue of 1895, the last year of Sir Arthur Havelock's administration. It was Rs. 5,172,000 more; but the expenditure for 1895 was Rs. 5,584,000 more than the expenditure of 1890. Over that expenditure the Government had little or no control. I have examined the expenditure and I find it difficult to point out any item which can be reduced. The charges for Debt, for loss on Exchange for Military Expenditure, these cannot be reduced, and they are the principal offenders.

It is said sometimes that we spend too much on Education, on Hospitals, and other institutions of that kind.

HOW ENGLAND RULES HER DEPENDENCIES.

This argument would be plausible enough if we ruled this Island on purely commercial principles. But England does not rule her dependences on purely commercial principles. She recognizes her duties and responsibilities to the native population wherever she hoists her flag. The promotion of commerce, the development of the resources of the country—those, of course, are of paramount consideration; but equally important is the amelioration of the lot of the native population and care for their physical and moral welfare. These are the principles on which England rules. These are the only principles on which she consents to rule. They are the price which we must consent to pay for our connection with the British Empire; and, therefore, those who are inclined, if there are any, to repine idly over this expenditure—on what may be called ameliorative institutions—are kicking against the pricks.

EDUCATION AND HOSPITALS.

But, of course, there is a limit to expenditure even of this kind. There is a limit which is imposed by our means, our revenue, and there is a limit which is imposed by the requirements of the country. As regards Education, I must confess that either limit is not within sight; but as regards Hospitals, the time is coming when we may hope to reach finality in relation to the construction on a large scale of hospitals and dispensaries. Ceylon has reason to be proud of her hospitals. She has nobly done her duty in this direction, and, under Dr. Kynsey's vigorous administration, vast strides towards finality have been made. During the last twenty years I find we have expended on an average Rs. 100,000 annually on building hospitals and dispensaries; and I further find that the cost of establishment for these hospitals and dispensaries has increased from Rs. 600,000 in 1876 to Rs. 1,050,000 in 1890 and Rs. 1,303,000 in 1895. The time seems to me to be approaching when the Island will be equipped with all the hospitals and dispensaries which it can require and which we can afford to construct and keep up; and, consequently, I asked Dr. Kynsey to give me a list of all hospitals and dispensaries which he considered would be necessary to meet the requirements of the Island for a long term of years to come. That list was examined by the Director of the Public Works Department and the cost of carrying out that programme was estimated by him at the sum of Rs. 750,000. The cost of the additional establishment for these new hospitals and dispensaries would amount to an annual sum of Rs. 141,000. This expenditure, I think, gentlemen, ought to be spread over a term of years, and I am inclined to think a fixed sum should be set apart annually in order to carry it out. Next year we are expending Rs. 150,000 in building new hospitals and allotting Rs. 30,000 annually in addition for keeping up the new hospitals and dispensaries which we are building.

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THE RAILWAY.

Then, as regards the Railway, gentlemen, there has been a very large special expenditure during the last three years or so. During the last four years we have expended $4\frac{1}{2}$ millions of rupees and this year we are expending Rs. 270,000 as special expenditure. The special expenditure is chiefly on account of rolling stock and improvements, and the General Manager informs me that, excluding the cost of the new railway station, Rs. 2,750,000 will be required during the next ten years on this account, but when that money has been expended there should be little or no more special expenditure required.

THE CIVIL SERVICE.

I do not think, gentlemen, there is any hope of an immediate reduction of the cost of Civil Administration: and, indeed, if you exclude the compensation given for the loss consequent on the fall in the value of the rupee, by which the producers have been benefited, there has been no increase in the cost of administration notwithstanding that the revenue and prosperity of the Island have so largely increased in recent years. This is contrary to precedent. I think, too, that the comparison which is so often made between the cost of the Ceylon Civil Service and that of the Indian Civil Service is not always fair: I mean, comparison of the cost of the Indian Civil Service for a Province of the size of Ceylon. In making that calculation the very much higher pay enjoyed by the Indian Civil Service is often overlooked, and still more often is overlooked the large native establishment which exists side by side with the Indian Civil Service, and which enjoys pay not far inferior to that of the Ceylon Civil Service. If these conditions were taken into account, I do not think that the result of the calculation would be so unfavourable to the Ceylon Civil Service.

THE POLICY TO BE PURSUED.

Well, gentlemen, this being the condition of affairs, what is the policy which I propose to adopt? The policy I should like to adopt is a forward policy, and by a forward policy I mean the rapid and thorough development of the resources of the Island. But is a forward policy justified by the circumstances of the case? That depends upon the prosperity of the Island,—that is to say, upon the prosperity of its industries. The principal industry in this Island is tea cultivation. There are other industries, thank God, which are flourishing. There is that of cocoanut cultivation, which has made a large advance of late years. The value of this produce, which was Rs. 6,000,000 in 1885, was Rs. 11,000,000 in 1895. Paddy cultivation is also increasing, thanks to improved irrigation. I learn that an experiment is about to be made to apply European capital to paddy cultivation. I shall watch it with sympathy and interest.

But, after all, gentlemen, tea cultivation is the staple industry of this Island. To coffee and tea cultivation does this Island chiefly owe its prosperity, its railways, its roads, and those ameliorative institutions to which I have referred. By tea we must stand or fall. If the prospects of tea are good, then we may venture much; if the prospects of tea are dubious, then it is a matter for consideration whether we should not husband our resources for a rainy day. This is a question on which I will ask you to advise me, and by your advice I will be guided; for, whatever my personal opinions may be, I have no desire to rush this Island into expenditure which you shrewd and experienced men of affairs do not think justified by the circumstances of the case. Personally, I am confident as to the future of this Island. You may say my interest is merely transitory, that I am here to-day and gone to-morrow; but I would remind you that on this issue I stake my reputation, which is at least as dear to me as the most material possessions are to any of you. I do not believe tea will fail us; and if tea does fail us, I believe other industries, which every wise and far-sighted Government would foster and encourage, will spring up in its place. But, if you wish to have a candid, cool, and dispassionate opinion as to your prospects, there is a hard, shrewd, uncompromising tribunal, to which you can refer the question. It is a tribunal which is never swayed by emotion or sentiment, but always by cold calculation: I refer to the Money Market of London. What is its opinion? Did the credit of Ceylon ever stand higher than it does at the present time? In short, gentlemen, my opinion is that even if misfortune is to befall us, it cannot be averted or materially mitigated by a timid, stand-still policy; but, on the other hand, if prosperity is in store for us, surely, as wise navigators, it is our duty to spread every inch of canvas we can command to catch every breath of the wind to waft us onwards.

THE EXTENSION OF ROADS AND RAILWAYS.

