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LEGISLATIVE COUNCIL, CEYLON.

ADDRESS OF HIS EXCELLENCY SIR HENRY A. BLAKE, G.C.M.G., ON THE OPENING
OF THE LEGISLATIVE COUNCIL, NOVEMBER 22, 1906.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL,

IN addressing you for the third time on the general condition of the Colony I am happy to be in a position to congratulate you on its abounding prosperity as shown by the returns from every Department. Your trade and commerce are expanding, your area of production is rapidly increasing, and your finances are on a sound and stable footing.

FINANCE.

How satisfactory is the position of your finances will be seen clearly by a statement that I have had prepared by the Colonial Secretary in consultation with the Treasurer. You will see that, according to the revised estimate, the Colony will on the 1st January, 1907, have accumulated a surplus fund of Rs. 10,450,364, of which Rs. 8,350,364 are advanced on loans, to be refunded when the authorized loan of one million sterling has been raised, and Rs. 2,100,000 are advanced on account of stores and to local bodies, and affected by the depreciation of Indian paper.

But while you have this large sum to your credit, it is not available for immediate use. In 1905 an Ordinance was passed authorizing the raising of a loan of one million sterling for the completion of various works to which the Colony was committed. From the date of the passing of that Ordinance the state of the money market at home has not been favourable to borrowers, so we have advanced to the Harbour, Irrigation, Colombo Drainage and Sewerage, and other public works of your surplus assets the sum of Rs. 8,350,364 of the total amount of Rs. 24,935,000 to which the Colony stands committed.

The figures at the end of the Financial Statement showing the Revenue year by year from 1895 bear eloquent testimony to the advancing prosperity of the Colony, and ought to prevent any feeling of uneasiness, even though it may become necessary in the near future to increase your liabilities for the carrying out of works of urgent necessity.

TRADE AND COMMERCE.

The trade of the Colony continues to show a satisfactory increase. The revised estimate of the Imports, including specie, for the current year is Rs. 126,500,000, and of Exports, exclusive of coal supplied to steamers, Rs. 105,500,000. I will not go at any length into the details of Customs returns, but I find that the export of black tea shows an increase of 1,023,000 lb. for the nine months over the similar period of last year, and green tea an increase of 211,000 lb., while copra and poonac show increase in quantity and in price.

The Post Office, Telegraphs, Stamps, and Court Fees all show improvement, and are reliable indications of commercial activity. The Post Office Savings Bank, which has 157 branches, reports that while the deposits of 1905, amounting to Rs. 1,042,063, was the largest amount yet reached, it will

SALT.

Recent administrative changes, in accordance with which the wholesale price of salt has been made uniform throughout the Colony, and the restrictions on retail sale and possession of salt in certain districts have been abolished and the trade made free, have increased the revenue from salt. The Government does not desire to effect or maintain any increase of revenue from that source, and I am considering a reduction in the sale price for issue from the Government stores, which, while maintaining uniformity throughout the Island, will reduce the revenue to its former rate.

HARBOUR.

I need hardly remind you, Gentlemen, that your magnificent harbour is one of the most valuable assets of the Colony. The two new breakwaters are now practically completed, and it is hoped that before the end of the year the northern entrance will be lighted. It is satisfactory to know that the cost of the Harbour Works has been kept within the amount of the estimates; and of the excellence of the work we have had ample evidence. I wish that it had not been found necessary to incur the additional expense of prolonging the Southern Arm, so as to protect the northern area from the heavy seas that sweep in during the south-west monsoon, rendering that portion of the harbour practically useless for the loading and discharge of cargo in heavy weather, and preventing the use of the new coaling jetties at such times, and I hope that the expenditure of Rs. 6,600,000 that you have authorized will have the desired result. You have now one of the finest artificial harbours in the world. It is almost exactly similar in the shape and the extent of breakwater of the new harbour at Dover, the difference in area being only twenty acres, and it is interesting, as it must be satisfactory, to know that the Colombo Harbour has been constructed at about half the cost of that at Dover, the cost of which I saw stated at £4,000,000 in an English paper.

The Dry Dock has been completed, and I had hoped that I should have had the pleasure of formally opening it with the docking of H.M.S. Hermes, the Flagship on this station. But it was found that there were unforeseen difficulties in the dredging of the entrance channel that must be deepened before vessels of large draught can be docked. Tenders have been called for and are being considered for the lease of land for the necessary workshops, and I expect to see the dock in full working order within two years. You will then have a dock of 700 feet on the blocks, a dock capable of accommodating any ship afloat, and it may be expected that with such a dock fully equipped the value of your harbour will be materially enhanced. The idea of excavating a Wet Dock at Mutwal has been abandoned for the present. The accommodation for calling ships is so far ample, and it must be remembered in considering the expansion of Eastern trade that not alone will the Panama Canal compete in the future with the Suez route, but European trade with China will have to face active competition with Japan. We cannot therefore safely count upon so great an increase in the shipping business of this port as would justify at present the large expenditure on a Wet Dock.

RAILWAY EXTENSIONS.

I am glad that I have been able to secure an extension of the Railway to Negombo. You will remember that in the consideration of the various proposals for Railway Extension it was assumed that a railway to Negombo was not apparently a paying investment, and therefore was not considered within the category of public works to be constructed from loan. After the extraordinary pearl fishery of 1905 I determined to devote Rs. 1,500,000 of the profits to the construction of this line, as, apart from the question of its paying, I considered that such a convenience was due to the wealthy and important native population of the Negombo District, and I submitted my proposal to the Secretary of State for the Colonies.

The other line proposed by me for immediate approval was the Ratnapura Extension, about the financial success of which no doubt is entertained; while I indicated that, so soon as a survey could be made, an extension from Bandarawela to Passara would be submitted for approval.

But while the subject was under consideration the conditions were completely changed. I was approached on the subject of securing a through communication by railway with Southern India *via* Mannar. You are aware of the scheme, which has been fully stated in the Press.

I came at once to the conclusion that if such a through communication could be secured the usefulness of a line to Mannar would far outweigh the value of any other of the proposed lines, and I telegraphed forthwith to the Secretary of State to that effect. This brought the whole question of Railway Extension to a state of flux, and necessitated the postponement of the consideration of the question until the arrival of my explanatory despatch and an exchange of views with the Government of India.

What time this may take I am not in a position to say, and in the meantime the proposal was sent to the Consulting Engineers to be reported upon with all the other proposals, but it was intimated to

to the Consulting Engineers, and on receipt of a favourable report by them it would be sanctioned to be constructed out of balances. I answered at once that the Negombo Railway should have precedence, expenditure out of balances being approved, and added that, assuming a favourable report, the Consulting Engineers should send at once a Chief Resident Engineer and staff for construction, also that labour was available. I hope therefore that this line, towards the construction of which a sum of Rs. 500,000 will be added to the Estimates, will be begun without delay. It will probably be completed within three years.

