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REPORT OF THE COMMISSION ON LOCAL GOVERNMENT

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GOVERNOR-GENERAL'S WARRANT

G. G. O.—No. N. 65/53

BY HIS EXCELLENCY THE RIGHT HONOURABLE LORD SOULBURY, KNIGHT GRAND CROSS OF THE MOST DISTINGUISHED ORDER OF SAINT MICHAEL AND SAINT GEORGE, OFFICER OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE, UPON WHOM HAS BEEN CONFERRED THE DECORATION OF THE MILITARY CROSS, GOVERNOR-GENERAL AND COMMANDER-IN-CHIEF IN AND OVER THE ISLAND OF CEYLON AND ITS DEPENDENCIES.

Seal.

SOULBURY

To :

NARIMAN KAIKHUSHRU CHOKSY, ESQUIRE, Q.C.,
EDWARD WILMOT KANNANGARA, ESQUIRE, C.B.E.,
PONNAMBALAM RAMALINGAM, ESQUIRE,
DIYASENA SUDHIRA JAYAWICKRAMA, ESQUIRE.

GREETINGS :

WHEREAS it appears to me to be necessary to appoint a Commission for the purposes hereinafter mentioned :

Now, therefore, I, Herwald, Baron Soulbury, Governor-General, reposing great trust and confidence in your prudence, ability and fidelity, do in pursuance of the provisions of section 2 of the Commissions of Inquiry Act, No. 17 of 1948, by these presents appoint you the said

Nariman Kaikhushru Choksy, Esquire, Q.C.
Edward Wilmot Kannangara, Esquire, C.B.E.
Ponnambalam Ramalingam, Esquire,
Diyasena Sudhira Jayawickrama, Esquire,

to be my Commissioners for the following purposes :

(1) to examine the nature and scope of Local Government in the Island today ;

(2) to investigate whether any changes in such Government are needed and, if so, to determine the nature and extent of the changes ; and

(3) to report, and to make such recommendations as you may consider necessary, with regard to the following matters :—

(*a*) The functions, powers and duties that should be exercised by the various types of local authorities.

(*b*) The nature and extent of the supervision and control which the Central Government should have over local authorities.

(*c*) The ways and means of providing the revenue required by local authorities for the proper discharge of their functions.

(*d*) The appointment, conditions of service, transfer, dismissal and disciplinary control of employees of local authorities.

And I do hereby appoint you, the said Nariman Kaikhushru Choksy, to be the Chairman of the said Commission :

And I do hereby authorise and empower you, the said Commissioners, to hold all such inquiries and make all such investigations into the aforesaid matters as may appear to you to be necessary, and require you to transmit to me, through the Minister of Local Government, from time to time reports under your hands containing such recommendations as you may wish to make :

And I do hereby direct that such part of any inquiry relating to the aforesaid matters as you may in your discretion determine shall not be held in public :

And I do hereby require and direct all public officers and other persons, to whom you may apply for assistance or information for the purpose of your inquiries and investigations, to render all such assistance and furnish all such information as may properly be rendered and furnished in that behalf :

Given at Colombo, under the Seal of this Island, this Eleventh day of December, One thousand Nine hundred and Fifty-three.

By His Excellency's command

A. C. M. HINGLEY,
Secretary to the Governor-General.

G. G. O. No. N. 65/53

IT is hereby notified for general information that His Excellency the Governor-General has been pleased, under section 17 (1) of the Commissions of Inquiry Act, No. 17 of 1948, to appoint Mr. Edwin Felix Dias Abeyesinghe, Deputy Commissioner of Local Government, to be Secretary to the Commission on Local Government, with effect from December 16, 1953, in addition to his own duties as Deputy Commissioner of Local Government.

By His Excellency's command,

A. C. M. HINGLEY,
Secretary to the Governor-General.

Governor-General's Office,
Colombo, December 11, 1953.

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TABLE OF CONTENTS

		PAGE
Preface	.. ..	xi
	PART I—INTRODUCTORY	
CHAPTER	I—HISTORICAL NOTE OF THE DEVELOPMENT OF LOCAL GOVERNMENT IN CEYLON	
	Section 1—The Early Period	1
	Section 2—The Modern Period	5
CHAPTER	II—THE NATURE AND SCOPE OF LOCAL GOVERNMENT IN THE ISLAND TODAY	20
	PART II—MAIN CHANGES SUGGESTED	
Introductory		
CHAPTER	III—REGIONAL COMMITTEES	
	Section 1—Previous Proposals	30
	Section 2—Present Proposals	34
	Section 3—Proposed Changes	37
	Section 4—Detailed Scheme of Regional Committees ..	41
	Section 5—General Observations	49
CHAPTER	IV—A CENTRAL WATER AND DRAINAGE BOARD	
	Section 1—The Problem of Water	51
	Section 2—Need for a Central Authority	56
	Section 3—Sewerage and Surface Drainage ..	57
	Section 4—Composition and Functions of the Central Water and Drainage Board	58
CHAPTER	V—RURAL DEVELOPMENT AND LOCAL GOVERNMENT ..	68
CHAPTER	VI—THE LOCAL GOVERNMENT SERVICE COMMISSION	
	Section 1—The Constitution of the Local Government Service Commission	75
	Section 2—The Composition of the Local Government Service Commission	81
	Section 3—The Chairman of the Local Government Service Commission	85
	Section 4—The Official Deputy Chairman ..	87
	Section 5—The Staff of the Local Government Service Commission Office	88
	Section 6—Despatch of Business by the Local Government Service Commission	89
	Section 7—Reconstitution of Committees of Inquiry of the Commission	91

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PAGE

PART III—THE FUNCTIONS, POWERS AND DUTIES OF LOCAL AUTHORITIES

Introductory

CHAPTER VII—ASPECTS OF PUBLIC HEALTH

Section 1—Medical Officers of Health and Local Authorities 94
Section 2—Maternity and Child Welfare Clinics .. 99
Section 3—Markets and Fairs 101
Section 4—The Provision of Latrines 102

CHAPTER VIII—THE SERVICES OF LOCAL AUTHORITIES

Section 1—Roads 106
Section 2—Housing 108
Section 3—Electricity and its Distribution .. 110
Section 4—New Public Services 121
Section 5—Municipalisation of Passenger Transport in Colombo 123
Section 6—Resthouses 130
Section 7—Town Planning and Zoning 137
Section 8—Recreational Facilities 142
Section 9—Libraries, Reading Rooms, and Community Centres 144
Section 10—Public Assistance 146
Section 11—Fire Services 150

CHAPTER IX—THE CONSTITUTION OF LOCAL AUTHORITIES AND MEMBERSHIP

Section 1—The Creation of Local Authorities .. 152
Section 2—Voters and Members of Local Authorities .. 158
Section 3—Payment of Allowances to Members .. 162
Section 4—Chairmen as Justices of the Peace .. 163

CHAPTER X—ADMINISTRATION IN LOCAL AUTHORITIES

Section 1—Chief Executives of Local Authorities .. 164
Section 2—Rating and its Administration 168
Section 3—Standing Committees 172
Section 4—Subjects of Discussion at Local Authority Meetings 173
Section 5—The Need for One Local Government Act .. 174
Section 6—Swabasha in Local Authorities 174

CHAPTER XI—THE CROWN AND LOCAL AUTHORITIES

Section 1—Land Acquisition for Local Authorities .. 175
Section 2—Crown Buildings in Local Authorities .. 177
Section 3—Vesting of Crown Lands in Local Authorities .. 179
Section 4—Legal Advice to Local Authorities .. 182

PAGE

CHAPTER XII—GENERAL TOPICS

Section 1—Ad Hoc Boards for Special Purposes .. 184
Section 2—Sea Erosion 188
Section 3—Rent Control and Local Authorities .. 189
Section 4—Supply of Stores to Local Authorities .. 194
Section 5—Level Crossings in Local Authority Areas .. 197
Section 6—The Prevention of Cruelty to Animals .. 201
Section 7—The Need for Ratepayers' Associations .. 202
Section 8—Education 203
Section 9—The Shop and Office Employees Act, No. 19 of 1954 203

PART IV—SUPERVISION AND CONTROL

CHAPTER XIII—EXISTING CONTROLS 204

CHAPTER XIV—AUDIT 216

CHAPTER XV—STANDARDIZED FINANCIAL AND OTHER PROCEDURES

Section 1—Financial Regulations of Local Authorities .. 228
Section 2—Control through Publicity and Inspection of Audit Reports and Accounts 237
Section 3—Administration Reports and Surveys .. 239

CHAPTER XVI—MINISTERIAL CONTROLS

Section 1—Tribunals of Inquiry and Dissolutions of Councils 245
Section 2—Rule Making Powers 248
Section 3—Powers of Inquiring, Investigating, Directing and Acting in Default 249
Section 4—Ministerial Control of Grants and other Contributions by Government 253

CHAPTER XVII—ADMINISTRATIVE CONTROLS

Section 1—Use of Statistics 256
Section 2—Supervision by the Local Government Department 257
Section 3—The Role of the Assistant Commissioners of Local Government 262

PART V—THE FINANCES OF LOCAL AUTHORITIES

CHAPTER XVIII—A HISTORY OF FINANCIAL RELATIONS 264

CHAPTER XIX—THE NEED FOR MORE FINANCE 279

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PAGE

CHAPTER XX—SOURCES OF REVENUE TO BE DEVELOPED BY LOCAL AUTHORITIES

Section 1—Local Income Tax 287
Section 2—Local Sales Tax 289
Section 3—Trades, Businesses and Professions Tax .. 290
Section 4—Tax on Undeveloped and Under-developed Land 294
Section 5—Land Tax in Village Committees .. 297
Section 6—Graded Property Rates 302
Section 7—Betterment 305
Section 8—Vehicles and Animals Tax 308

CHAPTER XXI—ASSISTANCE FROM GOVERNMENT

Section 1—Stamp Duties on Land Transactions .. 310
Section 2—Arrack and Toddy Rents, Tree Tax, and Profits from the supply of Arrack by Government .. 310
Section 3—Revenue from Petrol 311
Section 4—Fines, Penalties, Refunds and Stamp Duties .. 312
Section 5—Block or General Purposes Grant .. 313

CHAPTER XXII—SPECIFIC AND CONDITIONAL GRANTS ; DIVISION OF EXPENDITURE ON CERTAIN SERVICES ; AND LOAN FACILITIES

Section 1—Specific Grants and Division of Expenditure .. 321
Section 2—Loan Facilities 339
Section 3—General 340

PART VI—THE EMPLOYEES OF LOCAL AUTHORITIES

CHAPTER XXIII—TRAINING OF EMPLOYEES 342

CHAPTER XXIV—THE SELECTION, PROMOTION AND GRADING OF EMPLOYEES

Section 1—Appointments 346
Section 2—Promotions 349
Section 3—Reserve Pool of Officers to fill Temporary Vacancies 350
Section 4—Grading 351
Section 5—Confidential Reports 352
Section 6—Abolition of Posts 354

CHAPTER XXV—SALARIES AND INCREMENTS

Section 1—Payments of Increments 356
Section 2—Power to enforce Payment of Salaries, Pensions, &c. 356
Section 3—Power to authorise Recoveries from Salaries, &c. 359
Section 4—Central Pool for the Payment of Salaries .. 359

PAGE

CHAPTER XXVI—DISCIPLINARY PROCEDURES

Section 1—Enlargement of the powers of Local Authorities for Disciplinary Control 361
Section 2—Interdiction of Staff 362
Section 3—Dismissals 364

CHAPTER XXVII—CONDITIONS OF SERVICE

Section 1—Transfers 366
Section 2—Leave 368
Section 3—Allowances 369
Section 4—Free Holiday Warrants 370
Section 5—Security from Officers 371

CHAPTER XXVIII—WELFARE FACILITIES

Section 1—Study Leave and Scholarships 373
Section 2—Provision of Medical Facilities 373
Section 3—Provision of Quarters for Employees .. 376
Section 4—Debt Redemption Schemes 377

CHAPTER XXIX—NON-SCHEDULED EMPLOYEES 379

PART VII—ADDITIONAL AMENDMENTS TO LOCAL GOVERNMENT ORDINANCES

CHAPTER XXX—AMENDMENTS TO THE MUNICIPAL COUNCILS ORDINANCE, NO. 29 OF 1947 384

CHAPTER XXXI—AMENDMENTS TO THE URBAN AND TOWN COUNCILS ORDINANCES, NO. 61 OF 1939 AND NO. 3 OF 1946, RESPECTIVELY .. 393

CHAPTER XXXII—AMENDMENTS TO THE VILLAGE COMMUNITIES ORDINANCE (CHAPTER 198) 397

PART VIII—CONCLUSIONS

SUMMARY OF RECOMMENDATIONS 401
ACKNOWLEDGEMENTS 441

APPENDICES

APPENDIX I—LIST OF PERSONS AND ORGANIZATIONS FROM WHOM WRITTEN MEMORANDA WERE RECEIVED 444
APPENDIX II—QUESTIONNAIRE 450
APPENDIX III—SUPPLEMENTARY QUESTIONNAIRE 453
APPENDIX IV—LIST OF THOSE WHO GAVE EVIDENCE BEFORE THE COMMISSION IN COLOMBO 463
APPENDIX V—LIST OF THOSE WHO GAVE EVIDENCE BEFORE THE COMMISSION OUTSIDE COLOMBO 469

