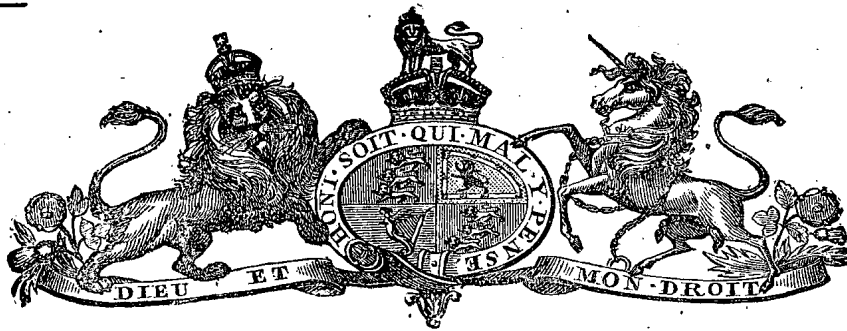


REGISTERED.



Ceylon Government Gazette

EXTRAORDINARY.

Published by Authority.

No. 6,266 — WEDNESDAY, OCTOBER 14, 1908.

LEGISLATIVE COUNCIL, CEYLON.

SUPPLEMENTARY ADDRESS OF HIS EXCELLENCY SIR HENRY E. MCCALLUM, G.C.M.G., A.D.C.,
TO THE LEGISLATIVE COUNCIL, OCTOBER 14, 1908.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL,

IN the Address with which I opened the present Session I explained to you that the Secretary of State was unable to reply before the end of September to my despatches relative to the many services which I had proposed should be charged to loan and to surplus balances. As those services affected nearly all the departments of the Government, I confined my remarks on that occasion to the reforms made in the administration of the Colony during the previous twelve months and to the legislative measures which would be laid before you. At the same time I promised to supplement those remarks by a more comprehensive Address as soon as the necessary reply had been received from the Secretary of State.

I now lay before you the whole correspondence, from which you will observe that, subject to your examination and consideration, His Lordship has been pleased to approve of practically my entire programme, modifying, however, in a few instances the incidence of payment. It will be noted by you that the programme is most comprehensive and varied, affecting all classes of the community. It is one which, with your support and assistance, will, I feel confident, add immensely to the prosperity of this Colony and the well-being of its inhabitants. It is, of course, in addition to the provision for other works and services which you will be asked to make in the usual annual Supply Bills as chargeable to current revenue. The selection of items has required on my part the exercise of much care and attention. They may be grouped under the general headings of communications, development, health, institutions, and social advancement. The available resources being but limited, I deemed it imperative that they should be expended in as general a manner as possible, and that under none of these headings should the proposed appropriation be inordinate. If any particular heading may be said to be somewhat favoured, it is that of communications—services connected with roads and railways—to which an appropriation of about two-fifths of the whole has been assigned. In exercising a limited discrimination in this direction, however, I know that I shall receive encouragement at your hands, and that you will each year cheerfully vote whatever sums may be required to keep fully employed the machinery which is at our disposal to carry out the different services as rapidly as possible.

Such being the broad policy, and with the funds at our command, it followed that aspiration and ideal had to be studiously deleted, and that the programme of extraordinary services had to be based on practical businesslike principles such as would commend them to the Secretary of State before submission to this Council. After due examination and investigation, some undertakings which I should much have liked to have dealt with under other circumstances had perforce to stand aside, either on account of heavy and incommensurate expense, prematureness, or present-time inexpediency.

I do not propose to take up your time by discussing in detail the various services comprised in the programme. My despatches on the subject describe them so fully that it would only be going over the same ground again. Where it may be necessary or desirable to do so, reference will be made to them when dealing in this Address with the particular departments with which they are immediately connected. You may be assured, however, that if you desire further particulars of any item, the Government will be only too ready to place all the information which they have at your disposal.

As regards financial proposals, you will observe from the correspondence that I proposed to the Secretary of State to charge Rs. 10,490,314 to surplus balances and Rs. 58,519,080 to loan funds, making Rs. 69,009,394 in all. The loan items were subsequently revised to Rs. 58,739,080, so as to provide for Government workshops at the Graving Dock, a matter which is still under consideration of the Secretary of State. In round figures, the total expenditure proposed by me amounted to sixty-nine million rupees.

You will also observe that whilst His Lordship has approved of practically all the items, he has modified the incidence of payment, transferring certain services—including future irrigation projects—to current revenue, and others from loan to surplus balances, with the result that under his instructions it is proposed to charge Rs. 50,414,000 to loan and Rs. 16,905,634 to surplus balances, a total of Rs. 67,319,634, or, in round figures, sixty-seven and a half millions. If he is pleased to approve of the Dock workshops, you will be asked to provide an additional sum to that already proposed to be allocated to surplus balances. The detailed estimates of the Mannar Railway, which have been lately received from the Engineers, also show an excess of Rs. 1,138,800 on the approximate estimate upon which calculations have been based, chiefly because it has since been determined to lay an 80 lb. rail instead of a 46½ lb. rail. I have lately been in telegraphic communication with the Secretary of State in respect of this excess. He has approved of it, and of the introduction of a Loan Bill for a total amount of Rs. 51,552,800 instead of Rs. 50,414,000.

You will observe that approval by the Secretary of State to the large expenditure which will be submitted to you has been made contingent upon the investment of two million rupees in securities of the highest class, and that this sum has been provided as one of the items. This is in accordance with the policy originally enunciated by Lord Elgin, and which did not find favour in this Council. The sum now indicated to be invested is very small compared with that which it is proposed to expend, and I commend it therefore to your favourable consideration, as the prospect of such investment, though not large, will tend to strengthen the already high credit of the Colony when the proper moment arrives to invite the public to subscribe to the proposed loan.

With these preliminary remarks and this broad statement of policy let me now refer to matters which may interest you in connection with the different Government Departments, and which would in the ordinary course of things have been included in the Address with which I opened this Session. In doing so, I will not on this occasion burden you with an array of figures and statistics. To those who are interested in such matters ample materials (either existing in the form of tables or otherwise readily worked out) can be found in the Blue Books and in annual Administration Reports which are to be found on this table.

FINANCE.

The surplus fund of the Colony on the 1st January, 1907, was Rs. 11,615,364, made up as follows: excess of assets over liabilities, Rs. 5,154,627; advances to loan account from balances, Rs. 6,460,737; total, Rs. 11,615,364.

The ordinary revenue for 1907, exclusive of Land Sales, exceeded the estimate by Rs. 2,199,754, and Rs. 574,071 more was realized for Land Sales than was anticipated, so that altogether the revenue exceeded the estimate by Rs. 2,773,825.

In respect to expenditure for 1907, a Supplementary Supply Bill for expenditure chargeable to votes amounting to Rs. 1,373,099 has been presented to Council, but, notwithstanding this, the ordinary expenditure for 1907 was less than the original estimate by a sum of Rs. 1,735,004.

In addition to the above, the Council was asked to vote as supplementary, sums amounting to Rs. 2,613,427 on account of advances from surplus balances expended in 1907, which will eventually be charged to loan funds. It has not been customary hitherto to ask for votes on this account, but under recent instructions this will be done in future.

The gross revenue for 1907 was Rs. 36,573,825, and the expenditure from current revenue Rs. 32,639,285, or an excess of revenue over expenditure of Rs. 3,934,540.

The surplus fund on the 1st January, 1908, was Rs. 15,922,466, made up of excess of assets over liabilities Rs. 6,848,302; advances to loan account from balances Rs. 9,074,164; total, Rs. 15,922,466.

The actual cash balances on the 1st January, 1908, were Rs. 3,327,809, in addition to which we held investments in various Government stocks which cost Rs. 5,209,162. On the same date the advances to Municipalities and other local bodies aggregated Rs. 3,857,497. The cash balances largely represent sums on account of liabilities.

The total revenue for 1908 as originally estimated was Rs. 35,600,000, and the total expenditure, apart from loan works, Rs. 36,299,435.

As regards the revenue, the first eight months disclose the sum of Rs. 22,967,795.

This shows a falling off in the proportionate amount of the estimated revenue of Rs. 765,534. The reasons for this are several, including the financial crisis of last year in America, which has affected the whole world, and the prospect up till a short time ago of a bad monsoon in India.

The principal items accountable for the shrinkage in revenue are Customs, Arrack Rents, Salt, Sale of Timber, and Land Sales. It is hoped, however, that the last months of the year will show an improvement, especially in respect of Customs, Arrack, and Salt.

Import duty on rice accounts for the greater part of the falling off in Customs revenue, and the good prospects of the monsoon in India are likely to lead to larger imports. As regards arrack, some difficulty has been experienced in collecting the sums due, but it is hoped the measures being taken will lead to an improvement.

It will be safer, however, to anticipate that the revenue will fall short of the original estimate by Rs. 936,000.

As regards expenditure, the first eight months disclose the sum of Rs. 18,512,745, or a saving of Rs. 2,661,925 on the proportionate estimate for the same period. The expenditure is usually heavier in the later months of the year than in the earlier ones, but experience goes to show that a saving on estimates of at least Rs. 1,700,000 may be looked for during the year.

In 1907 the amount brought forward for Supplementary Supply to the 30th September was Rs. 1,864,996. For the corresponding period of 1908 it is Rs. 1,631,275, but this cannot be taken as a measure of the amount to be added to the original estimates, as many items under the new financial instructions are simply transfers from sums already voted under another sub-head, and a large proportion is on account of liabilities incurred in 1907 and not discharged till 1908. In former years these were automatically charged to the votes of the year in which the money was paid, and were not brought forward for Supplementary Supply unless they actually caused an excess on the votes. Had Supplementary Supply followed the same lines as in former years it would have amounted to Rs. 880,689 only.

During the first eight months of 1908 further sums approximating Rs. 1,228,715 have been advanced for loan works, and it has been possible to do this from surplus balances.

Sums amounting in all to Rs. 4,022,976 have been advanced to date to the Municipal Council, Colombo, for drainage works, and a portion of this amount has been obtained by encroaching on cash held in respect of liabilities. We receive interest at 4 per cent. on the sums advanced.

It may be anticipated that the surplus fund in hand at the beginning of the coming year will be at least equal to that at the commencement of this year, but on the estimated revenue and expenditure, as originally taken, a reduction of seven lacs was anticipated.

Hitherto the whole expenditure, including loan works, has been met without borrowing on the market, but the time is approaching when a loan can no longer be postponed, not only to meet further charges against loan works, but to release some of the balances which have been advanced, and which will be required to meet expenditure it is proposed to charge to the surplus.

The money market has been against borrowers, but the elasticity of the revenue and the nature of the liabilities has enabled us to carry on hitherto without having recourse to a loan, and the Colony has thus been saved heavy annual charges for interest and sinking fund.

It is hoped that in the Spring of 1909 prospects as regards raising a loan will have improved, and that we shall be able to borrow at fair rates. The Crown Agents' accounts to the end of August show that we owed them about £5,000, which they had borrowed for us at 2½ per cent., and so long as the bank rate continues at 2½ per cent. we shall be able to borrow temporarily at that rate.

TRADE.

In 1907 the total value of the trade of the Colony amounted to 2,631 lacs, being 268 lacs in advance of the figures for 1906, which it must be remembered had been itself a record year.

Imports generally were satisfactory.

Of exports, tea—forming 58·7 per cent. of the total export trade—amounted to nearly 180 million lb., being an advance of 9½ million lb. on the preceding year; while the prices obtained for it were most satisfactory, averaging 41½ cents per lb. against 36 cents in 1906.

The principal feature in the tea market was the advance of 6 million lb. in the trade with Russia, the total exports to that country rising to over 19½ million lb.

So high was the price of all products of the coconut palm that their total value rose by 3 lacs, though the quantities exported fell short of those of the previous year. The total value amounted to 260 lacs, or 20·5 per cent. of our export trade.

Plumbago exports fell 51,729 cwt.; for the first half of 1907 the trade in this mineral was brisk and prices satisfactory, but during the second half demand fell away, prices dropped, and by the end of the year little or nothing was doing.

Rubber exports rose from 2,896 to 4,998 cwt.

For the first eight months of the current year the value of our trade, excluding specie, is estimated at 1,781 lacs, imports amounting to 803 lacs and exports to 978 lacs.

Imports show an increase of 7 lacs when compared with the figures of the corresponding period of 1907. There is, however, a falling off in rice, owing to the abnormal prices that have lately obtained.

The value of the exports has been well maintained, being 91 lacs in advance of the return for 1907 and 163 lacs above the figures for 1906. In plumbago alone has depression—and that very severe—been felt. With the recovery of the American market it is to be hoped that that depression will soon pass away.

Of tea, 127,532,443 lb. have been exported, showing a decrease of 602,861 lb.

The products of the coconut palm have shown general increases in the quantities exported.

Rubber has risen from 2,881 cwt. to 4,306 cwt.

SHIPPING AND HARBOUR.

