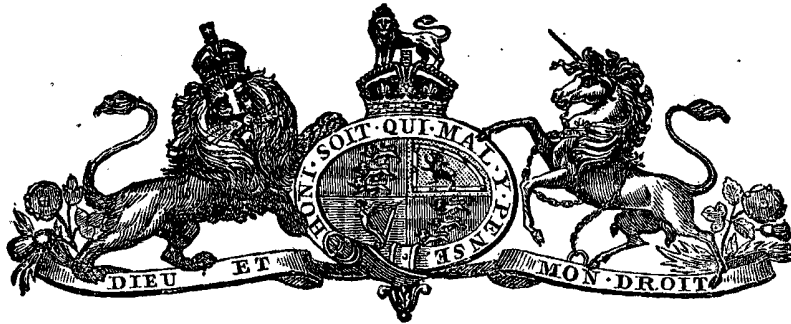


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LEGISLATIVE COUNCIL, CEYLON.

ADDRESS OF HIS EXCELLENCY SIR HENRY E. MCCALLUM, G.C.M.G., A.D.C., ON THE
OPENING OF THE LEGISLATIVE COUNCIL, AUGUST 26, 1908.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL,

ALMOST exactly twelve months have elapsed since I first occupied this chair on my arrival in the Colony. Just previously my distinguished predecessor had laid before you a most comprehensive review of the progress of the Colony during his term of office. My manifest course was therefore to complete the legislative programme which was then engaging your attention, close the session, study the conditions of Ceylon and its people, make myself acquainted with a mass of official papers, get into personal touch with all classes, official and unofficial, in different parts of the Colony, and generally so to equip myself as to enable me to meet you here to-day with some confidence.

It is with the greatest pleasure that I have now for the first time summoned you for the despatch of business, and that to-day I find myself associated with you in session, all of us bent on the one absorbing purpose of doing our very best to advance the prosperity and well-being of this magnificent Island and to promote the happiness and social improvement of its inhabitants.

It has been a privilege and an education to have been already closely associated with you out of session. To the Official Members of this Council—especially to those who have seats upon the Executive Council—do I take this opportunity of publicly thanking them for the ready, loyal assistance which they have unstintedly given me, and which, I indulge the hope, has enabled me to get at the back of a few at least of the many questions which have necessitated close attention. I much appreciate the patience and consideration with which they have satisfied the extraordinary thirst of a new Governor for information. To the Unofficial Members of this Council, who so worthily represent the various interests and communities of this Colony, I desire particularly to express my grateful thanks for sympathetic and cordial assistance. An early invitation to them to establish close relations with me has, I am glad to say, realized my anticipations. Anxious at all times to promote the welfare of those whom they represent, they have nevertheless discussed different matters in a businesslike and liberal-minded manner, and when the Government has been unable to meet their wishes in any particular, they have recognized, I venture to say, that it has not been from want of sympathy, but from inherent difficulties, which had not occurred always to them. It is in happy relations of this sort and in the promotion of close mutual confidence between the Executive Government and the popular representatives that administration is so much facilitated. It is feelings of this kind that—recognizing, as I do, how responsible is the position which the Governor holds as the representative of His Majesty—I shall do my very utmost to foster during my term of administration, so as to enable me the more readily to hold the scales of pure and just Government fearlessly and honestly, without distinction of race, class, or creed.

I had hoped in this my first address to you to have described the reforms in administration which have already been introduced; the still further reforms contemplated; the considerations which have induced me to adopt certain measures of public importance; the considerations which have weighed with me against the adoption of others; the general progressive programme of extraordinary works to be laid before you for approval and provision of funds; my hopes at the present time;

my aspirations for the future. My intention, however, I much regret to say, has been frustrated. My despatch of the 24th June, 1908, dealing with the subject of works the cost of which I hope to see defrayed from our surplus balances, and one of the 2nd July, relative to loan requirements, contain so many important proposals in the opinion of the Secretary of State, that he requires some time for their consideration, and he informs me that his replies cannot be in my hands before the end of next month. The programme of legislation for this session is so comprehensive, however, that it has not been possible to postpone our meeting any longer. On the other hand, it is on the approval or disapproval of the Secretary of State of the many proposals contained in my despatches that the framing of the Supply Bill for 1909 is contingent. Nor am I in a position to lay before this Council the observations which I desire to make under the usual departmental and other headings, until I know whether my recommendations have been accepted by the Secretary of State either as a whole or in part.

This being the general situation, I decided to summon you without any further delay, in order that the long legislative programme may be taken in hand, and to make this address but a preliminary one, confined to matters of administrative reforms and legislation. Later on, what would in ordinary circumstances have been included in this opening address will be incorporated with the Message which I shall send to this Council when asking for supply for 1909.

RE-ORGANIZATION OF THE CIVIL SERVICE.

In November, 1906, the Secretary of State suggested that, in view of the recent introduction of the sterling salary scheme, the increase in the number of Cadet Officers, and the proposed appointment of a Controller of Revenue and a Colonial Auditor in place of the Auditor-General, it appeared desirable to introduce, instead of the present series of minutes governing the Civil Service, one or more consolidating minutes which would embody the whole regulations, with such alterations as might be necessary.

The work was taken in hand in accordance with Lord Elgin's directions, but it was found to open up so many large and complex questions that Sir Henry Blake felt a natural reluctance to deal finally with the subject during the closing days of his administration; accordingly on succeeding him I found the revised minutes still under discussion. The lengthy correspondence which has since ensued between the Secretary of State and myself will be duly laid before you as soon as it is complete, and in the meantime I am authorized to explain to you the broad outlines of the changes that are proposed.

The important changes practically resolve themselves into two: an increase in the strength of the Civil Service, and the revision of the scheme for that branch of it which has hitherto been termed the "Lower" or "Subordinate" Civil Service, and it will be convenient to deal with the subject under these heads.

I have said that one of the reasons which led the Secretary of State to propose consolidation of the minutes was the increase in the number of officers. This was the increase of three officers which was sanctioned at the end of Sir West Ridgeway's régime, but it was only a very partial concession to the recommendations made by that Governor. Sir West Ridgeway asked for a limited number of supernumerary officers in each class to fill temporary vacancies caused by illness or leave, but of the seven men asked for by him, only one supernumerary in Class II. and two extra Cadets were allowed at the time.

The reasons why supernumerary officers are necessary may be briefly explained. Exclusive of Cadets, the number of officers employed on the Civil Service Establishment is only just sufficient to fill the approved offices, and consequently, when temporary vacancies occur, Government has to adopt one of three expedients, *i.e.*, either to combine the duties of two offices, or employ a Cadet, or engage the services of a gentleman unconnected with the Civil Service, to all of which expedients there are obvious objections.

But since the date when these objections were partially recognized by Mr. Lyttelton's appointment of a supernumerary to Class II., the inadequacy of the service has been much emphasized by two fresh demands on its officers. Sir Henry Blake, in a very laudable—and, as far as can be gauged at present, successful—attempt to improve the Ceylon Police Force, decided to appoint Civilians as its officers; simultaneously the abnormal demand for rubber properties forced the Government to strengthen the Land Settlement Department, and more Civil Servants had to be drafted from their ordinary duties to give the necessary aid to Mr. Fraser. For both these duties Civil Servants were "seconded," and this procedure has at times caused dissatisfaction among the officers concerned, by reason of the fact that they were thereby deprived of all prospect of obtaining officiating pay. It has also occasionally resulted in embarrassment to Government, some difficulty having been experienced in inducing officers to accept appointments which were not included in the ordinary scheme of the Civil Service.

After consultation with the Executive Council, I determined therefore to urge again on the Secretary of State the necessity for a thorough strengthening of the Service, and I am glad to be able to inform you that Lord Elgin practically accepted all my recommendations. To begin with, under the

re-organized scheme there will be altogether seven supernumeraries, who will be appointed gradually as necessity is felt. Secondly, eight Land Settlement Officers have now been definitely included in the Civil Service. Any Settlement Officers required beyond this number will be filled by the temporary engagement of officers outside the Civil Service.

As regards the Police, an important alteration is to be made. I proposed that ten Police Officers should be definitely included in the Civil Service Scheme, in the same way as the eight Land Settlement Officers just referred to. Lord Elgin, however, invited me to consider whether it would not be better to adopt the system introduced a few years ago into Hong Kong, the Federated Malay States, and the Straits Settlements, whereby a separate Police Force is recruited from successful candidates at the examination for Indian Police. I consulted the Executive Council, who unanimously advised that this suggestion should be adopted. Accordingly the Police posts have been deleted from the Civil Service Scheme, and detailed proposals for recruiting the necessary number of probationers and the eventual return of the seven Civilian Officers now seconded for service in the Police have been laid before the Secretary of State.

I come now to the second of the principal changes introduced, *i.e.*, the re-organization of the "Lower Division" of the Service. In the first place, it is to be no longer known by that somewhat invidious designation. I propose, and the Secretary of State has agreed, that it shall in future be called the "Local Division," and I hope that this description, which I think more correctly expresses the distinction between it and the rest of the Civil Service, will prove an acceptable innovation.