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PAGE

APPENDIX VI—CHART SHOWING TYPICAL KACHCHERI SET-UP 481

APPENDIX VII—ANALYSIS OF INCOMES OF LOCAL AUTHORITIES (INCLUDING RECEIPTS FROM GRANTS AND LOANS ON CAPTAL ACCOUNT) FOR 1953 .. 483

APPENDIX VIII—ANALYSIS OF EXPENDITURE OF LOCAL AUTHORITIES IN 1953 .. 484

APPENDIX IX—STATEMENT OF INCREASES OF REVENUE OF CENTRAL GOVERNMENT AND LOCAL AUTHORITIES COMPARED 485

APPENDIX X—TABLE 1—STATEMENT OF ARRACK TAVERNS AND ARRACK REVENUE OF THE REVENUE DISTRICTS DURING THE RENT YEAR OCTOBER 1, 1952 TO SEPTEMBER 30, 1953 .. 486

TABLE 2—STATEMENT OF TODDY TAVERNS AND TODDY RENT REVENUE IN EACH OF THE REVENUE DISTRICTS DURING THE RENT YEAR OCTOBER 1, 1952 TO SEPTEMBER 30, 1953 .. 487

APPENDIX XI—DEDUCTIONS ON BLOCK OR GENERAL PURPOSES GRANTS .. 488

APPENDIX XII—STATEMENT OF BLOCK OR GENERAL PURPOSES GRANTS—PRESENT AND PROPOSED

Table 1—Municipal Councils 491

Table 2—Urban Councils 492

Table 3—Town Councils 494

Table 4—Village Committees 496

APPENDIX XIII—LOANS GRANTED TO LOCAL AUTHORITIES SINCE 1929 .. 497

APPENDIX XIV—SECTION 43 OF THE VILLAGE COMMUNITIES (AMENDMENT BILL) .. 499

PREFACE

Your Excellency,

A COMMISSION was issued to us by His Excellency, The Right Hon'ble Lord Soulbury, on 11th December, 1953, with the following Terms of Rererence :

" (1) To examine the nature and scope of Local Government in the Island today ;

(2) To investigate whether any changes in such Government are needed and, if so, to determine the nature and extent of the changes ; and

(3) To report, and to make such recommendations as may be considered necessary, with regard to the following matters :—

(*a*) the functions, powers, and duties that should be exercised by the various types of local authorities.

(*b*) the nature and extent of the supervision and control which the Central Government should have over local authorities.

(*c*) the ways and means of providing the revenue required by local authorities for the proper discharge of their functions.

(*d*) the appointment, conditions of service, transfer, dismissal and disciplinary control of employees of local authorities ".

We discussed, at the very outset, the Terms of Reference with the Hon'ble the Minister of Local Government with a view to their elucidation. We were informed that the terms of remuneration or scales of salary, allowances, &c., of employees of local authorities did not fall within the scope of Term 3 (*d*) of the Terms of Reference.

Notices were published in the Press and in the *Government Gazette* at the end of 1953 inviting representations from local authorities, Associations of local authorities, employees of local authorities or Associations of such employees, Departments of Government and from any other organisations and members of the Public who wished to make representations, on all or any of the matters falling within the scope of the Terms of Reference of the Commission.

All local authorities and Associations of local authorities were also specially written to inviting their attention to these Notifications and requesting them to forward their representations, if they so desired. In addition we wrote to all Members of Parliament and to all Senators, and also to certain persons, who, either by their specialised knowledge of, or contributions on, the subject of local government, or their acquaintance with the subject of Government, (whether Central or Local), either in Ceylon or other countries, it was thought could render assistance to the Commission in its investigations.

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In all 271 Representations were received in reply to these Notices. The names of those who responded to these invitations appear in Appendix I.

Two Questionnaires were also issued by us. The first was in general terms, inviting views on the Terms of Reference. The second was a Supplementary Questionnaire, which asked for views on various important aspects of Local Government, and on matters which were raised in Memoranda received in response to our Notifications in the *Gazette* and Press. These Questionnaires appear as Appendices II and III.

We heard the evidence of 165 persons or bodies at 36 Sittings in Colombo and 28 Outstation Sittings, in the following towns : Chilaw, Puttalam, Anuradhapura, Jaffna, Kankesanturai, Valvettiturai, Point Pedro, Chavakachcheri, Vavuniya, Kurunegala, Galle, Matara, Hambantota, Rakwana, Ratnapura, Nuwara Eliya, Bandarawela, Badulla, Batticaloa, Trincomalee, Kegalle, Peradeniya, and Kandy. At Amparai we met the members of the Gal Oya Development Board. On our outstation circuits, we took the opportunity of inspecting several works carried through by local authorities and also saw for ourselves conditions in our towns and villages. Those who gave evidence before us included members of the public, Members of Parliament, Chairmen and Members of local authorities, Associations of local authorities, employees and Associations of employees of local authorities, Officials of various Ministries, Heads and Officials of Government Departments, &c. A list of their names appears in Appendices IV and V.

We obtained, through the courtesy and kind offices of the Ministry of Local Government and the Ministry of Defence and External Affairs, literature on the subject of local government from countries like New Zealand, Australia, the United Kingdom, India, Japan, &c. The Chairman of the Commission took the opportunity (during a short visit to India for personal reasons) of meeting the Mayor, Shri Dayabhai Patel, the Commissioner, Shri P. R. Nayak, I.C.S., and other Officials of the Bombay Municipal Corporation, who very generously assisted him in getting, at first hand, an insight into the working, and problems of local government in that vast Corporation. He also had the benefit of a very informative discussion with Shri Chunilal D. Barfivala, the Director of the Local Self-Government Institute of Bombay, who is an acknowledged authority on every aspect of Local Government, and at every level of its operation in local authorities of different gradations all over India, and who has also had the honour and responsibility of representing India at various International Conferences on Local Government.

Mr. E. W. Kannangara, C.B.E., resigned from the Commission in June, 1954, consequent on his appointment as a Senator. The vacancy created by his resignation was not filled as the preliminary work of the Commission had been completed ; also Public Sittings were in progress at the time, and it was therefore felt that little purpose would be served by filling his vacancy at that stage. His very wide and varied experience, gained in many Departments of Government during a long and honourable career in the Civil Service,

and his specialised experience in all aspects of Local Government acquired as Commissioner of Local Government and first Chairman of the Local Government Service Commission, and later as Permanent Secretary of the Ministry of Health and Local Government were of invaluable assistance to us.

We also have to record with deep regret the passing away, in July this year, of our colleague Mr. P. Ramalingam who had retired after a distinguished careeer in the Indian Civil Service in capacities which made his membership in our Commission most valuable. Though he has unfortunately not lived to sign this Report yet, we are glad to say, we had the benefit and guidance of his unique experience, in the discussion and framing of the Recommendations embodied in this Report, a good part of which he had seen, and helped to revise, in draft form.

Having given our most earnest consideration to the representations made to us, to the materials made available to us, and to the numerous problems that underlie the whole field of Local Government and its actual operation in our country, we now have the honour to submit our Report which, as we say in the ultimate paragraph presenting it to Your Excellency, has been made possible by the assistance and co-operation of all those whose help we have acknowledged in the concluding paragaphs of this report.

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PART I—INTRODUCTORY

CHAPTER I

HISTORICAL NOTE ON THE DEVELOPMENT OF LOCAL GOVERNMENT IN CEYLON

Section 1—The Early Period

LOCAL GOVERNMENT, as we know it today, is a modern development in this country dating back to the latter half of the 19th Century. The germ of the idea of local people having democratic responsibility for the solution of the problems connected with their local needs goes back, however, to ancient times.

2. Unfortunately there has yet not been sufficient research in this field of study to enable us to present even briefly an authoritative and accurate picture of the system of local government which existed in Ancient, Mediaeval, Portuguese, Dutch and Early British Periods of our History.

3. That institutions existed and that functions which are now considered peculiarly functions of Local Government were being exercised in ancient days is evident from Inscriptions and the works of some of those who have made some study in this field.

4. We learn for instance, that in the 4th Century B.C. King Pandukabhaya "established the village boundaries over the whole Island".[1] The purpose, doubtless, was to divide and demarcate the areas of jurisdiction of the several Village "Corporations". That these local institutions existed in Ceylon from the earliest historical times and were modelled upon the Indo-Aryan pattern may be deduced from the similarity of nomenclature of various titles and offices, as described in the ancient chronicles, and from the epigraphical evidence of the earliest Inscriptions of the 3rd, 2nd, and 1st Centuries B.C.[2] Village Corporations (called *Pūga or Pūka*—Sanskrit *Pūga*) are mentioned in the following pre-Christian Inscriptions :

(*a*) **Pugiyana Lene Sagasa Dine**—"the cave donated to the priesthood by the village corporation."[3]

(*b*) **Madukasaliya Pugiyana Leṅe Ṣagaṣa**—"the cave (donated) to the priesthood by the village corporation of Madukasali.'[4]

---

[1] Mahavamsa 10. 103.

[2] University of Ceylon Review, Vol. VIII, No. 2, Pages 116 *et. seq.*

[3] Unpublished Inscription near Dombagahawela in Uva Province : Text supplied by Mr. C. W. Nicholas, Warden, Department of Wild Life.

[4] In the Ruhuna National Park ; Journal of the Royal Asiatic Society, Ceylon Branch, New Series, Vol. II, Part 2 : Page 137.

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(*c*) **Sidaviya Pukana Lene Catudisika Sagasa Caratise Jete Kabaranake Anujete**—" the cave (donated) to the priesthood of the four quarters by the village corporation of Sidaviya, the Chairman (being) Caratisa (and) the Vice Chairman Kabaranaka."[1]

(*d*) **Dipikulikaye Pukisaya Lene Sagasa**—" the cave (donated) to the priesthood by the village corporation of Dipikulika."[2]

(*e*) **Tubadavasaka Pugiyana Lene**—" the cave (donated) by the village corporation of Tubadavasaka."[3]

5. These five contemporary Inscriptions of the 2nd and 1st Centuries B.C., in widely separated parts of Ceylon, testify to the general existence throughout the land of some form of village " corporations ". But historical information about the authority and functions of these local bodies in this early period is extremely scanty. The " eighteen guilds "[4] are mentioned in the reign of Vijaya, while the professions, trades and occupations specified in the pre-Christian Inscriptions indicate physicians, accountants, merchants, sculptors, bards, owners of tanks, astrologers, bowmen, storekeepers, treasurers, armourers, elephant capturers and trainers, dancers, painters, weavers, jewellers, carpenters, goldsmiths, bricklayers, nurses, herdsmen, fishermen and huntsmen, in addition to various degrees of the nobility, Officers of State, and Royal Officials. The village chiefs are called *gama-bojika* and *gamika :* their respective places in the village corporation, if they were members of it, is unknown.

6. Pandukabhaya was also the first king to establish Anuradhapura as the Capital City. The lay-out of the City was planned ; specified areas were reserved for the Citadel or Royal Enclosure, for places of worship, for parks, for convalescent homes, lying-in-homes, for cemeteries, for the four suburbs and for the dwellings of foreigners, huntsmen and candalas. Special communities were assigned to the work of bearing and burying the dead and cleaning the streets and the sewers. A high official styled the *Nagaraguttika* was responsible for the care and security of the Capital at night.[5] There were many smaller towns (*nagara*) in different parts of the Kingdom, but we have very little information, for this early period of history, as to how they were administered.

7. The historical and epigraphical records of the 1st to the 6th Centuries A.D., contain numerous references to such matters as the recovery of rates taxes and revenue shares, the supply of water for irrigation and/or harvests, the remission of these taxes, the disposal of fines collected by local Courts of Justice, the deposit

[1] Unpublished Inscription near Polpitigama in Kurunegala District mentioned in Archaeological Survey Report 1932, Page 9 : Text supplied by Mr. C. W. Nicholas.
[2] Unpublished Inscription in Tamankaduwa, Polonnaruwa District : Text supplied by Mr. C. W. Nicholas.
[3] Unpublished Inscription near Horowopotana, N. C. P.: Text supplied by Mr. C. W. Nicholas.
[4] Mahavamsa 7.57.
[5] Mahavamsa 10. 80–103.

of money with village assemblies which served as local banks, the existence of administrative divisions, the establishment of hospitals for sick, and refuges for the crippled and the blind, the appointment of physicians—each in charge of a group of villages—and of veterinary surgeons, the reservation of areas as sanctaries for wild animals, and, the continual work of construction and maintenance of irrigation reservoirs and channels by communal labour. But the specific part played by local government bodies in these and numerous other activities is not known.

8. Dr. S. Paranavitana writing in the Ceylon Literary Register of February 1931 No. 2, has said :

" Coming to the ancient Inscriptions of Ceylon, there are two records which may be mentioned in this connexion. The first is a document dating from the reign of Mahinda IV, (Circa A.D. 953–969) and constitutes a decree of the king, empowering a local community to administer criminal justice within its limits. They were authorised to deal with cases of murder, violence, theft, robbery, and other offences against the community. In the investigating into offences, the headmen of the ten villages included within the area, and the principal householders, took part. They were requested to keep a record of the proceedings that the same may be produced thereafter, if necessity arose. It also mentions the royal officers going on circuit annually to inquire into the working of these local bodies. Another point of interest in these regulations is, that a collective responsibility lay upon the inhabitants of the village for the detection of crimes committed within their area. Thus, if an offender was not produced within a specified period, the whole community had to pay a certain fine to the King.