But while arranging for the extension of the Railway System, your existing lines have been subjected to serious injury, and, I deeply regret to say, accompanied by serious loss of life.

The prolonged drought had completely desiccated the steep hillsides of the central range, over which the Main line is carried with a daring skill that compels admiration. The range is formed of disintegrated gneiss with here and there an outcrop of the solid rock, and here and there great nodules of boulders clinging to the hillsides. At the end of the drought the friable soil of the hillsides and the railway embankments was quite dry and cracks had opened in many places. But between the 20th and 27th of October abnormally heavy rains fell over the western face of the range, and every dry bed of a stream became a bank full torrent, while the soft and friable soil sucked up the water like a sponge, and at length on the evening and night of the 27th suddenly collapsed in at least forty places, thousands of tons of earth and rock slipping down from the hillsides on to the line, while embankments that had hitherto stood solid through the changing seasons spewed out from below, in one case leaving the rails suspended thirty-five feet above it.

Unhappily a train leaving Hatton station at 10.30 P.M. ran on to one of these soft embankments at Fruithill, which either subsided under the weight or had possibly subsided before with the result that the engine and two carriages were precipitated into the chasm and fifteen passengers travelling in a third class carriage lost their lives, one of the firemen also succumbing to his injuries.

The entire line for 37 miles, from Watawala to Ambawela, thus became unstable in one night and suspended the train service, while the difficulty of the situation was intensified by extensive landslips blocking the roads all through the district. Having inspected the line a week after, I was astonished at the rapidity with which the line was being cleared of obstruction, and have nothing but commendation for the manner in which the Railway staff worked at the restoration of communication. The planters of the district sent large numbers of coolies, without which assistance all efforts would have been paralysed, and the General Officer Commanding offered the services of Royal Engineers from Diyatalawa, who did excellent work in the deviation near Ambawela. The mails are now being run through to Bandarawela by day, but as the conditions of drought were similar on the eastern slopes beyond Pattipola I look with apprehension to the effect of the north-east monsoon when it bursts over that section. On the Kadugannawa incline, 62½ miles from Colombo, one bank also subsided, but this has, I hope, been rendered safe.

Again, as lately as the 13th of this month an embankment on the newly-completed Northern line was washed away by floods caused by the heavy downpour that followed the prolonged drought, with the result that the mail train to Jaffna, which was four hours late, and running after dark, was badly derailed, and I regret to say that six third class passengers were seriously injured.

RAILWAYS.

The gross receipts for the nine months, amounting to Rs. 7,602,321, show a satisfactory increase of nearly Rs. 419,887 over 1905, and taking an average on this basis the year's receipts should amount to nearly Rs. 10,200,000, or well over the estimated revenue. The increases are in practically every branch of the traffic, except conveyance of coolies, which show a falling off of Rs. 63,000, due to the heavy bookings of coolies from India in 1905.

The question of increasing the supply of rolling stock for the Railway to a satisfactory level has been taken in hand, and during 1906 a large addition to the goods stock, together with a number of additional passenger carriages, will be carried out. The new high-capacity wagons, which were recently obtained from home for coal and firewood traffic, have proved so satisfactory that it has been decided to order a further supply in 1907. These wagons carry a high tonnage with a comparatively low tare.

A scheme for considerable additions to the passenger stock in the course of the next two or three years has also been sanctioned, whilst steps have been taken to replace certain old and obsolete engines with new ones of a modern and powerful type.

It is anticipated that in future bogies and under-frames for carriages will be constructed in the Railway workshops, thus not only saving money, but avoiding the serious delays that have taken

A chassis for a motor omnibus has recently been imported from England with a view to ascertaining which are suitable roads for the running of Government motor mail services. This chassis has been fitted with a rough temporary body and is being experimented with.

The improvements for the relief of the congestion of railway traffic in Colombo have made steady progress during the year. The work has so far been confined to the enlargement of Maradana Junction station, and the difficult matter of widening the Maradana road bridge, both for road and rail traffic, is now in progress. Further sections of the work have also been plotted out, and it has been decided to commence the rebuilding of Kollupitiya station next year as a first instalment of the widening of the Coast line under the supervision of the Stations Extension Engineer.

PUBLIC WORKS.

I am fully alive to the cardinal importance of extending and perfecting the means of communication in the Island, and you will find upon the Estimates the sum of Rs. 307,992 provided for new roads and of Rs. 290,828 for new bridges, in addition to large sums for improvement of existing roads and bridges. The further question of linking up existing roads, so as to connect districts now separated, is receiving my earnest attention, the importance of such connections having been demonstrated during the recent heavy weather involving serious floods and landslips. The principal work completed during the year was the new Peradeniya bridge, which I opened in September.

PUBLIC HEALTH.

Notwithstanding the steady flow of the tide of prosperity, this year has not been without its sorrows, for the Colony has been visited by a serious epidemic of malarial and other fevers, and later on a small epidemic of cholera. The latter began on the 23rd September, and, though every possible precaution was taken at once, it spread rapidly until within a month it had declared itself in forty-three centres. It has now dwindled to eleven centres, and is, I am informed, well under control. The Medical Officers have behaved splendidly, and the control of the epidemic is due to their devotion to their duty. The number of persons attacked so far is 546, of whom 297 died.

The epidemic of malarial fever began in April, and embraced every part of the Island. The prolonged drought had resulted in polluted water, with the inevitable results. The resources of the hospitals were tried to the utmost, and many complaints reached me from persons whose sympathies with the miseries of the poor people clouded their appreciation of the difficulties with which the Medical Department was faced. Hospitals were overcrowded, and some villages were so stricken that every house had its tale of sick and dying. Here, too, I am bound to say that the Medical Department did what was humanly possible. Additional assistance was recruited, and large quantities of quinine and other drugs were distributed, the drugs being supplied free to any person who desired to distribute them. Several charitable proprietors came forward and assisted the people in various ways, both by dispensing medicine and giving other necessary relief, and in August the epidemic had run its course. I have arranged with the Principal Civil Medical Officer that during the present malarial season quinine shall be regularly administered by special distributors at all the schools in malarial districts and to all villagers who will consent to take the prophylactic. Should the result be satisfactory it will be a material addition to the labour force of the Colony, especially in the diminution of sickness among those engaged in the clearing of jungle land.

In no part of the Island was the sickness more pronounced than in Colombo, where the death-rate reached 40 per mille in the last week of April. In June I appointed Dr. Chalmers to examine and report upon the sanitary condition of Colombo, and I have lately received his report, which will be laid before you as soon as it can be printed. The situation as shown by Dr. Chalmers in his exhaustive report is indeed grave, and it is clear that the thorough sanitation of the town is a work of the most immediate and pressing necessity that will call at an early date for a reconsideration of the financial position of the Municipality of Colombo. With a Municipality the assessed value of which is materially under the real value, as shown by the cost of land acquired for various public purposes, there should be no difficulty in providing the money necessary to secure the health and well-being of its inhabitants.