Exclusive of coasting vessels and vessels calling merely for coal, 2,189 steamers, aggregating 6,169,116 tons, called at the port of Colombo in 1907, showing a decrease in numbers of 62 vessels and in tonnage of 67,742 tons.

At Galle 141 steamers, aggregating 320,641 tons (being an increase of 6 steamers and 10,608 tons), visited the port.

Of vessels calling only for coal, 433 visited Colombo and 60 Galle, showing increases of 18 and 15 vessels respectively. Compared with the year 1901, there is a falling off in this trade of 197 vessels and in tonnage of 228,749 tons, owing no doubt to keen competition at other ports. The matter is receiving consideration, and it is hoped, by making certain concessions as to dues, that steamers will again be attracted to this port.

Harbour Dues collected in 1907 amounted to Rs. 1,295,806, being the highest amount ever taken in a year, and an advance on the figures of 1906 of Rs. 11,813.

During the first eight months of 1908, exclusive of vessels calling only to coal, 1,494 steamers, with a tonnage of 4,335,012, entered the port, showing an increase in number of 62 and of tonnage of 287,720 tons, while of vessels calling to coal 297 entered the port, showing a decrease in number of 22 and a decrease in tonnage of 423 tons.

Sailing vessels showed a decrease of 9 in number and 2,318 tons in tonnage.

Harbour Dues collected at Colombo during the first eight months of 1908 amounted to Rs. 920,433, being an advance of Rs. 43,914 on the collections of 1907.

IMMIGRATION.

The figures for immigrant labourers for the three years 1905-1907 are as follows :—1905, 142,411 ; 1906, 88,675 ; 1907, 55,701.

The falling off is serious, in view especially of the fact that 1907 was not a year of prosperity in South India, and the steamer fare from Tuticorin was reduced from Rs. 3 to Re. 1.50, and later on to 75 cents.

The falling off is ascribed to increased opportunities of obtaining employment on the estates in the Western Ghats and the increased demands of the Malay States and other Colonies.

During the first eight months of 1908 60,670 estate coolies have come into the Island, while 55,342 have left it.

POST AND TELEGRAPH DEPARTMENT.

The business of the Department is progressing in every direction. The revenue for 1907 increased by Rs. 104,000 over that of 1906, being the largest increase in one year during the last decade. The expenditure exceeds the actual revenue, but the deficit is covered by the value of work done free for other Government Departments.

The revised rates under the new Postal Convention for the Imperial and foreign postage came into force on the 1st October, 1907. The loss owing to these new rates was estimated at Rs. 25,000 per annum. Notwithstanding this, the receipts from sale of postage stamps during the first eight months of 1908 have exceeded those of the same period in 1907 by over Rs. 7,000.

A general revision of the inland postal rates was carried out during 1907. The main features were the raising of the unit of weight for letters from 1 oz. to 4 oz., the reduction of rates on parcels between 1 lb. and 11 lb., the removal of the limit of weight on newspapers, and an increase in the rates for other printed matter, which has hitherto been carried at unremunerative charges. The new inland rates, which are on the lines of those in force in the United Kingdom, came into effect on the 1st January, 1908, and were extended to India from the same date.

The tappel book fee question was settled, after conference with the representatives of the Planters' Association, by the institution of locked bags free of fee for all persons living beyond the limits of a

postman's delivery. Compensation has also been authorized to those officers of the Department who were formerly in the receipt of tappa! book fees, until they are removed from those stations in the ordinary course of promotion and transfer.

Experiments are being made with the delivery of letters in Colombo by bicycle. A delivery of Indian and foreign parcels, ordinary and value-payable, which were formerly called for at the General Post Office, has been instituted in the Fort and Pettah, and experiments are now being made with the object of extending this delivery, by means of tricycles, to other parts of Colombo.

A beginning was made during 1907 of establishing a rural delivery in the neighbourhood of Colombo, and this is being further extended during the current year.

The new P. & O. mail contract, which came into force on the 1st February, 1908, has effected a reduction in the subsidy payable by Ceylon of £515 per annum, the amount payable in future being £4,852 per annum.

The motor bus imported has proved unsuitable for the conveyance of mails, and inquiries are now being made to ascertain whether a more suitable form of motor cannot be devised for work in Ceylon. The modern form of transport is the more necessary, seeing that the subsidies of the present horse coaches show a decided tendency to increase.

No less than 19,265 value-payable parcels from India were refused by the addressees and returned to the senders in 1907. This was due to the "snow ball" system of trading by post, which the Indian authorities have succeeded in checking.

The present inland telegraph rates have been revised, and will come into operation on January 1 next. The main features are the abolition of the free address, which is charged for in practically every other country, the introduction of telegraph money orders, and the abolition of the "urgent" class of telegram.

The improvement of the working of the international telegraph line between Ceylon and India has been taken in hand, and during the current year a new line of copper wire will be substituted for the old iron wire between Colombo and Anuradhapura, and its further extension to Talaimannar is under consideration.

Mr. A. H. Preece, of the firm of Preece & Cardew, Consulting Electrical Engineers, paid a visit to Ceylon in January last, and inspected the telegraph and telephone systems of the Colony. His report on the subject has already been made public.

In consequence of his recommendations it is proposed to replace the existing overhead method of construction of the Colombo telephone service by an underground system on the more congested portions of the service, and estimates for that purpose are in course of preparation. The cost is roughly estimated at Rs. 100,000.

A proposal made by Mr. Preece for the construction of telephone trunk lines between Colombo, Kandy, and Nuwara Eliya has received consideration, and estimates of the cost have been prepared. The cost, which amounts roughly to Rs. 220,000, includes a large amount of reconstruction of the existing routes, along which the trunk lines will have to be carried, and this reconstruction should materially improve both the postal telegraph and railway telegraph systems. In connection with this proposal, the question of establishing small telephone exchanges in Kandy and Nuwara Eliya has received consideration. Inquiries have been made with a view of ascertaining the probable number of subscribers in those places, and estimates of the cost of construction have been prepared.

It has been decided to assist local Planters' Associations and others who are desirous of establishing local telephone exchanges in planting districts, by the issue of telephone stores to them at reasonable rates, and by the furnishing of advice, when asked for, on methods of construction.

On the recommendation of Mr. A. H. Preece the services of Mr. Newlands, Deputy Controller of the London Telegraph Service, have been engaged by the Ceylon Government for the purpose of investigating the existing telegraph traffic methods and improving them on modern lines. Mr. Newlands is at present engaged for this purpose by the Government of India, and on completion of his period of service in India he will visit Ceylon. It is believed that he will be able to introduce reforms and simplify the traffic system of the Department.

The new telephone exchange in the Fort was opened in April last. Opportunity was taken to make the transfer from the temporary exchange during the Easter holidays, thereby ensuring the minimum of inconvenience to the public.

The present Post Office building at Colombo has been outgrown by the steadily increasing business of all kinds. In order to remove this inconvenience, plans and estimates have been prepared for a new telegraph office, which will adjoin, and form one building with, the new telephone exchange in the Fort.

The question of training the subordinate staff of the Telegraph and Telephone Departments has engaged the attention of Government, and proposals for its improvement are now under consideration.

EDUCATION.

Government Training College.—The future of education in Ceylon depends more on this than on any other institution. The additions to the building, which are in course of construction, provide accommodation for twenty female vernacular students, for twelve male vernacular students who will be trained as Tamil teachers, as well as for increased numbers in the English teachers' class and the Sinhalese male class; they include a manual training shop and a room for elementary science. The number of male Sinhalese students has been increased this year from twelve to twenty. You will be asked to provide for increasing the number of subsidized English students from twelve to twenty-two and for starting the Tamil vernacular class.

Code for Aided Schools.—This is closely connected with the Government Training College. Extensive changes have been sanctioned in the Code for Aided Schools. The most important part of these have for their object the improvement of the condition of education in English schools throughout the Island. Revised schedules of work of a more useful and practical character have been provided, and regulations have been made for a better classification of English schools, which will prevent inefficient schools from embarking on the teaching of subjects which they are not qualified to undertake. But it was felt that very little good would be done by changes of machinery, unless arrangements were made for the more extensive training of teachers. It has therefore been laid down that the examination for the second class certificate for English teachers will, after the year 1909, only be issued to those teachers who have gone through a course of at least one year at the Government Training College or some other institution specially recognized by Government for the purpose.

Royal and Technical Colleges.—These two institutions have been under the consideration of a Commission, whose report has been laid on the table. It is proposed to continue the policy of maintaining the Royal College as a Government institution, and to do everything possible to increase its efficiency, in order that it may be a pioneer in education. Government is keenly alive to the importance of increased attention to elementary science in education. It does not seem possible to guide education in this or in any other direction which may be required by the interests of the country, unless there is a Government institution which can lead the way. At the same time the fees will be increased by 50 per cent., and the lower school will be gradually replaced by the English school which is attached to the Government Training College. In accordance with the recommendations of the Commission revised plans for a new Royal College at the Cinnamon Gardens for the upper school will be prepared, and provision has been made for the same out of surplus balances.

In the case of the Technical College, the Commissioners, while evidently feeling that the College has been carried on in too ambitious a style, and that certain courses are unnecessary, recommend that it should continue to serve as a feeder to Government Departments. It is more economical to provide for the theoretical instruction of such recruits in a single institution than for each department to arrange for its own course of instruction.

Vernacular Schools.—The main part of the general education of the country must necessarily be carried on by means of vernacular schools. In order to provide for an adequate supply of these and to ensure regularity of attendance, the Rural Schools Ordinance was passed in the early part of 1907. Those parts of the Ordinance which relate to rural schools have been brought into force by Proclamation, with effect from the 1st July of this year, in all the revenue districts of the Island except those of the Northern Province. Action, however, has been deferred at Batticaloa, owing to the distress prevailing in parts of that district. In all the other proclaimed districts the District School Committees have already met, and are taking in hand the work of carrying out the Ordinance. The funds voted by the Legislative Council have been paid to the Chairmen; and, though the work which they have to accomplish must necessarily be spread over some time, everything will be done by Government to expedite it.

Estate Schools.—The portion of the Rural Schools Ordinance which deals with the education of children on estates was also brought into force with effect from the 1st July last. The requirements of Government are extremely moderate, and are in the form recommended by leading members of the planting community. The Director of Public Instruction reports that there is every indication that they will be carried out wherever circumstances render it possible. You will be asked to provide for an additional Sub-Inspector of Schools, whose time will be entirely devoted to visiting estate schools.

POLICE.

The prevention, detection, and punishment for crime has for many years been the subject of anxious consideration. My predecessor in his farewell Address to this Council described the difficulties of the problem and the varying success which had attended continuous effort to solve it. The last phase has been to re-organize the police force, to provide trained officers at stations in certain Provinces, and to make crime the subject of immediate inquiry by them instead of by local headmen, who co-operate but have no longer direct responsibility. The change has been expensive, but from all I can gather means money well expended. At the same time I hesitate to give you any definite assurance that such is the case. It may be only a wave of good behaviour. I prefer to allow this change a longer trial. Certain it is, however, that in the Southern Province, where the new system has been well

established, serious crime has diminished during the last year by 29 per cent. In the Western Province, where it has diminished 9 per cent., seven new stations have been opened; and if the consequent results turn out to be as good as in the Southern Province, we may, I think, then speak of the success of the new system with some degree of certainty.

As regards the total amount of crime for 1907, the number of true cases by police figures shows a decrease of over 2,000. Burglary and cattle theft have sensibly diminished. Several cases, however, of cattle being stolen, slaughtered, and eaten on the spot have been recently brought to notice. Violent offences, I regret to say, still reach a high figure, murder and homicide amounting to no less than 177, or only 9 less than the previous year.

You will be interested to know that a definite start has been made with the introduction of the Indian system of identification by finger prints; a trained classifier has been lent to Ceylon by the Madras Government, and is now employed in training a class of men. The Bertillon system and the finger print system will run side by side until a sufficient collection of finger print cards has been collected to render it safe to discard the old collection of cards. The abolition of the Provincial Habitual Criminal Registries will mean a considerable saving to Government, as all the identifying work will be performed at Colombo. The actual taking of finger prints is a simple task, and after seeing (whilst in South Africa) the success which attended the introduction of the system into the Transvaal, I indulge the hope that not only will it prove an efficient deterrent of crime in this Colony, but that its use will be extended in other directions.

As regards vagrants, the Inspector-General of Police has recently made inquiries, and reports that the number of vagrants has largely diminished since 1906, and that a small establishment only will be necessary as a house of detention, instead of large expensive buildings, plans of which were laid before me but were rejected. The Labour Commission has also recently reported that, as regards Tamils, the vagrant question is not attended with the difficulties which were at one time anticipated, especially if arrangements can be made with the Government of Madras for their repatriation to their own villages.

It is proposed to replace the officers of the Civil Service now in the force by regular police officers, who will look upon police work as their profession, thus bringing Ceylon in this respect into line with India, the Straits Settlements, and Hong Kong. As these special Cadets complete their training and instruction in the native languages, they will replace the officers of the Civil Service who are now seconded, and who have rendered most excellent service to Government.