The first step towards developing the resources of the country is the extension of communication—of roads and railways. 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 yet say which railways I would recommend you to construct. I cannot speak distinctly on this point until the surveys and traffic returns are ready; but I assure you that there shall be no delay in communicating to you the policy which I should like to adopt. I do not think I shall be far wrong if I say that it is probable—but I hope that those interested will not regard this as a “promise”—I may recommend to you the construction of a light railway from Nānuoya *viā* Nuwara Eliya to Kandapola, or even further; and also in the Kelani Valley *viā* Avisáwēlla to Dehiowita, both on a narrow gauge—say of 2 feet or 2 feet 6 inches. But on this question of gauges I can express no definite opinion at the present moment. I am inclined to think that our main lines should be extended on the existing gauge, but that feeders should be on narrow gauge, say of 2 feet or of 2 feet 6 inches. Whatever may have been the case in former years there is no doubt whatever that these light railways can be made much cheaper, and, what is still more important, they can be managed much more economically than the comparatively luxurious broad gauge railways. This is the experience of the Government of India, and the policy which I am inclined to propose, *viz.*,—to extend our main lines on the present gauge and to construct our feeders on the narrow gauge—is the policy which is recommended to us by the eminent officers who advise that Government. It must always be remembered, gentlemen, that break of gauge involves not only inconvenience but expense; and, further, when there is competition between road and river and a railway it may lose us traffic. Also you must remember that it would be very unwise to construct a narrow gauge railway, if you have reason to believe it will not be able to carry the traffic of the district in which it is made. In some cases there is no choice. It is either a light railway or no railway. For instance, in the two cases I have indicated to you as possible works—that from Nānuoya and the other to the Kelani Valley—I think, they must probably be either light railways or no railways; for, so far as my information at present goes, I do not think we would be justified in recommending you to sanction a broad gauge railway in either of these cases.

TRAMWAYS.

And then, gentlemen, there is the question of Tramways. This is a very important question and then you must remember that there is a minimum length below which it would not pay us to construct even a road tramway; and it is a question whether tea estates which are two or three miles from such a tramway would care to carry their produce that distance, and load it on the tramway, in order to send it a distance of, say, another, six, seven, or eight miles. They might prefer in such cases to send it the whole way by road, and, certainly, that tramway would not pay. I propose to appoint a small Commission to consider this question; and I think you will agree with me, that when Government construct either a light railway or a tramway to benefit a particular locality, it is entitled to ensure that the promised traffic will be sent by that railway or tramway, and not by road. The best means to ensure this is by levying tolls on such of that traffic as uses the road instead of the railway or tramway. You will soon, gentlemen, I hope, have an opportunity of advising Government on this question and also on the question of

RAILWAY COMMUNICATION WITH THE NORTH.

This is a most important question—no more important question has been before this Council for many years. It has long been under consideration. I forget when the first Commission was appointed or how long it sat, but now, at last, we seem to be within measurable distance of a final decision. The present Commission have, in a preliminary report, decided in favour of railway communication with the North; but before giving their final decision they wait the opinion of the Consulting Engineers, not on the abstract question of broad and narrow gauge, but as to the comparative feasibility and cost of two rival schemes which have been submitted to them. One is Mr. Waring's proposal for a light railway on the existing gauge, and the other is a proposal of Messrs. Ormsby and Waddell for a light railway on the metre gauge. Messrs. Ormsby and Waddell have estimated the cost of a metre railway at a very low figure. Distinguished engineers though they are, I do not think they have much experience in railway construction, and, therefore, Government would be rash if it accepted and acted upon their estimate of the cost until it had been thoroughly examined and scrutinised by those who have the necessary practical experience. Accordingly the matter has been referred to the Consulting Engineers.

THE CONSULTING ENGINEERS.

In regard to the Consulting Engineers there is a considerable amount of misconception. If we are to believe all we read, those eminent engineers who have made hundreds of miles of narrow gauge railway in different parts of Her Majesty's dominions are supposed to be possessed by a foolish infatuation against those railways. Now, let me say once for all that the Consulting Engineers advise, and do not dictate, to the Ceylon Government. They give us advice and the reasons for that advice, and then we decide what course to take. That advice is given in the light of day, and I ask you, Is it likely that eminent engineers should risk and expose to hostile criticism their European reputation by giving advice and making proposals based, not on reason and scientific and practical considerations, but on blind bias and bigoted prejudice? There is one argument, gentlemen, which has been used in favour of the metre gauge for the Northern Railway, which I do not think will hold water. It has been stated that it would be "madness" and "folly"—I think these were the words used—to construct that railway on anything but a metre gauge, because in that case there would be a break of gauge between Colombo and Madras; but, let me remind those critics that the Northern Railway Commission have unanimously decided that the Northern Railway must be from Kurunégala to Jaffna, and in that case there must be a break of gauge at some point or other, whether at Kurunégala or Anurádhapnra, or further North. But perhaps those critics have in view a direct railway from Colombo to Mannár. That is a different question, which must be considered on its own merits.

As an Administrator, I am naturally in sympathy with railway extension to the North. I wish to see the thickly-populated districts of the North brought into communication with the rest of the Island; I wish to see the intervening districts, now for the most part waste and jungle, developed and populated.

RAILWAY COMMUNICATION WITH INDIA.

I believe that railway extension to the North will soon lead to railway communication with India, and railway communication with India will, I believe, remove any labour difficulty that may arise. I believe that railway communication with India would be good for trade, and that in time of war Indian trade would prefer the land route to Colombo to the risk and dangers of the sea passage across the Bay of Bengal. Let me take this opportunity of correcting a mistaken interpretation which has been placed on some remarks made by me to a deputation which waited on me soon after my arrival in the Island. I said that Government would not be justified in undertaking a work which could not be shown to be remunerative; and it was understood that I meant that a work must be directly and immediately remunerative. A work may be indirectly remunerative by developing the country, improving the lot of the population, increasing their prosperity, and therefore the revenue. Possibly for a year or two a railway may not be remunerative, and then be highly remunerative.

My opinion is that if a railway can be shown to be necessary for the development of the country and give good promise of proving remunerative, it should, if our finances permit it, be taken in hand. In that case we should be fully justified in bearing a temporary burden. But if we decide on railway extension, my advice is, Push on as quickly as possible and not allow the grass to grow under our feet. If we come to a conclusion that certain railways are necessary, then they should be constructed as quickly as possible. I am not in favour of piece-meal constructions spread over a long period of years. If railways are necessary, then let us put them in hand, if we can, without delay.

ROADS.

As with Railways, so with Roads. Much is still required to be done. I, in the course of my limited travels in this Island, have seen how much trade is shackled in certain districts by want of communications. I have seen at least one railway station which has not a single road leading up to it. We may reasonably hope that some day finality will be reached as regards road construction. There must come the day when this Island will have all the roads which are necessary for its requirements, and all the roads which it can afford to maintain, for the cost of maintenance must always impose a limit on road construction, though that cost is greatly reduced by the construction of Railways.

For instance, I find that the Colombo-Kandy road, the maintenance of which used to cost Rs. 183,000, now only costs Rs. 31,000; and the Kandy-Náwalapitiya road, which used to cost Rs. 25,000 annually, now only costs Rs. 5,700, and so on. The cost of maintenance is greatly met by tolls. For instance, I do not think I am wrong in stating that half the cost of the maintenance of the Imperial roads in the Island is derived from tolls levied on them.

The first thing that I tried to ascertain was what roads and bridges are still necessary for the development of the country, and, in consultation with the Government Agents and the Public Works Department, a list of such bridges and roads has, after very careful consideration, been drawn up; and the Public Works Department has estimated the cost of those roads and bridges at about six millions of rupees. But it must be remembered that some of these roads will be constructed on the grant-in-aid system, and that, therefore, that part of the expenditure will fall upon the localities benefited. But, gentlemen, at the present rate of progress, it will be a long time before we have these roads and these bridges. The average expenditure for the last ten years upon new roads and bridges has been Rs. 400,000; but the expenditure has been capricious and uncertain. It has reached a minimum of Rs. 180,000 and a maximum of Rs. 800,000 in these years. I see no chance of an increase in expenditure, but, on the other hand, there is the constant temptation to cut down the expenditure in order to meet other pressing requirements.