The Mansergh drainage scheme, of which the amount completed amounts to about one-fourth of the whole work sanctioned, the revised estimate for the entire being Rs. 5,500,000, deals only with that portion of Colombo now draining into the harbour.

The further extension, to cover the area draining into the lake, which on every ground of health and sanitation is a work which should be undertaken without delay, will, if carried out on the present lines, cost a further sum of Rs. 2,500,000. And even with this large expenditure of Rs. 8,000,000 there will still remain the whole of the Cinnamon Gardens and the fast-extending southern suburbs of the city to be dealt with. Again, though underground rain water drains are provided where required as

number of these, of various patterns in various materials, already exist, but they have been constructed without connected plan, and are often defective in design and are quite inadequate in number, and to complete the scheme of drainage of Colombo they will have to be partially reconstructed where they exist and supplied where they are absent. No detailed estimate, so far as I am aware, exists for this work, but a rough estimate makes the cost of it not less than £500,000 sterling for the whole city. This, Gentlemen, is a very large sum, and, although the expenditure would necessarily have to be spread over a number of years, to find such a sum in addition to its other liabilities will necessitate a very close inquiry into the finances and resources of the Municipality.

COLOMBO LAKE.

Another question that has occupied attention is the condition of the Colombo lake. This question of connecting the lake with the harbour by means of a lock was considered by the Harbour Board in 1902. In December, 1904, a Committee was appointed, consisting of the Director of Public Works, the Principal Collector of Customs, the Mayor of Colombo, and Mr. Wardrop, to consider alternative schemes of connecting the lake with the harbour, or of filling it in and making canals through it. The Committee went very thoroughly into the question, and their report will be laid upon the table.

The decision of the Committee on all the facts before them was that the most satisfactory means of dealing with the lake was to remove it by filling it in and providing canals for boat traffic to the harbour, the cost of which was estimated at Rs. 3,816,000. It was assumed that there would be a traffic of about 150,000 tons per annum, which, at Re. 1 per ton, would pay 3½ per cent. on the estimated outlay.

But, however carefully estimates may have been prepared, a long experience has shown me that in all probability they will be considerably exceeded; so that, assuming the correctness of the estimated boat traffic, and taking a sum of Rs. 4,500,000 as an outside estimate of the cost, we have on one side the interest upon that sum at 4½ per cent., say Rs. 202,500, plus Rs. 16,000, the estimated annual cost of dredging and maintenance, or Rs. 218,500, less estimated revenue of Rs. 150,000, leaving an annual deficit of Rs. 68,500.

It is with great diffidence that I venture to disagree with the conclusion of so able a Committee, whose investigation into the matter bears upon its face the stamp of thoroughness. I appreciate fully the irritating inconvenience of the lake flies, and the argument that a lake fouled by large quantities of sewage may become a danger to the health of the community. But there are two points of view from which I desire to see the Colombo lake preserved,—the æsthetic and the sanitary. Coming into Colombo by rail from the east, all travellers must have noticed the immediate change in temperature and freshness when the lake is reached, and, given a purified lake, I cannot believe that the filling of it, with the certain erection of stores in the future along the canals, would be other than injurious to the Pettah district, to which the sea breezes blowing over the lake have now free access.

Nor ought we lightly to interfere with the amenities of the town. I picture to myself a time when, with the completion of the drainage scheme, the pollution of the lake by sewage will have ceased, and when the purified lake, dredged to a depth of four feet, will afford an ideal sheet of water for aquatic amusements, now entirely absent. The dredging need not necessarily be deposited upon the present banks, but might be utilized for the formation of a few small islands on which flowering shrubs would flourish. The objections to this solution may be found to be insuperable, in which event the filling in and canalization of the lake area will demand attention in the near future.

FLOODS.

I have mentioned the abnormal weather at the end of October in connection with the condition of the Railway. In addition, considerable damage has been done by floods to roads and other property, public and private, in several districts, notably in the neighbourhood of Colombo, Kalutara, Ratnapura, and Gampola, and in consequence some considerable distress has arisen amongst the poorer classes whose houses have been flooded. I have given orders for relief at the public expense of any cases in which relief was very urgently required, but I am glad to state that for the most part there has been little necessity for relief from public funds, private generosity and the balance of funds collected for the relief of sufferers by former floods having sufficed for immediate relief. The floods having now practically subsided, the question of rebuilding such houses as have fallen arises, and this is receiving attention. Where possible the owners will be induced to build either on piles or on higher ground, and, where required, assistance in the form of timber will be given them on this understanding. Active measures are also in progress for the distribution of quinine and fever mixtures, &c., with a view to minimizing the outbreak of fever and dysentery which so frequently follows the subsidence of a flood.

As to the larger question of prevention of floods, the matter is one which in one form or another has been before this Council for many years, principally with a view to the diminution of floods in the neighbourhood of Colombo.

No scheme has yet been suggested by which the floods of the Kelani river could be prevented, nor has any scheme of outlet offered an assurance that the flood level can be materially reduced. Messrs. Coode, Son & Matthews estimated in 1897 that by an expenditure of Rs. 6,210,000 the maximum flood level might be reduced at Victoria bridge by 3 feet, at Kelani by 2 feet 9 inches, and at Kaduwela by 15 inches. But in Messrs. Coode, Son & Matthews' report it was pointed out that the flooding of the low-lying districts in the immediate vicinity of Colombo could be prevented by a flood embankment along the left bank of the Kelani river from Madampitiya to Kaduwela. The details of such a scheme were in 1901 prepared by the Director of Irrigation and laid before the Central Board of Irrigation, but no further steps were taken. The estimate of the work was Rs. 880,000.

Having examined the maps prepared by the Director of Irrigation, and gone over the ground with him, I see no engineering difficulty in the scheme, which would prevent the ingress of floods from the Kelani river over an area, roughly, of 20 square miles surrounding Colombo. As the whole of this area is not within Municipal limits, the question of apportioning the cost would have to be settled. In the out-lying districts, as in Colombo, I heard of disease and deaths following the floods, and there was evidence of the destruction of property, which meant much to these poor people. The matter is one deeply affecting Colombo, which would under any arrangement have to bear the greater portion of the cost; but in considering the necessities of the future it is a question whether, when the report of Dr. Chalmers is before the Municipal Council, they may not be driven to the conclusion that the mitigation of the gravely insanitary condition of the City of Colombo has the first claim upon the Municipal revenues.

IRRIGATION.