The question of the European police necessary for the town of Colombo, which formed part of the re-organization scheme, remains in abeyance, pending the settlement of barrack accommodation, the incidence of cost, and other considerations.

It is hoped that a new police training school will be established in 1910 in the former military buildings at Mount Lavinia. The training of recruits is a most important part of police administration. Much has already been done under the able direction of the Inspector-General, and it is confidently expected that greater results will be achieved when the new school is opened.

Large additions have been made to the accommodation of the police by the construction of the new Colpetty Station, which will house the whole force employed in that district; also by the conversion of the old Provost Prison into single men's quarters for the Fort Station. As you will notice from the surplus balance despatch, you will be asked to provide for the construction of two new large police stations, one at Wellawatta and one for the Modara-Grandpass district, each with accommodation for the whole staff employed. Additional barrack accommodation will also be provided at a number of provincial stations.

A new scheme of good conduct badges, each carrying an allowance, has been lately introduced. There is no doubt that this will be much appreciated by the force, and will be productive of much good.

The Department generally has been doing good work, and is commanding much more confidence than used to be the case; discipline has much improved; the relations with the headmen are, as a rule, satisfactory, and an *esprit de corps* is being encouraged by the officers which should give very beneficial results.

PRISONS.

The Prisons system of the Island has continued to engage special attention, and it is gratifying to note that the total number of prisoners received by sentence during 1907 was 8,675, as against 8,888 in 1906, a decrease of 213, while the daily averages of juveniles and sick have decreased from 9 and 129 in 1906 to 8 and 96 respectively in 1907. There has also been a satisfactory decrease in the number of Road Ordinance defaulters admitted to the jails, the figures being 575 in 1906 and 487 in 1907.

The number of prisoners sentenced to death rose from 54 in 1906 to 59 in 1907. Of the 59 sentenced to death, 45 were hanged. This is the highest on record since 1885.

Capital punishment in this Colony appears to be no deterrent, and that being so the most unpleasant duty which I have to perform is confirming the sentence of the Supreme Court. No other

punishment can be substituted but that of transportation for life, a punishment which is much dreaded. Members of this Council will recollect, however, that this question was discussed in March last year, when the Colonial Secretary gave a short history of the question and the decision of the Secretary of State, which was unfavourable to such an alternative.

To meet the case of habitual criminals, steps have been taken to transfer them to Jaffna up to the full capacity of that jail. This is much disliked by the Sinhalese; they are isolated and cut off from friends and relations, and in consequence receive no visits. The guards, as a rule, are Tamils; added to this they are kept, under present regulations, at husk-beating, and compelled to give an increased task of 5 lb. of fibre a day.

Recognizing, however, that continued work of this sort is opposed to modern prison polity, I have obtained the sanction of the Secretary of State to employ these prisoners, as soon as the necessary plant has been received, on the Karaiyur reclamation, and to complete the scheme started many years ago by Sir William Twynam. The work when completed will not only relieve the congested state of Jaffna, but should bring in some considerable return by the sale of the reclaimed land.

In order to carry out this same policy of improving the condition of the prisoner, while not relaxing in any way the strict discipline and deterrent effects of prison life, and teaching him a trade by which he may obtain a livelihood when discharged, industrial labour, which was started in 1906, has been pushed on as fast as possible, and good progress has been made. The following trades are now being carried out at Welikada:—Boot-making, carpenters' and joiners' work, cane and rattan furniture, blacksmiths' work, coir mat, brush, and rug making in all their branches. During 1907 the whole of the officers' and prisoners' clothing and boots for all the jails in the Island were also turned out.

The laundry work for the Medical Department, started in 1906, has proved a great success, the total number of pieces washed during the year being 236,342, at a nominal cost of 75 cents per 100 pieces.

Similarly, in Kandy, coir mats, rugs, and brooms are turned out. At Negombo prisoners are employed on basket-making for the Public Works and Railway Departments.

"Pingo" carrying, a labour that was not only non-remunerative, but preferred by many prisoners to other forms of labour, has been entirely done away with, and husk-beating or stone-breaking substituted as the penal hard labour. Where rubble is obtainable, stone-breaking for the Public Works Department is carried out. In those jails in which rubble cannot be procured husk-beating takes its place, being both a deterrent and remunerative. The result for 1907 of the working of this industry gave a profit on the fibre sold of Rs. 9,777, the market price being high during the year. Besides the fibre sold, matting, door rugs, brooms, and brushes were made in Welikada and Bogambra jails, and realized the sum of Rs. 947.

A difficulty has always been found at Anuradhapura to find remunerative labour for prisoners. It has, however, been decided that the Railway Department shall from the 1st January, 1909, obtain ballast from the jail. A quarry was opened on the 1st June and the jail brought up to full strength, thus relieving to some extent the overcrowding at Welikada, and supplying a good deterrent hard labour for habitual criminals who cannot be sent to Jaffna for want of accommodation.

I have also under consideration the desirability of instituting portable jails to admit of the employment of parties of long-sentenced prisoners from the Mutwal quarries, which are no longer workable, on such works as water supply and drainage schemes for our minor towns and villages, and in this manner give desirable assistance to the local governing authorities. You will find reference to this in my surplus balance despatch. I am considering also whether, as an extra inducement, prisoners so specially employed should not receive, in addition to remission marks, a small payment for each day's satisfactory work, to be paid them on discharge.

Owing to the congested state of the Government Printing Office, and want of space in the Fort for the erection of new offices and buildings, and following the precedents of other Colonies, it has been decided, with the approval of the Secretary of State, to erect new printing works at Welikada on Government property. Labour will thus be found for some 200 prisoners daily, for machine and press printing, stereotyping, ruling, perforating, numbering, binding, packing, warehousing, and preparing for despatch, under the direct supervision of the Government Printer. He will also have his own staff of free labour in a separate portion of the building. No hardship will be entailed on any of the present staff of the Government Printing Office, none of whom will be discharged.

I may mention since the 1st March last the whole of the printing of railway tickets has been carried out at Welikada, the number of tickets supplied from that date to September 30 being 3,496,487. All embossing work for Government Departments is also carried out by prison labour.

The Inspector-General has been authorized to purchase a hand-weaving loom and a small quantity of cotton for the purpose of testing the desirability of weaving the cloth required for prison clothing in the jails in the Island, as is done with success in Singapore and elsewhere. This industry if successful should prove a saving to Government, it being estimated that a good strong cloth, such as is used in the jails in India, can be turned out at a rate of 20 cents per yard, as against 36 cents now being paid

by Government. Arrangements have also been made to have all clothing, mattresses, &c., required by the Civil Medical Department made up in the prisons, on the expiration of the present contracts at the end of 1909.

During my inspection of various jails the multiplicity of keys used was brought to my notice. To remedy this, instructions have been issued to the Director of Public Works to supply all jails with master keys. You will be asked for provision to carry out this service.

Since the 1st March this year a desirable modification has taken place in the scale of diets issued to the prisoners in all stages. Whereas in former years the man who received a sentence of one month and under was given Penal No. 1 diet (bread and water) for the whole period of his sentence, his companion who got any sentence over one month started on Ordinary No. 1 diet from the day he went into prison. All prisoners, no matter what their sentence may be, are now given Penal No. 1 diet for the first thirty days of their imprisonment. Changes have also been made in diets to other classes of prisoners, with the full concurrence of my medical advisers.

MEDICAL.

The public health of the whole Colony during the past year showed a marked improvement on the previous one. There was an absence of widespread malaria, and the outbreaks of serious infectious diseases did not attain to large proportions. As regards the general sanitary condition of the Island, the tendency is towards improvement; more towns are being brought under the Small Towns Sanitary Ordinance, but the work is of necessity slow, owing to the great cost of sanitation on any large scale.

As regards infectious diseases, the number of cases of cholera has been about one-seventh less than during the previous year.

Smallpox did not show any tendency to assume serious proportions during the year 1907, but for the first half of 1908 a serious epidemic of this disease occurred in the Western Province, with the neighbourhood of Veyangoda as its centre. This outbreak lasted from the middle of January until the end of May. Sharp outbreaks occurred in the North-Western and Northern Provinces during the same period; smaller outbreaks occurring in the Central and Sabaragamuwa Provinces.

I am happy to say that the Island continues to enjoy freedom from plague, although it is exposed to infection from almost every centre where the disease has become endemic. The Plague Committee is fully alive to its responsibilities, and has revised the plague regulations recently so as to bring them more into line with the last Paris Convention. The alterations have had the effect of rendering some of the rules less irksome, without increasing the risk of introduction of the disease. The extraordinary immunity of Colombo from an outbreak of plague is probably due to the absence of wharves, alongside which steamers would lie and allow rats to reach the land. The northern port of Kayts had been opened experimentally for passenger traffic with Southern India, but in consequence of a serious outbreak of cholera at Paumben it was considered to be imperative to close it.

Enteric fever is, I regret to say, far too prevalent; its incidence is general, and is naturally greater in the larger towns, where sanitation is defective. In Colombo, for instance, the increase in the number of cases during recent months has been very serious. The Municipality, however, appears to realize its responsibility, and has decided to put up temporary hospitals so as to allow of the sick being removed from the healthy.

As regards malaria, owing to the rainfall, the presence of large lagoons, and of paddy cultivation, the cost of draining swamps in Ceylon (with the object of reducing the breeding places of the anophelinae) is prohibitive. The less effective, though useful, aids in combating malaria have been introduced, viz., education and prophylaxis. The former consists in the wide distribution of pamphlets setting forth the cause and prevention of malaria, in the English, Sinhalese, and Tamil languages; by the medical officers and apothecaries giving lectures all over the Island on the same subject (which have been largely attended); and by a yearly course of instruction on sanitation, including malaria and its prevention, to school teachers at the Medical College. The prophylactic treatment by quinine has been widely carried out by the employment of apothecaries and headmen as distributors. The engagement of paid distributors as in former years has been discontinued, owing to its unsatisfactory working.

The amount spent on quinine for the whole Island during the year 1907 was Rs. 50,296. I shall from time to time ask you for funds from current revenue to enable me to deal with malarious villages systematically, and for improving their general sanitary condition.

A year ago the Officer Administering the Government appointed a Committee to inquire into and report upon the sanitary improvement of coolie lines, with the object of lessening anchylostomiasis, which is rife in the planting districts. The recommendations made by that Committee would undoubtedly reduce the sick and death-rates from this disease if they could be carried out. The Labour Commission, however, who have considered the matter, whilst recognizing the value of the recommendations, have been unable to advise the adoption of any legislation on the subject.

Phthisis is prevalent in the large towns, especially in Colombo. In a recent report the Medical Officer of Health of this city says that this disease "has caused more deaths during each of the last

seven years than all the fevers combined." The question of a sanatorium for the reception of persons suffering from this disease has been before the public during the government of my two immediate predecessors. You will observe from my surplus balance despatch that if it is decided to hand over the Ostenberg barracks to this Government, I propose that that portion formerly occupied by the Royal Engineers shall be appropriated as a Home for Consumptives. The climate of Trincomalee is dry and, I am advised, suitable for the treatment of phthisis.

Leprosy has been officially pronounced by the Royal College of Physicians to be contagious, and an Ordinance was passed a few years ago to make the segregation compulsory of those suffering from it. There is only one large Leper Asylum here, viz., Hendala. It is an institution that has been handed down from the Dutch. I have given orders to have the premises walled and fenced, so as to enable the segregation of lepers to be more strictly carried out. That there may be proper inspection of this establishment, outside the Medical Department, I have added the Government Agent, Western Province, and the Unofficial Members of this Council to the list of visitors. The accommodation at Hendala is not sufficient for all the lepers in the Island, and as the disease is prevalent in the Eastern Province, I am asking for provision for the establishment there of a separate leper settlement on lines laid down in my surplus balance despatch. This arrangement will be more acceptable to the sufferers from this disease in that district than bringing them away so far from their homes as removal to Hendala would necessitate.

At the end of 1907 sixty-five hospitals, including the De Soysa Lying-in Home and the Clinic for Tropical Diseases, three asylums, and five hundred and forty-four Government and estate dispensaries were in operation; since when the new hospital at Dolosbage, the new planters' wards, and the Skinner memorial ward at the General Hospital, Colombo, have been opened. The offer of a Children's Hospital as a memorial to the late Lady Ridgeway, to be built by public subscription, has been accepted by the Government, and I hope to see it finished within eighteen months.

The Maskeliya hospital has been commenced. I am hopeful that the very difficult question of satisfactory water supply for a hospital at Muppene has now been settled, and that the building will be begun shortly.

The hospitals throughout the Colony with a few exceptions are of a good type and well built. The equipment is sufficient, and they are ably administered. Type plans for inexpensive construction in low-country districts have been prepared. I have also given orders for the improvement of the operating rooms, and to make them and the kitchens fly-proof. Also that a ward for males and one for females shall be made mosquito-proof in all hospitals where malaria is prevalent.

Colombo stands much in need of a new General Hospital on modern lines. This I propose shall be gradually constructed, chargeable to current revenue.