I calculate that at the present rate of progress the roads and bridges to which I have referred, even at the average rate of expenditure, would not be completed until the year 1910; but if money could be found, they could be completed (so the Director of Public Works assures me) within a period of three or four years. I trust that if possible this should be done; and in order to attain that end I propose to create a fund, which shall be ear-marked and strictly hypothecated to the construction of new roads and bridges.

SPECIAL FUND FOR ROAD CONSTRUCTION.

This fund will be created by funding the proceeds of Land Sales, of Pearl Fisheries, and some such like miscellaneous receipts. The land sales for next year are estimated at Rs. 457,000. The fund would be under the financial control of Trustees—say, the Colonial Secretary, the Auditor-General, and the Treasurer; and they would be authorized, on the application of the Governor in Council, to borrow on the security of this fund to the amount, say, of five or six millions of rupees. The Governor in Council would decide what roads and bridges should be constructed, and the list would be submitted to this Council. There is, of course, the question of labour supply, for, whatever, we do, we must not interfere with the labour supply of the tea estates; but the Director of Public Works assures me that this danger can be averted.

It may be said, "Why not raise an ordinary loan on the security of the general revenue in the usual way?" I prefer the Special Fund. An ordinary loan when lying idle encourages extravagance and can, as experience has shown us, be diverted, temporarily at least, to uses other than those for which it was raised. The Special Fund is ear-marked, placed under direct control, and cannot be diverted from its legitimate object. The Special Fund insures the steady and continuous carrying out of a programme, and at the same time it imposes a limit on the expenditure. After the five or six millions which the trustees are authorized to raise are exhausted, not a rupee can be spent without your sanction. Since I decided on creating the Special Fund, the Acting Auditor-General has drawn my attention to the fact that in 1884 Lord Torrington had a similar policy in view, and that, in answer to his despatch on the subject, Lord Grey, on the 13th July, 1884, wrote as follows:—

I entirely concur in your Lordship's view as to the propriety of keeping the proceedings of land sales distinct from the ordinary revenue of the Colony, and consider that it should be laid down as a general rule that all moneys accruing from land sales should be expended, not as ordinary revenue, but in the construction of roads or other public works; and you will kindly submit this measure for the consideration of your Council.

I do not know why this policy was never carried out.

THE ESTIMATES FOR 1897.

I now invite your attention, gentlemen, to the Estimates for 1897. The estimated revenue is nearly Rs. 22,000,000. There is an increase in every head except that of "Customs" and "Miscellaneous." In "Customs" the decrease is only under the head of Grain. Considering the high price which will in consequence of the drought in India probably be asked for grain, we thought it wise to reduce our estimate accordingly. The increase in other branches is due to the natural growth consequent on your continuing prosperity. I am happy to say an arrangement has been made with the Military authorities according to which the system of paying import duties paid on articles imported for military use will be discontinued in consideration of a payment of Rs. 25,000 per annum. I hope this arrangement may prove to be satisfactory to the Military, whose comfort and convenience will always be a matter of concern to us, as I am sure it will be to you.

THE IMPORT DUTIES AND THE KEROSENE OIL TAX.

I might, gentlemen, have increased the estimates for Customs receipts by another Rs. 200,000 in this way: under clauses 41 and 42 of the Ordinance No. 17 of 1869 the procedure for levying your duties—an *ad valorem* import duty—is that a declaration is made by the importer of the wholesale market value of the goods imported, and $6\frac{1}{2}$ per cent. duty is levied. This is the law; but the law has not been obeyed. Since the rupee fell in value the invoice value is taken and sterling rates are converted into rupees at eleven and sometimes twelve rupees a sovereign, and the $6\frac{1}{2}$ per cent. duty is levied on the result. Consequently the $6\frac{1}{2}$ per cent. so levied is really equivalent to less than 5 per cent. This I am advised is illegal, and, being illegal, it must cease. I have no dispensing power. My duty is to administer the law as it is, not as it might be or even as it ought to be.

On the other hand, I have no desire to increase existing taxation, and my first idea was to reduce this *ad valorem* duty from $6\frac{1}{2}$ to 5 per cent., but then it struck me that it might be preferable to reduce the kerosene oil duty by 50 per cent., for Rs. 200,000 would easily enable me to do this. I have been told that Government is under a solemn obligation to reduce this duty. Naturally I do not wish to introduce controversial matter on this occasion, but this is a grave question. No Government, especially in the East, should remain open to the suspicion that it has not religiously been true to its obligations. Therefore, I have searched for a trace of this obligation or undertaking, but have not succeeded in finding it. It is true that Lord Knutsford, in his despatch of 23rd July, 1892, wrote as follows:—"I fully recognise that, if hereafter the revenue more than suffices for the demands made upon it, it would be the duty of the Government"—to do what?—to reduce the tax? Nothing of the sort—"It would be the duty of the Government to consider whether the tax could not be reduced or repealed." Well, gentlemen, does the revenue more than suffice for the demands made upon it—for railways for roads, for departmental improvements? Emphatically, I answer "No." The revenue of 1897 is estimated at Rs. 22,000,000, or, if you deduct the proceeds of land sales, at $21\frac{1}{2}$ millions, and the expenditure is estimated at about Rs. 23,000 less. But this balance has only been obtained by relentlessly applying the shears of retrenchment to the reasonable requirements of the different Departments. Nor has the revenue greatly increased since the kerosene oil tax was imposed. In 1892, the year before the enhanced duty was imposed, the revenue was $18\frac{1}{2}$ millions. In 1895 it was about 21 millions, or $2\frac{1}{2}$ millions increase. Of this increase half at least was due to the railway receipts, which were considerably neutralised by increased railway expenditure. But if the revenue has increased since 1892 by $2\frac{1}{2}$ millions, the expenditure has increased by Rs. 3,384,000, and this expenditure, as I stated in making a comparison between the expenditure of 1890 and of 1895, is almost entirely beyond our control. Again, in 1895 the expenditure of the Public Works Department on "Public Works Extraordinary" was Rs. 900,000, while in 1892 it was almost double. Is that satisfactory? Is it satisfactory that our expenditure on reproductive works should have been reduced by nearly a million? No, gentlemen. I cannot part with a rupee, but much as I would like to keep this Rs. 200,000, I am willing to surrender it in deference to your wishes. I leave it to you to decide how that money is to be applied. Is it to be applied to the reduction of the Kerosene oil tax or to the reduction of the Import duties? Let this be an open question and decided upon its merits. I have no doubt the hon. member who represents the planting interest will re-introduce the resolution which was postponed last session, proposing a reduction of the Kerosene oil tax. If that resolution passes, an Ordinance will be introduced reducing that tax by 50 per cent. If the resolution is not passed, then an Ordinance will be introduced reducing the *ad valorem* import duties to 5 per cent. I leave this matter in your hands.

The estimated expenditure for the year 1897 is Rs. 21,435,000, excluding the expenditure on new roads and bridges. There is an increase under the heads of "Education," "Survey," "Railway," "Post Office," and "Military Expenditure."

Now, gentlemen, I approach our Administration.

ADMINISTRATIVE MACHINERY.