To the importance of extending irrigation works I am fully alive, but, as indicated in previous Addresses, I am equally convinced that for the present the true policy is to devote every effort to the full completion of the large irrigation works already existing or commenced, rather than attempt the inception of additional large works, however well considered; and upon these lines works have been carried out during the year and will be developed during the coming year. The inception of the new Irrigation Ordinance passed by you last Session marks an epoch in the history of irrigation works, providing as it does for the better control of the works and for the more efficient collection of dues thereon.

DISTRESS IN CERTAIN PROVINCES.

The prolonged drought necessitated relief works in the Northern Province, the Eastern Province, and in Uva, upon which a sum of Rs. 32,674 has been expended, in addition to a sum of Rs. 5,500 for advances of seed paddy, which will be repaid. Where possible chena cultivation has been allowed on a more extensive scale than usual; the people have thus been enabled to live through the worst of the season without being pauperized, and it is hoped that with the coming of the rains normal conditions will be resumed.

LAND SETTLEMENT.

The progress made with land settlement during the year under review has been considerable. The Land Settlement Department has been at work in the Northern, Eastern, North-Central, North-Western, and Southern Provinces, and in the Province of Uva.

The responsibility for carrying out the numerous re-surveys required for settlement purposes has been transferred from the Superintendent of Surveys, Waste Lands Ordinances, to the Provincial Superintendents of Surveys, with the result that the Settlement Officer's requirements are being met more promptly than hitherto.

There has been very little litigation, and when claims have had to be referred to court the decisions of the Settlement Officers have been upheld.

The area brought under the operation of the Waste Lands Ordinances during the year under review was 109,000 acres, and the extent settled under the Ordinances was 227,000 acres. The total area settled, including extents settled by sale or admission of private title, was over 258,000 acres.

The amount realized by the Department since the beginning of the current year on account of land sales, including recoveries brought to account under Waste Lands Ordinances settlements, is about Rs. 22,000.

The departure of Mr. J. G. Fraser, the head of the Land Settlement Department, on leave in April temporarily reduced the staff of the Land Settlement Department to two Settlement Officers, but the number is at present three, as another Assistant Settlement Officer has just been appointed. It is my intention to still further strengthen the staff of the Department in 1907, in order to render it better able to deal with the very large areas now ready or nearly ready for settlement in the North-Western and Southern Provinces and the Province of Uva.

SURVEYS.

The arrangements that have been made during the past year have greatly reduced delay in bringing forward lands for sale, and in view of the unprecedented demand for lands for rubber cultivation

complaints with regard to surveys are comparatively rare. This result has been attained by almost complete suspension of the Block Surveys, which, however undesirable in itself, was a necessity under the circumstances. 189 applications aggregating some 23,500 acres have been surveyed for rubber cultivation, besides 3,497 applications of the ordinary nature from villagers and others since my last Address.

A special contour plan was prepared of the country between Ella, Badulla, and Passara, showing all the routes that had been prepared for the railway between these places, with a report on them by the Surveyor-General, accompanied by panoramic views of the country.

Surveys required in connection with the Waste Lands Ordinances have been pushed on as rapidly as possible, and areas of settled and demarcated lands are gradually but surely making a show in the maps of the Province in which settlements have been taken up.

During the year the Department has published a 4-chains-to-the-inch map of Colombo, which should prove most useful to private individuals as well as all officials who have anything to do with the city. A useful up-to-date 12-miles-to-an-inch map of the Island has also been published as an advance guard to a new 8-mile map, which is being revised and a portion of which is now in the press.

The demands on the Survey Department continue to increase in all directions, and it is probable that the *personnel* will have to be augmented in the near future, besides provision for increased accommodation in Colombo and at outstations, which is already a matter of urgency.

LAND SALES.

The extension of rubber cultivation caused an extraordinary demand for land during the year, and as a result the revenue from Land Sales has gone up from Rs. 741,862 in the period from 1st January to 31st October, 1905, to Rs. 1,808,773 in the same period in 1906. I understand that most of the land so bought is intended for rubber, but it is difficult to say what is the actual area now planted in rubber, much rubber being interplanted in tea, cocoanuts, &c. It is probable, however, that it is not less than 100,000 acres. As a result of this extraordinary demand for land, the ordinary machinery of the Survey Department and of the Kachcheries was found to be somewhat overburdened. I have informed you of the measures taken in the Survey Department; and as regards the Kachcheries, by simplifying the procedure, by increasing where necessary the staff, and by exercising stricter supervision, I hope I have eliminated most of the causes of undue delay, and that it will now be possible, not only to put up for sale land applied for with less delay, but to issue grants more speedily. There must always be a certain delay in issue of grants if a proper check upon recoveries is to be maintained, but under the arrangements now proposed I hope that grants may be issued within six months, and possibly in some cases within four months, of the date of purchase.

BOTANIC GARDENS AND THE AGRICULTURAL SOCIETY.

The Department of the Royal Botanic Gardens did much useful work during the year, more especially in connection with the Experiment Stations. At Peradeniya experiments in reduction of cacao canker were completed, with gratifying results in increased crop. Attention was also given to the distillation of lemon grass and citronella oil experiments, which will be continued with a view to extending these important industries.

Experiments were also made in growing camphor from cuttings, the difficulty in regard to this probably lucrative industry being at present to obtain the seed, from which alone it has so far been propagated.

At Maha Illuppalama the first cotton crop has been sold at remunerative prices, and the possibility of growing cotton in the Northern and North-Central districts has been demonstrated. Tobacco and gingelly also gave a fair return, and experiments are now being continued with rubber, which promises to do well under irrigation.

The Agricultural Society, which may be regarded as the handmaiden of the Botanic Department, has continued to prosper and do good work, there being a considerable increase in the number both of members and of local Societies. Agri-Horticultural Shows have been held at ten different centres, of which the chief was the large and very successful Show held in Colombo, prizes being given for various classes in fruits, flowers, vegetables, commercial products, and live stock. Distributions of seed, fruit trees, and plants have been made, together with literature bearing on their cultivation, and much attention has been paid to the improved cultivation of vegetables.

It is as difficult to demonstrate the growth from day to day of a social movement as it would be to demonstrate daily the gradual addition of roots to a growing plant. We may rest assured, however, that a too rapid growth of any movement means generally rapid decay. I do not measure the success of the Agricultural Society by the number of its members, nor yet by the number of its branches. I find that it has over forty experiment stations that cost the country nothing, but where the native gentlemen are giving practical demonstrations, not alone to their own people, but to all their neighbours. I find that already great exchanges of seed paddy have been arranged through the various branches.