The necessity for a new infectious diseases hospital at Colombo was recognized two or three years ago; in 1906 the Colombo Municipality accepted the responsibility of providing such an establishment, a moiety of the cost of site being contributed by the Government. So far the site only has been acquired.

I have included in my programme of new works hospitals for the following districts: Horana, Panadure, Delft, Chilaw, Pussella, Bulatkohupitiya, and Koslanda, and new dispensaries at Wattegama, Nanu-oya, Galawela, Paldeniya, Wellawaya, and Welimada.

I am of opinion that the time has come when a revision of the Medical Aid Ordinance is necessary. With the demands for additional new hospitals and dispensaries in the planting districts, it is imperative that the present duties, which provide quite insufficient funds, should be revised as early as possible, particularly as the existing taxation is light compared with planting districts in other Colonies. The Labour Commission have carefully investigated this matter, and proposals will be laid before you in due course.

The cost of the Ceylon Medical Department per head of population compares favourably with that of other Crown Colonies. This is owing to the local Medical College, which trains the men destined for future employment in the medical service of this Colony. The students pay fees for their education, and the actual expense to Government is less than Rs. 30,000 a year, which is very little, considering that the total number of students was 133 at the end of 1907 and that the teaching staff is of a high order.

The Bacteriological Institute has been of immense value in the investigation into and the prevention of diseases, and some interesting research work has been carried out during the year.

A new Ordinance for the registration of medical practitioners was put into force a year ago. Applications for registration are made to the Council of the Medical College, which has power to register the name of the applicant at once if he fulfil all the necessary conditions. Those applications which do not do so are referred to the Governor in Executive Council. The labour of the Council of the Medical College has been very great, for it has dealt with hundreds of applications, and each one has to be most carefully considered, in order that the just claims of old practitioners shall not be overlooked, and that the public shall be protected from the ill-educated, ignorant, and insufficiently trained.

Towards the end of 1907 the Committee appointed by my predecessor to inquire and report upon the importation, sale, and consumption of opium in Ceylon presented its report, which has been laid on the table. The recommendations which I made to the Secretary of State received His Lordship's sanction, and I have appointed a small Committee, with the Attorney-General as a member, to draft a new Opium Ordinance, and to see duly carried out the proposed arrangements as to dealing with the opium question in Ceylon. I confess that I am somewhat doubtful whether the steps which are about to be taken will lead to practical results, and whether there will not be extensive smuggling, both of the crude and the prepared drug, which it will be very difficult to check.

In February of this year I received a request from the Governor-General of the Philippine Islands to send a representative of this Colony to attend the Fifth Annual Medical Conference at Manila, and I deputed the Principal Civil Medical Officer for this duty. The object of the conference was to collect medical men together from the neighbouring countries to discuss questions of interest in tropical medicine and sanitation. Delegates from the Straits Settlements, the Federated Malay States, Hong Kong, Indo-China, China, Japan, and Ceylon were present. The conference lasted one week, during which some 38 papers were read and discussed. Much useful information was obtained, and practical demonstrations were given at the various American hospitals on medical and surgical subjects. On his return voyage the Principal Civil Medical Officer visited the various medical institutions at Hong Kong, Singapore, and the Federated Malay States, and submitted an interesting report, which has already been laid on the table for the information of the Council.

A Pasteur institute has been established at Coonoor, where all persons who have been bitten by rabid animals undergo free prophylactic treatment for hydrophobia. This Government gives the institute an annual grant, and I have arranged that all poor persons in Ceylon bitten by rabid animals, and unable to meet the expenses of the journey, shall be sent at the cost of this Government. Many of the inhabitants of this Island have already availed themselves of the advantages of this institution.

SURVEY.

Accommodation at Diyatalawa.—Great improvements have been made in the arrangements for recessing survey parties at Diyatalawa. The surveyors' quarters have been removed to a new and more convenient site on the north-east of the camp. Twenty-three huts have been placed at the disposal of the Surveyor-General, which provide accommodation for 5 assistant superintendents, 50 surveyors, and 100 coolies. Two large drawing offices have been erected, as the ordinary sheds were found unsuitable for the purpose owing to their position and defective lighting. The new offices are excellent in every way, and form one of the most valuable additions to the survey camp.

Recruiting.—The work of strengthening the supervising staff has been vigorously taken in hand, with the result that five assistant superintendents and six non-commissioned officers of the Royal Engineers have already arrived from England and joined the Department. I regret to say that of these, one non-commissioned officer has recently died. One assistant superintendent and another non-commissioned officer are expected shortly. The temporary surveyors' list has been increased by nineteen surveyors since January last, and six more in training at the Technical College should be ready to take up duties in November next.

With regard to the clerical branch of the Department, ten appointments have been made since July, 1907; steps have been taken as far as possible to provide for the increase of the number of clerks and draughtsmen as soon as the necessary funds become available.

The total staff including volunteers has increased from 346 in July, 1907, to 400 in July, 1908. Proposals for the further increase of the strength of the Department by the addition of 11 assistant superintendents, 94 surveyors, and 143 draughtsmen have been submitted to the Secretary of State for approval.

In a Sessional Paper which I have ordered to be laid on the table to-day you will see that Lord Elgin expressed his satisfaction that this Government intended taking steps to complete the recommendations made by Major Hills. You provided in the Supply Bill of this year a sum of Rs. 274,000 to cover the cost of the first extra parties. I regard the completion of the block survey and land settlement as a matter of such paramount importance that you will observe from my loan despatch that I put this service in the forefront, seeing that it was not possible to charge the completion of recommendations to current revenue. The Secretary of State quite agrees with me, but has decided that the charge must be borne by surplus balances.

Order in which Districts will be taken up.—It is not intended to take up any further block surveys in the Northern or Eastern Provinces at present. In the Western Province the surveys will begin along the Bentota river and sweep northwards, covering all the Kalutara District not included in the Pasdun korale surveys of 1892-1894, and in the Colombo District the greater part of Salpiti and Hewagam

and the boundary of the Kegalla District. In the Central Province they will take in (1) the Udugoda Pallesiya, Udugoda Udasiya, and Wagapanaha Udasiya pattuwas of Matale North; (2) the whole of Matale South, except the Udasiya pattuwa; and (3) the north-western portion of Matale North. In the Southern Province they will begin near Elpitiya and sweep first westwards to the coast, and then southwards and eastwards, so as to cover the whole of the Galle and Matara Districts not previously block-surveyed. In the North-Western Province one party will begin with the survey of Kinyama korale and then work southwards; the other parties, after filling in all gaps in the surveys now in hand, will carry on their work northwards. These surveys will cover the whole of the Kurunegala District south of the Deduru-oya, and also the area to the east of the Kurunegala-Anuradhapura road, excluding the country of which large connected surveys have already been made in connection with the Deduru-oya irrigation scheme and the Pallekele forest reserve. In the North-Central Province, Kende korale will first be completed, then the area due north of it up to the Province boundary, and the unsurveyed portion of Nuwaragam korale to the north of the Anuradhapura-Silavaturai road. In the Province of Uva the surveys will include (1) Kandukara korale, (2) Wellawaya korale (where required), and (3) Kandapalle korale. It is also proposed to extend the work from the former block surveys so as to cover the whole of the Wiyaluwa, Udukinda, and Yatikinda divisions. In the Province of Sabaragamuwa, in the Ratnapura District the area lying between the old "chena lands surveys" and the boundary of the Western Province, will be completed; and in the Kegalla District the surveys will cover the Kinigoda and Galboda korales and the northern part of Beligal korale as far as Ambepussa.

Evils of issuing Titles where Boundaries are undefined.—As the rapid growth of jungle in Ceylon soon obliterates all traces of the original survey, immense numbers of lots, the titles for which have often been retained in the kachcheri for many years, have been sold to the public the boundaries of which were not recognizable on the ground. The consequence is that frequent disputes arise among owners of land with regard to the correct position of their boundaries, and encroachments have occurred on Crown lands which the headmen are unable to detect owing to the absence of visible landmarks. As I considered such action to be very wrong on the part of the Government and unfair on the intending land proprietors, orders have recently been issued that no land shall be put up for sale without a certificate from the chief headman that the boundaries are clearly recognizable. The Surveyor-General has for years past quite rightly endeavoured to prevent such lots being alienated by recommending that an age limit should be placed on all preliminary plans for sale purposes, but his advice in this important matter has been unfortunately disregarded.

Delimitations of Road Reservations.—From my surplus balance despatch you will gather my reasons why I have decided to deal with this important matter without further delay, and the machinery which it is proposed to employ. The Secretary of State agrees as to the desirability of this service, but considers that the cost should be defrayed from current revenue. The first vote will be included in the annual Estimates for next year for your consideration.

The Observatory.—The work in connection with the observatory is nearing completion, and the superintendent and a number of the meteorological staff have already moved into the observatory office. All the instruments have now arrived, and will be mounted in position as soon as the requisite pillars, &c., are ready. Some time will be required before the instruments are in full working order; but I hope that the observatory will be in a position to supply the Master Attendant with accurate local time by the middle of next month through clocks synchronized with the observatory standard, pending the erection of the time-ball apparatus, which will probably be ready at the end of the year. It will then be possible to consider the question of synchronizing all the public clocks in Colombo, and of establishing an accurate time service throughout the Island.

Topographical.—The surveyors of the Topographical Branch are at present engaged upon the survey of the Central Province, the existing plans of which are very unsatisfactory. Three hundred square miles of country have already been completed, and the map should be available in 1910. The average progress has been somewhat slow, as a large proportion of the surveyors have had very little experience of contouring in hill country.

A new four-mile map in colours of the Northern Province has just been issued, and similar maps of the Eastern Province, North-Central Province, and Province of Uva will very shortly appear. These maps are the best which have ever been prepared by the Department, and reflect credit upon the officers who have been engaged in their production.

Trigonometrical.—Some 400 square miles in the south and west of the Central Province were covered with minor and check pole triangulation, the field work being completed by the beginning of June last. The reduction of the triangles and the computations of altitudes are in hand, and the co-ordinates of the stations are expected to be shortly ready for issue.

A large portion of country to the north of the Central Province up to the Province boundary has been fully prospected; all the stations have been restored, poles and flags, &c., erected. The field

A number of principal and secondary stations in the Western Province are being steadily restored, in order to facilitate the prospecting which will be undertaken shortly. A certain amount of check pole work has been done by the Superintendents of the Southern and Sabaragamuwa Provinces.

Application Surveys.—Owing to the large and ever-increasing demand for land by the villagers, the number of applications for survey during the period under review amounted to 3,598, exceeding the total received in the course of the previous twelve months by 1,149. The demand for rubber land has however decreased, only 4,315 acres having been applied for, against 10,212 acres in 1906–1907.

The Application Branch has not been able to cope with the enormous number of questions which have been received, and it may be necessary to transfer a certain number of the Block Survey staff to application work for a time, in order to prevent the accumulation of arrears.

LAND SETTLEMENT.

Closely connected with the Survey Department is the Land Settlement Department, the work of which is conducted on the block survey plans prepared by the Surveyor-General. On the supply of these plans depends the area available for inspection and settlement purposes, whilst the demarcations required by the settlement officers in the course of their work make a large demand upon the time and energies of the survey staff. Since my arrival I have studied the question of land settlement, and am convinced that on its satisfactory solution the future welfare of the Colony will in great measure depend. Whilst, therefore, fully appreciating what had been done by my predecessors in this respect, I early formed the opinion that the rate of progress, owing to the smallness of the staff of settlement officers, was much too slow, and provision was therefore made this year to strengthen the Department by the appointment of four additional assistants.

Its work continues to embrace the settlement of claims both under the Waste Lands Ordinance and outside of that Ordinance, and the sale of blocks of Crown land to applicants. The sale of such application lots is rapidly increasing and forms a satisfactory feature, as most of the lots, which are small in size, are purchased by the villagers for the enlargement of their present holdings.

The area of land settled during 1907 reached the large total of 342,967 acres. Of this, 154,777 acres were included in the block plans, and the remainder in the topographical surveys. The latter form of survey can of course be availed of for settlement purposes only in the case of large areas of uninhabited land.

The relations that have existed during the past year between the settlement officers and the villagers have been excellent, and this result is no doubt mainly attributable to the personal inspection of villages by the settlement officers.

Litigation under the Waste Lands Ordinance has now shrunk to small dimensions, and the only ebullition of feeling has been in the Kurunegala District some months ago consequent upon the withdrawal of the Kurunegala circular. Since the explanation given in this Council of the conditions of land tenure and of the policy of Government in respect of lands in that district, satisfactory progress continues to be made with the settlement of claims. The system adopted by the Government in respect of land settlement and the general policy pursued has met with cordial approval from the Secretary of State.

During the present year notices under the Waste Lands Ordinance have been issued in respect of over 200,000 acres, and an area of 84,000 acres of block survey plans has been settled.

All the block survey plans of the Southern Province so far issued have now been inspected, and the work of completing their settlement is going on. In the North-Central Province almost all the plans prepared have been disposed of, and fair progress is being made in Uva.