As regards appointments, important changes have been made which will secure to the members of the locally-recruited service more definite prospects and a more liberal measure of promotion than in the past. Instead of the offices in Classes I., II., and III. which under the terms of the existing minute were open to them, in common with gentlemen of exceptional merit unconnected with the Civil Service, one office in Class I., one in Class II., and six in Class III. have been definitely assigned as open to members of the Local Service, provided there are officers possessing special fitness for such promotion, and the total number of offices open to them, including six Cadetships, has been increased from thirteen to twenty-four. These alterations have been effected partly by reserving for the Local Division certain existing Civil Service offices not hitherto so reserved, and partly by including in the scheme five Magistracies which in the past have usually been held by gentlemen unconnected with the Civil Service. I trust that the natural desire of natives of Ceylon to participate more largely in the administration of the Colony will by the above measures be at least partially satisfied.

Among the other changes which have been made in the general classification of the Civil Service is an alteration in the first grade of Class I. In the existing minute the third post in the grade is assigned to the Government Agent, Northern Province, but Lord Elgin decided that on the occurrence of the next vacancy it is to be assigned to the third member of the Civil Service who is appointed to a seat in the Legislative Council, the Government Agent, Western Province, and the Government Agent, Central Province, being *ex officio* members of that body. Although this decision was not in accordance with the recommendations made by this Government, there is much to be said in its favour, as the third member of the Legislature, with the other two officers of the first grade, may reasonably be considered to be the most important of their class, and their position certainly carries with it extra work and extra calls upon their time.

As to the question of cost, I have already indicated that the strengthening of the Civil Service will only be effected gradually as the necessity is felt. Even when the scheme comes into full operation I estimate that the actual increased expenditure will not be more than £8,800 per annum, which, I think you will agree, is a comparatively small sum to pay for placing the principal administrative body in the Colony on a satisfactory basis.

EXAMINATION OF CADETS IN RIDING.

Before leaving the Civil Service, I may mention that I have obtained the consent of the Secretary of State to a proposal to require Cadets (including those in the Local Division) to obtain a certificate of proficiency in riding before they can be promoted to the rank and emoluments of a passed Cadet. Although a knowledge of horsemanship is perhaps not so absolutely essential in Ceylon as it is in India, it will not be denied that the efficiency of an officer who possesses such a knowledge is sensibly increased. In order to assist Cadets to procure horses, the Government will be prepared to make advances for the purpose, repayable in instalments, and to grant each Cadet a horse allowance at the rate of Rs. 45 per month for a period of six months.

DUTIES OF THE CONTROLLER OF REVENUE AND THE COLONIAL AUDITOR.

In his farewell address to this Council, Sir Henry Blake spoke as follows on the subject of the principal financial officers of the Government :—

"Changes of far-reaching importance have taken place in the administration of the financial departments. At the beginning of 1906 the accounting work previously performed in the Audit Office

was transferred to the Treasury, and this year the Audit Department has been separated from that of Controller of Revenue, a specially trained Colonial Auditor being appointed. The Audit Office is thus relieved of responsibilities and duties that previously tended in some measure to obscure its proper functions."

It was not unnatural that such far-reaching changes should be attended by difficulties, and when I arrived in Ceylon five months after the appointment of the new Colonial Auditor I found that considerable confusion existed as to the distribution of the original duties of the Auditor-General. In order to make matters clear I will ask your permission briefly to review the salient points which led to the abolition of the post of Auditor-General.

In 1906 the late Sir Alexander Ashmore, in an important minute addressed to my predecessor, explained that the functions of the Auditor-General were then fourfold, *i.e.*, (i.) a sort of commissioner of inland revenue; (ii.) keeper of the Colony's accounts; (iii.) adviser of the Governor in all matters of account and finance; (iv.) auditor of the Colony's accounts. He pointed out that under recently approved arrangements the second and third of these functions had recently been or would be transferred to the Treasurer; that the work of commissioner of inland revenue was sufficient to occupy the time of another officer, especially as the supervision of Land Settlement had been added; and that audit work proper had been practically neglected, whilst the small amount that had been done was of little value, owing to the fact that the occupants of the office had for years past possessed no technical knowledge at all of accounts and book-keeping.

In reporting the matter to the Secretary of State, Sir Henry Blake recommended that the position of the Auditor-General should not be changed; that he should still continue responsible for the duties as they were then, but that a trained expert should be appointed as a Deputy Auditor-General for three years.

Lord Elgin, however, decided not to accept Sir Henry Blake's recommendation, but to create the new Department of Controller of Revenue, an appointment to be filled by a member of the Civil Service, who would succeed to the status and salary hitherto enjoyed by the Auditor-General. In connection with this new appointment Lord Elgin laid down that the head of the Audit Office was to be at once and in all future years a trained officer, whose whole time would be given to auditing, and that he should no longer act in the capacity of general financial adviser to the Ceylon Government or in any other capacity than that of Auditor.

This was the position when Mr. Senior took up duties as Colonial Auditor, but difficulties soon arose as to the duties of the new officer, *i.e.*, the Controller of Revenue. Applications to Government on matters involving questions as to the propriety of particular items of expenditure are very numerous in this Colony, and the custom in the past had been to seek the advice of the Auditor-General. Under the new arrangements recourse was had to the Controller of Revenue, but decisions given on advice tendered by that officer were not infrequently objected to by the expert Auditor, and an impossible situation was thus created. In these circumstances I placed the whole question in detail before the Secretary of State, and strongly recommended that applications such as I have described should be referred first to the Treasurer, himself an expert financial officer, and be then passed to the Colonial Auditor, to see if they were in strict order before they reached the Colonial Secretary, from whom the necessary authority emanates.

Lord Elgin, however, took exception to this proposal, holding that the essential functions of an auditor are those of a critic of expenditure incurred, and that both his power and the responsibilities of Heads of Departments would be sensibly weakened if he undertook any duties of an advisory nature, except on general methods of accounting. While personally I regret the decision, inasmuch as this interpretation of the Auditor's functions has the effect of depriving me of much useful help, it is, I admit, the strictly correct interpretation, and in accordance with His Lordship's directions every endeavour is now being made to adhere to it. I have given directions that the somewhat lengthy despatches on this intricate and difficult question shall be duly laid before you.

In another despatch—which will also be laid on the table—I discussed the functions of the Controller of Revenue, explaining that on his being relieved of the duty of advising Government on matters connected with expenditure he would have more leisure generally to supervise the work of the Survey and Land Settlement Departments in their relations with one another, and to devote more personal time and attention to the important inland revenue questions of salt, arrack renting, &c.

At the same time I pointed out that the efficient discharge of the important duties entrusted to the Controller of Revenue called for a considerable amount of travelling and consequently prolonged absences from Colombo, and as the Controller of Revenue was in normal circumstances the one member of the Executive Council possessing any extensive local knowledge, I recommended that an additional member, being a senior local official possessed of the necessary qualifications, should from time to time be selected by name to serve upon the Council. Lord Elgin approved this proposal, and accordingly on the return to duty of Mr. Nicolle as permanent Treasurer, Mr. Brodhurst was appointed additional member of the Executive Council.

GRANT OF A PERSONAL ALLOWANCE TO THE PRINCIPAL ASSISTANT COLONIAL SECRETARY.

In common with my predecessor, I have been impressed with the desirability of improving the position of the Principal Assistant Colonial Secretary. The post used to be graded in the First Class of the Civil Service, but in the re-organization of the Civil Service in 1897 it was reduced to the Second Class from, as far as I can gather, motives of economy. But in whatever class the post is graded, it is of the utmost importance that there should be as few changes in this particular office as possible, especially when it is considered what a large amount of confidential information is acquired whilst holding it. At the same time it would be manifestly unjust to retain an officer in the appointment for any long period unless he receives some special consideration, seeing that the volume of work which he has to get through is abnormal, and leaves him but little time for recreation, and that expenses in Colombo are much heavier than they are at outstations, where he would, under ordinary circumstances, be quartered during at least a portion of the time he is in Class II.

One of the heaviest calls upon an officer in Colombo is house rent. The Principal Assistant Colonial Secretary cannot, as some officers do, live in the suburbs or out of Colombo; he must reside near the Governor, the Colonial Secretary, and his office. These facts being recognized, it follows that some additional inducement should be held out to an officer to make it worth his while to hold the post, without seeking a transfer to some other appointment, for as long a time as it may suit the convenience of Government to keep him in the Secretariat.

The late Governor, in view of the circumstances which I have described, deemed it only fair to grant a personal allowance. Lord Elgin, however, objected to the grant; nor was His Lordship able to concur in Sir Henry Blake's alternative proposal, viz., that the post should be restored to Class I. With this last view I find myself in agreement. The post would, for reasons already given, be forthwith regarded as the least advantageous post in that class, and the officer from time to time appointed to it would accept the appointment with reluctance, and would seek to obtain a transfer at the earliest possible opportunity. The difficulty would remain precisely as it is to-day, the only difference being that the officer holding the hardest-worked and one of the least desirable posts in his class would be an officer of Class I., instead of, as at present, an officer of Class II.