Co-operative Societies have spontaneously arisen for the lending of seed for crops, and a spirit of inquiry has manifested itself, and practical advice and assistance have been given in remote districts and without ostentation that prove to me that, given a continuity of connection between the Scientific Staff of the Botanic Department, ever ready to advise and assist, and the cultivators through the gentlemen of the district who thus fill the honourable *rolé* of leading their own people to improved methods of agriculture, the people are showing, and will show in the future, that they have intelligence to realize the better method when it has been demonstrated to them by practice and not merely by theory. To this end I propose to appoint Mr. Kelway Bamber, who is well known to you all as an experienced Agriculturist and able Chemist, as Agricultural Instructor and Secretary to the Board of Agriculture. Mr. Kelway Bamber will be not alone Secretary to the Agricultural Board, but will be attached to the Botanic Department.

THE RUBBER EXHIBITION.

Having touched upon agricultural matters, and inasmuch as rubber is the product which is at present attracting most attention in the Island, it will be convenient if I here briefly touch upon the Rubber Exhibition held at Peradeniya in September. There was some difficulty in providing suitable buildings, but this was overcome, thanks to the energies of two of the Kandyan Chiefs, who in a phenomenally short time succeeded in erecting buildings of a temporary character, which were not only admirably suited for the purpose, but were artistically pleasing, and served as an object-lesson not merely to foreign visitors, but to some residents of the Island in the genius shown by the Kandyan people in such structures. The exhibits were of course mainly confined to rubber and machinery and appliances connected with its production, and came not only from Ceylon, but from Malaya, South India, the Bombay Presidency, the Philippines, and Germany. As a side show there was a very interesting collection of Ceylon Arts and Crafts, and a number of the craftsmen attended to show the actual production of the work.

Representatives of the Botanic Departments of the Malay States, Madras, Baroda, Mysore, and the Philippines, as well as many representative planters of South India and Malaya attended, and the Committee were fortunate in securing to assist in judging representatives of well-known firms in London interested in rubber. Ceylon secured a very satisfactory proportion of the prizes offered. Not the least important feature of the Exhibition was a series of interesting lectures on subjects connected with the cultivation and treatment of rubber and its preparation for market, delivered by experts among the visitors and Botanic Staff.

The principal lessons derived from the Exhibition, so far as Ceylon is concerned, were, I think, that other methods of preparing rubber for market than those hitherto adopted must be used, and that the area available for rubber plantation is considerably wider than has so far been believed, ranging as it does from sea level to nearly 3,000 feet elevation.

The attendance throughout was good, and on the last day, when I opened it free to the public in order to give the poorer native inhabitants some idea of what was being done, over twelve thousand persons visited it. On the whole, considering its somewhat limited scope and the fact that it was the first Exhibition of the kind ever held, the Ceylon Rubber Exhibition must be held to have been an unqualified success, and I congratulate the Committee responsible for it upon the successful result of their labours.

FOREST ADMINISTRATION.

Satisfactory work was done by the Forest Department during the year, more particularly in the provision of sleepers for the Railway and in perfecting the organization of the Department. With a view to improving the *personnel* and ensuring that scientific training which is so important to the proper working of the Department, the Secretary of State has ordered that in future all appointments are to be made from candidates who have received their training in the School of Forestry established at Oxford, and in the meantime to meet immediate requirements four young men are undergoing a course of instruction at the Imperial Forest Collège at Dehra Dun.

MINERALOGICAL SURVEY.

Good progress has been made by the Mineralogical Survey Department. The most important discovery during the year is probably the indications of copper found near Pelmadulla, though at present these are too slight for the discovery to have any commercial value.

Interest in thorianite has been maintained, but unfortunately no further large deposits have yet been found.

Interest in mica has been renewed, and some productive mines are being worked. This mineral occurs over a very extended area, and it is possible that a very profitable industry in working it may ultimately be developed.

EDUCATION.

There has been a satisfactory increase in the number of schools during the year, and I have no doubt that the people will be willing to meet the views of the Government in providing a suitable education.

for their children, an object for which, it is hoped, the Ordinance to be introduced will provide increased facilities.

The question of providing properly trained teachers will probably present difficulty for some time to come, but as the work of the Training College goes on this difficulty will doubtless disappear.

In view of the lack of students at the Technical College, and the fact that the educational advantages it offers do not appear to have been utilized as was expected, I have appointed a Commission to inquire into the whole question of the working of the College.

CRIME.

I regret that but little improvement can be noted so far in the matter of crime, though happily there is no increase, serious crime being practically stationary. The detection of crime remains good, and the percentage of convictions in serious cases shows that efforts to cope with crime are not being relaxed. The most important event during the year has been the establishment of regular police with jurisdiction all over the Western Province, the Galle and Tangalla Districts of the Southern Province, and in the Kurunegala District of the North-Western Province. They have not been working long enough yet to express a decided opinion as to the value of the experiment, but the results in cases tried in the Supreme Court have been so far satisfactory, and I am sanguine enough to hope that as the police officers in charge of these new stations acquire experience they will show their value, not only in the detection, but in the prevention of serious crime.

The introduction into selected areas of the Knife Ordinance passed by you last Session will, I trust, tend to diminish one very fruitful source of serious crime.

Extended use of the Bertillon system of identification has been made during the year, and measures are being taken for the extension of the finger-print system, which has already been adopted with success in certain cases.

MISCELLANEOUS.

Ceylon received the honour of a short visit from His Royal Highness Prince Arthur of Connaught in January last on his way to Japan. His Royal Highness paid a flying visit to Kandy, and was received with their usual loyalty by the Kandyan Chiefs.

Her Highness Princess Louise Augusta of Schleswig-Holstein again made a prolonged visit to the Island, and during her stay graciously laid the foundation stone of a hospital which is to be built at Moratuwa by private beneficence. Her Highness also very generously presented new equipment and fittings for the Maternity Ward opened in the Kandy Hospital by Her Highness in February last.

In connection with the carters' strike serious allegations of oppression and corruption were made against the Police, and I appointed a small Commission to inquire into the matter. Their report has been received, and I regret to say supports the allegations made. I am now considering what measures are necessary to obviate any cause of complaint in future.

VOLUNTEERS.

The progress throughout the Volunteer Force during the last twelve months has been quite satisfactory.

The strength of all arms on the 30th September was forty-five less than on 30th September, 1905, but it is anticipated that the proportion of efficient this year will be considerably higher than in 1905.

The musketry performance of the various Corps shows an improvement on last year.

The Annual Camp of Instruction was held at Diyatalawa for the fourth time, and lasted from the 5th to the 14th July. Owing to sickness and other causes the attendance at Camp was not so good as in 1905. But taken all round the Camp was instructive, and I was pleased with the work I saw done at my inspection of it.

Lieut.-Colonel L. C. Koe, late Royal Garrison Regiment, who was appointed Staff Officer to the Volunteer Force under the decentralization scheme, arrived in the Colony and took up his duties in June.

On the recommendation of the Colonial Defence Committee the designation of the Mounted Infantry was changed to "Mounted Rifles" in June. The Corps is now armed with the new short Lee-Enfield rifle.