It is now proposed to proceed as rapidly as possible with areas surveyed in the North-Western Province and in Sabaragamuwa, and to arrange for the whole work of land settlement being brought abreast of the work of the Survey Department, so as to ensure a uniform rate of progress by both of these branches of the Public Service.

You will see from the correspondence that to admit of this being done I have received the sanction of the Secretary of State to still further augment the number of settlement officers, so as to raise the strength to one Settlement Officer, one Chief Assistant Settlement Officer, and sixteen assistants. Allowing for two being on leave, this will give an effective strength of sixteen officers, which, it is believed, will be sufficient to work off the block surveys already made and keep up with the further progress of the augmented Survey Department. It is proposed to charge the cost of this increase of staff for the years 1909 to 1915—estimated at Rs. 868,500—to surplus balances. The cost of the present staff will be met as heretofore from current revenue. Most, if not all, of this expenditure will probably be recouped by the sales of land by the settlement officers.

As survey and settlement must work together and be together, I have considered it expedient to move the offices of the Department from Mutwal to the new building in the Fort near the Survey offices, as being more central and more convenient to the general public.

AGRICULTURE.

Since my arrival in the Colony I have not failed to follow closely the proceedings of the Agricultural Society, an institution with which my predecessor's name will be always connected. Properly organized and managed, I believe it will be productive of much benefit to our agricultural community, both European and native. It appears to me, however, that the operations of the Society *per se* should be limited as far as possible to the publication of the "Tropical Agriculturist," to lectures on appropriate subjects, and to answering inquiries on agricultural subjects from any member. All the practical work for the advancement of agriculture, such as schools, experiments, instructions to cultivators, &c., should be undertaken by the Board of Agriculture. With this general object in view you will be asked this year to divide the usual grant of Rs. 30,000 into two items, one of Rs. 5,000 to the Agricultural Society and the other of Rs. 25,000 to the Board of Agriculture.

The Agricultural Society should as far as possible be self-supporting. On examining the accounts I found that the journal was being issued at a considerable loss, in order to attract additional members. This being unbusinesslike, I called the attention of the Society to the matter, with the result that the annual cost of the journal has been raised from Rs. 5 to Rs. 8.

The Central Board of Agriculture should work with Peradeniya, and be advised by the Director. I propose to affiliate the Committee of Agricultural Experiments with the Board, of which it will be a Sub-Committee.

Since the last session a Rubber Exhibition has been held in London. In order to secure a good display of this important new industry, the Government gave to the Committee who took charge of the local exhibits the sum of Rs. 15,000 towards the expenses incurred. Mr. Kelway Bamber was also sent home at the expense of the Colony to act as its representative, and to answer any inquiries which might be made respecting Ceylon rubber.

The coconut stem bleeding disease has caused the Government some anxiety. At one time it threatened to spread in a manner which was alarming. Fully recognizing how important it was to our native population to stamp out the pest promptly and vigorously, I instructed the Director and the Government Mycologist to give the matter special attention, and engaged a staff of temporary inspectors to see that diseased trees were properly treated. I am glad to say that from the latest reports received the progress of the disease has been successfully checked, though much care and attention are still required in the treatment of trees which are still diseased.

It is with regret that I have received a report from Peradeniya that the "shot-hole borer" seems to be extending over a larger area every year. Twelve years ago only 500 acres were attacked; in 1903 it had extended to 50,000 acres. It is now spreading in the Kelani Valley, Passara, Undugoda, and as far up as Ramboda. Several remedies have been tried, but those that have proved successful have either been impracticable or too expensive. The best known available remedy so far is probably to add lime to the buried prunings.

I have in contemplation a scheme for agricultural schools and trained instructors and headmen, but it is not yet in a sufficiently advanced stage to lay before you.

I would direct your particular attention to the paragraphs in my loan despatch which refer in considerable detail to financial assistance to native cultivators. As I say in my concluding remarks on the subject, I regard this as one of the most important and far-reaching items of the general programme. My first idea was to introduce legislation to deal with the usurious money-lender, but this procedure was found to bristle with difficulties which would render such legislation ineffectual. It is now proposed that we should help the cultivator financially ourselves, but in such a manner as not to pauperize him, but, as described in my despatch, to make him self-helpful.

Successful planting depends almost entirely upon a sufficient supply of good, cheap, and efficient labour. You are well acquainted with the circumstances which called for the appointment of a strong representative Commission to examine into its present conditions, with a view to securing such a supply. That Commission, after very arduous labours, close inquiry, and careful consideration, has submitted a well-reasoned report, which has been laid before you. I am desirous that those particularly interested therein shall have every opportunity of examining this report and expressing their views upon it, before legislation is initiated in respect to such of the recommendations as may be accepted by the Government, and which can only be given effect to thereby. When all views have been laid before the Government and definite decisions have been arrived at, it will be necessary to explain these decisions to the Secretary of State and obtain his approval before the necessary Ordinance can be drafted. It will therefore not be possible to deal with the matter during the present Session. I shall however be quite prepared to call together a special Session if, in the opinion of the planting community, it is desirable to introduce legislation on the subject as early as possible.

You are well aware that the incidence of the cess on tea for advertisement purposes expires at the end of the present year. There has been much discussion on the subject, a large majority of those interested favouring its retention, a small minority being opposed. My sympathy is entirely with the majority, particularly in view of the fact that the Indian Government have passed legislation under

which cess will be collected during the next five years on Indian teas for the very same purpose. I considered therefore that there were sufficient grounds for asking the Secretary of State to allow the continuation of the cess as long as the Indian Government collected it, but not to exceed the rate charged by them. He, however, has been unable to accede to my recommendation. I am much afraid that the unfortunate diversion of a portion of the cess funds on one occasion to political purposes in the United Kingdom may have had much to do in influencing His Lordship's final decision. Of course it is open to the planting community to co-operate in raising the necessary funds by voluntary cess. From all I can see, however, there will be much more difficulty to secure such co-operation at the present time than there would have been a quarter of a century ago.

FORESTS.

The future *personnel* of the Forest Department will consist of trained Foresters only, as in the case of the Imperial Forest Service in India. The Secretary of State has sanctioned an establishment of one Conservator at £1,050 to £1,200 per annum, four Deputy Conservators from £600 to £900 per annum, and seven Assistant Conservators at £300 to £500 per annum. The first officers trained at Oxford will not arrive till the close of 1909. The *cadre* of the subordinate establishment has been strengthened by 4 Foresters, 12 Forest Rangers, and 36 Forest Guards, to be distributed over a period up to 1915.

Since my predecessor laid before you the progress made in this Department during his period of administration the consolidated Forest Ordinance has been passed, and revised rates of royalty fixed. Various unremunerative depôts have been closed, and the abandonment of certain plantations founded on wrong principles has been sanctioned.

Forest exploitation has been directed towards the elimination of over-mature timber which retarded future regeneration of crops, and to the utilization of timber on areas to be alienated for sale, lease, or irrigation purposes.

During the financial years 1904 to 1907 about 200,000 acres of land were alienated by sale at nominal timber value of Rs. 600,000, or Rs. 3 per acre. The Conservator has pointed out to me that fuel alone on the average produces Rs. 50 per acre in accessible areas, and that many estates could have paid their purchase value at auction in the sale of fuel alone, besides providing themselves with building, fencing, and fuel material for years to come.

The supply to Public Departments at actual cost of output reached a value of about Rs. 125,000 in 1906 and Rs. 401,500 in 1907. Landed at Colombo the last imported broad gauge sleepers from Australia cost Rs. 4.90 each, whilst those locally supplied, which have an equal and possibly a much longer life, cost only Rs. 3 each. The deliveries of sleepers by the Department to the close of 1907 have been 130,185 broad gauge and 50,684 narrow gauge, and it holds a large supply in reserve. It will meet the full supply for the Negombo and Ratnapura branches.

IRRIGATION.

I regret to say that it did not take me long to recognize that the Irrigation Department is in a condition which I do not regard as satisfactory. My despatches (including that dealing with programme of loan services, paragraphs 41-43), which have been laid before you to-day, will explain how disheartening is the present position of affairs and how distinguished by its absence has been recognition of business principles.

Nothing remained for it but to obtain without delay the very best expert advice, in order to examine and report, not only on the Department itself and on the works which are in course of construction, but also to advise us in respect to the future, including such questions as maintenance of works and control of water. Through the good offices of the Indian Government we have secured the services of Mr. William Strange, M.I.C.E., a well-known irrigation authority, who has recently returned to Bombay from South Africa, where he has been acting as adviser to the Transvaal Government, and he will shortly arrive in the Colony.

In the meanwhile, in order to bring the Department more in touch with their particular work, I have taken advantage of excellent available accommodation at Trincomalee (due to its abandonment as a Military station), and have removed the headquarters to Fort Frederick. The out-offices at the back of the Survey Department buildings will be handed over to that department, and the portion of the adjacent new block, which it was originally intended should be appropriated to the Irrigation Department, will now, as I have already mentioned, become the Land Settlement headquarters.

As regards future irrigation works, the Secretary of State has given directions that the policy adopted in 1899 of charging half the expenses to loan and half to current revenue shall cease, and that they shall be no longer subject of loan charge at all, and he has therefore deleted provision in new loan of Rs. 1,250,000, for which I requested approval in addition to the sum appropriated for irrigation in my

of 1911, and that efforts during my administration will be directed to the beneficial occupation of irrigable areas under tanks which have been completed or are in progress, rather than to starting further restorations of a monumental character, I do not apprehend that this decision will cause any serious inconvenience. Small payable tanks, channels, and minor restorations will be preferred by me, and can be easily handled as current expenditure. The colonization of the Vanni in particular will engage my earnest attention, and every encouragement given to the settlement there in communities of Tamils from the north and Sinhalese from the south. I have every confidence that you will from time to time readily vote whatever sums may be required for well-digested minor schemes which will benefit our rural population.

In this connection I may remark that one point of reference to Mr. Strange will be the matter of future water-rate, both in the case of new grant-in-aid and of Government irrigation projects. The old rate of Re. 1 per acre per annum, or even the more recent rate of Rs. 2 per acre, may have been sufficient when the Crown in addition thereto recovered one-tenth of the crops. Since the abolition of the grain tax, however, it is in most cases insufficient to balance accounts, nor does it approach the rates usually charged in India.

RAILWAYS.

Let me now turn to that hardy annual, the extension and improvement of your railway system. The proceedings of this Council are more full of matter on this subject than on any other, and quite rightly so, seeing that the iron road has given to Ceylon a large measure of the prosperity which it enjoys. At the present moment the situation is somewhat bewildering—so much already in hand or on the cards—so much more talked about, and not only talked about, but urged by those locally interested. Calm, chastening analysis of probable traffics and the necessary imposition of remunerative rates act, however, will not even look at any proposal. Usually I am myself inclined to be more liberal in railway matters, and to favour the pushing forward of promising propositions, to be followed by development, rather than to treat them on purely business principles. In Ceylon, however, the construction of the Northern line has not led to encouraging results as regards the opening up of your estate; and you have, moreover, such excellent roads and other communications, that railway communication, although desirable in itself, is not so imperative as in other countries. However this may be, it is on the lines laid down by the Secretary of State that different propositions have been investigated since my arrival. A close adhesion to the accepted policy has, moreover, led to one excellent result, namely, that not only does your railway system as a whole pay its way, but it provides also a yearly contribution to the general revenue. This contribution is a sound method of indirect taxation, and is fairly distributable. I come from Natal, where such railway receipts are looked upon as an all-important source of revenue, much to be preferred to any form of direct taxation; I come to Ceylon, where I find that these receipts have done much to contribute to the Island's prosperity, and where direct taxation in lieu thereof would be equally unpopular. Maybe some day, when cadastral as well as block survey is completed, the incidence of taxation can be shifted to the land, and the proceeds may then take the place of railway contributions, import duties on food stuffs, and other items out of which the expenses of administration have now to be defrayed. Until such time, however, change is to be deprecated. Is it too much to hope that, splendid as has been the past, it will not be eclipsed in the future, brought about in a great measure by extensions of your railway system, on principles which have been already attended with such success?

Let me as briefly as possible continue the history of your railway extension from the time that my predecessor last reviewed the subject in this Council.

Railway Stations Extension.

The question of increasing the railway and passenger goods accommodation in Colombo has been under discussion for many years. Finally, however, a Committee was appointed in 1903, and in 1904 submitted certain recommendations involving two main points: (a) the enlargement of Maradana Junction passenger station, and the acquisition and filling up of an area of land adjoining and to the north of it; (b) the reclamation of a portion of the "Captain's Garden" branch of the lake, the deviation of the Coast line on to that reclamation, and a general re-arrangement of the goods yard.