Personally, I considered that the fairest and most economical solution of the difficulty was for Government to purchase a house in a convenient locality, and to allow the Principal Assistant Colonial Secretary to occupy it on payment of the usual rent of 6 per cent. on his salary. The Secretary of State was, however, unable to accept this suggestion, on the ground that it would impose on the Colonial Government not only an annual charge, but a considerable capital expenditure, and His Lordship has finally consented to the original proposal, i.e., the payment of a special non-pensionable allowance of Rs. 1,500 a year to the officer actually performing the duties of Principal Assistant Colonial Secretary, on condition that it is clearly understood that the allowance is granted solely on account of the special conditions under which the work of the post has to be performed, and that it must not be regarded as forming a precedent for similar treatment to other officers stationed in Colombo. The despatches on the subject will be duly laid before you.

CONTROL OF EXPENDITURE.

A determined effort has been made during the past twelve months to imbue Heads of Departments with a more general recognition of the impropriety of frequent applications for supplementary votes.

I had not been many days in the Colony before I observed that it was a common practice to exhaust a vote, intended to cover expenditure throughout the year, long before the close of the year, and to apply for supplementary provision to cover expenditure during the rest of the year on the ground of the inadequacy of the vote. I am bound to say that on closer investigation I found that this was in part due to a very natural desire on the part of successive Governments to discourage increases to standing votes, so that the estimates as regards such items have tended to be mere repetitions of former estimates, instead of real estimates of probable requirements. Such a practice however is, in my opinion, unsound in principle. One of the main objects for which estimates of expenditure are framed is to represent as accurately as possible the probable actual disbursements for the coming year, and any other method appears to me to lead to a misapprehension of the true financial position.

The result has, in fact, been that Supplementary Supply instead of being the exception has become the rule, and the control of expenditure both on the part of the central Government and of the Heads of Departments has been seriously weakened. Accordingly, in September last I issued instructions—which will be duly laid before you—impressing on Heads of Departments the necessity for making due provision in the Supply Bill for all services the performance of which during the ensuing year could be described as really necessary. They were further given to understand that in future no re-vote of the unexpended balances of one year or additional provision will be allowed in the Supplementary Supply Bill, except in cases where it is shown to my satisfaction that the necessity for the vote could not be foreseen.

The result has been satisfactory. It was not to be expected that the old practice could be eradicated immediately, but up to the beginning of August the total of the Supplementary Supply Bill,

excluding purely formal votes required by the new Financial Instructions, amounted only to some Rs. 400,000, as compared with Rs. 1,400,000 for the corresponding period of 1907.

I have particularly sought to impress upon the great spending Department of Public Works the necessity for scrupulous care both in framing estimates for works and in estimating the probable expenditure for a given year, and I have also given the Chief Railway Construction Engineer strict injunctions that estimates must be adhered to, and that if excesses are probable on certain items, savings must be made on others to cover them.

PERMANENT TENDER BOARD.

An important change of procedure is about to be introduced in regard to tenders and contracts. The practice which has hitherto ruled is for the Colonial Secretary to appoint a separate Board (consisting generally of the Head of the Department concerned and the Controller of Government Stores) for each service advertised, except in the case of the Public Works, Forest, and Irrigation Departments, in which the Head of the Department has been the sole member of the Board. Each Board after opening and considering the tenders has made its recommendation to Government through the Controller of Revenue.

This procedure not only entails a considerable amount of unnecessary preliminary work in the Colonial Secretary's Office, but is also open to the objection, among others, that it invites delay, in that it provides no automatic machinery for verbal discussion of doubtful points between the several Boards and the Controller of Revenue. It has been decided therefore to appoint a Permanent Tender Board, consisting of the Controller of Revenue, the Principal Collector of Customs, and the Controller of Government Stores (with whom will always be associated the Head of the Department calling for tenders), to consider tenders for all supplies and services involving expenditure of over Rs. 1,500.

The Principal Collector of Customs will be an Additional Member, to act in the absence of the Controller of Revenue, or when the Controller of Government Stores is himself the Head of the Department calling for tenders.

The necessary regulations for the guidance of the Board, together with rules for officers dealing direct with local tenders, have been very carefully framed, and the new system will come into force on the 1st September. A schedule of dates for receiving tenders for fixed services has been drawn up, so that the members of the Board will always have due notice of the days when their presence will be required in Colombo, and I hope that the regular meetings of the officers concerned will go far to obviate much of the correspondence which at present takes place, with its attendant delay.

I desired to have the Colonial Auditor on the Board, on the ground that his expert advice, while contracts are under consideration, when tenders are being examined, and when the recommendations of the Head of the Department concerned are being considered by the Tender Board, would be of great value, and that a scrutiny of such contracts after they have been concluded would be of no practical utility. Lord Elgin, however, decided otherwise, for reasons which he explained as follows :—

“ While contracts once granted cannot be varied or cancelled during their term, the independent criticism of the Colonial Auditor is of great practical utility, since members of the Board will endeavour to avoid mistakes so pointed out on the next occasion on which the contract comes before them. On the Board, however valuable a member he might be, the Colonial Auditor would be merely one man among several equals, but as an outside critic he is in a much stronger position, for he cannot be outvoted, and he can require his report to be submitted to the Secretary of State.”

GOVERNMENT OFFICERS' GUARANTEE FUND.

In March, 1907, a circular was issued by the Secretary of State in which he reviewed the different methods in which security is provided against loss of moneys in the custody of public officers, and the checks established in recent times with a view to prevent defalcations, and Lord Elgin invited the views of this Government as to the value of maintaining the present system, having regard to all considerations of expense and convenience involved, and as to whether the requirements of security might, in view of the checks now available, be safely reduced either as regards the number and class of officers from whom, or the amounts for which, security is required.

The chief financial officers, to whom I referred the question, explained that it was not advisable, under the conditions at present prevailing in this Colony, generally to dispense with the obligation to give security, but they believed it would be possible to reduce the number and class of officers from whom security should be required. The Colonial Auditor further made the suggestion, in which the Acting Treasurer and the Controller of Revenue concurred, that the present Security Ordinance, which provides for three alternative methods of furnishing security, should be repealed, as all these methods, besides being cumbrous in themselves, involved certain risks to Government, while they entailed continual and close scrutiny to ensure the validity and adequacy of the securities furnished. In place of this Ordinance he recommended the enactment of an Ordinance to establish a Public Officers' Guarantee Fund, on the lines of similar funds which have been established in the Colonies and found to work very satisfactorily.

The proposal has been adopted by Government and approved by the Secretary of State, and a draft Ordinance to give effect to the same will be laid before you in due course. The necessary forms of account have been drawn up, but further action awaits the report of the Committee recently appointed to revise and consolidate the financial regulations of the Colony, as their recommendations will probably materially affect the number of officers who will in future be required to give security.

AUDIT OF ACCOUNTS OF MUNICIPALITIES AND LOCAL BOARDS.

It is clearly to the interests of Government that the financial functions of Municipalities should be prudently and economically exercised; more especially is this the case when the Municipality is in receipt of a grant in aid from Government. To safeguard these interests it is essential that their accounts should be scrutinized by the Government Audit Department. It is, moreover, in the interests of the Municipalities themselves that their accounts should be audited by trained men, rather than by men who do not possess the necessary technical qualifications.

Until this year, however, only the accounts of the Colombo Municipality were examined in the Audit Office. The Municipal Councils of Kandy and Galle made their own arrangements for the audit of their accounts, subject only, under the provisions of the Municipal Councils' Ordinance, to the approval of Government of the actual auditor appointed.

On the re-organization of the Audit Department consequent on the abolition of the post of Auditor-General, the Colonial Auditor proposed that a separate branch, under his personal supervision, should be established in his Department, at the cost of the Municipalities, to deal entirely with the audit of all Municipal Accounts, and that the three Municipalities of Colombo, Kandy, and Galle should each contribute towards the cost of the work. This proposal, which provides for a continuous monthly examination of the accounts, with occasional test audits made on surprise inspections, has been agreed to by the Municipalities; and the Secretary of State for the Colonies has sanctioned its adoption on condition that the whole cost is defrayed by the Municipalities.

The accounts of Local Boards are also audited by the Colonial Auditor, and a contribution calculated at 1 per cent. of the revenue of Local Boards has hitherto been paid towards the cost of the work. The Colonial Auditor has, however, pointed out that this contribution exceeds the amount required by him for the staff necessary for the work, and from the 1st January next this contribution will be reduced to half per cent. of the revenue.

The Government has now some assurance that the accounts of the most important local bodies of the Colony are being audited on uniform principles, and as far as possible on the same lines as the general Government accounts.

RE-ARRANGEMENT OF CHILAW AND PUTTALAM DISTRICTS.

For a long time past it has been a matter of frequent complaint that the combination of Revenue and Judicial duties in the person of the Assistant Government Agent, Chilaw, militated against the efficient performance of either. A strong representation to this effect having reached me in the latter part of last year, I investigated the matter and found that there were good grounds for the complaint, the heavy and annually increasing work of the District Court, Chilaw, preventing the Assistant Government Agent from giving adequate attention to the revenue work of the district. I therefore proposed, and the Secretary of State has sanctioned, the creation of a separate office of District Judge, Chilaw, in Class III. of the Civil Service. This officer will perform in addition the duties of District Judge, Puttalam, where a similar combination of revenue and judicial duties is also operating prejudicially, though in a minor degree.

The Chilaw revenue district is, however, in itself a small one, and it was represented to me that its charge would be insufficient to occupy the whole time of an Assistant Government Agent. On consulting the Executive Council and the Government Agents concerned, I received several suggestions for re-arrangements of the Chilaw and adjacent districts, which I will briefly describe.