Administration, rather than Legislation, will be my special care. Your administrative machinery is good, but it requires overhauling. It has been constructed piece-meal, added to, and improved from time to time, and consequently there are parts of it which require pulling to pieces and re-fitting, and others which require oiling and polishing in order that they may work without friction, rapidly and smoothly. One of the first questions with which I have to deal is the

RE-ORGANISATION OF THE CIVIL SERVICE.

Its existing difficulties are (1) the system of classification; (2) the poor prospects of many of its members; and (3) the failure to attract natives of ability into the Service. As regards classification, the present system is most inconvenient. The pay is attached to the post, not to the officer; and, accordingly, it is impossible to move officers about in accordance with the interests of the Service. You cannot put a round man into a round hole. For instance, say that a senior member of the Third Class occupies a Judicial appointment with much aptitude and ability, and an Administrative appointment in the Second Class falls vacant, he must be appointed to it, else he loses the promotion which he so justly deserves. The senior officer of Class IV., holding a Revenue appointment, with no Judicial experience or aptitude, necessarily succeeds to the Judicial post which he vacates. I propose that the pay should be attached to the officer, not to the post, so that whenever an officer goes and whenever he is moved he carries his pay with him.

The prospects of many of the members of the Civil Service are very poor, especially officers of about twenty years' service. The six senior officers of the Third Class have over twenty years' service and enjoy a salary of Rs. 7,200 annually. Their prospects are poor. Such a state of things must provoke apathy and indifference and consequently inefficiency. There is only one way of improving the prospects of these officers without extravagant expenditure, and that is by increasing the number of Ceylonese in the Civil Service. By "Ceylonese" I mean, adopting Lord Knutsford's definition, persons born and bred in Ceylon, whether of European, Eurasian, or Asiatic origin. It has always been the policy of Government to employ natives in the administration of the country, and the scheme which I have drafted will enable them to be employed in larger numbers and with better prospects of promotion. If my scheme receives the approval of the Secretary of State, it will be duly laid before you. The initial expenditure attending its adoption would be very small, and the eventual economies very large.

THE TECHNICAL SCHOOL OR COLLEGE.

The question of organising the Technical School or College is closely connected with that of the employment of Ceylonese in the Public Service. The present institution was established on tentative lines, and its first course of two years was completed this year. Students were numerous and the result of the two years' course was satisfactory, inasmuch as it proved the aptitude of the Ceylonese for these studies; but the number of students has much diminished, and the reason is this. When the students who first entered had finished their course they were disappointed to find Government did not find employment for them, and that the education they had received at the Technical School, admirable as it was, did not adapt them for any particular calling, and that, consequently, they had to enter factories and other places where they could receive the training for some definite employment.

I propose to reorganise the Technical School and place it on a permanent basis. Its main object will be to train recruits for the Government Departments for which the Ceylonese are so peculiarly well adapted. Under this scheme students would obtain direct admission to the Survey Department, the Post Office Department, the Public Works Department, and the Railway Department. There will be special classes for each of these Departments, and every year a certain number of Government posts will be available for the best qualified competitors. Those who cannot or do not desire to enter Government employment will be able to obtain a diploma after an examination by an independent and weighty Board of Examiners. This will be a great gain to Government, which has considerable difficulty at the present time in finding qualified candidates for the Departments to which I have referred.

The expenditure will not be great—at any rate, at first—for I only propose to enlarge the present school by temporary buildings until the experiment has proved to be a success. There will be a small amount required for equipment and also a small addition to the staff.

SURVEY WORK.

Whatever question the Administrator takes up in this Island—whether it be Chena Cultivation, or Crown Land, or Irrigation, or the Forest Department—he is brought face to face with difficulties attendant on defective survey. For instance, the present map which is compiled from surveys made by the Department, but chiefly from Major Fraser's map of the Island made early in the century, contains errors so numerous and so gross as to make it useless for administrative purposes, and almost equally useless to the public. Let me specify some of its shortcomings. There are 400 miles of province boundaries and about 2,800 miles of district boundaries still unsurveyed; only three of the larger rivers have been completely surveyed, while in the case of the largest in the Island, the Mahaweli-ganga, there is a gap of over 20 miles. Hundreds of streams which it is

impossible to specify require surveying, and besides these there are thousands of miles of roads and paths still unsurveyed, though some of them are sketched in the map.

The errors in the public map cannot be counted. Judging from the appearance of this map this mountainous Island might be a dead level plain, a few of the most prominent peaks being indicated by name only. In addition to the absence of a proper topographical map of the Island from the dearth of levels there is not a contour map of any description. This has been one of the greatest obstacles in the way of obtaining a knowledge of either the ancient irrigation system or of determining the desirability of restoring those works that have been represented as likely to prove successful. The majority of the ancient tanks, channels, and anicuts were all parts of regular systems covering large areas, but it is rare to come across old works within the same watershed that are not more or less independent. The amount spent on the necessary surveys and levels would be rapidly recouped by the saving in the construction of irrigation works.

The triangulation survey is still in a very incomplete state for want of funds and the spasmodic manner in which the work has been undertaken. With respect to the initial levels, spasmodic attempts with inferior instruments have now and then been made, with the result that, I think, up to date only a few hundred miles of initial levels exist instead of the network which ought by this time to be spread over the whole Island.

The Department has been hampered in the Forest Surveys in much the same way as in other work by the paucity of surveyors and their liability to be removed before the work has been completed. Complete town surveys on a large scale have been made of Colombo, Kandy and Galle, but they all require revision, particularly that of Colombo, which has changed considerably since the survey was completed in 1876.

So far no topographical survey worthy of the name has been undertaken by the Department. Now and then an officer has been detached for a road, some miles of province boundary or river, but nothing else has been done with the exception of a few small areas, such as the Elk Plains near Nuwara Eliya. Even where the boundaries of a Province and most of the rivers are surveyed there are thousands of gaps in the surveys of the system of paths, channels, district and village boundaries. Application surveys, that is to say surveys of land for sale, have been at the bottom of the majority of the Departmental difficulties, which are due not to the fault of the officers of the Department, but (1) to the inadequate staff, and (2) to a bad system, the consequence of that inadequate staff. It is the most expensive way of obtaining revenue that could be devised. It involves a large body of men being employed in laying down little patches of surveyed land scattered all over the Island. The amount of wasted work in the traverses required to connect these isolated lots to trigonometrical stations is almost incalculable.

The average cost rate for 1895, Rs. 4.75 per acre, is sufficient in itself to condemn the system, as it has been satisfactorily proved that in the case of a cadastral survey it should be less than a fourth of this amount.

The state of our Lithographic Establishment is reported to be miserable. It is insufficiently equipped both in draughtsmen and material to cope with the ordinary departmental work, such as the reproduction of maps.

These are some of the evils of the present state of things. They must be faced at once. Crown land and forest are being eaten away and devastated by encroachments, and are slowly but surely disappearing. At present very little is known of the position, and practically nothing of the extent, of the greater part of these Crown lands. The remedy is to stop so far as possible all small isolated surveys, and devote the energies of an increased Survey Department to a cadastral survey, commencing at once at various points where Crown lands are being encroached upon, or where there is land which it is desirable to sell. A cadastral or village survey on a scale of 10 inches to a mile would also provide for forest surveys, irrigation surveys, application surveys,—perhaps topographical surveys, and contour survey.