" The second Inscription is an edict of Udaya III (Circa A.D. 942–952) concerning the relations between the king's officers and the local corporation at a place named Hopitigamu near Mahiyangana (Uva Province). When the King was on a tour of inspection, a deputation consisting of the representatives of the householders, the village corporation, and merchants' guild, presented themselves before the King, and made a complaint that the local magistrates were going beyond the limits prescribed for them in their dealings with the people. The King thereupon caused this edict to be promulgated. In it we are informed that, in deciding the amount of fines due to the King from the villagers, the members of the village assembly, and the merchants' guild should deliberate in session with the subordinate officers of the magistrate. A succeeding clause seems to show that the Village Headman, who was a royal officer, also took part in these deliberations. The mention of the merchants' guild is due to the fact that the place in question was a centre of trade, and a good number of the regulations embodied matters concerning the levying of toll, dues, &c. As in the Inscription previously mentioned, the people seem to have been entrusted with some powers in administering criminal justice. For, it is laid down that they should arrest the culprit in case a murder takes place. There are also some

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clauses which refer to the ostracism of those members of the community who do not prove to be law-abiding. Such members were forbidden entry into the village, and were not allowed to take part in the ordinary occupations of life. Unfortunately, this part of the document has been imperfectly preserved, and details about these rules are thus withheld from us.".

" The same Inscription has a reference to a **Committee of Eight,** (called The Eight Men of the village) who were presumably entrusted with the general administration of the village, with a similar committee for dealing with the fines due to the King from the village.".

9. Robert Knox, in his " Historical Relation of Ceylon " published in 1681, states that " for the hearing of complaints and doing justice among neighbours here, are County Courts of Judicature consisting of these (King's) officers, the headmen of the place and towns where the Courts are kept ; these are called Gom Sabbi ; as much as to say town consultations . . . .".

10. Major Forbes writing in 1840 " Eleven Years in Ceylon " thus refers to Gamsabha or Village Councils and Rata Sabhas or District Councils :

" In the consitution of the Kandian Society Gam-sabae and Rata-sabae (the village and district councils) afford specimens of free institutions, which one could not expect to find surviving through so long a period of arbitrary rule. The Village Council was composed of the head of every family residing within its limits, however low his rank, or small his property : from this tribunal, there was an appeal to the district council, which consisted of intelligent delegates from each village in the Pattoo or sub-division of a district. Village Councils were indispensible, in a country where landed property is so minutely divided and consanguinity so entangled as in Ceylon : but in 1828, District Councils only lingered in the remote province of Nuwarakalawiya and even there were seldom used.".

11. We are unable to make comment regarding the Portuguese and Dutch Periods as evidence is not readily available. That public health work was done in the Dutch Period is evidenced however by the following Ordinances :

" (*a*) **Ordinance of March 2, 1666—**

Against cutting earth, and building houses in the streets and roads.

(*b*) **Ordinance of August 10, 1673—**

Ordering the streets to be kept clean on pain of a fine of 50 Rix Dollars.

(*c*) **Ordinance of December 17, 1676—**

Ordering all persons having houses in Town, covered with cadjan, to get the same covered with tiles, on pain of forfeiting the whole ground ; and that the streets before each house be kept clean ; and that the cattle be driven without the Fort for pasture, on pain of punishment and forfeiting of the same."[1]

12. In summarising the position briefly, we would say that the systems of Local Government in Ancient Ceylon would appear to have been of a partriarchal type, in which the affairs of every village were directed and controlled by its natural leaders, whose decisions were accepted and obeyed by the community in general. The Village Elders met from time to time at a convenient spot, where, surrounded by those who cared to hear and see and criticize their proceedings, they deliberated on affairs of common interest, adjusted civil disputes, and awarded punishments to ordinary offenders against person and property. Cases of serious crime were reserved for the consideration of the King himself.[2] These Village Councils of Ancient Ceylon, which were known as " Gansabhas ", were not controlled or directed by the King or any central authority.[3] We are not certain whether there were formal rules of procedure laid down, but matters of common interest were fully discussed by the Village Councils, and the decisions of the majority were accepted and acted upon by the community without dissent. There were too in time, larger Councils known as " Rata Sabhas ", which dealt with matters affecting a whole District, or Province. The fundamental ideas of Democracy seem to have been in active operation in these institutions.

13. During the periods of the Portuguese, Dutch and Early British, this system of Local Government apparently became emasculated in the Maritime Provinces, although it continued to flourish in the more conservative Kandyan Kingdom till the Rebellion of 1817–18.

14. We would state however that we do not attempt to draw firm conclusions from the illustrations cited, nor is it within our competence to do so. We quote them merely to indicate that this is a fruitful field for further investigation, which should well repay the trouble that may be taken by our students of the History and Institutions of the Past.

Section 2—The Modern Period

15. After the Proclamation of 1818, the Village Council or Gansabha, ceased to receive local recognition and fell into desuetude. Nevertheless the Village

[1] *Vide* " Index to the Legislative Acts of the Dutch Government of the Island of Ceylon " appearing in a " Collection of Legislative Acts of the Ceylon Government " Vol. I (Page 408) Published by William Skeen, Government Printer in MDCCCLIII (1853).

[2] Mr. H. S. O. Russel's Speech on the Second Reading of the " Village Communities Ordinance " in December 1871. *Vide* pp. 52–53 " The Debates of the Ceylon Legislative Council " Published by Mr. A. M. Ferguson.

[3] " Village Communities doubtless enjoyed very great independence as was the case in South India. Royal control was exercised by officials, who went on circuit annually somewhat in the manner of the English assizes to administer justice and collect the King's dues, and this was still done as late as the early Sevententh Century." (A Short History of Ceylon by H. W. Codrington—Page 43).

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Council system of paddy cultivation continued without a break. Early British Administrators realised the value of this system of Government, which had taken deep root in the life of the rural population, and began to revive the ancient system. In 1849 Major Thomas Skinner urged its revival in order to check litigation, and in 1856 Sir Henry Ward resuscitated the Council to some extent, and empowered it to revive ancient customs touching irrigation.

16. It was in this period that we see the rise of modern Local Government in Ceylon. Road Committees were constituted under Ordinance No. 10 of 1861. The first Municipal Councils Ordinance was passed in 1865, the Village Communities Ordinance was passed in 1871, the Small Towns Sanitary Ordinance became law in 1892, and the Local Boards of Health and Improvement Ordinance was enacted in 1898.

Road Committees

17. Road Committees were set up under the Thoroughfares Ordinance, No. 10 of 1861. For each Province in the Island, a Provincial Committee was constituted, consisting of the Government Agent as Chairman, the Engineer, and not less than three nor more than five members appointed by the Governor for one year. For each Revenue District of the Island, a District Committee was constituted consisting of the Government Agent, or his Assistant, as Chairman, an officer of the Public Works Department, and three elected members representing the communities in the Island. For every election, every male over 18 years of age had a right to vote at the election of a District Committee. The Provincial Committees had the power to make rules for carrying out their duties, and for directing District Committees. These rules were subject to confirmation.

18. The charge and maintenance of all Resthouses, other than those in Urban and Municipal areas, was vested in the Provincial Road Committees. They also had to control and supervise the work done on private and estate roads, *i.e.* roads maintained partly by contributions from estates and partly by grants from Government. They had too the power to prevent encroachments, remove obstructions on public roads, and to prevent nuisances thereon.

19. The District Committees administered funds made available to them by the Provincial Committees, and these funds were spent mainly on the maintenance and improvement of roads and ferries in their charge. Provincial Committees obtained their money mainly from Government Votes. These Committees continued to function until they were abolished in 1951, with the passing of the Roads (Transfer of Control) Act, No. 11 of 1951, when the Public Works Department and local authorities became the road authorities for the Island. The roads managed by the Road Committees were taken over by the

Public Works Department, and the Resthouses by the Government Agents, and Assistant Government Agents under the Resthouses Act No. 12 of 1951.

Constitution of Municipalities—1866

20. Of the legislation of this period, undoubtedly the most important was the Ordinance establishing Municipal Councils in Ceylon. Sir Hercules Robinson stated in the Despatch forwarding Ordinance No. 17 of 1865 entitled "An Ordinance for establishing Municipal Councils in this Island", to the Rt. Hon. Edward Cardwell, M.P. that—

> **"Owing to the absence of Municipal Institutions in this Colony, a great many duties devolved on the Central Government, which were entirely beyond their Province, and the necessity of some Local Agency for undertaking these duties, especially during the prevalence of epidemic diseases, has been felt long before my assumption of the Government, and was forcibly impressed on me by the filthy condition in which I found some of the principal towns after my arrival here. I trust that this measure would have the effect of remedying these defects, and that it will lead to the introduction of various local improvements which are much needed.**
>
> "Under this Ordinance, Colombo and Kandy, the two principal towns in the Island, are at once created Municipalities ; and the Governor is authorised to apply the provisions of the Ordinance to other towns on the application of the inhabitants, or if it shall appear expedient for him to do so. Power is given to the inhabitants to elect Councillors, whose qualifications and functions are defined ; and the Governor is authorised to appoint Councillors in the event of the inhabitants declining to elect, or if those elected decline to serve . . . .
>
> "I have every reason to hope that the scheme will be successful ; and believing as I do, that its effect will be not only to supply existing wants of a local character, and to introduce sanitary reforms which are greatly needed, but that it will tend in a great measure to improve the social conditions of the lower classes.".

21. **The most striking feature of this Ordinance of 1865 is that the democratic principle is introduced for the first time into a Local Administration Organisation. "By this Ordinance, the franchise was conceded to male voters over 21 years of age, who owned property, the value of which was not less than Rs. 100. Anyone who owned landed property worth at least Rs. 5,000 was entitled to stand for election as a Councillor. The Constitution of the First Municipal Council of Colombo was based on the principle of representation, plus nomination, with a nominated Chairman having a casting vote"**[1]. The Town was divided into

[1] Colombo Municipal Council Handbook, 1951.

nine wards. There were nine elected members, five nominated members. The Chairman of this first Council was the Government Agent of the Western Province, (Mr. C. P. Layard), one of the nominated members.

Reconstitution of Villages Committees—1871

22. During the Administration of Sir Hercules Robinson, the Village Council was revived, and re-established on a constitution based on Ordinance No. 26 of 1871. The Ordinance was framed essentially for judicial purposes. In transmitting the Ordinance to the Rt. Hon. Earl of Kimberly, Secretary of State for Colonies, in February, 1872, the following explanation was made by the then Governor :—

" In former time the Sinhalese village communities managed altogether for themselves the affairs of their social and communal life. The cultivation of the fields, the common pasturing of cattle, the conduct of fisheries, the use of village paths, and other like matters of common concern, were regulated by ancient customs ; and all breaches of these customs, and disputes between the villagers were settled by a Tribunal consisting of an Assembly of Elders in each Village. The Colonial Government has not sought to interfere with the customs and usages of the people. Although the conditions of this village life have been to a considerable extent broken in upon by the opening up of the country, yet there has been little direct interference with it on the part of the Government ; and the people still retain to a great extent their primitive habits and adhere to their ancient usages. But while the Government has interfered administratively but little with the social life of the people, it has established in the country an institution the tendency of which has been to create a social revolution amonst them. I refer to the establishment in rural districts of European Courts of Justice.

" **The effect of the establishment of the Courts having jurisdiction over the villagers was inevitably to deprive the Village Tribunals of their authority . . . . . this substitution of law for usage . . . . . could not fail to produce important results. In fact, it deprived the people of the power of Self-Government which had nominally been left to them, for it took from them the means of enforcing penalties for breaches of their law.**

" **. . . . . The power of Self-Government was taken from the people, and nothing was given them in return but Courts of Justice ; and an administrative want was thus created, which is now severely felt, and which it is sought to supply by the provision of the present Ordinance ' for facilitating the administration of village communities'.".**

In conclusion the Despatch states, " **one thing is certain that, if the measure itself succeeds, it will prove of uncommon benefit to the country. It will furnish the Government with an administrative machinery, which is greatly needed and without which it is hardly possible to effect any improvement in the social and moral conditions of the people . . . . .".**

Sanitary Boards

23. Sanitary Boards were constituted under the Small Towns Sanitary Ordinance, No. 18 of 1892, and consisted of the Government Agent or the Assistant Government Agent as Chairman, the senior officers in the District of the Public Works Department and the Medical Department, and a small number of members nominated by the Governor, who held office during the Governor's pleasure. These Boards administered areas which were brought within the operation of the Small Towns Ordinance by Proclamation. A Board had no common fund, the revenue of each town being kept distinct, and being spent on its own development. Their powers and duties related mainly to Public Health and Sanitation, Conservancy and Scavenging, Lighting, Drainage, Latrines and Markets. These Boards supervised and controlled Dangerous and Offensive Trades, places used for the sale of food and drink, dairies, laundries, &c. They could undertake public utility services like the provision of water, and levy a rate for the purpose. Sanitary Boards could also levy rates, and had the power of making by-laws which had to be approved Centrally.