The first suggestion, which was supported by the Government Agent, Western Province, was to transfer the Chilaw District to the Western Province and combine it with the old Negombo District, to be worked as one district by an Assistant Government Agent with headquarters at Chilaw or Negombo; but this involved a change in provincial boundaries, which might lead to no small inconvenience, and for which there was hardly sufficient justification.

Another suggestion was to enlarge the present Chilaw District by taking in the whole or part of the adjoining division of Katugampola hatpattu of the Seven Korales; but it was realized that to transfer a portion of old Kandyan territory to a maritime district would be to run a serious risk of wounding susceptibilities that have every title to consideration; indeed, strong representations were made to me against any such transfer.

A third suggestion put forward by the Government Agent, North-Western Province, was to let the Chilaw District remain as it is, but to provide additional work for the Assistant Government Agent by assigning to him a portion of the Court of Requests work. This proposal the Government felt unable to

entertain, as the whole object of the change which gave rise to the discussion was to separate the functions of revenue and judicial officers.

The only practical course that remained was to amalgamate the Chilaw District with the Puttalam District under one Assistant Government Agent with headquarters at Puttalam, and to relieve him of all judicial work by appointing a separate Police Magistrate and Commissioner of Requests for Puttalam. Admittedly this union of revenue districts was to revert to an arrangement abandoned in 1887; but it must be borne in mind that since that date the roads of the two districts have been considerably improved, and communication is therefore easier; and in view of the complete withdrawal of judicial work, the addition of the revenue work of the Chilaw District to the purely revenue work of the Puttalam District will, it may reasonably be assumed, not impose on the Assistant Government Agent of Puttalam more than the work of which he will be relieved. Accordingly this last course has been decided upon and approved by the Secretary of State, and from the 1st January, 1909, the Assistant Agency of Chilaw will cease to exist. A treasury officer will be retained there for the convenience of the public in making payments, and the two districts of Chilaw and Puttalam will be administered by one Assistant Government Agent with headquarters at Puttalam, the work of the District Courts at Puttalam and Chilaw being, as I have already explained, attended to by a single District Judge, who will have his headquarters at Chilaw, and usually spend a portion of the month at each station.

As regards the Minor Courts, an officer of the Fourth Class of the Civil Service will be appointed Police Magistrate and Commissioner of Requests at Puttalam. At Chilaw there is already such an officer.

I hope that these arrangements, which have been conceived in the best interests of both Puttalam and Chilaw, will conduce to the better development of those important districts.

DURBARS OF NATIVE CHIEFS.

In my opening address to the Government Agents, when I met them in Conference the week after my arrival in Ceylon, I spoke as follows :—

“ There is one other point I should like you to discuss before you dissolve, as to the desirability and as to the advisability of carrying out an idea which has occurred to me—an idea which, I believe, is not new in this Colony, although it has not been carried into effect for a large number of years. That is, to have before long a durbar of Native Chiefs—of the principal ruling headmen of the country—in order to discuss with them subjects of interest to ourselves and Government and also of interest to themselves, and to learn personally from them their ideas in durbar.”

Such durbars or *indabas* are customary in other Colonies where there are native populations. They are beneficial, in that they bring the chiefs into touch with the Governor and the Government, and give to both sides an opportunity of comparing opinions. They also bring the chiefs together among themselves, give them the opportunity of hearing one another's views, and of consulting together on matters of common interest to themselves and to the Government.

Time did not admit of the subject being discussed at the Conference, but after consultation by letter with the Government Agents I eventually decided to hold three durbars, one at Kandy for Kandyans, one at Colombo for Low-country Sinhalese, and later on one probably at Jaffna for Tamil headmen. This course is, I think, preferable to holding one big durbar, which, though it would undoubtedly be more picturesque and imposing, would probably result in less practical discussion, while it would simultaneously denude all parts of the Island of important links in the chain of supervision for several days at a time.

The first two durbars have already been held, the first at Kandy in May and the second at Colombo in July. At both meetings the Government Agents of the Provinces concerned attended, in addition to representative chiefs from each Province. Among the subjects discussed at Kandy, where the experiment proved especially successful, were the illicit sale of arrack and toddy, Sinhalese labour for estates, stray cattle on roads, and protection of fresh water fish. Of these, the first three were also discussed at Colombo. At the latter durbar I also sought to ascertain the views of the Mudaliyars as to whether there was any feasible plan for mitigating the perennial evils arising from the infinitesimal subdivision of undivided shares in land. The subject was freely discussed and various suggestions made, but I regret to say that the only result was to prove beyond doubt that the matter is not ripe for any action at present.

To correct any possible misapprehension I should perhaps make it clear that in all these durbars the chiefs are assembled together, not as an advisory, but purely as a consultative body, and in this capacity the durbars have undoubtedly performed a useful function. The notes of the proceedings of the two durbars already held will be duly laid before you.

FOREST DEPARTMENT.

In his review of the progress of the Colony from 1904 to 1907, my predecessor explained the measures which had been decided upon by the Secretary of State for recruiting, for the higher posts of the Forest Department, men specially selected and trained, first at Oxford and afterwards on the Continent, on the same lines as for the Indian Forest Service. Sir Henry Blake further explained the

action which had been taken for the selection and training of such candidates, who were to come out in batches of two annually until the sanctioned establishment was completed, showing that the first two would not arrive in the Colony until the close of 1909.

The complete re-organization will therefore take several years to effect; in the meantime the Conservator of Forests represented that additional staff was urgently required for the efficient administration of the Department, and that it was necessary at once to re-organize and strengthen the existing staff. Accordingly he submitted proposals for increasing the establishment of both superior and subordinate officers, and for improving the pay and prospects of the locally appointed staff. These proposals, which have now received the approval of the Secretary of State, are briefly as follows.

As regards staff, the establishment of one Conservator, two Deputy Conservators, and seven Assistant Conservators, already approved in connection with the scheme for recruiting trained officers from Europe, has been increased by two Deputy Conservators, and an alternative scale of salaries corresponding to, but lower than, the salaries of the technically trained grades has been sanctioned for the locally appointed officers who will have to fill the establishment until it is eventually completed with trained officers. The locally appointed Assistant Conservators will rise from Rs. 3,000 to Rs. 5,000 through two grades, and Deputy Conservators from Rs. 5,000 to Rs. 8,000 through three grades, subject to the proviso that only men with Dehra Dun qualifications will be promoted beyond the rank of Assistant Conservator, First Grade. It has also been laid down that no officer, whether recruited from England or locally, shall be promoted beyond the initial grade until he has passed certain examinations laid down to ensure a sufficient working knowledge of Sinhalese and Tamil.

As regards the subordinate staff, the sanctioned proposals provide for an increase of sixteen officers in the ranks of Foresters and Rangers, and of thirty-six in the Forest Guards. Improved scales of pay have been sanctioned for such of the Foresters and Rangers as possess or who will acquire (at their own or Government expense) Dehra Dun qualifications, but for the others the existing rates are to stand, and they will not, save in exceptional cases, be promoted beyond the First Grade of Rangers. Rangers with Dehra Dun qualifications will rise from Rs. 500 per annum, or, in the case of those who acquire such qualifications, from Rs. 750 per annum up to Rs. 1,500 through the two grades, and, on being promoted as Foresters, rise from Rs. 1,800 to Rs. 3,000 through the two grades. Foresters of exceptional merit and attainments will be eligible for promotion to the Second Grade of Assistant Conservators. All Foresters and Rangers will have to qualify in one of the vernaculars other than their own before they become eligible for promotion.

The reforms outlined above will necessarily cost some money. The Conservator has calculated that the normal annual difference in charges in 1915 as compared with 1907 will be about Rs. 46,000, but it must be remembered that the Forest Department has not for years—in fact, has never yet—been worked on proper scientific lines. The system which has been followed in the past under the pressure of various circumstances has, it is true, yielded a fair amount of revenue, but it has done so at the expense of the proper development of the forests, and to the serious detriment, not only of the future revenue, but also of the general well-being of the Colony, which the Forest Department is intended to serve.

There is good reason to hope that not only will the money spent on the re-organization of the Department before long return to the Colony's coffers, with interest in the shape of increased revenue, but that with a properly trained staff the forests of Ceylon may have a reasonable chance of development.

POST OFFICE DEPARTMENT.

When the Estimates for 1909 are laid before Council, you will be asked to approve the appointment of an additional staff officer for the Post Office Department. The present staff on the postal side consists of two Assistants to the Postmaster-General, and has been the same since 1901, when the Assistant Accountant was appointed and the post of Third Assistant Postmaster-General at the same time abolished. Since that date the number of clerks, postmasters, &c., has increased 29 per cent., the number of peons, postmen, &c., 136 per cent., the quantity of mail matter 44 per cent., parcels 35 per cent., and correspondence 19 per cent.