Should the cadastral survey be adopted, it would enable the Surveyor-General to furnish Government Agents with accurate plans of whole villages at a time, which would place them in the position to make inquiries and to settle claims with economy and despatch. The benefits to be derived from the new system are out of all proportion to the amount the Colony is asked to spend in putting the Department on an efficient footing. The output of work per man would be from three to four times as large as it now is, the average cost rate per acre would be one-fourth the present average cost rate. Complete and accurate topographical maps and plans for the Conservator of Forests, Government Agents, and the public could be prepared annually. The Government Agents would be able to make settlements, and the Conservator of Forests demarcate the boundaries of the Crown lands, which Government proposes to reserve, and Government would

be in a position to determine what lands it is desirable to alienate. Such lands could be cut up in lots of a suitable size at a nominal expense, besides which the order, discipline, and precision of a well-organized scheme would enable the officer administering the Department to effect economies in every branch.

The cost of the supernumerary staff for a cadastral survey and also for a topographical survey in districts, say in the North, where a cadastral survey is not at present required, would be about Rs. 125,000 for the first year and Rs. 100,000 for the second and subsequent years, but only Rs. 69,080 would be required in 1897.

But before finally adopting these proposals I shall await the report of Colonel Holdich, R.E., an experienced and distinguished officer of the Indian Survey, whom I have asked to report after personal inquiry on the subject.

THE FOREST ADMINISTRATION

also requires re-organization. The present system, according to which responsibility is divided between the Government Agents and the Conservator of Forests, and according to which the forest subordinates serve two masters, is, as might be expected, productive of friction and inefficiency. I hope the plan which I have devised, according to which the Crown reserve forests will be solely under the charge of the Conservator of Forests, while unreserved forests and village forests will remain under the sole charge of the Government Agents, who will be advised by the Conservator of Forests, will obviate the inconveniences hitherto experienced.

Perhaps the first question which engaged my earnest attention after assuming charge of the Administration was the question of

ARRACK REVENUE.

This is a question bristling with difficulties and risks. I appointed Mr. Ellis, of the Civil Service, a Commissioner to inquire into the matter, and I hope that his proposals will ensure an adequate revenue from this source, while, at the same time, not increasing the facilities for drinking.

IRRIGATION.

As regards Irrigation, gentlemen, I do not propose to ask you for any special grant this year, but I hope you will not think from this that I do not attach the greatest importance to the subject, or that I do not intend to pursue with uninterrupted vigour the policy of my predecessors. I know from personal experience the great benefits of irrigation in this Island. I have seen the great advantage which can be attained from it. For instance, the other day when I visited Tissamaharama Tank I saw vast fields in cultivation where a few years ago there had only been waste and jungle. The desirability of encouraging the cultivation of paddy, and thus making us less dependent on foreign imports, can scarcely be exaggerated, and is not likely to be exaggerated at the present moment when the drought in India is likely to raise prices to a very high figure.

But, gentlemen, I need not dwell on the advantages of irrigation to you who are so well acquainted with the economic conditions of the Island and the great benefits which have followed the extension of irrigation; but let me assure you that I will not recommend to you any work of magnitude regarding the ultimate success of which I have not convinced myself by careful inquiry. I am happy to say that during the last year most gratifying progress has been made, not only with big works such as the Giant's Tank, the Kannukeni tank, Walawe-ganga, and Deduru-oya works, but with a host of minor works including the tanks in the Wannu District. But still there requires much to be done before the network of tanks and channels which used to be the pride of Ceylon, and which are so necessary for the prosperity of the cultivator, can be restored to their former perfection. I am sure, gentlemen, that in this work, valuable not only from its philanthropic but from its economic side, I shall enjoy the cordial co-operation and generous support which you so freely gave my predecessors.

THE STATE OF CRIME.

A subject, gentlemen, which has caused me great concern and grave anxiety since I assumed the Government is the violent crime prevailing in the Island. Crime generally is on the decrease, but as regards violent crime, especially culpable homicide, the state of things is deplorable. Six times the number of murders were committed in 1895 in Ceylon that were committed, in proportion to the population, in Great Britain and Ireland. In August and September last there were no less than fifteen sentences of capital punishment passed by the Supreme Court.

In July I ordered that every case of violent crime or of great gravity should be reported to me by telegraph. Since then the outrages thus reported have averaged one daily. These murders are not committed by poison or secret means. They are generally committed in the open day, without premeditation, under some sudden impulse of anger, with the knife, which is unfortunately so accessible to every Sinhalese.

I may probably have to ask you to legislate on this subject so as to enable those offences involving the use of the knife to be more summarily dealt with; and also to enable me to quarter police where the use of the knife is common, and, where the populace sympathise with the offenders, to quarter the police at the expense of the locality. Much may be done with existing means, perhaps by a further use of the Knife Ordinance and the lash, which has not been used as a punishment as much as it might have been; and also by the prompt and thorough investigation on the spot which I have now caused directly to be made in all such cases. But investigation, however prompt and thorough, is of little use unless followed by punishment, certain and unerring. Gentlemen, it is full time this reign of the knife should cease.

THE LOCAL BOARD OF NUWARA ELIYA.

The inhabitants of Nuwara Eliya, including the members of the Local Board, have memorialised me for the abolition of the Board and the direct administration of the place by Government. I am inclined to think that Nuwara Eliya, which is of insular importance as a sanitarium, can be best administered directly by Government. Nuwara Eliya, from its beauty of scenery and salubrious climate is second to none of the hill stations in India with which I am acquainted, and I am acquainted with nearly all. If its wants were supplied and its attractions were increased, it should become, to the great advantage of this Island, a summer resort not only for the Island, but for Western India, Aden, Burmah, and perhaps the Straits.

THE VOLUNTEER MOVEMENT.

I take a great interest, gentlemen, in the Volunteer movement. I confess to some disappointment with the volunteers when I first arrived in the Island; but when in August last I visited the Camp of Exercise I was much struck with the improvement which I saw and by the soldier-like, workman-like way in which the men turned out and performed their arduous duties. On the recommendation of my predecessor a Military Officer has been appointed Commandant, and I hope for many happy results from this very desirable step. I recommend the Volunteer movement to your valuable attention, for the Volunteers in case of war may prove to be a most valuable auxiliary to the Military.

LEGISLATION.

I do not propose to make many demands upon you as regards Legislation. There is a tendency prevalent, whenever the administrator is faced by any difficulty, to have recourse to legislation. With this tendency I have no sympathy. Legislation does not by any means always settle a question. However skilful the drafts may be, ambiguities creep in during the passage of a Bill through the Legislature which often defeat its intention, and the last state of the administrator who rushed into legislation to get over some administrative difficulty is worse than his first. I prefer to make the best of existing laws, and to adapt and bend them when possible to administrative requirements.

But in a growing community some legislation is always necessary, and therefore I have some Bills to lay before you—neither lengthy nor abstruse—indeed some are a remanet from last session and have already been partially considered.

A Bill which has been for a long time before the public is that to amend and consolidate the law relating to the construction and upkeep of Branch Roads. I directed this Bill some months ago to be published and communicated to the Press and Planters' Association, in the hope that it might be carefully criticized. So far I have received no suggestions. I should like to think that this silence signifies approval, but I confess to some disappointment at my complete failure to elicit criticism and comments from the Press and the public at a stage when they would be particularly useful.