After considerable correspondence with the Secretary of State and the Consulting Engineers, a revised scheme was evolved, embracing several additional provisions which it was felt were necessary to meet the present and future requirements of the railway. This scheme provides for the following main points:—Closing the existing Terminus to passenger traffic, and absorbing it into the workshops and goods yard; laying down additional passenger sidings at Maradana; rebuilding and enlarging Maradana passenger station; doubling the line from Maradana to Slave Island station; abolishing the present Fort and Pettah stations, and constructing one new station at Beira (to be called the Fort station) in lieu; reclaiming some forty acres of the lake for railway and other purposes; and extending the Kelani Valley line from Maradana to the new Fort station. The papers, which give full particulars of the scheme and

The estimate for the whole scheme amounts to Rs. 4,450,000. Work is already well advanced. The new Maradana station will be opened before long; reclamation is being pushed ahead, and the new Fort station has been started. It is hoped that the scheme will be completed by the end of 1912.

Protection of Sea Coast Line.

When I assumed the administration of the Colony, the question of the protection of the Sea Coast line was being considered with that of its duplication. I was of opinion that the two schemes should be dealt with separately, and that while the duplication of the line was a highly desirable project, the protection of the existing line from erosion was by far the more emergent service.

It will be within your recollection that a Special Committee, appointed in 1904 to consider this project, estimated the cost of a sea wall at Rs. 1,000,000, and that, on the matter being referred to the Resident Engineer of the Harbour Works, revised plans and estimates were submitted, which amounted to double the sum previously estimated.

It appeared to me that the necessary protection could be obtained in a much simpler and less expensive manner. Attempts had been made to protect the bank by pitching in small rubble, which, however, proved insufficiently heavy to stand the breakers, and was eventually washed out seaward and lost in the sand. The question was whether heavy rubble blocks would be likely to do better. I found that the breakwater at the fishery harbour, Mutwal Point, is composed of rubble "plums" varying from three to five tons each, which have successfully withstood the whole force of the monsoon for three seasons. A project was therefore prepared on these lines and forwarded to Lord Elgin on the 11th November last, with an earnest recommendation that the work should be undertaken with the least possible delay, and I am glad to say met with his approval. The estimate amounts to Rs. 437,510.

The necessary steps for commencing the work have been taken in hand. A tipping line is being constructed by the side of the railway, and arrangements are in progress for opening up a quarry at Ragaina for supplying stone. It is hoped that the actual work of protection will be commenced before the close of the year. Papers on this subject have been laid on the table.

Duplication of South Coast Line to Moratuwa.

Despatches to and from the Secretary of State relative to this important work have been laid on the table to-day. Having satisfied myself that the convenience of a large number of the citizens of Colombo would be met by the removal of the great congestion of traffic on the present single line, I urged upon the Secretary of State that the work should be undertaken as soon as I had available *personnel* to undertake it. You will see that he has approved of my recommendations, subject to a few modifications in the plans and estimates which were submitted to him.

Ratnapura Line.

When Sir Henry Blake left the Colony, this project had not received the sanction of the Secretary of State. Estimates had been prepared giving the cost of construction at Rs. 2,928,145, and showing a nett profit of Rs. 4,580 per annum after providing for interest and sinking fund. The Secretary of State hesitated. There were other railway works under consideration, and the direct connection with India through Mannar was beginning to occupy the serious attention of the Government.

Orders were given for a re-examination of the grading and curvature of the proposed line, and for fresh estimates of cost of construction. A report was submitted in September of last year showing a reduction of two miles in length. This effected a certain saving, which, however, was absorbed by increases in other directions, the final estimate amounting to Rs. 3,096,779, as against Rs. 2,928,145 in 1903.

Meanwhile local conditions were changing for the better, cultivation was rapidly increasing, and sound reasons were adduced for believing that the estimated traffic returns would be exceeded.

The prospective profits were curtailed by the decision to take the interest and sinking fund at $4\frac{1}{2}$ instead of at 4 per cent., but even then, after a careful analysis, the project showed a nett profit of Rs. 33,326 per annum.

Having satisfied myself as to the soundness of the calculations, I felt no hesitation in addressing the Secretary of State on the 8th November, strongly urging the necessity for the construction of the line with the least possible delay, to be chargeable, however, to loan and not to surplus balances. In a despatch dated the 7th February, 1908, Lord Elgin sanctioned the project.

Active steps are now being taken for commencing the work; land is being acquired where necessary, and the engineers are almost in a position to commence operations from the Avisawella end.

Mannar Line.

In a despatch dated the 30th August, 1907, Lord Elgin authorized me to make arrangements for

When Mr. Waring first reported upon the line in 1895, he referred to alternative routes : one by Madawachchi, the other by Vavuniya. The Consulting Engineers favoured the Vavuniya route, basing their opinion on the grounds of saving in first cost, and of the greater profit to be derived from the longer line if the rate of working per mile should be profitable. The Secretary of State, however, left the decision in my hands, observing that as there were no engineering questions involved, the matter was one which primarily concerned railway management.

I accordingly caused careful inquiry to be made as to the relative advantages of the two routes. I found that for construction purposes the route from Vavuniya would be the better, as it is some five miles shorter, and avoids the erection of two large bridges. From every other point of view, however, the route from Madawachchi appeared to me more advantageous. It is about $9\frac{1}{2}$ miles shorter running distance *via* Madawachchi from Mannar to Colombo and the southern and planting districts of the Island, thus allowing cheaper and quicker transport. Another important consideration is that water can be obtained along this route, which is not the case if the line be taken *via* Vavuniya, and thus a permanent and constant difficulty is avoided. Taking everything into consideration, therefore, I had no hesitation in accepting the advice of the General Manager of the Railway, that the junction with the Northern line should be at Madawachchi and not at Vavuniya.

The survey and estimates of the proposed line have recently been completed. Its length is some $69\frac{1}{2}$ miles, and the approximate estimate at the time I wrote my loan despatch was Rs. 5,000,000. This was, however, on the basis of a $46\frac{1}{4}$ lb. rail. Since then, having received unofficial information that the Madras Government viewed with some concern the use of such a light rail on our side of the Indo-Ceylon scheme, with the unfortunate experience of the Northern line before us, and with enhanced knowledge as to the probable greater traffic than had been originally contemplated, I gave directions that the Engineers should submit an alternative estimate for an 80 lb. rail line. These alternative estimates I submitted by telegram to the Secretary of State, and strongly recommended the more expensive. I am happy to inform you, Gentlemen, that he has accepted my recommendation, and directed that the estimated excess of Rs. 1,138,800 shall be included in the Loan Bill. This means that, subject to examination by the Consulting Engineers of the detailed plans and estimates, the line has been sanctioned.

It is I think unnecessary for me to enlarge on its importance. It will I trust and believe materially help to solve the labour difficulties which have from time to time been experienced in this Colony, and bring Colombo in close touch with Southern India. I have allowed nothing to stand in its way.

Negombo Branch.

Good progress has been made on this branch, which will shortly be opened as far as Ja-ela. The Consulting Engineers appear to have cut the estimate very fine. Rather late in the day I was urged by an Association interested in this district to include in my programme an extension to Chilaw and Puttalam. They submitted figures of prospective traffic, differing considerably from those on which the 1904 Commission had based their adverse report; but such figures as regards goods traffic were based upon sixth class instead of ordinary fourth class rates. Even had the Government been able to accept their figures and the concession of favoured rates, I considered that with the heavy series of railway works in progress and put forward by me we could not conveniently take more in hand for the next five years. Also that as the district is already served by the canal, on which cheap rates are charged, the project was not of sufficient emergency to disturb the programme which had been put forward, even if the extension could be demonstrated to be payable, concerning which we still await sufficient and reliable data.

Duplication of Main Line to Ragama.

However, after close inquiry and examination, to which reference is made in paragraphs 19 to 23 of the surplus balance despatch, I had already determined to request the approval of the Secretary of State to undertake an additional railway service at a cost of Rs. 710,000, which will add immediately to the working of existing traffic and the convenience of passengers on the Main line, whilst it would be certainly necessary before any extension could be made north of Negombo. I refer to the duplication of the line between Colombo and Ragama. This had been pointed out by the General Manager in his evidence before the 1904 Commission, and was recommended in their report. I am pleased to say that the Secretary of State has approved of my recommendation, and that provision for the construction will be made in the Loan Bill.

Bandarawela-Passara Extension.

The survey of the Bandarawela-Passara extension has been completed. When Sir Henry Blake relinquished the administration, a preliminary survey had been made by Mr. Oliver, which showed an estimated expenditure of Rs. 5,838,852 for construction and a nett annual deficit on its working of Rs. 7,707. Subsequently the question of a break of gauge was introduced; but this, though enabling the construction of a somewhat cheaper line, actually entailed higher working expenses, and has not been

In October, 1907, a fresh approximate estimate showed the cost of a broad gauge line to Badulla with a narrow gauge extension to Passara to be Rs. 7,802,500, and the cost of a broad gauge line throughout Rs. 8,698,400, the increase being chiefly due to the necessity of a tunnel one and a quarter mile in length under the Debedde gap.

I went most carefully into these figures with a view to ascertaining whether it would be possible to put forward a paying proposition. Serious difficulties had to be faced. In the first place, there was no longer any hope that money could be borrowed at 3 per cent., the price on which the original calculations were based; in the second place, the revised estimate showed an alarming increase over that previously submitted; and finally, the Badulla-Passara Planters' Associations fixed 25 cents per ton mile as the highest rate they were prepared to pay. I accordingly drew up a memorandum setting forth as clearly as possible the position as it appeared to me, and I invited the Badulla-Passara Planters' Associations to assist me with any suggestions as to how the estimated deficit of, roughly, Rs. 135,000 per annum could be made up. The position became still more difficult, when in January last a final estimate was submitted amounting to Rs. 9,254,641, or more than half a million rupees in excess of the approximate estimate.

I met the Planters' Associations concerned at Badulla in February last, and fully explained the situation, pointing out that, anxious though I was for railway extension, it would be useless for me to lay before the Secretary of State anything but a paying proposition. The Associations are, I understand, examining the detailed figures which I laid before them with a view to seeing whether any working arrangement can be arrived at. I indulge the hope that in this case, as well as in the proposed extension from Negombo, figures will yet be forthcoming sufficiently satisfactory that both these lines will find a place in the next programme which may be prepared for the consideration of the Secretary of State.

Motor Traction as Railway Feeders.

Meanwhile I hope to be able to serve both districts with motor traction as feeders to the railway. My views on this important subject are given at length in paragraphs 77 to 80 of the loan despatch, and I have sent Messrs. Lovegrove and Denniss to Calcutta to attend and report on the trials which are to take place in the Bengal Presidency. You will observe that the Secretary of State, replying to my despatch, states that the proposals are worthy of full consideration, and that he will be glad if they are found to be feasible.

Concession for constructing a Line connecting Trincomalee with the Northern Section of the Railway.

You are doubtless aware that proposals have been made in the past for the construction of a line connecting Trincomalee with the Northern line. In May last I received an application from Sir Guilford Molesworth, Colonel Sir Buchanan Scott, and Messrs. Molesworth Brothers of Trincomalee for a concession to construct a line connecting Trincomalee with the Northern line at or near Madawachchi. The salient points of the terms proposed were that the Government should give a guarantee of $3\frac{1}{2}$ per cent. per annum on the capital expended for ten years after the opening of the line; that $4\frac{1}{2}$ per cent. of the nett earnings should be apportioned to the Company, any surplus beyond this $4\frac{1}{2}$ per cent. being divided equally between the Company and the Government. Alternative blocks of one square mile of Crown land were to be given to the Company free of cost, and also a grant of 2,500 acres on the western foreshore of Trincomalee harbour.

I confess that this proposal did not fill me with enthusiasm, and, after consulting my advisers, the application was accordingly declined. I had before me the example of the Northern line, which has not yet resulted to any appreciable extent in the enhanced cultivation of the adjoining land or increase in the population; and with this large tract still undeveloped, and with the prospect of the construction of a line to Mannar, which would run through very similar country, I felt that the Government would not be justified at present in opening up any further considerable stretch of jungle country.

I am aware that suggestions have been put forward for making Trincomalee the port in Ceylon for the trade of Southern India. The idea, however, is in my opinion chimerical. It would involve the very heavy cost of constructing a viaduct over Adam's bridge and the imposition of traffic rates which would be prohibitive. There is the further objection that Trincomalee is off the main trade routes.

Completion of Interlocking Points and Signals and of Vacuum Brakes.

In the course of a discussion with the General Manager as to the dangers which the travelling public run in consequence of defective or insufficient equipment, I was much struck with the fact that under the existing policy it would require very many years before interlocking points and signals were everywhere provided, and the whole rolling stock fitted with vacuum brakes. I considered it imperative that this quite removable danger should be dealt with as early as possible, and explained the whole matter to the Secretary of State in paragraphs 25 to 29 of the surplus balance despatch. It appeared to be a *sine qua non* that we should properly furnish the main building before throwing out more wings. It is gratifying to find that my representations have been successful, and that authority has been given to carry out these two *desiderata* at a total cost of Rs. 780,500.

Coal for the Railway.