Local Boards

24. Local Boards were constituted under Ordinance No. 13 of 1898, and consisted of official members, (one of whom was the Government Agent) and elected non-official members. The Government Agent was the ex-officio Chairman. The powers of these Boards were similar to those of Sanitary Boards. They had the power to rate property and levy special rates for such purposes. Grants too were occasionally given them by Government towards the improvement of public services. Their by-laws too required sanction and their accounts were audited.

25. **The period after 1850 shows, therefore, a desire on the part of Government to associate the people in the task of the Administration of local areas on a Democratic basis, up to a point. These changes were of fundamental importance in the development of local institutions in this country, although it must be remembered that these local bodies were not in a position to carry out policies largely detached from those of the Central Government.** Naturally, being backed by the Government both in finance, and staff, these bodies were unlikely to initiate policies unacceptable to the Government.

The Local Government Commission of 1916 [1].

26. The first far-reaching changes were made as a result of the recommendations of the Commission, (appointed in October, 1916, by His Excellency Sir John Anderson, Governor of Ceylon, under the Chairmanship of Mr. J. G. Fraser, Government Agent, Western Province) for the purpose

[1] *Vide* Sessional Paper VII—Local Government in Ceylon.

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of inquiring, and reporting upon "the existing provision for, and machinery of, Local Government in the rural areas in the Island in regard to matters of sanitation, education, and communications, and to advise as to what steps it is desirable to take for their improvement".

27. The recommendations of this Commission were very important, and in November, 1919, legislation was introduced to give effect to them in response to what was then described as an unmistakable and clear demand by the public for a larger control and a greater share in the administration of their local affairs. The outcome was the Local Government Ordinance, No. 11 of 1920.

The Local Government Ordinance, No. 11 of 1920

28. This Ordinance provided for a fairly complete scheme of Local Government. It provided for the establishment of Districts Councils for all parts of the Island other than Municipal areas. The Councils were to be of three kinds : Urban for larger towns, Rural for less advanced portions of the Island, and General, where areas were dotted over with local concentrations of population and the general conditions were more or less uniform. They were to be charged with the general administration, regulation and control of all matters relating to public thoroughfares, public health, public services, and generally to local wants and interest. Their accounts were to be audited by Government.

29. Under this scheme, there was constituted a central authority, the Local Government Board, to exercise general supervision and control over District Councils ; to allocate amongst them such grants or other sums as might be voted by the Legislature towards Local Government ; to examine and supervise the system of communications, sanitation, and local public works in force within their areas ; to examine and co-ordinate the by-laws from time to time made by them.

30. Between January and December, 1922, two Urban District Councils were constituted, and after January 1, 1923, six. There was no demand for any more District Councils. In many parts of the country the people were not only unprepared for a larger measure of local self-government, but many of them were opposed to the extension of popular local government in view of the uncertainly as to how it could be financed.

31. In March, 1923, a Motion was introduced in the Legislative Council by the member for the Eastern Province asking that the Government should take all such steps as might be necessary to bring the Local Government Ordinance of 1920 into operation throughout Ceylon at an early date. The Motion was accepted by the Government, and a Bill was prepared, the principal purpose of which was to effect the repeal of sub-section (2) of Section 9 of that Ordinance which provided that no District Council was to be constituted until local opinion had been taken into consideration. This sub-section, it should be noted, was not in the Local Government Bill when it was introduced into the Legislative Council, but was an amendment accepted by the Government on strong representations from unofficial members.

32. In November, 1923, on an amendment moved by a nominated unofficial member, Sir Ponnambalam Ramanathan, on whose representations the above "local option" principles had been introduced, the reading of this Bill was deferred until the Government could place before the Legislative Council information on the following points :—

"(1) The manner in which the Island would be divided into areas for the carrying out of the provisions of this Ordinance ;

(2) The approximate extent and population of each area ;

(3) What areas were proposed to be placed under Commissioners ;

(4) In what manner the existing revenue and administrative system would be affected by the application of this Ordinance".

33. Government accepted this amendment and the answers were collected and furnished in "The Report on the Amendment of the Local Government Ordinance, No. 11 of 1920"—Sessional Paper IV of 1925. Briefly, this report—

(*a*) set out, tentatively, the areas in respect of which the District Councils (Urban, Rural and General) should be established and the approximate extent, population, road mileage and revenue of each area ;

(*b*) stated that no areas were to be placed under any Commissioners ; and

(*c*) summarised the more important effects of the Ordinance on the then existing administrative systems.

Final Report of the Select Committee on Local Government, 1928

34. On March 4, 1926, the Legislative Council concluded its debate (begun on February 12) on this Motion. The Government accepted an amendment which provided for the appointment of a Select Committee of the Legislative Council "to consider the working of the Ordinances relating to District Councils, Local Boards, Sanitary Boards, Village Committees, and to make such recommendations as will make it possible to extend local self-government institutions throughout the country.". The Chairman of this Select Committee was the Hon. Mr. L. H. Elphinstone, K.C., Attorney-General. On his leaving the Island on December 15, 1927, his place as Chairman was taken by the Hon. Mr. M. T. Akbar. The Report of this Committee known as "The Final Report of the Select Committee on Local Government" was published as Sessional Paper No. XXXVI of 1928. Its main recommendations were :

(*a*) The division of the whole Island, exclusive of the Urban areas, for the purpose of establishing Village Committees throughout the country ;

(*b*) the establishment of Town Committees (with a greater proportion of elected than nominated members, and elected Chairmen) for all Local

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Board Towns and Small Towns under the Sanitary Boards Ordinance, and towns with populations of less than 10,000, these towns to get their revenue by a rate and from a Government grant ;

(*c*) Urban District Councils to be renamed Urban Councils, the chief town of a Province to be an Urban Council irrespective of population, elected members to be greater in proportion than nominated members, an elected Chairman and Vice-Chairman, the right to delegate (and withdraw) executive powers to any of its officers ;

(*d*) the establishment of District Boards with the Government Agent as the ex-officio Chairman for the purpose of supervising and co-ordinating the work of local governing institutions (except Municipalities and Urban Councils). The District Boards were to be composed of representatives of Town Committees, Village Committees and nominated members (not more than one-third).

35. As these publications (namely Sessional Papers Nos. IV of 1925 and XXXVI of 1928) contained divergent views of the lines on which Local Government should be developed, the question of the extension of Local Government remained in abeyance until it was considered once again as one aspect of the Constitutional Development of Ceylon in the Report of the Special Commission on the Constitution, generally known as the Donoughmore Commission, which was published in July, 1928.

Recommendations of the Donoughmore Commission relating to Local Government (1928)

36. This Commission recommended—

(*a*) That the Local Government Board should be abolished, and that an Executive Committee of Local Administration should be set up, responsible for guiding the policy regarding the development of Local Government in the country.

(*b*) That a new Department of Local Government should be established to take charge of Local Administration.

(*c*) That the activities of this new Department were to be " exploratory and preparatory ". It was to aim at becoming " an organ of propaganda, and a reservoir of technical and administrative experience."

Its activities were broadly to be—

(i) Supervising the administration of all existing local bodies, and

(ii) Investigating, preparing and promoting schemes for the extension of local government in Ceylon.

(*d*) That the new Department should also consider, whether effect should be given to the view that General and Rural District Councils should no longer find a place in the system of local administration ; whether Local

Board towns, above a certain population, should become *ipso facto* Urban District Councils ; whether for the present Sanitary Boards, there should be substituted Town Committees, administering individual towns ;

(*e*) That local bodies should consist entirely of elected representatives, the official element coming in as advisers.

(*f*) That qualifications for membership of Municipal Councils, Urban District Councils, and Local Boards, so long as they continue, should be the same as for membership of the State Council.

37. With the inauguration of the new constitution for the Island in July, 1931, an Executive Committee of Local Administration was elected by the State Council to supervise, control and develop Local Government, and a Department of Local Government under the Commissioner of Local Government was created as the executive instrument of the Committee.

38. Until the end of 1932, eleven towns were made Urban District Councils with elected Chairmen, two-thirds of the members being elected by the rate-payers, and one-third of the members being nominated by the Governor. No further Councils were constituted in the absence of local demand. On the recommendation, however, of the Executive Committee, sixteen more such Councils were established with effect from January 1, 1933, making in all twenty-seven Councils.

The development of Urban Council Administration

39. An important step taken in accordance with some of the recommendations of the Donoughmore Commission was the enactment of the Urban Councils Ordinance, No. 61 of 1939, which was brought into operation from January 1, 1940. This Ordinance mainly reproduces the provisions of the Local Government Ordinance, No. 11 of 1920, exclusive of the provisions which relate to the General and Rural District Councils and to the constitution of minor local authorities. It deals solely with " Urban Councils ".[1] The major amendments this Ordinance brought in, were :

(*a*) The abolition of the Local Government Board and the vesting of its powers and functions partly in the Executive Committee of Local Administration, and partly in the Commissioner of Local Government.

(*b*) The abandonment of the " local option " principle contained in the Local Government Ordinance.

(*c*) That Urban Councils should consist of not less than six, nor more than twelve members ; and of the number of members prescribed for each Council, two were to be nominated by the Governor, the rest were to be elected.

[1] " Urban Council " was the new name given to the former " Urban District Council ".

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(*d*) The Government Agent or the Assistant Government Agent, would cease to be an ex-officio member.

(*e*) The lowering of the franchise and its extension to women.

(*f*) The use of coloured ballot boxes, &c., on the lines of procedure laid down for State Council elections.

40. The principle of nomination of members was deleted and by Ordinance, No. 51 of 1942, the provision for nomination of members by the Governor was repealed and the minimum number of members comprising an Urban Council was reduced from six to four.

41. Progressively more Urban Councils were created. After January 1, 1945, thirteen more Urban Councils have been established for some of the smaller Sanitary Board towns.

Village Committees

42. Similar lines of development could be seen in Village Committee administration. Legislation amending the Ordinance of 1871 was brought in, in 1889. This Ordinance, No. 24 of 1889 which added a few more powers to Village Councils was in fact a consolidating Ordinance and introduced no new principles.

43. There were amendments to the main Ordinances between 1889 and 1908 which gave some added powers to Village Committees, but not to any substantial extent. Most of the advances made in Government policy regarding Village Committee administration came about in 1924 with the enactment of the Village Communities Ordinance, No. 9 of 1924.

Village Communities Ordinance, No. 9 of 1924

44. This Ordinance is an important landmark in the history of rural Local Government in this country. It made provision for, amongst other matters—

(*a*) Elected Chairmen in place of Chief Headmen, who were ex-officio Chairmen of all the Village Committees within their division.

(*b*) The borrowing of money for public purposes, subject to the control of the Governor ; and

(*c*) The further extension of rule-making powers.

45. Following the principles set out for the development of Local Government in the Donoughmore Report, namely, that there should be more elected members and that the official element, if it were to continue at all, should be only advisory, the procedure regarding the conduct of elections was clarified with the passage of Ordinance No. 9 of 1932 and No. 37 of 1933, into law. Provision was made for dividing village areas into wards, each of which returned a representative to the Council, and the election of the Chairman became the statutory responsibility of the members of the Committee. The most striking

feature of the development of rural administration in this period was the introduction of the principle of debarring minor or chief Headmen from membership of Village Committees.

Village Communities Ordinance, No. 60 of 1938

46. Continuing the same pattern of development, the passing of the Village Communities Ordinance, No. 60 of 1938, into law was an event of the utmost importance to Local Government. The object of this enactment was " to substitute in the Village Communities Ordinance, No. 9 of 1924, in place of the thirty-four sections relating to Village Committees, sixty-one new sections based for the most part on the provisions of the Local Government Ordinance, No. 11 of 1920, and designed as far as possible to co-ordinate the powers, functions, and duties of Village Committees to those of District Councils.". By this Ordinance Village Committees were made corporate bodies with perpetual succession, with the power to hold property, tax lands, and to make by-laws on a variety of subjects, including the regulation of markets, fairs, water-supplies, roads, public health, and public services. The franchise was restricted to persons domiciled in Ceylon and all resident estate labourers were not given the right to vote as they had no community of interest with the rural population. The audit of accounts of Village Committees became a statutory responsibility of the Auditor-General. The powers enacted in the principal Ordinance were widened by a number of amending Ordinances passed by the State Council generally in the direction of giving Village Committees more powers regarding taxation, the levy of rates, and expenditure of their funds on the relief of distress, social welfare, and such matters.

47. The procedure regarding Village Committee elections, which was defective was regularized by the enactment of the Local Authorities Elections Ordinance, No. 53 of 1946. By this Ordinance the preparation of electoral lists was made obligatory and elections were brought into line with modern practice.

48. The obnoxious and irritating Capitation Tax, which was a source of taxation revenue to Village Committees was abolished in 1947, and Village Committees were reimbursed by Government the amount equivalent to the revenue lost to them by this step.

Municipalities

49. Liberalisation of Municipal administration too, which had made a start as early as 1866 was developed on similar lines. These institutions were originally under the Chairmanship of Government Agents and consisted of Councillors elected by householders. Subsequent legislation altered the constitution of the Councils by reducing the proportion of elected members from two-thirds to half, and by substituting a Municipal Magistrate for the Bench of three or four Councillors who functioned under the original scheme. Later on, these Councils were administered under the Municipal Councils

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Ordinance, No. 6 of 1910. From 1917 to 1935 a series of amendments were made to that Ordinance. The electorate consisted of adult males with a property or income or a high literacy qualification. Councillors had to possess considerable property. The Chairman, who was vested with the entire executive power and responsibility, had, in the case of Colombo, to be a member of the Civil Service. This was also the case in Kandy and Galle.