The control of the 159 post offices, 239 receiving offices, 710 clerks, postmasters, and signallers, and 636 postmen, messengers, &c., scattered all over Ceylon is under the present system all exercised directly from Colombo. There is, I believe, not another Department in the Government Service which has not a system of responsible staff officers at the main centres, provincial, district, or other, at which its business is carried out. It will be seen, therefore, what an immense amount of work is thrown on the Colombo General Post Office, the postal side of which has to deal with the appointments and leave of so many officers, the provision and maintenance of all post offices and quarters, the provision and distribution of stores, contracts for mail services, the arrangement of runner lines, circulation of mails, delivery of letters and telegrams, arrangement of hours of duty and work between postmasters and their assistants, investigation of delays and irregularities regarding mails, and correspondence with the public. The two Assistants to the Postmaster-General have to work over ten hours a day to keep abreast of this mass of detail, and they work on Sundays and holidays as well; even so the work is congested.

I have proposed therefore to the Secretary of State the appointment of an additional Postal Staff Officer, who will attend especially to the business of the circulation of mails, and deal with all delays, irregularities, and complaints connected therewith. He will be appointed from the local staff, and receive a salary of Rs. 4,500. Lord Crewe has approved this suggestion, and it only remains for you, Gentlemen, to vote the funds.

This appointment will afford the necessary immediate relief, but the Postmaster-General has pointed out that in the future it will probably be found expedient for the Department to develop on the lines of other large Government Departments which work all over Ceylon, by the introduction of staff officers at the important centres corresponding to, though fewer than, the provincial officers of the Public Works, Police, Survey, and Medical Departments. This is the system in force in the English Post Office, where there is a regular organization of surveyors, who are in charge of districts and supervise all the work within the limits of their jurisdiction, and act as advisers on local matters to the head office. Mr. Pagden informs me that such a scheme could be devised for Ceylon by making use of the existing staff officers for this purpose, without any great increase in their number, and I have authorized him to have a comprehensive scheme worked out and to bring it up for consideration with the Estimates of 1910.

COLOMBO HARBOUR REVENUE.

In his farewell address to this Council Sir Henry Blake made the following remarks on the subject of Colombo Harbour Revenue :—

“ Although the full charges for interest and sinking fund on the loan raised in 1902 have now become payable, the annual revenue of the Colombo Harbour still exceeds the expenditure, including the interest and sinking fund on all the capital borrowed. The margin, however, is very small, and it must be remembered that not only have large sums been advanced from revenue in recent years—thus temporarily obviating further loan charges—but additional capital will soon have to be borrowed to complete the extension of the South-west Breakwater. I therefore appointed a representative Commission towards the end of last year to advise whether steps should not be taken to increase the harbour revenue. Their report has lately been received, and is now under consideration. The main recommendation is an increase in the entering dues for large steamers, which undoubtedly are comparatively light at present.”

On arriving in the Colony I found the Commissioners' report still under consideration, and in view of the grave importance of the questions involved, I did not hesitate still further to postpone coming to any decision until such time as I could obtain the matured views of the Harbour Board and of the Principal Collector of Customs on the Commission's numerous recommendations. I will now explain the conclusions arrived at after consultation with the gentlemen named and with the Executive Council. The proposals which the Government have decided to adopt will, it is believed, meet the present necessities of the case by increasing the revenue to an extent which, it is anticipated, will suffice to cover the expenditure of the harbour for some years to come.

In the first place, I am satisfied that the present entering dues are too low. It is fair that the larger vessels, for which the harbour has been dredged at great expense, should be required to pay a heavier proportion than vessels of light draft which could have entered the port without difficulty even if no dredging had been undertaken ; while an addition to the dues payable on account of vessels of small tonnage is also desirable, as the expenses of the port generally have increased since the scale now in force was fixed many years ago. The scale of dues has been revised in these two directions therefore by the Principal Collector of Customs, and it is estimated that the revised rates will increase the harbour receipts by about Rs. 175,000 a year.

Secondly, the Harbour Board recommended, and the Principal Collector of Customs strongly supports the suggestion, that a special reduced rate be fixed for vessels calling for coal and water only. This rate, viz., Rs. 150, will be a consolidated payment to cover pilotage, entering dues, use of tugs, and bill of health granted by day. It has been calculated that a vessel of 2,400 tons nett pays at present about Rs. 195 under the various heads. The proposed fee is therefore a substantial reduction on the present charges, and it is anticipated that it will attract many vessels to the port of Colombo for purposes of coaling which would otherwise resort to the port of Sabang or elsewhere. I have approved this proposal, and in calculating the increased revenue on entering dues allowance has been made for these reduced fees.

Thirdly, we have decided that in future, *i.e.*, from the 1st January, 1909, no charge shall be made for the use of the tugs. For this suggestion also I am indebted to the Harbour Board. The loss entailed by making no charge for the use of the tugs would be some Rs. 17,820 on the basis of the receipts on that account for 1906, but it will tend to make the port more popular.

Lastly, the import warehouse rent for manure is to be raised from 25 cents to 50 cents per ton. There is good reason for levying a higher rent on manure, inasmuch as special accommodation has had to be provided at considerable expense for storage ; and manure, in my opinion, is not at present sufficiently taxed. The additional revenue from this source is estimated at Rs. 11,000 a year.

These are the only changes which it is proposed to introduce. The Commissioners suggested several other sources from which small amounts of increased revenue might be obtained, and they also drew attention to the fact that coal pays no import harbour dues. It would, however, be impolitic to take any step which might endanger the popularity of Colombo in its competition with other coaling ports; and it did not seem worth while to adopt the other proposals, which would have increased the revenue only to a very small extent.

From a statement furnished by the Treasurer of revenue and expenditure on account of the harbour, it appears that the deficit last year was Rs. 90,472. It will be seen that the nett result of the sanctioned proposals is that the additional income will more than cover that deficit. The Secretary of State has approved the proposals, and it is proposed to bring the revised rates into operation on the 1st January, 1909.

LEPER ASYLUM, HENDALA.

In the early part of this year it transpired, through a report of the Principal Civil Medical Officer, that the state of affairs at the Leper Asylum was by no means all that it should be. It was admitted that owing to the asylum being surrounded only by a low wall, and the existence within the premises of a church and a dispensary to which the general public had access, communication was possible between the villagers and the lepers. I have given orders, therefore, that provision shall be made in the Estimates of next year for raising the boundary wall and erecting an unclimbable iron fence on the west and river side of the institution, and also for provision of a separate dispensary outside the asylum, while orders have also been given that no outsiders must be allowed to attend the church within the premises.

Another phase in the administration of the asylum seemed to me to call for attention. Although the regulations provide for visitors, there is no definition as to who the visitors should be. I was informed that in practice they were the Principal Civil Medical Officer, the Assistant Principal Civil Medical Officer, and the Provincial Surgeon, Western Province, that is to say, there were no extra-departmental, much less unofficial, visitors. I decided therefore to instruct the Government Agent, Western Province, to inspect the institution once every six months, and at the same time I asked the members of this Council who represent the various native communities whether they would wish to visit Hendala once a year to satisfy themselves as to the treatment of the patients and as to the general good order of the asylum. I am glad to say that, with one exception, all accepted the offer.

More recently Sir Allan Perry has represented the desirability of raising the status of the post of Superintendent of the Leper Asylum to that of Provincial Surgeon, and of giving him a qualified medical assistant. The daily average number of patients is 325, and it is clear that the officer in charge should be a senior medical officer with special qualifications, and also that he should be given some trained professional help. Lepers are a notoriously difficult class to manage, and the difficulty will be increased when more rigid discipline, which is certainly necessary, is enforced. It is proposed to add a Medical Officer of Grade III. to the Principal Civil Medical Officer's establishment to permit of the necessary assistance being given, and I trust that you will agree to this strengthening of the staff. It will, I believe, in conjunction with the other measures which I have just explained, have a salutary effect in securing that the all-important isolation of the lepers shall be a reality and not a sham.

INCREASE OF PAY TO PEONS IN COLOMBO.

Shortly after my arrival last year I received a large number of memorials from the peons of the various Departments in Colombo representing that they were paid much less than peons employed by the Colombo Municipality, which had recently adopted an incremental scale of pay.

It will be within your recollection that among the various "Salary Schemes" for Government servants which were introduced during my predecessor's régime, a 10 per cent. increase of salary was given to those peons throughout the Island who had completed five years' satisfactory service. This amelioration of peons' pay was, as I have said, general for the Island, and, like all the other schemes, allowed no special relief to Government servants in Colombo. On receiving the peons' memorials I was struck by the considerably more liberal scale on which peons were paid by the Municipality, and also by the extraordinary diversity in the rates of peons' pay in the different Government offices. Accordingly I decided to appoint a Committee consisting of Mr. Crawford, the Controller of Revenue, and Mr. Brodhurst, the Acting Treasurer, to inquire into the whole question of the rates of pay of peons in Colombo. The Committee have reported that the existing rates are not only less than those paid by the Municipality, but, as far as can be gathered, are, generally speaking, lower than those prevailing in domestic service. On the other hand, the Government peon has the no small advantage of becoming eligible for a long service allowance of Rs. 5 per mensem after twenty-five years' service, while his hours of work are easy compared with those of domestic servants. Taking all the circumstances into consideration, the Committee have recommended the adoption of a uniform incremental scale of pay, rising from a minimum of Rs. 12 per mensem by quinquennial increments of Rs. 2 per mensem—conditional, of course, on good service—to a maximum of Rs. 20 per mensem.