It is unnecessary for me to emphasize the necessity of obtaining a constant and satisfactory supply of coal for your railways. Hitherto requirements have been met by obtaining contracts in India. The Indian coal supplied is, however, somewhat wasteful in consumption, and the price also has recently risen. Reports have been current of disastrous outbreaks of cholera in the Indian coal fields, even to the extent of necessitating the shutting down of mines, and I am advised that no reduction in the price of Indian coal can be expected for some time to come, especially as local industrial demands for the same in India are on the increase. In these circumstances I suggested to the General Manager of the Railway that it might be advisable to make tests of coal from the Colony of Natal, which before I left was largely supplying steamers visiting Durban, including those carrying the mails.

You may, perhaps, remember that tests were first made in 1891, when the results were not altogether successful. Since that date, however, the aspect of the coal industry in Natal has considerably improved, and better quality coal is on the market. Communications were accordingly entered into with the Government of Natal, a consignment of 100 tons of coal was shipped, and the Government of Natal also sent a representative to be present at the trials. The fresh tests made were sufficiently encouraging to decide the Government to make trials on a somewhat larger scale, and 5,000 tons were ordered for use on the railway. Lately, out of different tenders received for a year's supply of 55,000 tons, one from the best colliery in Natal has been accepted.

Indian coal is somewhat cheaper, but it is also inferior in quality to Natal coal, and it is hoped that the increased cost will be balanced by the better quality, while at the same time it is hoped that the course adopted will enable the Railway Department to make a valuable, extended, and practical test of this new coal under ordinary conditions, and, if necessary, to be independent of the supply from India.

Standardizing of Rails.

In 1905 the question of adopting the new English standard 90 lb. section of rail in lieu of the existing 88 lb. standard came under consideration. The desirability of introducing sections of rail adopted by the Standards Committee was freely admitted, but the railway advisers of the Government concurred with the Consulting Engineers in their objection in this instance to the multiplication of types and fittings, more particularly as the 88 lb. standard had been specially designed to meet local conditions, and as there were no proposals at the time for the construction of any further lines with the heavy rail.

In the following year, however, with reference to the proposed construction of the Negombo line, the Consulting Engineers suggested that a good opportunity had arisen for discussing generally the section of rail in use on the Ceylon railway, with a view to deciding upon the adoption of definite weights for extensions on heavy, intermediate, and light lines in the Colony. There were at that time four different sections in use, namely, 88 lb., 72 lb., 60 lb., and 46½ lb. It has now been decided to confine the sections to three, namely, 88 lb. sections for ghaut railways, 80 lb. sections for the flat, and 46½ lb. sections for light railways. It is not intended to make this change immediately; but gradually, as the rails become worn out, to replace sections which do not conform to the above-mentioned rule.

I would mention, however, that it is proposed to relay the section of the Northern line between Kurunegala and Madawachchi with 80 lb. rails, and to make use of the 46½ lb. rails thus released on the Ratnapura extension. About 57 miles of abandoned 46½ lb. rail will then be available, and it was originally intended to use this on the Mannar railway. It will now be used for renewals where necessary, and stored for any future extensions of our narrow gauge system. You will notice from the Secretary of State's despatch that he does not approve of my proposal to charge half the cost of improvement of the Northern line to loans, but directs that the whole cost must be borne by current revenue.

Season Tickets on the Railway.

The privilege of granting to Government clerks cheap season tickets at one-fourth rates on the railway between Colombo and the suburbs was first granted in 1901, when it was applied to the Main line as far as Ragama and to the South Coast line as far as Kalutara South. Having regard to the circumstances in which these season tickets were originally granted, it appeared to me that the whole question called for re-consideration.

At the time when the concession was approved, it was thought that it would result in a large increase in the number of season ticket holders, thus benefiting the railway revenue. It was further felt that Government clerks had a special and great difficulty to contend with in the high rates of rent demanded for dwelling-houses in Colombo, and it was hoped that the privilege would enable a number of public servants, not too well off, to avail themselves of the cheaper conditions of life in the suburbs.

But circumstances have changed; the position of Government clerks has been improved, and they are now as well, if not better, off than clerks in private firms, who are therefore naturally jealous of the privileges given. The immediate point, however, which demanded my attention was that, far from adding to the railway revenue, these special tickets have actually resulted in heavy loss, and although I am

anxious to reduce the cost of suburban season tickets for every one to the lowest point at which a profit can be made, I considered that I should not be justified in permitting the retention of these special rates.

I decided, therefore, after consulting my Executive Council, gradually to withdraw the concession. The course to be adopted to attain this end is as follows. The privilege will be withdrawn from each clerk as he receives promotion to a higher class. In such cases, however, and in the case of clerks appointed to Colombo in the future, second class tickets will be issued at third class "zone" rates, provided no loss to Government is involved thereby. This reduced privilege will be extended to Government servants residing along the Kelani Valley section, no special privilege having hitherto been granted on that line.

General.

Steady advance has been made in the improvement of the rolling stock, both as regards quantity and quality. The old-fashioned and somewhat uncomfortable passenger stock that was supplied to the railway during its earlier days is being gradually converted to modern requirements or rebuilt according to the new standard, which is based on the latest type of stock as used on the best English railways.

It is interesting to note that, whereas not so many years ago our carriages were imported bodily from England, they are now, with the exception of the wheels and axles and some minor details, entirely constructed in the railway workshops, resulting in great economy of expenditure and the provision of employment for a large number of Ceylonese.

Stone's electric lighting has, after trial, been adopted as the substitute for oil for carriage lighting; all new passenger stock is being fitted with it, and progress is being made with the fitting of existing stock.

As regards goods stock, this has been largely added to, and a modern type of high-capacity wagon, capable of carrying 35 tons of coal with a low corresponding tare, has been adopted for the use of the Locomotive Department for the conveyance of coal and firewood, thereby releasing a number of ordinary wagons for the conveyance of public traffic.

All this extra work and the additional machines and shop accommodation have necessitated the appointment this year of an independent Manager of the Locomotive Works.

PUBLIC WORKS.

The time has arrived when it is necessary to increase the staff of the Public Works Department, if it is to keep pace with the increasing demands made upon it. The expenditure on Public Works during the year 1907 was on Annually Recurrent Works Rs. 2,648,741, on Extraordinary Public Works Rs. 2,156,498, total Rs. 4,805,239. In order to deal efficiently with normal appropriation you will be asked to make provision for two additional District Engineers and an Assistant Architectural Assistant.

To conform with the spirit of instructions received from the Secretary of State, the additional establishment required for the surplus balance and loan programme will be provisional and temporary only, their salaries and allowances will be paid for out of the votes for works, and the appointments will be non-pensionable.

Reference to most of the projected services is made under the different departmental heads. There are but few which require special mention as public works *per se*.

Colombo Drainage.—This is by far the largest of the loan items. Under the Blake programme a sum of Rs. 5,000,000 will be loaned to the Municipality for the first or harbour series of drainage works, and under my programme Rs. 7,500,000 for the second series, including a sum of Rs. 1,250,000, which, with your approval, is to be given by the Government as a grant in aid, subject, however, to certain conditions. This means a total sum of Rs. 12,500,000, of which Rs. 11,250,000 will be a charge against the Municipality. By paragraphs 6 and 7 of the loan despatch you will observe that I made representations to the Secretary of State to the effect that it is contrary to sound political economy and finance to include a Municipal loan in State indebtedness, and I proposed that at all events the funds for the second series of works (with which Government has nothing whatever to do) should be raised by the Municipality themselves under State guarantee. Lord Elgin however, being desirous that the Municipality should be able to have the funds they require at the cheapest rate possible, did not accept my recommendation.

In the same despatch I urged, for reasons given, that a sum of Rs. 1,250,000 (being about half the excess on the first series of works) should, with your approval, be given as a grant in aid towards these particular works, and made an additional loan charge to Harbour Works. On this point also Lord Elgin did not agree with me. He pointed out that Colombo had been made by the Harbour, and that in consequence of the works undertaken at heavy State expense the value of property had immensely increased. He emphatically declined to recognize that Government is under any obligation in connection with the harbour zone drainage, nor with the excess on the original estimate, and he would not approve of the

the same financial results by agreeing to allow Rs. 1,250,000 to be given towards the extension of the drainage over further zones, provided that the Municipality agreed to push forward those works with vigour, and make arrangements for providing the necessary ways and means. Had I not, in my desire to assist, urged the grant for the harbour zone, there would most certainly have been no question of any financial assistance by the Government at all, other than affording the means of obtaining cheap money.

The general attitude of the Municipality in this matter has caused me much disappointment. The problem which they have to solve is a straightforward one. Without allowing for annual increases of population, the ultimate charge per head to cover interest and sinking fund when the two series are completed is just under 25 cents per mensem.

It is well known that properties in Colombo are in very many cases very much under-assessed—a fact which is often brought to my notice by the appraised value of properties required for public purposes. To bring both large and small unearned increments on to the assessment roll is the first step to be taken in determining the actual financial position. To do so requires firm, methodical, independent inquiry, and an intimate knowledge of local values. Almost from the moment of my arrival in the Colony (more than twelve months ago) have I impressed this on those interested. Whether from fear of a certain amount of ephemeral unpopularity or from general *insouciance*, practically nothing has yet been done; whereas had the matter been taken up vigorously, with a proper appreciation of the duties and responsibilities which attach to Municipal government, the task of revising the rolls should by this time have been well on the way to completion.

This first step out of the way, the next would be, what additional taxation would have to be imposed to meet a deficit (if any)? The days are past, or should be, when people hope to get something for nothing. A general improvement in health, a reduction in the present rate of mortality, and the removal of the indifferent reputation which Colombo now enjoys is well worth paying for, if not immediately remunerative. As pointed out by the Secretary of State in previous printed correspondence, the present consolidated rate is not high, the amount charged in most boroughs in the United Kingdom amounting to at least 30 per cent. of the rental.

From paragraphs 10 to 13 of my loan despatch, however, you will observe that the Municipality, instead of doing their duty fearlessly and conscientiously, prefer to shirk it, and to make an attempt on the Public Treasury, which, had the Government countenanced it, would have had to be extended to all the other Municipalities and Local Boards in the Island. Certainly since the despatch was penned the Commissioners in a further communication appeared to be more alive to their responsibilities, and to agree to definite annual progress in drainage works for the next few years. As you will see from my telegram of 31st July, I informed the Secretary of State of what appeared to be a change of front, as I have been throughout most anxious that nothing should be allowed to stand in the way of this much-needed public work. A recent letter, however, from the Mayor practically indicates that their willingness to take up their duties is contingent to our submitting to their demands, which is out of the question.

I only sincerely hope that persistence in this unfortunate attitude will not render necessary the procedure indicated in paragraph 13 of my despatch, and approved by the Secretary of State in paragraph 6 of his reply.

Water Supply to Minor Towns.—You will observe from paragraph 10 of the Secretary of State's despatch that he will not allow any deviation from this general policy, even in the case of water supply to minor towns, the populations of which are generally very poor. I adhere to the opinions expressed in paragraphs 66 to 68 of the surplus balance despatch, and as by paragraph 25 he has allowed Rs. 800,000 to remain as a surplus balance charge (although a similar sum has been deleted from the loan items), I hope still to obtain his approval to afford assistance where imperatively required. Under His Lordship's ruling, however, self-help must not be limited to a 5 per cent. water-rate on assessment as suggested by me, but will be contingent to a minimum charge for each household commensurate with breaking strain.

Colombo Lake.—Large sums will eventually accrue to the Municipality from the assessment roll of this most important undertaking. Next to the Harbour itself, of which it will be a much-needed adjunct, and our railway system, the project will be one of the most valuable assets which the Colony will possess. In paragraphs 23 to 40 of the loan despatch I have described so fully the reasons for its conception, its details, and its financial prospects that it is unnecessary for me to detain you by further references. It is with much pleasure and every confidence that I commend it to your consideration.

Jaffna Reclamation.—It is equally unnecessary for me to describe this project, which will be undertaken by long-sentenced prisoners in a modest manner, seeing that full particulars are given in paragraphs 49 to 53 of the loan despatch.

Nuwara Eliya Lighting.—I am convinced that if only it can be properly developed there is a great future for Nuwara Eliya as a sanatorium for all sections of the community, and that it will yet prove to be a very economical factor of the residence of the European in the East. I have referred to the general position in paragraphs 37 and 38 of the surplus balance despatch. Having studied the nature of help which was given to the Board of Improvement by my distinguished predecessor, Sir West Ridgeway,

mention, there are no less than 60 miles of road. My first idea was to immediately improve the amenities of the place by taking advantage of the excellent water power which is running to waste, and to obtain sanction for an electric lighting scheme, by which both Government and private buildings could be supplied. Being a Government project, Government buildings would be supplied free of cost, except expenses connected with the necessary fittings. To the public who might desire to be consumers a moderate charge would be made, either per lamp or by meter.

Upon examining the details of the project and the prospective consumption, it was found that a fair profit presented itself. This I desired should go, if possible, to the Board of Improvement, on condition that such profit should be ear-marked and devoted to improvements connected with the amenities of the place. I offered the Board, therefore, a lease of the scheme (after its construction), if approved, on certain conditions, and I did this the more readily seeing that the greater portion of the road system is under their jurisdiction. These conditions have been accepted, and the lease will, I trust, be beneficial to all concerned.