50. In April, 1936, the Municipality of Colombo was given a new constitution under the Colombo Municipal Council (Constitution) Ordinance, No. 60 of 1935. Provision was made in the Ordinance for its application with the necessary modifications to any other Municipality. It was so applied to the other two Municipalities of Kandy and Galle by Proclamations published in the *Government Gazette* of May 27, 1938. Under this Ordinance the franchise which was extended to women, was almost as wide as that of the State Council. Each Municipal Council was now fully elected and had an elected Chairman. The law governing Municipal Councils was embodied in the Municipal Councils Ordinance, Chapter 193 and the Colombo Municipal Council (Constitution) Ordinance, Chapter 194. In 1941, the Executive Committee decided to consolidate these two Ordinances for application to the three existing Municipalities and to other suitable areas, but no headway was possible immediately because of the vast volume of other emergency legislation which came into existence during the period of the war. It was in 1947 that these Ordinances were finally consolidated, and the present Municipal Councils Ordinance, No. 29 of 1947, enacted.

Town Councils

51. In keeping with the line of policy decided on by the Government for the extension of democracy, and making local inhabitants democratically responsible for local affairs, a decision was taken in 1941 to do away with the few bureaucratic Sanitary Boards and the one Local Board then surviving—at Minuwangoda. The World War II, however, held up the implementation of this decision, and when it was finally put into effect in 1946, it led to the creation of a new type of local authority—the Town Council—to replace largely the Sanitary Boards then functioning. Twenty-four Town Councils were thus created in 1946 and administered under the Town Councils Ordinance, No. 3 of 1946. The powers and duties of Town Councils are almost entirely on a par with those of Urban Councils, the main difference being that the number of its members was limited to not less than three and not more

than eight, and that its power of local taxation was strictly limited so as to permit only a rate on the annual value of immovable property, not exceeding nine per cent.

General line of Development after 1931

52. **The changes after 1931, therefore, show certain definite lines of consistent policy, namely—**

(1) **The encouragement of the Development of Local Government Institutions.**
(2) **The grant of wider powers and duties to these bodies.**
(3) **The extension of the franchise to permit basically all local inhabitants to participate in Local Government.**
(4) **The withdrawal of the official element from the composition of these Councils.**
(5) **The abolition of purely bureaucratic boards, like Sanitary Boards, Road Committees, Local Boards.**

53. Thus on the eve of Independence in this country, a pattern of local government was drawn up resulting from the experience in the development of these institutions, in their modern aspect, from about 1860.

Financial Relations[1]

54. Local Authorities had come to realise gradually that the administration of areas brought in their train many connected and complicated problems. The need for more funds for carrying out their expanding services, and for an efficient staff to execute their necessary functions and duties has been increasingly brought home to them as problems needing immediate solution.

55. The Government too has not been unaware of the existence of the pressing problem that the finances of local authorities presented and has sought from time to time to investigate and find a possible all-time solution. But a stable and satisfactory solution has been always elusive.

Commission of 1923

56. A Financial Relations Commission was appointed in 1923 under the Chairmanship of the Hon. Mr. F. J. Smith, Acting Colonial Treasurer, and later, on his proceeding to England on leave, under the Hon. Mr. W. W. Woods, Colonial Treasurer, " to consider and report on the financial relations between the Central Government and the Local Government Bodies generally, and to advise *inter alia* which public services were partly of a local character and partly of a national character, and to make recommendations concerning the maintenance of such public services.". The Report of this Commission was published in 1924 (Sessional Paper VI of1924), and Government's decisions

[1] **For the full treatment of all aspects of this question *see* Part V of this Report.**

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on its recommendations were published in 1926 (Sessional Paper XXXVII of 1926). These final decisions served as the broad basis of the financial relations between local authorities and the Central Government till 1946 when the Board of Ministers made further decisive changes in the context of the times.

Official Committee of 1948

57. Even these decisions were not considered as going far enough to solve the financial difficulties of the local authorities. The then Minister of Health and Local Government, Mr. S. W. R. D. Bandaranaike, therefore, appointed an Official Committee in December 1948 under the Chairmanship of the Commissioner of Local Government, Mr. V. C. Jayasuriya, " to report on the present methods of Taxation by local authorities, their sources of revenue, the need, if any, for a reformulation of the system of taxation, and for further sources of revenue, to enable local authorities to discharge their duties satisfactorily.". This Committee made its Report in 1949, but no final decisions have been taken as yet by the Government on the Recommendations it contains.

58. As we have dealt with all the aspects of the finances of local authorities and Financial Relations in another Part of this Report—Part V—we do not deal with it in any more detail here.

Elections

59. The widening of the franchise to make it basically the same for local government and for Parliamentary elections, has also been achieved during the period after 1931, the Report on the Colombo Municipal Council General Election 1943 (Sessional Paper X of 1945) playing an important part in introducing the necessary changes in procedure.

60. The essential features of elections which are now conducted by the Department of Elections (Local Bodies) are—

(1) the periodic preparation and revision of electoral lists based essentially on the qualifications required for voting at Parliamentary elections ;
(2) the use of one ballot box kept in the presence of the Presiding Officer, into which the votes of all the contesting candidates are put by the voters, thereby eliminating the danger of tampering with the ballot boxes which previously were kept in a cubicle, in the privacy of which the voters marked their ballot papers ; and
(3) the use of symbols by candidates, so that even an illiterate voter—as long as he is aware of the symbol allocated to his candidate—can recognise it on the ballot paper issued to him and can indicate his preference.

The Local Government Service

61. No system of Local Government can work without an administrative machine. Till the creation of the Local Government Service Commission

in 1946, Local authorities employed their own staff. The majority of the staffs of local authorities are now recruited by the Local Government Service Commission. We have dealt with the history of this body in Chapter VI of this Report, to which reference is invited.

Local Government Administrative Regions Ordinance, No. 57 of 1946

62. In order to assist and accelerate the development of the Village Committee administration in particular, the Government decided in 1946 to take away the supervision and control of Village Committees from the Government Agents, and to hand it over to the Local Government Department. This function devolved on Assistant Commissioners of Local Government who were appointed in 1946 for this purpose, and who functioned as Regional Assistant Commisioners of Local Government under the Local Government Administrative Regions Ordinance, No. 57 of 1946.

The period 1947 and After

63. Thus Local Government Institutions in the Island now cover every part of it, except the area of the Gal Oya Board. There are seven Municipal Councils, thirty-six Urban Councils, thirty-eight Town Councils, and four hundred and three Village Committees, functioning at present. Their functions, powers, and duties, are those set out in the Municipal Councils Ordinance, No. 29 of 1947, the Urban Councils Ordinance, No. 61 of 1939, the Town Councils Ordinance, No. 3 of 1946, and the Village Communities Ordinance, Chapter 198.

The Enlargement of Powers of Local Authorities (1952)

64. The most important change in the Post-Independence Period, was the decision of Government taken in 1952, to give the local authorities further opportunities to function, on their own, and independently of the Central Government. The Local Authorities (Enlargement of Powers) Act No. 8 of 1952—a radical and generous measure—was passed. It had as its main purpose the removal of some of the measures of control, which the Central Government had been till then exercising over them and rendering them more autonomous in relation to the development of their activities and the expenditure of their funds.

65. Local Government which was part of the portfolio of the Minister of Health and Local Government in the first Government after Independence, has since 1952 become a separate portfolio under a separate Minister. This is an indication of the increasing importance attached by Government to the proper development of local authorities, and of their place in the national life.

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CHAPTER II

THE NATURE AND SCOPE OF LOCAL GOVERNMENT IN THE ISLAND TODAY

66. Definitions of what constitutes "Local Government" vary from country to country, with different forms of Government and with variations in the patterns and relationships which exist in them, for the provision of those services which are needed by a Community.

67. In Ceylon, for instance, it may be argued, on the analogy of the practice in other countries, that Local Government functions are being carried out by various Government Departments, for instance, Rural Development, Police, Education, Hospital Services, Agriculture, Minor Irrigation, to mention a few; or the contrary position too may be urged, namely that the local authorities in Ceylon today are attempting to carry out functions which could more effectively and efficiently be carried out by the State. Both views are tenable, with equal justification.

68. We, therefore, approach the question of the examination of "The Nature and Scope of Local Government in the Island Today" accepting the point of view expressed by Hart that "the field of Local Government cannot be determined by any theoretical consideration of the type of services it should include. Rather it must be defined by a reference to the organs through which it is administered. From this point of view it may be said that Local Government consists of those functions which are carried on by local authorities."[1]. We proceed, therefore, to deal with the types of local authorities in this country.

69. Local Government in Ceylon is a subject vested by law in four classes of local authorities, namely Municipal Councils, Urban Councils, Town Councils, and Village Committees. They are independent statutory Corporations and their constitution, powers and duties as well as their areas of authority are provided for in the respective Ordinances which apply to them, namely, the Municipal Councils Ordinance, No. 29 of 1947, the Urban Councils Ordinance, No. 61 of 1939, the Town Councils Ordinance, No. 3 of 1946, and the Village Communities Ordinance, Chapter 198.

70. The nature and scope of Local Government can be understood best by reference to the powers and duties of the local authorities themselves provided by statute. Generally, it may be said that within the administrative area of each local authority, it is charged with the regulation, control and administration of all matters relating to Public Health, Public Utility Services and Public Thoroughfares, and with the protection and promotion of the comfort, convenience and welfare of the people and the amenities of the administrative area.

[1] Hart's Introduction to the Law of Local Government and Administration.

71. There are at the moment seven Municipal Councils, thirty-six Urban Councils, thirty-eight Town Councils and four hundred and three Village Committees.

Municipalities

72. In 1947 the Municipal Councils Ordinance, No. 29 of 1947, was enacted to amend and consolidate the law relating to Municipal Councils. It empowered the Minister by Order published in the *Gazette* to declare any area to be a Municipality, to define the limits of the area so declared and to assign a name and designation to the Municipal Council to be constituted for the Municipality so declared—(Section 2). The Municipalities of Colombo, Kandy, and Galle, existing at the date of the commencement of the Ordinance were to continue as Municipalities subject to its provisions (Section 316). Since that date more areas have been declared to be Municipalities, namely Jaffna, Kurunegala, and Nuwara Eliya in 1949 and Negombo in 1950.

73. The general powers of a Municipal Council are set out in (Section 41 of) the Ordinance. The Ordinance also specifically details at length the powers and duties of Municipal Councils as to Streets (Section 48–96) and Public Health (Section 97–155). Of the general powers, particular reference may be made to the powers conferred to establish and maintain any of the following public services :—

(*a*) Water Supply ;

(*b*) The lighting of streets, public places, and public buildings ;

(*c*) The supply of electric light and power ;

(*d*) Markets ;

(*e*) Public Baths, bathing places, laundries, and places for washing animals ;

(*f*) Any other form of public service subject to such prohibition or restriction of the establishment and maintenance of that service as may be imposed by any other law.

74. Other powers and duties are conferred and imposed upon a Municipal Council by several statutes. For example, the licencing and recovery of licence fees from Auctioneers and Brokers under the Auctioneers and Brokers Ordinance (Chapter 93), the control of Dairies and Laundries under the Municipal Dairies and Laundries Ordinance (Chapter 184), the licensing of Vehicles under the Vehicles Ordinance (Chapter 155), the power to prohibit slaughter of animals on certain days under the Butchers Ordinance (Chapter 201), the right to establish cemeteries and burial grounds under the Cemeteries and Burial Grounds Ordinance (Chapter 181), the power to impose and levy a tax on Entertainment under the Entertainment Tax Ordinance, No. 12 of 1946. Under the Registration of Dogs Ordinance (Chapter 334) the Municipal Council is the Proper Authority for the registration of dogs within its limits and can take action under the Rabies Ordinance

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(Chapter 333) too. The Poor Law Ordinance, No. 30 of 1939, empowers the Municipality to use its funds to carry out its duties under the Ordinance. The Town and Country Planning Ordinance, No. 13 of 1946, makes a Municipality an Urban Development Area for the purposes of the Ordinance, and the Municipal Council the planning authority for the purposes of the preparation of any scheme for the area or land in that area, and it controls building development under the Housing and Town Improvement Ordinance (Chapter 199) too. Municipalities can be licencees for the distribution of electric light and power under the Electricity Act, No. 19 of 1950, and also have control of any resthouse situated within their administrative limits under the Resthouses Act, No. 12 of 1951.

75. All matters or questions which have to be decided by the Municipal Councils are decided by a majority of the Councillors each of whom represents by election a Ward within the area which is divided into Wards equal in number to the number of Councillors prescribed by Ministerial Order for the purpose of the constitution of the Council. A Municipal Council is required at its first general meeting in each year, to elect from among the Councillors a Standing Committee on Finance and not less than two other Standing Committees—(Section 27 (1) of Ordinance No. 29 of 1947). These Standing Committees generally exercise such powers, duties and functions as are delegated to them by the Council or are otherwise conferred or imposed upon or vested in them. The Standing Committee on Finance must first deal with and report on a financial matter before it can be finally dealt with by the Council. The Municipal Councils now functioning have availed themselves of the right to appoint Standing Committees. The Colombo Municipal Council, for instance, has seven Standing Committees to deal with—

(*a*) Finance.
(*b*) Law and General Subjects.
(*c*) Sanitation and Markets.
(*d*) Municipal Works.
(*e*) Housing and Town Improvement.
(*f*) Traffic.
(*g*) Tramways.