As the law at present stands, the construction of any proposed road under the Ordinance No. 6 of 1874 cannot be commenced unless and until provision has been made for the payment of the Government moiety of the cost of the construction thereof in the Ordinance for making provision for the contingent expenditure of the Colony for the ensuing year. The result is that

if, after the passing of that Ordinance, the construction of a branch road is decided upon, no effect can be given to such decision until the following year, and to obviate the vexatious delay consequent thereon the Draft Ordinance provides that the Government moiety of the cost of any such road may be voted at any time by this Council.

As you are also aware, it is now obligatory that the whole amount of the moiety of cost payable by the proprietors of the estates must be paid before the construction of the road can be proceeded with. The Draft Ordinance however provides that such moiety may be paid in instalments. It is believed that this deferred payment will greatly benefit small estate proprietors and proprietors of newly opened estates which have not come into full bearing.

Again, in certain cases the majority of proprietors in any district may be willing to give land free for the purpose of constructing a road under the Ordinance, and the Government be willing to contribute a moiety of the cost of making such road; but it has been pointed out that at present there is no provision in the law for collecting the whole of the amount that will have to be paid as compensation by those interested in the construction of the road to the proprietors of the estates through which the road passes, for the land taken up for the construction of such road, nor is there any provision for the recovery of a portion of the same from any estate not now included in the district, and that may hereafter use the road. In the Ordinance to be submitted to you provision is made for assessing and collecting the whole of the amount payable as compensation, in the same manner as the moiety payable by the proprietors is now assessed and collected, and a portion of the amount paid as compensation will be recoverable against any estate subsequently included in the district and thereafter using the road.

You will further find that a long-felt want has been met by providing that a road that has already been constructed by the proprietors of any estates may, for its future upkeep, be brought within the provisions of the Ordinance, as though it had been originally constructed under it.

One great difficulty which confronts the administrator is the question of chena cultivation. This system of cultivation, as is well-known, is the cutting down and devastating of a tract of forest and the sowing of a crop of grain called kurakkan or some other dry grain. The soil of such tract is thereby exhausted, and cannot be cultivated for a period of about fifteen years. Accordingly the cultivator fells a fresh patch of forest. The finest and most valuable timber has been thus exterminated, and constant encroachments take place on the remaining forests.

It has been rightly described as a wretched system in every way, as bad for the cultivator as for the Government; on the other hand, in some places where there are no means of irrigating the land, it has been found necessary to permit it with safeguards. In these localities chena is allowed on Crown lands on certain conditions, and of course there is no opposition to the cultivation of chena on private land. But this leads to encroachments, which under the present law are most difficult to deal with, and which if not checked will lead to the devastation of our forests.

It is sometimes thought that the interests of Government are in question, but in reality the interests of the people and the commonwealth are at stake. Posterity will be the sufferer if the policy of inaction be followed. Large tracts of forests are claimed by villagers; the claims are not admitted by Government, and in the meantime havoc and devastation of forests continue.

The Administration Reports of the Revenue Officers for the last year show that this process of devastation is so serious that the matter must be speedily dealt with, else it will be too late.

An attempt has been made by the Legislature to deal with this evil, but, ambiguous words having crept into the Ordinance passed, the intention of the Legislature has been defeated and nullified by the construction which the Courts have been obliged to put upon the Ordinance. Certainly Ordinance No. 12 of 1840 has not succeeded in carrying out the intention of its preamble, namely, that "divers persons without any probable claim or pretence of title have taken possession of lands in the Colony belonging to Her Majesty, and it is necessary that provision be made for the prevention of these encroachments."

I do not propose any heroic legislation, at any rate not until simpler measures have been tried; I would prefer to effect settlements amicably if possible, even at some loss to the Crown. It is therefore proposed to obtain the sanction of law from the Legislature for settlements arrived at between the Government Agents and claimants to lands to which the Crown have a right.

Such settlements now have no binding authority and can be repudiated with impunity, rendering all the lengthy inquiries and negotiations that constantly take place so such waste of time. I have therefore directed that a Draft Ordinance should be prepared legalizing the

inquiries now made by Government Agents, within their Provinces, and Assistant Government Agents, within their districts.

The Ordinance provides that after due notice has been given any land which has not been claimed within three months from the date of the notice may be declared by the Government Agent or Assistant Government Agent, as the case may be, to be the property of the Crown, and may then be reserved, sold, or dealt with on account of the Crown. If any claim is preferred to such land, such claim shall be inquired into, and the Government Agent or Assistant Government Agent, after due inquiry, may admit or reject the claim; or enter into an agreement with the claimant with respect to such land. Should the claim be rejected, the duty is cast on the claimant to institute an action within the period prescribed by the Ordinance before the Commissioner to be appointed under the Ordinance, or, in the event of no Commissioner being appointed, before the District Judge of the district in which the land is situated.

The procedure to be adopted by the Commissioner or District Judge is laid down in the Ordinance, and where the Ordinance is silent the proceedings will be regulated by the Civil Procedure Code. An appeal lies to the Supreme Court from any order by a Commissioner or Judge.

No claim to any land declared under the provisions of the Ordinance to be the property of the Crown is receivable after one year from the date of such declaration.

Should a claim be made within the year and be upheld by the Court, if the land in the interval has been sold by the Crown, the claimant will be entitled to recover from the Crown the amount realized by the Crown by the sale thereof. If such land shall not have been sold, the Crown will have the option of retaining the land on paying to the claimant the amount awarded by the Court as the value of the land.

The Ordinance further provides that nothing contained in it shall prevent me, with the advice of my Executive Council, from awarding to any claimant of land which has been dealt with under the Ordinance, upon proof to my satisfaction of his claim, such amount of compensation as is just and proper.

By our statute law the Law of England relating to the law of Partnership, Joint Stock Companies, Corporations, Banks and Banking, Principal and Agent, Carriers by land, Life and Fire Insurance, Bills of Exchange, Promissory Notes, and Cheques has been introduced into this Colony, and for many years our Courts have administered English Law in respect of nearly all commercial matters. There is, however, no Ordinance introducing into this Colony the Law of England relating to the sale of goods.

In 1893 the English Legislature passed an Act 56 & 57 Victoria, Cap. 71, codifying the law relating to the sale of goods, which I propose to extend to this Colony; for that purpose an Ordinance adapted from that Act has been drafted and will be shortly introduced into this Council.

I understand this to be in accordance with the general wish of the commercial community. Were it otherwise, I should have no desire to press the Bill.

The Ordinance repealing section 15 of the Ordinance No. 2 of 1895, which provided that marriages should not be valid unless registered, which was introduced into this Council last session, will be re-introduced.

There are some other Bills of more or less importance, which will be read a first time this afternoon, and regarding which therefore I need not trouble you at the present moment. I trust that they will meet with your approval.

GENTLEMEN,

I have now finished my long and tedious statement. Long it has necessarily been, if I were fully to travel over the field of the Administration and adequately to review its financial situation. But less tedious it might easily have been in more skilful hands. I thank you for the patience and attention with which you have heard me, and hope you will regard this Address with all its defects as evidence of my desire to do my duty thoroughly and conscientiously and unstintingly to devote to the service of the Island such ability and energy as I may possess. I contemplate the future with pleasant anticipations. Our finances are sound and flourishing; prosperity is increasing, and the population seems to be, as it should be, loyal and contented. Putting out of view for the present the heavy war clouds which darken and threaten Europe, I

cannot discern in our horizon the smallest or fleeciast cloud which theatens to grow and interrupt this peaceful state of things.