ROADS.

Let me congratulate you, Gentlemen, upon your magnificent system of roads. I have been over a large number of them, and nowhere have I seen their equal; steadily do they appear to have grown year after year, until the length now in charge of the Public Works Department approaches 4,000 miles. During the term of my predecessor's administration the expenditure on new roads and on improvements increased some 50 per cent. No surer index is required of the ever-advancing prosperity of the Colony than enhanced expenditure on communications. When adversity comes, the first thing to feel the pinch is new roads, for development in this direction not only means heavy initial outlay, but also annually recurrent charges for maintenance—a contingency which cannot be avoided. But because I point out this fact do not for a moment believe that I imply any apprehension. Just the reverse. Far in the distance does the zenith of Ceylon's prosperity lie; development in the meantime is being called for from north, south, east, and west. May mine be the hand which with your assistance will bridge a portion of this long distance by pushing on communications to the utmost limit of our purse strings; confident as I am that in no direction can revenue be more advantageously expended than in opening up districts—some the best in the Colony—which are crying for attention and population. Much has been done; much more requires to be done. Every rupee is wanted; our taxation is low; our industries (despite a temporary setback in some directions) are flourishing. "Development, not relief," will be the watchword for the next few years. I propose therefore not only to try and maintain the present high level of expenditure on new roads and improvements, but to appropriate for the same purpose one and three-quarters millions of rupees of our surplus balances. As the present accumulation is partially due to abnormal receipts from the sale of Crown lands for rubber plantations, it is but equitable that a portion should be expended in developing our already extensive road system in the planting districts. In connection with this I would point out that an erroneous idea prevails in some quarters that receipts from land sales in any particular district should be earmarked and applied to its improvement. This would be a mistaken policy. You, Gentlemen, will remember that in 1896 Sir West Ridgeway proposed to make of these receipts a special fund for much the same purpose, but that this did not commend itself to the Secretary of State, who ordered such proceeds to form part of the general revenue. The whole Colony must be regarded as one estate, and funds available must be expended where most required; it is very possible that for the general good of the estate a district will require particular development where there has been no sale of lands at all. In the present instance, however, I am happy to state that after examining a very large number of road proposals which have been laid before me by those interested, I have decided that general development demands that special attention should be given to those districts where there have been extensive sales, notably in the Ratnapura, Kelani Valley, and Kalutara Districts. Some of these will be new Public Works Department trunk roads; others estate or branch roads under grants in aid. Two important trunk roads will also be constructed in Uva, one joining Badulla with Alutnuwara on the Mahaweli-ganga through Taldena, and one from Alutnuwara through the Bintenna country to Kalladi on the Batticaloa road.

Many requests have been made to expend a portion of our surplus balances by taking over and improving estate or grant-in-aid roads, but I have only been able to agree to do this in one or two cases. Generally speaking, there is no more reason for taking them over to-day than there was years ago. I would certainly much like to assist in carrying out a number of connecting links in our system of grant-in-aid roads, but have been met by the objection that if through traffic is once established, those who now pay towards the cost of maintenance would decline to do so any longer. As such transfer of expenditure to the Government would be an improper charge on the general taxpayer, I have up to the present been debarred from assenting to much which I would like to see done. The objection admits probably of solution, in which case I shall be prepared to ask this Council for funds to assist in carrying out what will be a very great convenience and improvement.

Before quitting this subject, let me say how much I have been indebted to the Central Planters' Association for the invaluable assistance which they have given me in the selection of the road services to be undertaken. When each District Association thinks its own particular requirements are

particularly emergent, and when there are only limited funds available to meet unlimited demands, it requires the discriminating hand of the Central Association to marshal them in some order of urgency for consideration. This somewhat invidious task they appear to have done in a broad-minded manner. I regret that it has not been possible to accept their recommendations *en bloc*; as a general guide, however, these have been of extreme value. I should mention that certain suggestions in respect to works, by the Low-Country Products Association, did not reach me until a very late date, but that most of them had already been under my consideration.

Under the heading of Railways reference has already been made to motor trains as feeders. Dislike it as we may, motor traction on our roads for the haulage of goods has come to stay, and we must be prepared to face the inevitable with good grace, to encourage rather than obstruct their use. With rinderpest constantly occurring or threatening, whole districts are cut off, or else the law must be broken and disaster risked. The longer these motors and lorries run, the cheaper and more handy will they become. In the meanwhile our roads have not been made for these kinds of vehicle, and may in some cases require alterations and improvements; the public have also to be gradually educated to their use, as they have already been to that of motor cars. In this connection my predecessor hoped to be able to establish motor mail services with Trincomalee. Up to the present our experiments in this direction have not been attended with satisfactory results. It is hoped that the difficulties experienced will yet be got over, and that services both for mails and passengers may yet be established to such centres as Trincomalee, Batticaloa, and Puttalam.

DEFENCE.

Consequent upon the abandonment of Trincomalee as a naval port it has been decided to strengthen the defences of Colombo, and, in accordance with arrangements agreed to with the Imperial Government some years ago, estimates have been submitted by the War Office for works amounting to Rs. 648,000. Certain of the proposals have been objected to by this Government, and correspondence is still taking place. Provision for the whole sum, however, has been provisionally included in the surplus balance programme.

The strength of the Volunteer Force, exclusive of the Cadet Battalion, on the 1st August last was 2,052, or 26 less than on the same date of the previous year.

Two Corps, viz., the Mounted Rifles and the Volunteer Medical Corps, have reached the maximum sanctioned establishment.

The musketry returns for 1907 continue to show a steady improvement in this most important branch of a Volunteer's training.

I shall submit for your approval votes of Rs. 18,000 for the improvement of the Hunupitiya rifle range and of Rs. 9,420 for the construction of a miniature safety range at Slave Island.

You will be glad to hear that the effect of placing the Volunteer Force directly under the General Officer Commanding the Troops for discipline and training has been to bring the different Corps into closer touch with the Regular Troops in the Command. This has been of great benefit to the Force, and has led to increased efficiency.

I attach special importance to the Annual Camp of Instruction at Diyatalawa, and made arrangements by which the last Camp was attended by 421 out of 462 Volunteers in the Government Service. Employers and managers also cheerfully responded to the call made upon them to afford facilities in this respect.

Having ascertained that the scale of batta for those attending camp admitted of improvement, and that efficient service in the Volunteer Force did not under any circumstances relieve members from jury service, as is the case in the Straits Settlements, and which has been adopted by the Territorial force in the United Kingdom, I appointed a Commission to inquire and report in what manner the Volunteer movement could be made more popular. I pointed out that some years ago, when Commandant of Volunteers at Singapore, it was agreed by the Legislature on my representations that if a member of the public served his Sovereign without remuneration in the capacity of a Volunteer, he should not be obliged to serve him in a similar capacity as a jurymen, and that exemption was allowed under certain conditions.

The report of the Commission has been laid upon the table. I have already given effect to certain recommendations, and a Bill for exempting efficient Volunteers from jury service will be laid before you.

MISCELLANEOUS.

Colombo Museum.—The much-needed extension of the Museum has been commenced, and the new wing is well on the way towards completion.

The number of visitors, as well as of those who make use of the library and reading room, is continually on the increase, and the part played by the Museum as a local amenity is recognized by

Scope is also afforded for scientific investigation. A sum of £500 was placed upon the Museum Estimates this year in order to engage the services of a trained Anthropologist, Dr. C. G. Seligmann, to make a final study of the sociology of the Veddas. The true nature of the Veddas can hardly be realized by anybody who has not actually visited the remote haunts of the hill tribes in the Danigala mountain range.

The University of Glasgow has also sent one of their Research Fellows (Miss M. Robertson, M.A.) to investigate the blood parasites of reptiles in Ceylon, and this work was accomplished at the Museum.

The Director of the Museum now holds the substantive appointment of Marine Biologist to Government, and is engaged upon an inquiry concerning the fresh water fish supply, the result of which is to be submitted as a general report about the end of next year. Such enclosed basins as the Colombo lake, the Kandy lake, and the Nuwara Eliya lake will not come directly within the scope of the inquiry, but will be dealt with independently by the corporations concerned with their maintenance.

Pearl Fishery.—The pearl banks in the Gulf of Mannar are once more exhibiting the phenomenon of a blank year. The explanation of this phenomenon is not so simple as it might appear to be on the surface. The idea that it may be due to a natural periodicity, thus constituting what is known as a biological moment in the life-history of the pearl oyster community, rather than to a combination of outside influences, still requires to be confirmed or set aside. The lessees submit to Government from time to time detailed reports of the work done by them on the banks.

The window-pane oysters of Lake Tamblegam in the Trincomalee District behave in a manner analogous to those on the pearl banks, and here again it is apparently neither caused by over-fishing nor by hostile surroundings, but is an inherent property of the oysters. These, however, are still largely matters of conjecture which await solution.

Salt.—At the close of 1906 the sale price of salt was reduced from Rs. 3.50 to Rs. 3 per cwt. at the manufacturing centres. It has been recently decided, with the concurrence of the Secretary of State, to raise the price at Puttalam to Rs. 3.25 per cwt., because the naturally-formed salt at Hambantota and other centres could not compete in Colombo with the Puttalam salt on account of the greater cost of transport, and was therefore confined to supplying local requirements. At Puttalam the manufacturers have to be paid for the salt which they produce, whilst in Hambantota the cost is merely that of collection, yet at both places Government received the same price, with the result that stocks accumulated at Hambantota, and the question was raised whether collections there should not be reduced. By raising the price slightly at Puttalam the cost of the two classes of salt—the naturally-formed and manufactured—was equalized in Colombo. The same result would no doubt have been realized by lowering the price at Hambantota, but in view of the fact that the charge had only recently been reduced from Rs. 3.50 to Rs. 3, it was not deemed advisable still further to lower the rate.

A second change in the salt administration has been the abolition of the Government stores at Colombo, Galle, and Haputale. These stores were started to protect the consumer against undue enhancement of the price by the dealers, at a time when the failure of local supplies had necessitated the importation of salt by Government from the Madras Presidency and from Aden. On the return of normal conditions of supply the Government stores are no longer required, and for a considerable time past the sales have been nominal.

It is also in contemplation to abolish the salt stores at Batticaloa, which, though in existence prior to the establishment of the other stores, have been merely a distributing centre.

Arrack Revenue.—The renters of the Colombo District and the Central Province, the two largest arrack farms in the Island, brought to the notice of Government that owing to a combination amongst the wholesale dealers in arrack the price had risen to over Rs. 300 a leaguer of 150 gallons. To check this combination the renters were granted a number of distilling licenses to supply their own requirements, with the result that the price shortly afterwards fell to a normal figure. As you have already been informed, the whole question of the revision of the present system of arrack renting is receiving my consideration.

Nickel Coinage.—Recognizing what an inconveniently heavy coin is the bronze five-cent piece, and knowing that the Indian Government had followed the example of certain Crown Colonies like Jamaica and North Borneo, and had recently introduced a handy nickel one-anna piece, I caused a design to be prepared and sent it home for approval. The Indian Government took exception to the design as being too similar to the coin which they are themselves introducing. The design and shape have therefore been amended and re-submitted to the Secretary of State.

Government Motor Cars.—Papers will be laid on the table in respect to a scheme for stationing motor cars at the principal centres of the Colony with a view (a) to promoting the general efficiency of the Service; (b) to effecting much saving of time and expense. At present there are only two Government cars; these will be supplemented by twelve more, namely, four Albion 16–20 h.p. and eight Humber 10–12 h.p. One additional Albion will be stationed at Colombo; the others at Kandy, Kurunegala, Ratnapura, Galle, Badulla, Trincomalee, Batticaloa, Puttalam, Anuradhapura, and Jaffna, and one spare, available in case of a breakdown. The administration and responsibility will rest with the Railway Department,

the control of movements with the Colonial Secretary and Revenue Officers. For the first year the cost of the *personnel* is estimated at Rs. 23,770; other charges, including stores and allowances, at Rs. 32,000 and provision of cars, spares, garages, drivers' bungalows, and petrol stores at Rs. 117,780. Provisions for the same will be made in the annual Supply Bill for your consideration.

Archæology.—You will observe from the surplus balance despatch, paragraph 36, that I am anxious that before Mr. Bell retires on pension (which he will do in a few years' time) we should take full advantage of his peculiar knowledge of Buddhist archæology and provide him with additional funds to carry out both excavation and restoration. I proposed to the Secretary of State that a definite sum of Rs. 50,000 per annum for five years should be ear-marked from surplus balances to enable this to be done. His Lordship, whilst recognizing that the matter is of much interest to Ceylon, considers that the funds necessary for the purpose should be a charge against current revenue. You will be therefore requested to provide each year such sums as other budget requirements will allow.

I trust that my remarks in this supplementary Address on different matters of public interest will be of use to you when considering the Supply Bill for next year, which will shortly be before you.