76. There is no statutory restriction on the powers, duties and functions which may be delegated by the Council to its Committees—Section 33. Where powers, duties and functions are delegated, the Committee decides matters as though it were the Council, reporting such decisions to the Council where the delegation or Standing Orders so require.

77. For the purposes of inquiring into and reporting on any special matter, the Municipal Council is empowered by Section 28 (2) to appoint special Committees from among the Councillors. This power has been exercised from time to time whenever the need has arisen.

78. The first business of the first meeting of the Councillors elected at a general election of a Municipal Council—such election being held ordinarily once in three years—is the election of a Mayor and a Deputy Mayor. The Mayor has many executive functions to perform, and plays no small part in Municipal administration. He presides at all meetings of the Council. He is ex-officio Chairman of the Standing Committee on Finance. He may be present and may speak, but may not vote, at a meeting of any of the Standing Committees other than the Standing Committee on Finance. He can preside, and both speak and vote, at every joint meeting of the Standing Commitee on Finance and any other Standing Committee or Committees—Section 27. Further, he may, whenever he thinks fit, call a special meeting of the Council—Section 19. The Council may by resolution delegate to the Mayor generally or specially any of its powers, duties or functions. Some of the powers so delegated in the various Municipalities, for instance, are :

(*a*) the power to institute and defend any legal proceedings—(Section 41(i)(k));
(*b*) the power to authorise the making of surveys of private lands, buildings, or premises, necessary for any municipal purpose—(Section 43(i)) ;
(*c*) the power to supervise and provide for the growth and development of the Municipality by the planning and widening of streets, the reservation of open spaces, and the execution of public improvements—(Section 47(*c*)) ;
(*d*) the power to take action regarding the removal of obstructions and encroachments—(Section 78) ;
(*e*) the power of abatement of nuisances—(Section 133) ;
(*f*) the power of licensing of offensive and dangerous trades and places—(Section 148) ;
(*g*) the power to provide for places to be used as markets and the charging of rents, tolls and fees—(Section 156) ;
(*h*) the power of making appointments to posts or offices in the Council other than a Scheduled Post[1]—(Section 41 (i) (*c*))
(*i*) the duty of fixing the time and place for investigating objections regarding assessments and investigating the objections—(Section 235 (6)).
(*j*) the revision of assessments under Sections 237 and 239.

79. The Mayor is also empowered to hold all inquiries which he may deem necessary for the purpose of the Ordinance, and for that purpose, to administer oaths and summon witnesses.—Section 41 (i) (*j*). The Mayor has the right of disciplinary action over officers or servants of the Council in receipt of salaries not exceeding Rs. 100 per month, other than members of the Local Government Service. The Annual Budget for the Council and any supplementary Budgets are submitted by the Mayor.

[1] A " Scheduled Post " is one which appears in the list of posts in the Schedule to the Local Government Service Ordinance, No. 43 of 1945, and which can only be filled by the Local Government Service Commission.

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80. A Municipal Council is empowered, for the exercise of its powers, duties and functions, to raise loans and impose rates and taxes. For its general financial purposes, a Municipal Council is required to establish a Muncipal Fund into which are payable, among others, the rates, taxes, duties, fees and charges, which the Council is empowered to levy, all sums of money from all sources of revenue handed over to the Council by the House of Representatives, and all grants allocated to the Council by the Minister. Out of the Municipal Fund are payable all expenses incurred by the Council in the performance of the services which it is empowered to perform. Any part of this Fund may be invested by a Council in Stock or other securities of the Government of Ceylon, Debentures issued by the State Mortgage Bank, and any other securities guaranteed by Government.

81. A measure of supervision and control over the activities of Municipalities is exercised through the auditing of their accounts annually by the Auditor-General, the requirement of Ministerial approval, especially in certain financial aspects of Municipal administration, and the power to dissolve a Municipality in certain very extreme circumstances—Part XIV of the Municipal Councils Ordinance.

Urban Councils

82. Any area which is not a Municipality, and which by reason of its development or its amenities is urban in character may, by Ministerial Order, under section 2 of the Urban Councils Ordinance, No. 61 of 1939 be declared a town for which an Urban Council may be constituted to be the local authority charged with the regulation, control and administration of all matters relating to Public Health, Public Utility Services, and Public Thoroughfares, and generally with the protection and promotion of the comfort, convenience and welfare of the people, and the amenities of the town. An Urban Council must consist of not less than four nor more than twelve members, who are elected for the wards into which the town is divided. The "Executive Officer" of the Council is its Chairman (Section 34 (2) of the Urban Councils Ordinance, No. 61 of 1939. Within its administrative limits, an Urban Council has among others, the following duties :

(*a*) maintaining and cleansing all public thoroughfares and open spaces vested in the Council, or committed to its management ;

(*b*) of enforcing the proper maintenance, cleanliness and repair of all private streets ;

(*c*) of supervising and providing for the growth and development of the town by the planning and widening of streets, the reservation of open spaces, and the execution of public improvements ;

(*d*) of abating all nuisances ;

(*e*) of establishing and maintaining (subject to the extent of its resources) any public utility service, which it is authorised to maintain under the Urban Councils Ordinance, and which is required for the welfare.

comfort or convenience of the public. These services can be any or all of those indicated in section 142, namely :

(i) water supply ;
(ii) the lighting of streets, public places and public buildings ;
(iii) the supply of electric light or power ;
(iv) markets ;
(v) public baths and bathing places ;
(vi) the manufacture and supply at cost price of squatting-plates for latrines ;
(vii) the provision of housing accommodation for the poorer classes ; and
(viii) any other form of public service, subject to any prohibition or restriction on the establishment and maintenance of that service, as may be imposed by any other law, *e.g.*, some towns have established and maintain public libraries, community centres, free dispensaries, recreation grounds, fire brigades, resthouses, milk schemes, &c.

(*f*) generally, for promoting the public health, welfare or convenience, and the development, sanitation and amenities of the town. An Urban Council's powers and duties in relation to public health are enumerated in Part IV of the Ordinance—*vide* especially its duties in relation to the provision of latrines, maintenance of a conservancy and scavenging service, inspection of insanitary buildings, and inspection and abatement of nuisances.

83. For the proper discharge of these duties, an Urban Council has the general powers enumerated in Section 48 of the Ordinance. The following are the more important of the powers of Urban Councils :—

(*a*) the powers enumerated regarding thoroughfares, public health, and public utilities, detailed in Parts III, IV, and V, of the Ordinance ;
(*b*) the power to spend out of the Local Fund for the purposes enumerated in Section 172 ;
(*c*) the power to levy rates and taxes—(Section 173) ;
(*d*) the power to raise loans—(Section 185) ; and
(*e*) the power to make by-laws on any or all of the matters set out in detail in Section 170.

84. In addition to the functions, powers and duties of an Urban Council, fully laid down in the Urban Councils Ordinance, an Urban Council has, or can have, functions powers and duties under other Ordinances, such as, for example, the Auctioneers and Brokers Ordinance (Chapter 93), the Public Performances Ordinance (Chapter 134), the Vehicles Ordinance (Chapter 155), the Cemeteries and Burial Grounds Ordinance (Chapter 181), the Housing and Town Improvement Ordinance (Chapter 199), the Butchers Ordinance (Chapter 201), the Guides Ordinance (Chapter 202), the Rabies Ordinance

(Chapter 333), the Registration of Dogs Ordinance (Chapter 334), the Poor Law Ordinance, No. 30 of 1939, the Entertainment Tax Ordinance, No. 12 of 1946, the Resthouses Act, No. 12 of 1951, the Local Government Service Ordinance, No. 43 of 1945, the Town and Country Planning Ordinance, No. 13 of 1946, the Electricity Act, No. 19 of 1950, the Motor Traffic Act, No. 14 of 1951, &c.

85. For the exercise of the powers functions and duties of an Urban Council provision is made by law for making payments out of the composite Local Fund (Sections 171 and 172), for the imposition of rates and taxes, and for raising loans—Part VII of the Ordinance.

86. As in the case of Municipalities, supervision and control of the activities of Urban Councils is provided for. The nature and degree of control is however greater than in the case of Municipalities—Part VIII of the Ordinance.

Town Councils

87. Any area, which by reason of its development or amenities, is urban in character may, under section 2 of the Town Councils Ordinance, No. 3 of 1946, be declared a town by Ministerial Order. A Town Council can be constituted for such a town as the local authority charged, within the administrative limits of the town, with functions similar to those with which Urban Councils are charged. The powers and duties of Town Councils are substantially the same as those of Urban Councils, the main difference being that Town Councils cannot impose and levy a rate of more than nine per centum. Further there must be not less than three nor more than eight members for each Town Council, each ward into which it is divided being represented by one member. Controls over the activities of Town Councils are similarly exercised by the Central Government.

Village Committees

88. A Village Committee, in accordance with the provisions of the Village Communities Ordinance (Chapter 198), is constituted for village areas, that is to say, areas consisting of one or more villages, or groups of villages into which each Divisional Revenue Officer's Division or part thereof, brought by Ministerial Order within the operation of the Ordinance, is sub-divided. Every Village Headman's division in a village area is, for the purposes of the election of members to the Village Committees, deemed to be a ward of that area. The powers of Village Committees are in section 43 of the Ordinance. Special reference may be made to the following :—

(*a*) the power to establish or maintain any public service which is required for the welfare, comfort, or convenience of the public, subject to the extent of the resources of the Committee and subject to such prohibitions, or restrictions on the establishment or maintenance of any service, as may be imposed by any other law ; and, with the sanction of the Minister to rate the area benefitted by this service. Under this provision, the Village Committees have established or maintained Conservancy and Scavenging Services, Public Latrines, Water Services, Electricity Schemes, Village Markets, Ayurvedic Dispensaries, Slum Clearance and Housing Schemes, Community Centres, Reading Rooms, Playgrounds, Maternity and Child Welfare Centres, &c.

(*b*) the power to undertake the construction of such new Village Works, as may be necessary, and the alteration, improvement or maintenance of existing Village Works—Village Works being defined in Section 52.

(*c*) the power to establish ferries, collect tolls, and, for the protection of ferries, to prohibit or restrict private ferries ;

(*d*) the power to spend out of the Communal Fund for the conduct of experiments in agriculture, and the branding of domestic animals, &c.;

(*e*) the power to apply any part of the Communal Fund for relieving public distress, due to famine, epidemic diseases, and any other such cases ;

(*f*) the power to levy rates and taxes ;

(*g*) the power to raise loans for development works ;

(*h*) the power to make, and enforce the by-laws, which a Committee can make under any or all of the provisions enumerated in detail in Section 49;

(*i*) generally, the power to do all things necessary for the effective discharge of the duties of a Village Committee under this Ordinance.

89. Like the other types of local authorities, Village Committees too have powers and duties under other Ordinances, for example, the Auctioneers and Brokers Ordinance (Chapter 93), the Cemeteries and Burial Grounds Ordinance (Chapter 181), the Housing and Town Improvement Ordinance (Chapter 199), the Butchers Ordinance (Chapter 201), the Local Govenment Service Ordinance, No. 43 of 1945, the Town and Country Planning Ordinance, No. 13 of 1946, the Entertainment Tax Ordinance, No. 12 of 1946, the Electricity Act, No. 19 of 1950, &c.

90. The degree of supervision and control exercised over the Village Committees by the Centre is however far greater than in the case of the other types of local authorities. This is due to the fact that being a rural, less developed type of authority, the need for guidance is far greater if development is to be speedily fostered.

91. **From this brief survey it will be seen that in the laws establishing local authorities, the state has provided many avenues along which those who are elected to serve on them can exercise that active interest in citizenship that the democratic way of life requires.** Local Government, as an expression of democracy, does not begin and end with the mere provision of an efficient organisation manned by technical personnel whose business it is to provide and maintain the basic physical needs of a community such as houses, roads, lights, water, sanitation and public health and the other elementary amenities of a civilized life such as opportunities for clean and healthy recreation and facilities for

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cultural development. Nor is Local Government meant to be nothing more than merely voting for a Council of elected representatives and leaving it to run the village, town or city. **Local Government is intended to provide for more than merely sending in representatives to the Local Councils and sitting back and expecting the Councillors to produce results. It is intended to provide a milieu in which the rank and file, so to speak, of the citizens—and not merely a privileged few—can find oppotunities for a wider participation in the actual process of local administration and thus equip themselves for the wider sphere of Central Government through the Parliamentary System.**

92. If citizens are to play their part in contributing to the strength and solidarity of the State, then it is up to the inhabitants of the different areas not only to send to their Councils men of the right stamp, and of integrity and capacity, and an enlightened civic consciousness, but also to vigilently follow their activities by keeping touch with their proceedings and the way in which they expend the moneys collected from the area. **We have been too accustomed, in our country, to leave the business of Government mostly in the hands of officials. Experience has shown that in such a set-up, the gap between the governed and those that govern is very wide, with resulting ignorance on the part of the former of the real needs of the latter, and an apathy in the latter towards their own responsibilities and duties in the management of their country's affairs. The whole attitude becomes one of a supine dependence on the government to do everything and to provide everything. Such a system hampers the growth of the people and the awakening of a corporate civic sense in them, and disables the citizens from providing themselves with the environment best suited for their growth and self-expression.**

93. The enactment of various laws giving powers, functions and duties of a wide character to the different local authorities are not the beginning and the end of the duty of the Centre ; a system of graded laws for local authorities standing at different levels only provides the framework within which they are to function. **Each type of local authority must be duly provided with the ways and means and an adequately trained and equipped staff, so that it can build up a group of services and amenities at a level appropriate to its grade and of a character suited to the distinctive needs, growing population, and varied stages of development of each different area. To watch the local government process in action, to take a realistic and balanced view of the trends and tendencies guiding its operation in the various parts of the country, and to adapt its flexibility and responsiveness to the everchanging conditions—physical as well as economic—in which it functions, and then judiciously and with wise discretion to enlarge both its sphere and freedom of activity,—within the confines of the over-all National policy—will necessarily be the increasing duty and responsibility of the Central Government.** Keeping these considerations in view, we now proceed to consider the need for changes in Local Government in Ceylon.