Sir John Owen, K.C.B., President of the War Office Commission on Colonial Defences, inspected the Artillery Volunteers at gun drill at Flagstaff battery on the evening of the 8th October.

The fine Battalion of British Infantry now in our midst has been of incalculable service to Volunteers of all Corps, not merely as an object-lesson in training and discipline, but as actively co-operating in promoting these qualities among Volunteers, by assisting in field manoeuvres and exercises, and its removal will be a loss to the Colony. I can only trust that all Volunteers will endeavour by greater personal efforts to maintain and even raise the standard of efficiency to meet the greater responsibilities which it is possible may rest upon them in the future.

CHANGES IN THE PUBLIC SERVICE.

The Civil Service has during the year sustained a serious loss by the death of Mr. Wace, who was at the time of his death acting as Colonial Secretary. By the death of Mr. G. J. A. Skeen, the Government Printer, an old and valued public servant, a further serious loss was sustained.

From the Civil Service Mr. Ellis, Auditor-General; Mr. Moysey, Postmaster-General; and Mr. J. H. de Saram, District Judge of Kandy, have retired.

The Chief Justice, Sir C. P. Layard, also retired, and was ultimately succeeded by Sir J. T. Hutchinson, Mr. Lascelles having meanwhile acted as Chief Justice.

Mr. P. Ramanathan retired from the office of Solicitor-General, and has been succeeded by Mr. Walter Pereira.

With a view to ensuring a more perfect audit of the accounts of the Colony, the Secretary of State has ordered the separation of the Audit Department from that of the Controller of Revenue, and the appointment of a specially trained financial expert with the title of Colonial Auditor. The Colony will thus have the advantage of the services of two skilled financial experts in the persons of the Treasurer and of the Colonial Auditor. The Controller-General of Revenue will continue to perform the important duties of his office as distinct from Audit, and will retain his seat in the Executive Council.

HONOURS.

The following gentlemen received recognition of their services at the hands of His Majesty the King :—

Mr. H. L. Crawford was made a Companion of the Order of St. Michael and St. George.

Mr. W. S. Christoffelsz was made a Member of the Imperial Service Order.

PEARL FISHERIES.

A subject that has excited considerable interest in Ceylon and in England is the lease of the pearl fisheries for twenty years, and as many of the comments made on this financial transaction have evidently been made by those unacquainted with the Colony, without a full knowledge of the data necessary to the formation of a sound opinion, I shall recapitulate the facts as briefly as may be.

In answer to a telegram received from the Secretary of State on 3rd December, 1904, outlining an offer for the lease of the fisheries, I replied by telegram on 10th December, after consultation with my Executive Council, suggesting that the offer should be made direct to this Government; and in answer to a further telegram from the Secretary of State, dated 6th February, asking if we were prepared to negotiate with a representative of the Syndicate to be sent out, and if so, what was the minimum rate of payment, I replied that my Government was prepared to negotiate for a minimum payment of £15,000, or Rs. 225,000, per annum for twenty years. In arriving at this decision it was necessary to consider the past history of the fishery. Of this we have at page 381 of Ferguson's Handbook of Ceylon a full compendium accessible to everybody, where the history of the fishery is given since 1838. In 1904 we had therefore the accounts of the fishery for sixty-five years, in the first sixteen years of which there was no regular fishery, and twenty-nine of the remaining fifty years were also barren. The fishery years were unevenly distributed. From 1863 to 1873 there was no fishery, and from 1891 to 1902 was equally unproductive. The nett revenue for the whole period was £657,000, or an average annual revenue of £10,117, equal to Rs. 151,750.

In calculating the nett revenue the expenditure to be deducted included only extra expenditure of Government officers and the large force of police necessary for the preservation of order, but did not include their salaries.

In the lease prepared and forwarded with my despatch of 14th June, 1905, printed in the correspondence presented to Parliament, it was stipulated that in future the total expenditure, including all pay and allowances for the maintenance of good order and sanitation at the camp, should be borne by the lessees, and that the cost of the steamship "Violet," purchased for the work of the fishery, and of an apparatus constructed by Mr. Dixon for the extraction of pearls from the oysters should be repaid by them.

There were two periods that must be considered in forming an opinion on the prudence or otherwise of this Government in dealing with the property of the Colony. In the first period, when considering the proposal we had for guidance only the experience of the long series of fisheries down to 1904. In the whole of that series of sixty-five years the most prolific group was the five years' consecutive fisheries from 1887 to 1891. During these five years the total number of oysters fished was, in round numbers, 118 millions. In the two years' fisheries of 1903 and 1904 the number fished was 96 millions; therefore,

assuming that the pearl banks before exhaustion would equal the record yield of the past sixty-five years, it left but 22 millions of oysters, after which, under present conditions, no further fishery was to be expected for four years at least, or possibly for ten.

But between the time when this Government named £15,000, or Rs. 225,000, as the minimum basis of negotiation, and the second period, the date when the draft lease was forwarded, conditions had changed considerably. The unprecedented fishery of 1905 had taken place. Seventy-eight and a half millions of oysters had been fished, and sold at an exceptionally high price, which had placed an unexpected windfall in the hands of the Government, equal to about fifteen years' income of the proposed rent. You will observe, Gentlemen, if you have read the published correspondence, that when writing my despatch of 14th June I had, after a visit to the fishery, arrived at the conclusion that in naming Rs. 225,000 as the annual rent, plus the expenses of the camp, this Government had been very moderate, and I stated that had I realized the possibilities a larger sum would have been demanded. That the view was shared by the then Secretary of State was shown by the fact that he declined to assent to the lease except on condition that the annual rent must be increased by Rs. 85,000, thus making the rent Rs. 310,000. In addition to this sum this Government is to be refunded, or in the alternative will be saved, the entire expenditure on the camp as before stated—an expenditure that last year amounted to Rs. 220,530.

Now, Gentlemen, let us consider how the situation presented itself to us under the changed conditions caused by the record fishery of 1905. We had fished the banks apparently so bare that Mr. Hornell protested to the Government Agent that we were going too far. In the three years of 1903, 1904, and 1905 there were taken from the banks, in round numbers, 174,500,000 oysters—a greater number by four millions than the total number of 170,500,000 gathered within the previous twenty-two years.

Reference has been made to the statement in my despatch of 14th June that this result was due to the careful and methodical examination of the banks by Mr. Hornell, and so it was; but that careful examination disclosed, in our opinion, all the available oysters, and it was considered that the prolonged fishery had probably trenched upon the estimated remainder. Again, that in my despatch I assumed that with the regular transplantation of spat there seemed no reason to apprehend a failure of an annual fishery in future years has been accepted as a reason why this Government should have withdrawn from the agreement. Here, again, there has been a failure of appreciation of the position, even assuming that this Government could with honour withdraw from an agreement deliberately accepted.