I think this proposal is a reasonable and satisfactory solution of the question. The initial cost is roughly estimated at Rs. 3,000, and I trust that you will agree to the necessary provision being made in the Estimates of next year.

REGISTRATION OF PATENTS.

By the new Patents Ordinance, which was passed in 1906, it was enacted that there were henceforth to be two officers, designated the Registrar and Examiner of Patents, who were to take the place of the Colonial Secretary and the Official Referee under the old Ordinances. On the advice of the Attorney-General, Sir Henry Blake appointed the Surveyor-General (who had been the Official Referee) to be Registrar; but when this was reported to the Secretary of State, Lord Elgin objected, very rightly in my opinion, on the ground that there was no sufficient justification for adding to the already congested work of the Survey Department. I have therefore, with the approval of the Secretary of State, entrusted the duties both of Registrar and Examiner to the Superintendent of the Technical College, and this arrangement is now in force. The despatches on the subject have been printed and will be laid on the table.

Before leaving this subject, I desire to acknowledge the excellent services of Mr. H. O. Barnard, who for many years ably performed, on behalf of the Surveyor-General, the actual duties of Referee under the old Ordinance, and whose assistance in drafting the new Act was invaluable.

ACCEPTANCE OF PRESENTS BY PUBLIC OFFICERS.

I have frequently noticed in the newspapers reports of functions where public officers upon transfer from one station to another or upon other occasions have accepted presents in the shape of purses of money, &c., which cannot be classed as the gifts of personal friends. This pernicious practice, which I regret to say appears to be common in Ceylon, is distinctly prohibited by the Colonial Office Regulations, and I have given orders that the attention of all officers shall be drawn to the regulations, and that they shall be warned that the practice cannot be allowed to continue.

CONDUCT OF PUBLIC BUSINESS.

You will remember, Gentlemen, that in the course of my reply to your first address to me in this Council, on assuming the Government of the Colony, I expressed the desire to curtail circumlocution and red tape, and to invest the important officers of Government with more direct responsibility, especially in respect to routine and details. I was glad to find on arrival that Mr. Clifford had already taken the preliminary steps towards framing a general minute calculated to bring about a diminution of the volume of incomplete correspondence, which it had hitherto been customary to allow to flow unchecked into the Colonial Secretary's Office. Consequently, within a few months we were able to publish a set of rules designed, in the words of the covering minute, "to diminish as far as possible the volume of correspondence which at present is addressed to Government prematurely or without any useful purpose being served thereby."

The rules, which I have directed shall be laid before you, are for the most part of small importance in themselves, but perhaps this very fact is the most significant evidence of the over-centralization which previously existed. The Colonial Secretary's Office, which has assuredly sufficient work of real importance and urgency to absorb its whole time and energy, was repeatedly used as a post office for communications between Departments, and a large amount of unnecessary routine work was thus thrown upon it. The rules, by prescribing that with certain well-defined exceptions Heads of Departments should correspond freely direct with each other, and by describing the "channels" through which papers requiring orders from Government should ordinarily reach the Secretariat, have had an appreciable effect in securing that correspondence reaches the Colonial Secretary in a state which admits of final orders being generally given without further reference.

The other main object of the rules is to invest Heads of Departments with more responsibility in routine matters of transfer, promotion, leave, and so on. As an example, Heads of Departments are now allowed to grant full pay leave to their subordinates up to six weeks in one year, instead of one month. Previously six weeks' leave was only allowed with the sanction of the Governor. Applications in respect of the intervening two weeks were necessarily of frequent occurrence in a large Colony like Ceylon, and, also necessarily, were dealt with practically invariably in accordance with the recommendations of the Head of the Department concerned. In the same way I have, with the cordial approval of the Secretary of State, given Heads of Departments a free hand in the matter of ordinary promotions and transfers of all but senior officers, and have authorized them to withhold increments of salary in the case of officers who have not deserved them.

At the same time due safeguards have been retained. For promotions which are made out of seniority or which involve the filling up of "special" posts the authority of the Governor has still to be obtained, and all promotions or stoppages of increment have to be reported, so that the Governor still exercises a very wide supervision and, I need hardly say, remains ultimately responsible.

I hope, as time goes on, to be able to effect still further reforms in the way of decentralization and the curtailment of circumlocution.

GENERAL ORDERS.

Another reform in a matter of office routine is now being pushed forward. On assuming the administration I found that there was no volume of "General Orders" of Government such as are to be found in other Colonies, but that the Standing Instructions on such subjects as Correspondence, Leave, Travelling, Land, &c., were scattered about in an extraordinary profusion of minutes, notifications, circulars, and letters. I need not dilate on the confusion that such a haphazard system entails. No index exists, and consequently reference is not only difficult, but practically impossible for a new comer. The natural result has followed: orders imperfectly known are imperfectly obeyed. I am glad to say that the defect is now being remedied, and a code is being framed, which will include as far as practicable all existing rules which it is desirable to retain.

As soon as the codification is complete, all the existing circulars and minutes will be cancelled, and the codified rules published in a properly indexed volume of "General Orders" arranged in convenient chapters, with each instruction consecutively numbered. As amendments or additions are issued from time to time, they will be communicated by means of slips to be inserted in the volume. In this way the Standing Orders of Government on any subject will always be available in a convenient and compact form. I hope, therefore, that the publication of this volume will materially aid in the more speedy, orderly, and efficient discharge of public business.

NEW TRAVELLING REGULATIONS.

Special care has been devoted to the chapter in the "General Orders" on Travelling Regulations. The existing Travelling Minute has been found by constant experience to be not only very incomplete, but in many points obscure, and not seldom inequitable in its incidence. Many orders and instructions are recorded only in circulars, while the rulings on a number of ambiguous points are known only to the Audit Office. Accordingly Mr. Clifford, when administering the Government last year, appointed a small Committee to revise and consolidate all the minutes, circulars, and precedents. The revision, and the necessity for close scrutiny of the Committee's recommendations, has, as might be expected, involved very onerous work, and it was only last month that the Secretary of State's approval of the new regulations was received.

The new regulations have been divided up into several convenient sections dealing, *e.g.*, with transport expenses, horse allowances, change of stations, travelling by motor, and so on, while a complete alphabetical schedule of rates of subsistence allowance has been inserted. It would be tedious to detail here any of the changes made in the regulations themselves, but the general principles which the Committee have kept in view may be stated as follows:—

- (i.) Travelling allowances are assigned to meet the reasonable cost of travelling actually performed on the Public Service; they are not intended to be in any way an addition to an officer's personal emoluments.
- (ii.) An officer is entitled to (a) a subsistence allowance to cover any extra expense he may incur owing to his enforced absence from home on public duty; and (b) a reasonable allowance to cover the cost of such transport as is justified by the officer's position and the general circumstances of the case.
- (iii.) A fixed scale of allowances is preferable to a reimbursement of actual expenses involving the unsatisfactory system of under receipts.

It will be found, I believe, that the observance in the new regulations of the second of these principles—*i.e.*, the recognition of the fact that an officer is entitled both to transport and subsistence allowance—will obviate much of the hardship which has not infrequently occurred under the existing minute.

I am advised that the new regulations will not cause any material difference in the expenditure on travelling, and in point of fact the actual changes are few and for the most part simple, the aim of the revisers being rather to effect a more orderly re-arrangement of existing rules than to introduce new matter.

In this connection I may inform you that I have recommended to the Secretary of State the provision of several more Government motor cars to expedite tours of inspection and travelling generally. As soon as Lord Crewe replies, the correspondence, including the report of a Committee which I appointed to consider the question, will be laid before you.

CODE OF FINANCIAL INSTRUCTIONS.

Probably the most important part of the "General Orders"—and one which will in fact form a separate volume—will be that dealing with financial matters. In spite of, or, perhaps I should rather say as the result of, the sustained efforts that have been made during the last few years to set our financial house in order, the instructions issued to Departments have been as bewildering as they have been numerous. Indeed, in no branch of the administration has the want of a code of orders been so acutely felt or has had such unfortunate effects as in the matter of accounts.

The reports on the very first Kachcheries inspected by the Colonial Auditor after his assumption of duties last year revealed so marked a want of uniformity that I deemed it imperative to appoint a Committee, consisting of the Controller of Revenue, the Acting Treasurer, and the Colonial Auditor, to devise some means of rectifying such an unsatisfactory state of affairs. The Committee visited the seven principal Kachcheries in the Island, and in January last submitted a thorough and comprehensive report, from which I may quote the following extracts:—

“We have found that uniformity in the method of accounting for revenue and expenditure is wanting in the different Agencies, the forms used and methods employed being varied. We consider it of the first importance that absolute uniformity of system should be introduced, and for this purpose we have framed and now submit a code of regulations for the guidance of officers responsible for the keeping of Kachcheri accounts. These regulations define the particular books and forms of account to be used and the method in which they are to be kept, and officers are instructed that accounts must be kept in the form recommended, and in no other. Further, that no books beyond those mentioned should be opened, except with the special authority of the Government.

“The responsibilities and duties of Government Agents and Assistant Government Agents in connection with their financial work are more clearly defined than hitherto, and various other points are touched upon in these regulations in connection with the accounts of the Agencies and Assistant Agencies.

“The objects the Committee have had in view in framing these regulations have been the following:—

“(a) Simplicity and uniformity in the accounts.