PART II—MAIN CHANGES SUGGESTED

INTRODUCTORY

94. Term 2 of our Terms of Reference requires us " To investigate whether any changes in Local Government are needed and if so to determine the nature and extent of the changes.". From the survey of the nature and scope of Local Government in the Island today, which appears in the previous Chapter, it will be apparent that there are reasons for considering changes in the existing structure of Local Government.

95. This point of view has been strengthened on a consideration of the evidence, memoranda and other material which we have examined on our own. It has become clear to us that many changes are needed if the existing local authorities are to develop and progress to meet the needs of the times and of the future too. In this Part of our Report therefore, we have brought together some of the more important changes which we consider to be necessary in order to meet these needs.

96. The Regional Committees which we recommend should be set up, as well as the Central Water and Drainage Board, are two of the more important changes which will accelerate further expansion and development of local areas and, we trust, provide them with the wider experience in administration and amenities and facilities which either do not exist today, or if they do exist, are not at the level of performance at which they should be.

97. A marked departure in policy appears to us to be essential in regard to the Rural Development Movement in order to smooth out the difficulties which seem to have come into existence and which need to be remedied if the Rural Development Movement is to foster the very valuable feature of the self-help which it has introduced into and popularised in village life, and to expand in usefulness, without coming into conflict with the existing set-up of Local Government authorities. We feel that both serve very useful purposes and the environment in which each functions should be made suitable for its particular type of activity and should not be such as to create friction between the two.

98. The Local Government Service Commission is an organisation which plays a very important part in Local Government ; we are satisfied that certain changes have to be made in its constitution as well as its working to make it fulfil its purpose more effectively. The more important changes in it, therefore, are dealt with by us in this Part of our Report.

99. There are also other important changes required, at various points in the present pattern of Local Government, in relation to the functions, powers and duties of Local Authorities, their finances, the nature of the supervision and control that should be exercised over them, and in the terms and conditions of service of their employees. These we have considered and have dealt with separately in other Parts of this Report.

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CHAPTER III

REGIONAL COMMITTEES

Section 1—Previous Proposals

100. The Donoughmore Commissioners urged the desirability of creating co-ordinating bodies for the activities of local authorities to be called Provincial Councils. Their view was that these Provincial Councils " might result in a large part of the administrative work now carried out in the Legislative Council coming into the hands of persons permanently resident in the country districts and thus more directly in contact with their needs . . . .". It must however be remembered that this recommendation was in the context of the legislative pattern which they recommended, viz., that the Legislature itself should divide itself into Executive Committees each of which would have certain administrative functions. The intention was to relieve the Executive Committees of much detailed administrative work which could be delegated to and carried out by Provincial Councils and thereby leave the Executive Committees free to devote their time to larger problems.

101. The Government took up the consideration of this proposal and the State Council of Ceylon in 1940 debated a Motion in the following terms :

> " This Council is of opinion that immediate effect should be given to the recommendation of the Donoughmore Commission with regard to the establishment of Provincial Councils.".[1]

102. A report of the Executive Committee of Local Administration was placed before the State Council for consideration. That Committee reported that the functions of Provincial Councils were to be of three main classes, namely :

(*a*) Supervisory (including controlling, co-ordinating, and default powers)

(*b*) Direct (Executive)

(*c*) Advisory

It was contemplated that Provincial Councils should have functions relating to a number of Ministries with all of whom these Councils would therefore have to deal directly.

103. The supervisory duties were to be in respect of Village Committees and Urban District Councils (as they then were) and the Small Towns (now Town Councils). The Report did not contemplate any supervisory duties in respect of Municipal Councils. These Provincial Councils were to be set up in the various Revenue District of the Island.

[1] *Vide*—Debates of the State Council of Ceylon 1940, Sessions—10th July, 1940.

104. The Motion was agreed to, after debate, in the course of which various aspects were touched upon, such as the need for some controlling agency over the finances which were at the disposal, particularly, of Village Committees, the reduction of the functions of Government Agents, and the ultimate elimination of the Kachcheri system of administration, &c. The war and its exigencies delayed the further pursuit of the subject.

105. Thereafter various schemes and blue-prints for the establishment of Regional Councils were considered from time to time. One form of set-up that was considered envisaged the establishment of Regional Councils one for each of the nineteen administrative divisions into which the Island was then divided ; (there are twenty administrative divisions now). The election of members to these Councils was to have been primarily indirect—that is, each local body in the regional area was to return a certain number of members, dependent on the population within its limits. Provision for the nomination of non-officials, together with a certain number of ex-officio members (including the Government Agent) connected with important Government Departments was also considered. The work of the Regional Council was to be performed chiefly through Standing Committees. The Government was to allocate funds for the staff and administration of these Councils, which were in their turn to be empowered to levy contributions from local authorities within their regions, proportionate to the financial resources of each of the constitutent local authorities.

106. The ex-officio members were to be :—

(*a*) The Government Agent or Assistant Government Agent.
(*b*) The Medical Officer of Health or other nominee of the Director of Medical and Sanitary Services.
(*c*) The Executive Engineer.
(*d*) The Divisional Agricultural Officer.
(*e*) The Education Officer.
(*f*) The Divisional Irrigation Engineer.
(*g*) The Assistant Commissioner of Local Government of the Region.

107. Among the purposes for which Regional Councils, it was suggested in that scheme, were to be authorised to expend funds were the following :—

(1) (*a*) Construction, maintenance, extension to or alteration of, any principal thoroughfare which was at that time under the control of the District Road Committee.
(*b*) The construction of bridges, causeways and the like on such thoroughfares.
(*c*) The acquisition of lands necessary for any of these purposes.
(*d*) The control of buildings or lands abutting on such principal thoroughfares, and the removal of encroachments thereon.
(*e*) The prevention and abatement of nuisances, the removal of obstructions, the cleansing and watering of such thoroughfares.

(2) The construction and maintenance and equipment of resthouses, maddams, ambalams, and the like and the acquisition of land for these purposes.

(3) The investigation of any schemes for the supply of water, electricity, gas, to one or more constituent local bodies, or for co-ordinating existing supplies.

(4) Rural Development and welfare and such preliminary investigation as may be necessary to this end.

(5) Co-ordinating the poor relief measures of the constituent bodies.

(6) Examining and standardising the assessments of the constituent bodies.

(7) Exercising the statutory supervisory powers conferred on it by the Ordinance, over constituent local bodies.

(8) Establishing public libraries and gymnasia.

(9) Carrying out such investigations or inspections as are necessary to perform the advisory functions to be vested in Regional Councils.

108. In that scheme amongst the supervisory powers that were proposed for Regional Councils were :—

(1) To scrutinize the budgets of constituent bodies, to make, allow or disallow items of these budgets, subject to appeal to the Minister.

(2) To consider the annual reports of the constituent Village Committees, Town Councils and Urban Councils in the Region.

(3) The approval or disapproval of resolutions of the Village Committees in regard, among other things, to the establishment of any public service or utility undertakings in the area.

(4) To prescribe the form in which estimates and budgets should be prepared.

(5) The form in which books of accounts shall be kept by Village Committees.

(6) Detailed provisions regarding the inspection of books, accounts, documents and other records of Village Committees and the works of construction, maintenance or expenditure undertaken or executed by the Village Committees and the lands and buildings vested in or used or occupied by Village Committees.

(7) The mode of giving notice within village areas of the financial proposals of Village Committees and of publishing their minutes and periodical statements of accounts and the decisions of the Regional Council in matters relating to Village Committees.

(8) To consider by-laws framed by Village Committees and to advise the Minister regarding them.

(9) To forward applications for loans by Village Committees, with the observations of the Regional Council on them, to the Minister.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(10) To advise and co-ordinate schemes for various purposes, such as the supply of water, electricity, the operation of transport and utility services, housing schemes, town planning schemes, poor relief measures.

(11) To review the assessments of the constituent bodies and their social, economic, educational and welfare activities and generally to co-ordinate such activities.

(12) To recommend the works in respect of which grants should be made to local bodies.

(13) In case of repeated default by a constituent body to take over and perform those duties.

109. Various Standing Committees were proposed for taking over among themselves the various functions powers and duties, both supervisory as well as executive and advisory, of Regional Councils. Powers were also to be taken for the framing of by-laws to regulate and control all matters within the jurisdiction of Regional Councils.

110. Various modifications were also being considered as a result of discussions with various Ministers whose functions were in any way likely to be affected by the powers and functions proposed to be vested in and exercised by Regional Councils. One of the principal objections to which the Government addressed its attention, was that Regional Councils were likely to interfere to an appreciable extent with the autonomy of local authorities.

Proposal of 1950

111. In the process of consideration of this scheme, the proposed functions and powers of Regional Councils were to be reduced to the following in the final form of the set-up as suggested by Mr. S. W. R. D. Bandaranaike, when he was the Minister of Health and Local Government :—

(1) The construction, maintenance, &c., of District Road Committee roads.

(2) The construction and maintenance of resthouses, maddams, ambalams.

(3) The investigation and co-ordination of schemes for supply of water, gas, electricity, &c., to one or more constituent local bodies.

(4) The examination and standardisation of assessments of local bodies in the Region.

The very large powers of exercising statutory supervision and control over Village Committees in particular, were dropped.

112. Regional Councils were to be composed entirely of members elected by the people on the same qualifications as were prescribed for Village Committee members under the Local Authorities Elections Ordinance, with a minimum of eighteen members and a maximum of thirty members, the exact number of members being determined on the basis of Village Committee areas within each Region.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

113. Of the seven Standing Committees originally proposed there were to be only four left for the following purposes :

(1) Co-ordinating and General Purposes Committee.

(2) Finance and Assessment Co-ordinating Committee.

(3) Roads and Resthouses Committee.

(4) Regional Public Utility Services Committee.

Standing Committees for the following purposes were not to be brought into effect :

(5) Village Committees and Town Councils supervision Committee.

(6) Health and Sanitation Committee.

(7) Local Advisory Committee on Education.

114. After that the subject had not proceeded beyond the stage of the formulation of those modified proposals. The matter now arises again for consideration under our Terms of Reference.

Section 2—Present Proposals

115. The All-Ceylon Village Committees Conference strongly supported the establishment of Regional Councils on the basis of the final proposals put forward by Mr. S. W. R. D. Bandaranaike when he was the Minister of Health and Local Government.

116. The All-Ceylon Town Councils Association not only supported the idea of Regional Councils, but went further and suggested that the entire administration of the Kachcheries should be taken over by Regional Councils. The responsibility for the collection of revenue, whether central or local, the responsibility for the entire administration of the Public Works Department, the responsibility for bus transport in an area (except town services), the responsibility for the execution of functions and duties recommended in the Report of the Social Services Commission, the taking over of Rural Development, the functioning as Board of Management for Hospitals and Dispensaries, the taking over of the primary and secondary education, were some of the powers that the Town Councils Association were of opinion should be xercised by the Regional Councils which they contemplated. No form of Regional Council, whether as proposed by the Minister of Health and Local Government for the time being, in the past, or by any other individual or body, then or later, has sought to go as far as the All-Ceylon Town Councils Association. It seems to us to go too far indeed to be practicable in the near future.

117. The Association of Urban Councils of Ceylon desired that, among other functions, all functions presently exercised by Kachcheries (in so far as Local Government is concerned) should be made over to the Regional Councils.

118. The Municipal Council of Colombo, however, whilst supporting the establishment of Regional Councils, went as far as to suggest that Kachcheries

should be entirely done away with, and that the functions of Kahcheries should be divided between Regional Councils and the existing local authorities. This Council was also in favour of local heads of Government Departments in Regional Council areas being members of the Regional Councils in an advisory capacity without having the power to vote. They, however, thought that if every type of local authority was to be represented on Regional Councils, the latter should not exercise any form of control whatever over the local authorities within their areas. In other words a Regional Council was to be only a co-ordinating and not also a supervisory body.

119. The Municipal Council of Colombo did not deal with Regional Councils in its first Memorandum and sent us no complete answers to the Supplementary Questionnaire which was sent by us on the 9th of April, 1954. The first section of that Questionnaire deals comprehensively with various questions relating to Regional Councils. At our instance, however, the Standing Committee on Law and Genral Subjects went into the question of Regional Councils and sent us a record of its proceedings of 6th and 7th July, 1954, at the latter of which the two members present, namely, Mr. Bernard Soysa (Chairman) and Mrs. Vivienne Goonewardena, considered the Supplementary Questionnaire only in relation to Regional Councils and the answers to it. These views of the Standing Committee, we understand, were accepted by the Council on 8th July, 1954. It is from these answers that we have extracted the views which we have set out earlier as being the views of this Municipal Council on the question of Regional Councils.