The proposal of the Company is to save the spat that has hitherto disappeared so mysteriously by an expensive and thorough system of cultching, which, as doubtless you know, is depositing on the sandy bottom masses of rock or coral to which the spat can adhere, and which, if not swallowed by the sand, as our experience tells us that rocks are in the sands near Colombo, will preserve the spat from being washed away by the currents. This cultching has only now begun, and as it takes four to five years for the pearl oyster to come to maturity, even in case of complete success there can be no financial result from the cultching before the year 1910. Assuming the success of the cultching process, the fishery, in that event permanently improved by an expenditure of from one to three millions of rupees upon it at the discretion of this Government, will be restored to the Colony, which will in the meantime, without the expenditure of a single rupee, have received not less than Rs. 6,200,000, plus the amount hitherto expended upon the supervision of the camp, or about two and a half times the average value of the fishery for the past sixty-six years.

You, Gentlemen, who were Members of this Council at the time, are aware that in June I placed the proposals of the lease before every Unofficial Member of the Council, and I may tell you that, with two exceptions, every Unofficial Member of the Council at that time approved of the lease as then proposed, some on a condition that was afterwards conceded by the lessees. I mention this as it has been stated that the Members of this Council knew nothing of the terms of the lease until the Bill involving its acceptance by the Council was brought forward. That there was a proposal to lease the fishery was a matter of public comment in the Press in the month of March. The adverse comment upon the lease was only heard when the great and unexpected success of this fishery was demonstrated. I heartily congratulate the Company upon such a beginning, which places within their reach a sum of Rs. 648,610, about sufficient to pay their expenses for one and a half barren years, and I regard with entire satisfaction an arrangement as profitable to the Colony as I hope it will be to the Company.

SALARIES SCHEMES.

Another subject, Gentlemen, on which I desire to make some remarks is the Salaries Scheme as authorized by you during the past Session; for, while so far as I know the members of the Public Service have received with gratitude the substantial increase to their salaries, the results have given rise to expressions of dissatisfaction in a section of the Press of the Colony that, in my opinion, can only be

accounted for by a failure to appreciate the facts as they have appeared to you and to me. By a process of reasoning that it is difficult to grasp, the section of the Press to which I allude has apparently arrived at the conclusion that a sterling salary means a very large salary paid to Europeans and a rupee salary a very small salary paid to natives of Ceylon. While it would be unusual and inexpedient that the Government should enter into a controversy in the public Press, I consider it right that misconceptions put forward with great persistence—and I have no doubt honestly put forward—that, if accepted, may arouse discontent among the thousands of the public servants of the Colony, ought to be set right on the first available opportunity. And first, as to the assumption mentioned by me, the new scheme being now in operation, I may tell you that almost every member of the Civil Service, from the Colonial Secretary down to the Third Class, has elected to remain on the rupee salary, only the juniors accepting the new rate of pay in sterling. Again, while the salaries of the Civil Service, almost exclusively European, has been increased by 15 per cent. with a prospective loss in pension of about 12 per cent., the salary of the 99 medical officers, exclusively natives of Ceylon, has been increased by over 33 per cent. with a proportionate increase of pension.

However, I give you a recapitulation of the facts of the Salaries Schemes, which seemed to me, as it did to you, a fair and equitable treatment of the Public Service in all its branches, and to understand it it is necessary to begin at the time when salaries began to fluctuate through the operation of fluctuating exchange.

The history of the salaries of the Public Service other than those of the Clerical Service is shortly this.

In 1871, and before that time, salaries were stated in pounds sterling, and were paid in rupees at the par value, which was also the true value, of Rs. 10 to the £1 sterling.

On January 1, 1872, the money-of-account of Ceylon was converted from pounds sterling into rupees, and from that time the salaries were stated in rupees.

In 1878, when the depreciation of silver was still inappreciable, the salaries of Classes I., II., and III. of the Civil Service (now for distinction sometimes called the Cadet Service), and of some few others were raised by 20 per cent., and rates of pension of all officers whose salaries were so increased fixed at 1s. 10½d. instead of 2s. per rupee, and the right to remit at 2s. withdrawn. This increase was granted on the ground that the Members of the Civil Service were underpaid in comparison with other officers.

From that time to 1890 or thereabouts the price of silver stated in gold fell steadily, the loss by way of exchange on remittances to Europe, and in other ways, pressing very heavily on public officers, and leading to chronic complaint and discontent.

In 1894 an allowance by way of exchange compensation was made to all officers holding appointments ordinarily filled from Europe. The allowance was of a sum of money sufficient to make half the salary of an officer exchangeable into gold at the rate of 1s. 6d. to a rupee.

A little later the efforts of the Indian Government succeeded in raising the value of the rupee to 1s. 4d. in gold, and have since maintained it at that price.

In 1898 the salaries of the Civil Service were re-classified and put upon an incremental basis as regards the three higher classes; but no actual increase of salaries was made. Meanwhile, however, the privilege of leave pay and pension at 1s. 10½d. to the rupee had been withdrawn, and all officers appointed after February, 1897, were permitted to draw leave pay and pension only at 1s. 6d. to the rupee.

In 1903 attention was drawn by certain members of the Civil Service to the great inequality between the pay drawn by officers of the Public Service in Ceylon and that drawn by officers of similar status in other Eastern Colonies, and to its inadequacy in view of the increased cost of living in Ceylon. After reference to two Committees and prolonged correspondence with the Secretary of State, schemes were ultimately drawn up which embrace practically the whole of the Public Service, and these have received the sanction both of the Secretary of State and of the Legislative Council.

For the sake of convenience separate schemes were devised—

- (1) For superior offices held by persons usually recruited in Europe (the so-called sterling scheme).
 - (2) For superior offices held by persons usually recruited in Ceylon.
- These two schemes include the superior officers of nearly every Department.
- (3) For the Postal and Telegraph Department.
 - (4) For the Railway Clerical staff.
 - (5) For certain clerks and draughtsmen of the Public Works, Survey, and Railway Departments.

Of these, the sterling scheme, which was finally approved, was prepared by the Lieutenant-Governor upon my instructions largely upon the basis of the recommendations of the Committee which

had considered it. The "intermediate" scheme was prepared by a representative Committee, consisting of the Colonial Secretary, the Government Agent, Western Province (Mr. H. L. Crawford, C.C.S.), the Assistant Principal Civil Medical Officer (Dr. C. T. Griffin), the Hon. Mr. J. Ferguson, C.M.G., the Hon. Mr. S. C. Obeyesekere, and Mr. F. R. Dias, Additional District Judge, Colombo; and the other schemes were all prepared by Committees which included the Assistant Auditor-General, a Ceylonese gentleman, as being the official most likely to know the necessities of the classes whom they were intended to benefit.