“(b) Reduction in the number of books and forms kept, having due regard to efficiency and check.

“(c) Adherence as far as possible to existing books and forms.”

Before, however, approving the Committee's recommendations, I desired to arrive at a final solution of the very long outstanding question of the general financial instructions for Ceylon officers.

So long ago as 1899 the Colonial Office sent out to the various Colonies a model set of instructions for the guidance of Financial and Accounting Officers in the Colonial Service. For a variety of reasons, into which I need not now enter, no serious attempt to adapt these to Ceylon was made until the arrival of Mr. Nicolle in 1904. Correspondence then ensued with the Secretary of State on points of detail, and it was ultimately decided to defer any decision till Mr. Nicolle had been home and could confer with the officials there. In the meantime the Colonial Office had appointed a Committee to revise the model instructions of 1899; Mr. Nicolle when on leave last year was invited to confer with this Committee, and I have this year received from Lord Elgin the result of their labours.

You will understand that the revised instructions received deal only with broad principles of Colonial finance and accounting which apply more or less generally to all Colonies. It remains therefore, first, to adapt these general regulations to local circumstances; and secondly, to frame a supplementary set of purely local regulations. To compile the necessary volume, in which will be incorporated the main recommendations of the Kachcheri Accounts Committee, I have appointed a Committee, consisting of the Treasurer and his Assistant, the Colonial Auditor and his Assistant, and a representative of the Colonial Secretary's Office; and these gentlemen are now engaged on their laborious task.

Pending the issue of the comprehensive financial instructions which I have just adumbrated, I caused a short set of Provisional Financial Instructions, based on the model of 1899, to be drawn up; these were circulated last October with a view to familiarizing the Departments with the general principles which will be elaborated in the forthcoming volume. On the whole, these temporary instructions have, I believe, worked well, considering that they were the first attempt in Ceylon at anything of the kind, while their provisional publication has served a useful purpose in indicating points where modification is desirable.

I may take this opportunity of foreshadowing an important change, which will probably be the outcome, sooner or later, of the new regulations. The system which prevails here of each Department practically acting as its own paymaster is severely condemned by the Colonial Auditor, is admittedly productive of much unnecessary duplication of accounts, and is opposed to the main principles of the Colonial Regulations. It will, I hope, be found possible to confine the vast majority of payments in future to the Treasurer and his principal Sub-Accountants, *i.e.*, the Government Agents and Assistant Government Agents—a course which will not only confine pecuniary responsibilities within a much smaller radius, but will leave technical departments more opportunity for their legitimate work.

EXAMINATIONS IN GENERAL ORDERS.

As a corollary to the compilation of these volumes of “General Orders” and “Financial Instructions,” it will probably be found desirable to prescribe the volumes as subjects in the periodical examinations for Cadets and junior Civil Servants. This course is followed with advantage in the Strait Settlements and it is, I think, even more necessary in a highly organized Colony like Ceylon.

At present "Government Accounts" form a rather vague subject in the examination, but there is no text book or code containing the necessary information, and the "General Orders" and "Financial Instructions" will be at once more definite and intelligible.

EXAMINATIONS FOR THE CLERICAL SERVICE.

During the administration of my predecessor an important innovation was introduced into the scheme of the general Clerical Service. In the old days, when members of that Service had once passed the competitive entrance examination, in which the vernacular languages were optional subjects, they were not obliged, like officers in the Civil Service, to pass any further departmental examination as a condition of promotion. There was therefore no stimulus to cause clerks to qualify themselves thoroughly in languages and the system of Government accounts, and the number who voluntarily took the trouble to do so was, not unnaturally, limited. Consequently, whenever a vacancy had to be filled where it was essential that the holder of the post should possess special aptitude in interpretation or accounts, it was frequently a matter of considerable difficulty to find a qualified officer. The dearth of accounting clerks was particularly noticeable.

In these circumstances, Sir Henry Blake ordered (a) that every native clerk appointed on or after the 1st January, 1906, should pass an examination in one of the vernacular languages and in accounts, or in both vernaculars, within three years of his entrance into the Service; (b) that if he should fail to pass within that period, his increments and promotion should be stopped; and (c) that on further failure to pass within six years Government should have the power summarily to dispense with his services.

Experience has shown, however, that these provisions—comparatively stringent as they may appear—have proved inadequate to meet the situation. Under Sir Henry Blake's scheme native clerks were allowed the option of passing in both vernacular languages or in one language and accounts, only Burghers being unconditionally required to pass in accounts. The result has been that many native clerks have preferred to take the languages option, and the want of accounting clerks therefore still continues.

After careful consideration and consultation with my Executive Council, I have decided (1) to make elementary book-keeping a compulsory subject in the open competitive examination for entrance to Class III.; (2) to make a pass in the vernacular languages and accounts a condition precedent to promotion to Class II. in the case of all clerks appointed from or after January 1, 1909; and (3) from all clerks appointed from or after that date to require in addition a pass in a higher standard of book-keeping as a condition of such promotion.

I have, I confess, considerable sympathy with the difficulty experienced both by Civil Servants and clerks in acquiring a knowledge of Government accounts, as there has hitherto been no Financial Code in existence; but with the promulgation of the "General Orders" and the "Code of Financial Instructions," to which I have already alluded, I trust this disability will be removed. I have given instructions that the examination in accounts is to be of a practical nature, *i.e.*, on such points as an officer meets with in the ordinary course of his official duties. The question papers will be set by, or under the direction of, the Treasurer, *i.e.*, the principal financial officer in the Colony.

SHORTHAND REPORTER FOR THE LEGISLATIVE COUNCIL AND THE SECRETARIAT.

For over thirty-six years the official reports of the debates of this Council have been entrusted to the *Ceylon Observer* newspaper, and I feel sure that I shall only be voicing the general opinion when I say that the Government owes no small debt to the proprietors of that journal for its valuable services in the matter. The "Hansard" so produced—on very modest terms of remuneration—has been an accurate and carefully compiled publication, and I should have been unwilling to disturb the arrangement if reports of Council meetings only were required.

But apart from the question of reporting the full meetings of Council, it has often been found very inconvenient that no means are at the disposal of the Government whereby a verbatim report of the proceedings of a Sub-Committee, or of an important Commission or Committee, or of what is said at some interview of moment, can be immediately and correctly reported beyond the possibility of error. I decided, therefore, to ask the Secretary of State's sanction to the appointment of a competent shorthand writer to be attached to the office of the Colonial Secretary.

Lord Elgin having signified his approval, and this Council having voted the necessary funds, a fully qualified shorthand writer was appointed from the Colonial Office in February of this year. In addition to the miscellaneous duties I have indicated, this gentleman will in future be responsible for the official reporting of the meetings of this Council and for the compilation of the "Hansard," which will in future be printed at the Government Printing Office. The opportunity will also be taken for the form of "Hansard" to be altered to a more convenient size, while the debates will be printed in larger type than has been possible under the old arrangement. Moreover, it is proposed in future to place at the disposal of members corrected reports of each meeting, as the Session proceeds, so that each member will within a comparatively short time after each meeting, have in his hands the exact report of what was said at that meeting.

REVISION OF STANDING ORDERS OF THE COUNCIL.

As President of this Council I have had occasion to notice that your Standing Orders require revision in order to bring them into conformity with present practice and to prevent unnecessary waste of time. The present Standing Orders were framed no less than thirty-one years ago by a Committee consisting of the Colonial Secretary, the Attorney-General, the Auditor-General, and two Unofficial Members, and it speaks well for the thoroughness of their labours that the orders still remain comparatively suitable to modern requirements. There are, however, a number of points in which improvement is possible. It is desirable, for instance, to insert a provision that our minutes may be circulated before each meeting so as to obviate the necessity for their being read. It is also necessary to add an order legalizing the very reasonable practice of reading in Committee only the marginal notes of Bills where the Council so agrees, and when the Bill, as usually is the case, has been fully considered by a Sub-Committee.

The pressure of other business has so far prevented the revision being taken up, but with your consent I propose shortly to appoint a Select Committee for the purpose, and I trust that they will be able to formulate a revised set of orders which shall stand the test of time as successfully as those framed by their predecessors.

BLUE BOOK AND ADMINISTRATION REPORTS.

I have recently received from the Secretary of State a circular despatch on the subject of the reports on the annual Blue Book. These reports, I may explain, though no doubt of interest locally, are primarily intended to be laid before the Imperial Parliament and to be read and circulated in the United Kingdom, the design being, in the words of a despatch by Lord Ripon in 1894, to present "in a succinct and readable shape such material information regarding the financial position of the Colony, its industries and commerce, and the condition of the people, as would be likely to interest the large and increasing number of persons in this country who desire to inform themselves on Colonial questions." In a despatch of 1899 Mr. Chamberlain forwarded an outline of a model Blue Book report, dealing with such subjects as Finance, Trade, Agriculture and Industries, Legislature, Education, Judicial and Vital Statistics, and so on. In the endeavour to follow this model in framing the reports on the Blue Book of a Colony of the size of Ceylon, it has been difficult to prevent the reports from extending to a rather serious length. The circular to which I have referred draws attention to the desirability of omitting all matter which may not be strictly necessary for the purpose for which the reports are intended. It is also proposed in future to include in each report a small sketch map of the Colony, showing the chief administrative divisions, the railways and telegraphs, the principal towns and rivers, and any special detail required to illustrate the particular report. This will no doubt increase the usefulness of the reports to the general reader. As the despatches on this subject will probably be of general interest, I have ordered that they shall be laid before you.