GENTLEMEN,

I now leave you to deal with the business which will be duly laid before you. I do so with complete confidence in your zeal, ability, and prudence, and I am fully assured that under the Divine guidance, your deliberations and labours will conduce to the increased welfare, prosperity, and happiness of this community and to the continuance of those blessings which they have so freely enjoyed during the past five years.

MESSAGE TO THE LEGISLATIVE COUNCIL.

WEST RIDGEWAY.

THE Governor has directed the Estimates of Revenue and Expenditure for the year 1897 to be laid before the Legislative Council.

The Estimates have been prepared in the form directed by the Secretary of State and in the manner usual for some years past.

The Revenue of the year 1897 is estimated to yield from all sources Rs. 21,913,000, an increase of Rs. 913,000 as compared with the Estimate of the current year, and an increase of Rs. 930,191 as compared with the Revenue encashed in the year 1895. The Estimate of Revenue has been arrived at with all due caution and with apparent justification.

The Customs Revenue is estimated to give Rs. 5,096,000, as compared with the Estimate of Rs. 5,203,000 for the current year. It is anticipated that all the items of receipt under this head may be expected to yield in 1897 as much as or more than in the current year, with the one exception of Grain. The estimate of the receipts from the duty on grain this year is a very high one, and it may happen will not be realized owing to the check on imports caused by the better harvest in this country and the higher prices ruling abroad. A sum of Rs. 25,000 has been included in the Estimate to cover the amount which it may be assumed will be realized by the altered arrangements with respect to goods imported for the use of the Military.

An increase of Rs. 80,000 is anticipated in the receipts from Port, Harbour, Wharf, and Lighthouse Dues. This increase is fully justified by the receipts of the present year and by the increase in the number and tonnage of the ships that frequent the Harbour of Colombo.

The very large sum of Rs. 5,080,850 is looked for from Licenses, Excise, and Internal Revenue, as against an estimate of Rs. 4,648,000 for 1896. Under this head an increase of Rs. 120,000 is estimated for in the Revenue from Salt, an increase of Rs. 300,000 from Arrack Rents, and of Rs. 100,000 from the proceeds of the sale of Revenue Stamps.

Under head 4 of the Estimates (Fees of Court or Office, Payment for Specific Services, and Reimbursements in Aid) an increase of Rs. 21,130 is hoped for.

The Revenue derived from Posts and Telegraphs is estimated to produce Rs. 60,000 more in 1897 than in the current year, an anticipation that may reasonably be expected to be realized having regard to the growth of both Postal and Telegraph Services.

The Railway returns are estimated to give Rs. 7,000,000, an increase of but Rs. 200,000 on the estimated revenue of 1896, and an increase of Rs. 777,265 on the actual receipts of 1895. The whole of this increase will, if realized, be due to the natural growth of traffic, no exceptional source of Revenue being likely to arise in the course of the year.

The Revenue derived from Rents of Government Property is expected to show a small decrease. The decrease comes in chiefly in the Eastern Province, and is due to the leasing of Crown lands having been stopped and to the restrictions placed on chena cultivation.

The estimate for Interest on Government moneys is put at Rs. 467,500, this sum being chiefly made up of interest on public moneys invested in Colonial and Indian Securities. A considerable proportion of this amount represents interest on the balances held by Government on account of the Widows' and Orphans' Fund.

Miscellaneous Receipts are expected to produce Rs. 104,500, a decrease of Rs. 12,500 as compared with the Estimate of this year.

The Revenue from Sale of Government Property is put at Rs. 517,500, being Rs. 107,500 in excess of the Estimate of 1896. This comparatively large increase is looked for from larger sales of Timber and Firewood by the Forest Department.

Land Sales are expected to realize Rs. 457,000, against Rs. 400,000 in 1896.

Out of the total estimated Revenue of Rs. 21,913,000 the Council will be asked to appropriate for the various services of the year sums amounting to Rs. 21,435,434. Of this amount the actual cost of Establishments will absorb Rs. 5,896,814, being an increase, as compared with the current year, of Rs. 44,560, to which reference will be made in dealing with the proposals for the several Departments of the Government for the coming year.

The provision to meet charges on account of the Public Debt shows a small decrease of Rs. 3,975. This decrease is due to the improved rate of exchange, and would have been appreciable in amount but for the fact that provision must be made next year for the charges for the Sinking Fund in respect of the whole amount of the local loan of Rs. 3,000,000, and for the first instalment of Sinking Fund on account of the £1,000,000 loan.

The small decrease in the provision for Pensions is due to the same cause—the improved rate of exchange and the consequently reduced payments on account of Pensions paid by the Crown Agents. The Pension list, however, continues to increase.

In the estimates of the Secretariat a saving has been effected notwithstanding that provision is made for one Cadet more than in the Estimates of 1896. The number of Cadets will still be three below the number allowed by the Fixed Establishment Ordinance.

In connection with the provision for the Treasury the Council will be asked to vote the salary, Rs. 660, of an additional clerk rendered necessary by the introduction of Service Stamps in connection with the Franking Minute.

Under the head of Provincial Administration a sensible diminution in the cost of Establishments has been effected. In Other Charges increased provision has to be made for the cost of Salt collection at Puttalam, Rs. 30,000; for the supply of Typewriters for use in the kachcheries, Rs. 2,100; and for a new Camping ground for immigrant coolies at Paumben, Rs. 2,356. The special provision of Rs. 1,304 for improving the sanitary condition of the roadside bazaars in the North-Central Province is repeated.

A small saving is also shown in the cost of the regular establishment of the Survey Department, but the Council will be asked to vote certain sums for the improvement of the Department, and to enable proper topographical and cadastral surveys to be commenced. For the topographical and cadastral surveys provision is proposed to be taken to the extent of Rs. 59,100; for the expenses of training officers for service in the Department provision of Rs. 3,600 is required; and a small sum of Rs. 720 is proposed for office allowances to three Chief Surveyors at Badulla, Ratnapura, and Jaffna.

In connection with the ordinary expenditure of the Customs Department, an increase is proposed of Rs. 500 for temporary officers rendered necessary by the construction of additional warehouses, and of Rs. 1,310 for lighting by electricity the Customs premises at Colombo. Under the head of Special Expenditure provision of Rs. 4,500 is proposed for a crane at Batticaloa, Rs. 1,853 for new weights and scales for Galle, and Rs. 150 for repairs of boats.

Under the head of Port and Marine Department, Colombo, provision is proposed to be taken for Rs. 550 authorized increment to a pilot; an increase of Rs. 1,430 for the electric lighting of the landing jetty; and of Rs. 1,310 for the lighting of the Export Warehouse.

An increased provision of Rs. 2,160 is required for Customs clerks employed in collecting Warehouse Dues hitherto collected by the Wharf and Warehouse Company. Provision is also made under this head of Expenditure for an allowance of Rs. 3,500 to the present Master Attendant for duties performed by him in connection with the salvage of coal in Colombo Harbour. In the case of both these last named sums it is anticipated that recoveries will be made in excess of the amounts which the Council will be asked to vote.

In the expenditure of Ports other than Colombo there is a decrease of Rs. 3,000, being the amount of special expenditure incurred in 1896 for the renewal of mooring chains in Galle Harbour.