It would have been simple and easy to have offered every person included in these schemes an increase of so much per cent. upon his salary, but examination of the circumstances of the services concerned will show that this would not have served to allay the discontent which undoubtedly existed among all classes. Some classes of Government servants, for example, had recently obtained increases of pay, and were suffering not so much from insufficiency of pay in general as from imperfect distribution of pay and offices and consequent stagnation in promotion. Advantage was therefore taken of the proposed increases to make a re-arrangement of salaries, with beneficial results in flow of promotion. It will thus be found that when the percentage of increase is worked out it is larger in some of the schemes than in others, but it does not follow that those with the lower percentages have on the whole benefited less.

The Post Office officials, for example, had so recently as 1900 received an increase of 16 per cent.; their position, therefore, as compared with 1899, is improved to the extent of 26 per cent.

The percentages are as follows:—

	Per Cent.
(1) Sterling Scheme	15
(2) "Intermediate" Scheme	15
(3) Postal Department	10
(4) Railway Clerical staff	12
(5) Clerks and Draughtsmen of the Railway, &c.	14

I would especially invite attention to the increases granted upon the sterling scheme and the "intermediate" scheme, which have been the subject of some misunderstanding. It will be seen that on the percentage granted they appear to be identical. When the details are more carefully examined it will be found that so far from unduly benefiting the person usually recruited in Europe as compared with the native of the Island, the benefit is actually greater to the latter. To take one example. The increase in the sterling scheme upon actual pay is necessarily accompanied for the European with a very large corresponding loss of pension, inasmuch as under former arrangements all persons who drew pension in countries with a gold standard drew it at fictitious rates of 2s., 1s. 10½d., 1s. 6d. to the rupee, all of which are incompatible with the sterling scheme. So large is this estimated loss that, as I have mentioned before, the majority of the European officers of the higher classes of the Civil Service down to the Third Class and of other Departments have elected to remain upon the rupee basis and to accept the diminished advantages offered to them, which amount to only 6½ per cent. present increase, with it is true a prospective increase of pension of 12 per cent.; whereas the native members of the Public Service, including those in the "intermediate" scheme, get their present increase of 15 per cent. not merely without loss of pension, but with a very large gain. It cannot therefore be maintained, under these circumstances, that the European has been unduly favoured at the expense of the native-born.

As regards the Clerical Service generally, I have yet to speak. Comparisons in regard to other branches of the Public Service have so far been directed to considering how far the position of the public servants has deteriorated since 1871, and endeavours have been directed towards making his salary up more or less to what it was in that year, or in the case of new offices providing him with an analogous salary. No such comparison can be drawn in the case of the Clerical Service, for before 1874 it seems to have been in a somewhat chaotic condition and without proper classification. In that year a classification was introduced and salaries on an increased scale generally were provided, ranging from Rs. 600 to Rs. 3,500 in the first three classes, and an entrance examination was enforced. For the lower grades of clerks nothing seems to have been done. In 1894, when the question of providing exchange compensation for the higher ranks of the Public Service was considered, the case of the clerks was also taken into consideration, and in lieu of compensation for loss on exchange, the incidence of which it was difficult to gauge, an all round increase of 10 per cent. was allowed. In 1898, on the recommendation of a Committee, salaries were put upon an incremental basis, though no substantial increase on the whole was given, and at the same time the initial salary was reduced from Rs. 600 to Rs. 500. Even so, this 10 per cent. does not compare unfavourably with the 6½ per cent. which exchange compensation ultimately came to mean.

In common with other branches of the Public Service, the Clerical Service has again come under

whole—though there were many individual cases of this—as from stagnation of promotion. Instead, therefore, of merely giving an increase all round, which would have probably satisfied nobody, advantage has been taken of the occasion to re-arrange the salaries, as well as making, in a few cases, such increases as were required, by reducing the number of appointments in the lowest class, by increasing those in the higher classes, and by arranging for a similar proportion always to be maintained, so that in future an even flow of promotion may be secured, and there will be none of that stagnation which was the principal cause of discontent under the old scheme. The new scheme is for various reasons being brought gradually into force, but that it is no mean boon may be ascertained from the fact that the increase means an increase on the total paid to the Clerical Service of 12 per cent.

In the re-arrangement of the salaries of a Public Service numbering five thousand of all ranks, and engaged under widely varying conditions, it is not to be expected that every individual will be satisfied; but I know that it was the desire of the several Committees that dealt with the various branches of the salary revision, as it was mine, to deal equitably with every branch of the Ceylon Public Service, and I have no doubt that when misconceptions have been dissipated and the real improvement in the position all round has been realized the people of Ceylon as well as the Service at large will acknowledge the justice of the recommendations of the various Committees.

LEGISLATION.

The following Bills will be laid before you :—

An Ordinance for the abolition of Tolls.

This Bill was withdrawn by me during the last Session to give the public an opportunity of expressing their opinion as to the taxation proposed as a means for recouping the loss that must follow the abolition of the tolls. Should you read the Bill a second time, I propose that it shall be sent to a Sub-Committee for consideration in the light of the opinions collected. On the provision of alternative taxation to replace the revenue proposed to be abandoned depends the passing of the measure.

An Ordinance to provide for the destruction and mitigation of Agricultural Pests.

This is an important measure, compelling owners to destroy pests appearing on their property so as to prevent their spread to adjoining cultivations. It will require to be considered with very great care, as it gives large powers of interference with the private discretion of an owner.

An Ordinance relating to the Distillation of Arrack, Rum, and Toddy.

This Ordinance proposes to substitute for the present renter-system a system of excise and license that will give the Government more direct control over the distillation and sale of these intoxicants.

An Ordinance to provide for compulsory Vernacular Education in proclaimed Areas.

An Ordinance to restrict the introduction into Ceylon of Destitute Persons likely to become a Public Charge.

An Ordinance to amend Ordinance No. 4 of 1900 to provide for the Grant of Certificates to the Tindals and Engineers of Launches.

An Ordinance to amend and consolidate the Law relating to Notaries.

An Ordinance to amend "The Village Communities' Ordinance, 1889."

An Ordinance to amend the Law relating to the Survey of Ships propelled by Steam or other Motor Power.

An Ordinance to amend "The Butchers' Ordinance, 1893."

An Ordinance to amend "The Branch Roads Ordinance, 1896," in certain particulars.

An Ordinance to further amend "The Municipal Councils' Ordinance, 1887."

An Ordinance relating to the Registration of Titles to Land and of Deeds affecting Land.

An Ordinance to consolidate and amend the Law relating to Forests and the felling and transport of Timber.

An Ordinance to further amend "The Widows' and Orphans' Pension Fund Ordinance, 1898."

An Ordinance to consolidate and amend the Law relating to the Post Office in Ceylon.

These measures I commit to your consideration with an earnest prayer that the result of your discussions may conduce to the safety, the progress, and contentment of the people of Ceylon.