In this connection I may mention that I have given orders that the annual departmental administration reports are in future to be more nearly what their name implies; that is to say, that they shall be not mere blue books of figures, but concise reports conveying information in a form which will be as intelligible and interesting to the general reader as the subject may permit. One has only to turn to some of the recent massive volumes of Ceylon Administration Reports to see that they are unnecessarily bulky and contain much redundant matter. I therefore asked the Kacheheri Accounts Committee to look into the question and advise whether some of the information now published could not be omitted or curtailed. The Committee consulted the various Departments, and as a result it has been found possible to eliminate many of the elaborate tables which have hitherto swelled the volumes without serving any really practical purpose. As tabular statements are not only troublesome but expensive to print, the action taken in this matter will, I hope, make future Administration Reports more readable, and will also effect an appreciable economy both of time and money in the Government Printing Office.

PETITIONS.

No inconsiderable portion of the papers which come before the Governor of this Colony consists of petitions on every conceivable subject. I have made it a point to devote close personal attention to these documents, which, however troublesome, are a valuable safety valve for the ventilation of grievances. Too many of them are, however, I regret to say, clearly malicious and libellous, and I have had under consideration a proposal to provide by law for the registration of petition drawers. After consulting the Government Agents and the Executive Council, I have decided not to proceed with the suggested legislation. On the one hand, it would be difficult to frame and to administer such an Ordinance without the risk of unduly restricting communication between the governed and Government; while, on the other hand, there appears scant reason to anticipate that registration of petition drawers would either reduce the number of petitions or prevent the presentation of anonymous, pseudonymous, and scurrilous libels.

As to genuine petitions, the fact that the number addressed to the Governor averages about 4,000 a year is some indication that petitioners too often appeal to Government prematurely, i.e., before

they have first sought redress at the hands of the Head of the Department immediately concerned. I have therefore caused a few simple rules to be drawn up and widely published, and in a minute promulgating the rules I have thus stated their object :—

“The rules are not intended in any way to interfere with that right of appeal to His Majesty's representative which is open to all His Majesty's subjects, but they have been framed on the general principle that application to the Governor is to be in all cases the means of redress which, while open to all, is the one that should be the last used, and it is for petitioners to show, when they apply to the Governor, that they have exhausted all other constitutional means of obtaining satisfaction.”

I have every hope that when the people are accustomed to resort, in the first instance, to the Department immediately concerned, they will find that genuine grievances are by this course more speedily and economically redressed.

HONOURS.

The following gentlemen have received recognition of their services at the hands of His Majesty the King :—Mr. P. D. Warren was made a Companion of the Order of Saint Michael and Saint George ; Mr. J. E. Christoffelsz was made a Member of the Imperial Service Order.

MISCELLANEOUS.

His Majesty the King of Siam honoured the Colony with a short visit in November last. Ceylon also received the honour of a visit from Her Majesty the Empress Eugénie at the commencement of this year. Her Majesty, who arrived in January, remained in the Colony for nearly three months, spending the greater portion of the time at Kandy, where I had placed the King's Pavilion at her disposal.

LEGISLATION.

Owing to the length of time that has elapsed since last the Council met the number of Bills for our consideration is extensive, and I can only briefly indicate the more important measures.

In view of the extension of rubber cultivation and the necessity of protecting this product from marauders, an Ordinance, based on “The Cocoa Thefts Prevention Ordinance, 1904,” will be laid before you for preventing thefts of rubber.

A measure will be introduced regulating the taxation of motor cars and mechanically propelled vehicles on a uniform scale based on the weight of the vehicle.

The frequent recurrence of crimes committed with firearms has necessitated a revision of the Firearms Ordinance, with the object of removing certain defects in the existing Ordinance, and of enabling the Governor, in certain cases, to cancel or suspend licenses to possess firearms.

You will be invited to replace the existing Ordinance relating to stamps by a less cumbersome enactment based on Imperial and Indian legislation, which it is hoped will be better suited to modern business requirements.

As a result of the report of the Commission which lately inquired into the opium question, a Bill will be laid before you for placing the importation, distribution, and sale of opium under the direct control of the Government, and for restricting the consumption of this drug.

In view of cases which have occurred of natives of Ceylon having been employed in shows and spectacular displays outside the Island, and then left without means to return to their homes, a Bill will be introduced imposing more stringent conditions on the employers of such persons, and requiring them to give security for the repatriation of the persons employed by them without charge to the public.

The absence of a Copyright Ordinance in Ceylon has frequently been a subject of comment. With the object of removing this defect an Ordinance will be introduced for the registration of copyright in literary and artistic work, so as to give such works protection similar to that afforded by the Imperial Copyright Acts.

With the object of encouraging service in the Volunteer Corps of the Island, an amendment of the Criminal Procedure Code will be submitted to you, which will empower the Governor to exempt from service as jurors volunteers who have attended a camp of exercise for a prescribed period and attained a prescribed standard of efficiency. The same Bill will also include provision for giving station house officers powers, as regards the investigation of crime, similar to those now possessed by Inquirers.

An Ordinance will be introduced with the object of re-casting our postal legislation into a more practical form and of bringing it into line with modern postal developments.

The telegraph service of the Island, which has hitherto been regulated by “The Ceylon Postal and Telegraph Ordinance, 1892,” has been made the subject of a separate Ordinance based on the corresponding enactment in British India.

The Legislative programme will also include the following measures :—

An Ordinance to amend “The Jaffna Markets Ordinance, 1891.”

An Ordinance to amend “The Land Acquisition Ordinance, 1876,” in certain particulars.

- An Ordinance to amend "The Loan Board Ordinance, 1865."
- An Ordinance to amend in certain particulars the Ordinances relating to the General Regulation of Customs.
- An Ordinance to incorporate the American Ceylon Mission.
- An Ordinance to amend Ordinance No. 15 of 1889, intituled "An Ordinance relating to Land Surveyors, Auctioneers, and Brokers."
- An Ordinance to amend "The Habitual Criminals' and Licensed Convicts' Ordinance, 1899."
- An Ordinance to incorporate the Ceylon Government Railway Benefit Association.
- An Ordinance to amend "The Land Registration Ordinance, 1891."
- An Ordinance to amend in certain particulars the Police Ordinance, No. 16 of 1865.
- An Ordinance to provide for the regulation and management of the Graving Dock and Patent Slip at the Port of Colombo.
- An Ordinance to invest in the Church Missionary Trust Association property held by, or in trust for, the Church Missionary Society for Africa and the East.
- An Ordinance to amend in certain particulars "The Trade Marks Ordinance, 1888."
- An Ordinance to prevent the removal of sand, stone, coral, and other substances from the seashore in certain places.
- An Ordinance to establish in Ceylon a Public Officers' Security Fund.
- An Ordinance to regulate the traffic in dried meat.
- An Ordinance to define the rates and contributions leviable in respect of the maintenance of certain Irrigation Works in the North-Central Province, and of the payment of interest on the cost of constructing the works.
- An Ordinance to amend in certain particulars Ordinance No. 10 of 1844, intituled "An Ordinance to amend the Law relating to the Distillation and Sale of Arrack, Rum, and Toddy within these Settlements."
- An Ordinance to amend "The Vehicles Ordinance, 1901."
- An Ordinance to amend Ordinance No. 5 of 1890, relating to mines of gold, silver, and precious stones in lands other than Crown property.
- An Ordinance to amend "The Plant Pests Ordinance, 1907."
- An Ordinance to simplify the form of grants of Crown lands.
- An Ordinance to amend "The Small Towns Sanitary Ordinance, 1892."
- An Ordinance to amend "The Fiscals' Ordinance, 1867."
- An Ordinance to provide for the publication of a revised edition of the Legislative Enactments of this Island.
- An Ordinance to amend "The Mines and Machinery Protection Ordinance, 1896."
- An Ordinance to repeal so much of "The Sugar Convention Ordinance, 1903," as imposes a special duty on sugar imported from certain foreign countries.
- An Ordinance to amend the law relating to the Matrimonial Rights of the Tamils who are now governed by the "Tesawalamai" with regard to property and the Law of Inheritance.
- An Ordinance to make better provision for the regulation of certain dairies and laundries situated outside the Municipal limits of Colombo.
- An Ordinance to amend the law relating to the boundaries of Crown lands.
- An Ordinance for the better protection of hotel-keepers and others against frauds.
- An Ordinance to exempt coal and liquid fuel from the harbour dues payable at the port of Colombo.
- An Ordinance to make provision for the performance of the statutory duties which were attached to the offices of the Auditor-General and Assistant Auditor-General.
- An Ordinance for the registration of chemists and druggists, and amendment of the law regarding the sale of poisons.
- An Ordinance to revise and consolidate the Ordinances relating to the protection of game, fish, wild beasts, and birds.

I commend the various measures which I have enumerated to your careful consideration, in the earnest hope that under the Divine guidance your labours will conduce to the safety, well-being, and advancement of this Colony.