In connection with the provision for the Botanic Gardens there appears a decrease of Rs. 1,500 on the salary of the Director. Sundry small increases are provided in connection with the upkeep of the Gardens at Henaratgoda, Anurádhapura, and Badulla; and an increase of Rs. 1,000 is made in the provision for tools. Under Special Expenditure a sum of Rs. 1,714 is required for the erection of a wire fence for the Henaratgoda and Anurádhapura Gardens.

No alterations or additions of any importance are proposed in the expenditure to be incurred in 1897 on account of the Legal Departments.

In the Police Department special provision has been included to cover the cost of an additional Inspector appointed for purposes of criminal investigation. The force of European constables has been augmented by six men, for whom the necessary provision is made. Special provision of Rs. 3,000 is asked for in order to supply the Force with a limited number of bicycles, which will, it is believed, be found to be useful in connection with the performance of the more

urgent Police duties. Provision is also proposed of Rs. 500 as a contribution by Government to the Police Recreation Fund.

The decrease of Rs. 6,820 in the vote for Prison Services is due to the reduction of the prison population.

An increase of Rs. 4,031 appears under the head of the Medical Department. This increase is due for the most part to a more liberal rate of travelling allowance sanctioned for officers of the Department.

Under the head of Hospitals and Dispensaries occurs an increase of Rs. 87,417. Part of this increase is due to the growth of hospital accommodation rendered to the general public, an increase in the number of beds available for patients, but a very large proportion of the increase is in the provision for medicines, with a view to prevent the necessity of supplementary votes, which have been of yearly occurrence. Two new dispensaries are provided for in the Northern Province and one in the Province of Sabaragamuwa. Two additional medical assistants are provided for, one at Deltota, the other at Nuwara Eliya. Provision of Rs. 2,000 is proposed for a training school for nurses in connection with the Lady Havelock Hospital.

A large increase is proposed in the vote for Education, no less than Rs. 712,955 being required for this service, being Rs. 53,659 in excess of the provision for the current year. The first item going to make up this increase of expenditure that calls for attention is a sum of Rs. 5,000 for a lecturer in English and Modern Languages at the Royal College. The necessity for this expenditure has been pressed on the Government by the responsible officers of the Department, and the proposed expenditure meets with the approval of the Secretary of State. It is also proposed to strengthen the staff of the Technical School with a view to extend its sphere of usefulness, more especially in respect of the training of young men for service in the Scientific Departments of the Government.

With one exception, the posts of Agricultural Instructors have been abolished and the provision in the Estimates reduced accordingly. From the funds thus set free, provision is proposed for a Veterinary Assistant to be stationed in the North-Central Province.

The provision for grants-in-aid to existing schools continues to increase, the amount required for 1897 being Rs. 43,987 in excess of the sum provided for 1896. This is an expenditure over which the Government has practically little or no control, the payments being made under the Code according to results.

The items which go to make up the Exchange Vote are the same as for the current year, with the addition of a sum of Rs. 3,800, the object of which provision is to enable the pensions payable in England to widows of officers of the Ceylon Service to be paid at an uniform rate of 1s. 6d. to the rupee. This is regarded as a set-off against the sum gained by the existing method of deducting from the salaries of officers on leave their contributions to the Widows' and Orphans' Fund. The proposal is brought forward with the approval of the Secretary of State.

Under the head of Military Expenditure provision is made as agreed upon of three-fortieths of the estimated gross Revenue, less Land Sales, as the contribution to be paid to the Imperial Government on account of the cost of the Garrison of the Colony.

A sum of Rs. 25,000 is provided for refund of Customs Duties on articles imported for use of the Troops, in lieu of the exemptions hitherto enjoyed. Provision is made for the first time of Rs. 7,000 for the salary of a Commandant of the Volunteer Force. Special provision is made for Rs. 3,500 for carbines for the Mounted Infantry branch of the Volunteers.

In the provision for Miscellaneous Services there is an increase of Rs. 72,435. The principal items that go to make up this increase are—an additional Forest Settlement Officer, with the attendant expenses, Rs. 11,000; inspection of Mines under Ordinance No. 2 of 1896, Rs. 3,000; increased payments on account of interest to the Widows' and Orphans' Fund, Rs. 35,000; increase of subsidy to the Ceylon Steamship Company, Rs. 17,000; and refund of Duties, Rs. 10,000.

In the provision for the Colonial Store you will be asked to vote a personal allowance of Rs. 1,000 to the Assistant Colonial Storekeeper, a deserving officer of long service in his present position. Under the head of Other Charges provision has to be made to meet the increased cost of lighting Queen's House by electricity. The item of Rs. 2,000 provided in the Estimates of 1896 for verification of stores is omitted from the Estimates of 1897.

In the Forest Department some further re-arrangement of offices has been made, not entailing increased cost to the public. Additional expenditure is proposed on account of surveys, demarcation, sowing, and planting.

For the Postal and Telegraph Services provision is asked of Rs. 865,379, an increase on the provision for this year of Rs. 126,777. New Telegraph Offices will be opened at Pánaduré, Pelmadulla, Máráwila, and Yatiyantota. Increased subsidies will have to be paid to certain contractors for the conveyance of mails, the principal of which is on account of the substitution of a horse coach for the bullock coach from Dambulla to Trincomalee. Provision has also to be made for the payment of Rs. 38,000, being a moiety of the cost of repairing the telegraph cable between Ramisseram and Talaimannár.

The expenditure on account of the Telephone Exchange taken over by Government appears in the Estimates for the first time; and an increase is required on account of the proposed introduction and working of the 25-cent telegrams. The largest item of increase is for the sea conveyance of mails, the increase of Rs. 30,260 provided for this service being absolutely required, the provision as it has stood for some years past having invariably to be supplemented. On the provision for Telegraph maintenance an addition of Rs. 6,000 is proposed.

It is proposed, with the concurrence of the Secretary of State, to increase the salary of the General Manager and other principal officers of the Railway Department from the 1st January next. The necessary provision is submitted in the Estimates. A new appointment of Travelling Inspector has been provided for. Provision is made of Rs. 2,000 for the verification of Railway stores.

The total increase on the expenditure of the Department amounts to Rs. 169,060, the whole of which may be said to be due to the increased provision for new works, the other increases of expenditure under certain of the sub-heads being set-off against reductions under other sub-heads.

The expenditure of the Public Works Department on Works Annually Recurrent shows a comparatively small increase, due to the same cause as in previous years, namely, the increased mileage of roads opened.

The Governor in the Speech with which he opened the Session of Council explained the manner in which it is proposed that the construction of New Roads and Bridges, and the carrying out of additions and improvements to existing Roads, shall in future be undertaken and the cost thereof met. In the Estimates for 1897, as a consequence, provision is made only in respect of those new Roads and Bridges now in course of construction, and for which re-votes are required.

For new buildings, exclusive of Hospitals and Dispensaries and connected buildings, provision to the amount of Rs. 250,831 is made. For new hospitals and other buildings connected with the Medical Department it is proposed to apportion Rs. 150,603. The balance of the sum available is allotted to other necessary Public Works, including repairs to Bridges, Rs. 33,547, and of flood damages to Roads, Rs. 10,200.

By His Excellency's command,

W. T. TAYLOR,
Acting Colonial Secretary.

October 26, 1896.