120. The Municipality of Galle and the Municipality of Jaffna were against the establishment of Regional Councils.

121. However, the generality of views expressed to us was overwhelmingly in favour of the establishment of Regional Councils. From the answers given to the questions we had framed in the Supplementary Questionnaire and also in the course of the evidence, there seemed to be a very large measure of unanimity that one of the reasons for recommending the establishment of Regional Councils was in order to take over the functions which are presently being exercised by Kachcheries with a view to the elimination of the Kachcheri system immediately. The view pressed upon us was that whilst the Kachcheri system may have been appropriate in the days of a Colonial regime, it was completely out of place in the democratic set-up of modern times. It also tended to take away from the authority and prestige of local bodies and they did not desire the continuance of the hierarchial system of the Kachcheri, with its Divisional Revenue Officers, Headmen, &c., because it tended to perpetuate the allegiance of the local populace to the Government Agent, as the representative of the Central Government. The centre of focus has shifted to local bodies and it was therefore felt that power should be centralized in them, and taken away from the Kachcheries. It was also the view that local bodies should be made the executive agency of the Government instead of the Kachcheries.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

122. Even the Ministry of Home Affairs in the Memorandum which they presented to us, dealing with the powers, functions and duties of the Kachcheries, admitted that, " It would appear anachronistic that in an age of increasing specialization, Kachcheries, which perform general functions, should not only survive but even grow in stature and importance. The reason for this could be found both in the past and in the present—from the past the Kachcheries inherit and carry on the old system of government through Village, Divisional and finally Chief Headmen ; in the present they fill the need for a 'personal' administration necessitated by the absence of a developed system of local government.".

123. The same Memorandum of the Ministry of Home Affairs itself stresses the value of the Village Headman System for what is called " extension work ", as local representative of a number of Departments of the Central Government most of which used the Headman System increasingly over a variety of subjects. It also stated that this system is " acquiring a new significance—it is being used to rally public opinion and create a social consciousness in each village through local societies, and also to initiate government action by conveying local needs to the Central Government.". It would therefore be valuable if the adaptability of this system and its resources of local knowledge and influence could be utilised for the furtherance of the objects and purposes of the local authorities.

124. We find that a number of field organisations of various Departments have been increasingly set up in the recent past under the direct or indirect supervision of the Government Agent, who has been invested with the powers necessary for the control and utilisation of these organisations for the purposes of the various Departments.

125. We have been supplied by the Ministry of Home Affairs with a Chart, showing a typical Kachcheri set-up presently prevailing, with the Government Agent or Assistant Government Agent of the District at its Head. With him are associated either an Assistant or Additional Government Agent (as the case may be), an Office Assistant, a District Lands Officer, an Administrative Assistant, an Elections Officer, an Assistant Food Controller, and also an Extra Office Assistant. These officers are the channels through which the various activities of the Central Government, and of the various Departments of Government, are carried on, over the Province or District, as the case may be. This Chart is reproduced in Appendix VI.

126. One might gather from the Chart how, in the past, the entire administration of an area was carried out with a few officers, vested with very large powers, at the head of affairs, through the agency of the Government Agent. Virtually, the same system has prevailed to a large extent even in modern times, although the officials at the Centre have been replaced by a body of politicians. **Whilst it is true that Parliament, and such local authorities as have been set up, provide some opportunity for the people themselves through their representatives to be brought into touch with the business of Government. it is necessary, and it should be possible to offer more opportunities than are available at the present time to associate the people more closely with the administration. If the business of Government is always to continue to remain in the hands of officials, controlled from the Centre, then the gap that has existed in the past between those who are governing, and the governed, will remain as wide as it has been, if it does not become wider.**

Section 3—Proposed Changes

127. We have, therefore, given careful consideration to the question of finding some means of utilising the existing machinery of Government, which is at the disposal of Kachcheries, and Government Agents, and of also utilising the virtues of the Kachcheri System, which have been emphasised in the Memorandum submitted to us by the Ministry of Home Affairs. **We do not, however, propose immediately to set up independent autonomous local organisations in the form of Regional Councils to take over the multifarious functions and duties performed through and by, the network of officers attached to the Kachcheries, for reasons which will appear later. We feel that, in the past, local authorities have not had either the finances, or the opportunity of gaining first-hand experience in the discharge of these various duties by direct contact with them. The scheme which we put forward later will enable representatives of the local population to take part in the discharge of some of the duties and functions of Kachcheries, in association with Government Officers, by utilising, and expanding the existing set-up of the District Co-ordinating Committees.**

District Co-ordinating Committees

128. These District Co-ordinating Committees are a recent innovation and have been set up under Administrative Regulation 14A (framed only in October, 1953) which reads as follows :—

" 14A (i) The Government Agent, or the Assistant Government Agent in charge of the district shall function as co-ordinating officer in all governmental activities sponsored by all Ministries in his district. There shall be for each district a Co-ordinating Committee consisting of :—

(1) representatives of departments functioning in the district, exclusive of the Judiciary, nominated by the Government Agent, or the Assistant Government Agent in consultation with the heads of departments concerned, and
(2) Divisional Revenue Officers ;
(3) Members of Parliament of the District shall be invited to be members of the Committee

The Government Agent or the Assistant Government Agent, shall be the Chairman of the Committee. This Committee shall meet at least once a quarter.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

14A (ii) The function of the Committee shall be to co-ordinate all governmental activities in the district, and to facilitate the carrying out of Government's programme in the district. For this purpose, it shall—

(*a*) meet as early as possible in October of each financial year, and consider the programme of work according to the financial provision made in the Estimates ; each departmental representative shall explain the programme of work envisaged, how he expects to carry it out, and what assistance he requires from other departments ;

(*b*) formulate proposals representing a co-ordinated programme for the development of the district in the next succeeding financial year ,

(*c*) transmit such proposals as affect the subjects and functions assigned to Ministries, (other than the Ministry of Home Affairs) through the representatives of the departments of the Ministries concerned, to their respective Headquarters ;

(*d*) endeavour to eliminate delays, and difficulties in the execution of the programmes of the departments ; and

(*e*) review from time to time the progress of Government activities in the district.".

129. The Village Committees in each area are represented by the Assistant Commissioner of Local Government functioning in the area, and in recent times—the regulation bringing into existence District Co-ordinating Committees was only framed in October, 1953—by a few Chairmen also selected from the Village Committees in the District and nominated to be members of the Co-ordinating Committee.

130. There are also Divisional Committees, presided over by Divisional Revenue Officers, with other officials in the Division, forming these Committees. On the Divisional Committees are to be found Chairmen of some of the Village Committees, and the representatives of unofficial bodies like Rural Development Unions. Where in any particular area the Chairman of the Village Committee is not a member of even a Divisional Committee, it is stated that the local Village Committee could get the Divisional Revenue Officer to sponsor any proposal that it wishes to put forward for consideration by the District Co-ordinating Committee. This last suggestion, however, is not much relished by Village Committees, as they feel that they ought to have a more direct voice in the Co-ordinating Committee than through the good graces of the Divisional Revenue Officer, if he is disposed to sponsor the causes favoured or fancied by Village Committees.

131. The set-up of District and Divisional Co-ordinating Committees by the Central Government arose undoutedly, because the need was felt for a body to co-ordinate " all governmental activity within the District, and to facilitate the carrying out of Government's programme in the District.".

132. For the fuller development of Local Government and the awakening of full civic consciousness in the rural areas, and for informing the population in distant parts of the country of the plans, and national policies of Government, which are intended to benefit the country as a whole, it is very essential, in our view, that local authorities should be increasingly associated, and become more familiar with the needs of the larger areas than the ones with which they presently deal. They may thus feel that what are at present termed " Government Activities " are not in any way hostile to, or divorced from the purely local activities, which would be necessary to further the affairs of local authorities.

133. We accept the proposition that the ideal would be that in an independent country, such as Ceylon is, the Kachcheries, which are admittedly anachronistic, should cease to function and that most of their functions should be discharged by local authorities. But from our examination of the many problems that have come before us, the contacts we have had with those who are presently holding offices in various local authorities, from what we have ourselves seen of the manner in which many local authorities are handling their affairs and discharging their functions, and also giving heed to the many criticisms which have been levelled against various local authorities, or their individual members or officers, **the conclusion which we have reached is that the immediate transference of all the powers and functions of Kachcheries to a new local government organisation in the shape of Regional Councils would not help to achieve the object in view. Nor do we think it prudent that Regional Councils should be set up and be immediately given the functions and powers of supervising and controlling the Local Authorities of the area of each Regional Council, or the duty of acting in default.**

134. One of the principal reasons why we do not think that the time is ripe for setting up fully-fledged Regional Councils, with all the powers and functions that have been claimed for them, is that most local authorities have not had the opportunity up to the present of reaching that level of efficiency in the administration, and use of their present powers functions and duties (so as to be able to carry on their administration at a higher level of efficiency than at present) to take on and administer the wider functions, duties and responsibilities which would necessarily be involved, if Regional Councils with wider ranges of area and power are set up forthwith.

135. Local authorities for their part have stated in answer to these points, that the blame for the more or less static condition in which they have remained over a period of years is not entirely to be laid at their doors. Their position is that primarily they have not had the financial means or aid for the full exercise of their functions and powers and the development of their areas and services. According to them, they labour under a sense of frustration because, rightly or wrongly, they have felt from time to time that the outlook of Government on the whole has been not to encourage the development of local authorities and give them more freedom, power and funds to carry out their activities, but to gradually take away from their legitimate functions

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

and vest them in various Departments. **Local authorities also feel—and we think not without some justification—that they are unable to maintain sustained progress of their developmental programmes in their respective areas because of the want of a settled policy in regard to the financial relations between the Central Government and the Local authorities.** If the latter can be reassured by a settled and definite policy of financial relations between the Central Government on the one side and local authorities, as a whole, on the other, then the local authorities are likely to continue to grow in efficiency and reliability so as to fit themselves beyond question to take on the additional responsibilities and the larger range of powers which they are seeking immediately, but for the discharge of which they are not sufficiently equipped at present. If the present disquieting atmosphere surrounding local government continues to prevail, it seems to us that local authorities will shrink in usefulness and will be relegated to the position of thwarted and frustrated bodies performing only minor local functions which would depress them further, and hold out a very uninspiring future for them. It would be impossible in such circumstances for local authorities to show increasing enterprise, and expanding initiative, and create in their areas a growing interest in local affairs, unless they have a fairer, if not generous, measure of financial assistance.

136. It is with these objects in view that we have recommended, in another part of our Report, new sources of revenue which local authorities can develop and administer on their own, as well as increased financial assistance from the Central Government.

137. **Instead of recommending the establishment of Regional Councils, whether throughout the whole Island or experimentally in some parts of the Island, as has been suggested in some quarters, our proposal is that the members of local authorities should be associated more closely and intimately than has been the case in the past, with activities extending over wider areas than their own, and which could well be called Local Government functions.**

Reconstitution of District Co-ordinating Committees into Regional Committees

138. **The existing District Co-ordinating Committees, should we think, be reconstituted into Regional Committees so as to provide an unofficial majority. We do not suggest that Kachcheries should be wound up immediately and their organisation and staff handed over to Regional Committees. The elements of usefulness, and the accumulated experience embodied in the Kachcheri System, as well as all the contacts which that system has generated between the people and the departments of Government, should be maintained with a view to these elements being made available to and increasingly utilised by local authorities through their representatives on the reconstituted District Co-ordinating Committees. The existing executive and administrative set-up, personnel, and machinery of Kachcheries should remain, but should be made available to the reconstituted Co-ordinating Committees at least over the period of the next five years.**

139. **The proposal we make has also implicit in it the gradual, and not the immediate, transfer of the various powers and functions, presently exercised by Kachcheries, to local authorities themselves.** In the course of time the Kachcheries will be replaced by a more democratic body drawn from, and therefore more closely identified with, the local areas themselves over which they function. Such bodies will help Government in more effective and sympathetic planning, and in fuller development of the present Kachcheri areas, as they will be more representative of the wishes of the people of the areas themselves.

140. **Such a set-up of Regional Committees, as we recommend in the detailed proposals which follow (as to their composition and functions) has also the additional advantage that it will be a means by which the various Ministries will themselves be enabled to come into closer touch with representatives of the various local areas, instead of being in touch with only the Government Agent, as their main channel of communication and contact with distant areas, as is the case at present.**

141. **The expansion of District Co-ordinating Committees into Regional Committees will also help to remove the sense of separation and aloofness with which local authorities, (more markedly in rural areas), on the one hand, and the Kachcheries, on the other (with their officials and staff) regard each other.** Regional Committees, such as we suggest, should help to integrate both these types of organisation into close cohesion with each other, and thus increase the measure of co-operation between both for the common good of the areas concerned.

Section 4—Detailed Scheme of Regional Committees

142. In broad outline the Regional Committees which we recommend should be constituted on the lines set out hereafter.

Area of Authority

143. The Area of Authority can be a Revenue Officer's District. This will mean the establishment of about twenty Regional Committees for the Island. In certain areas it may be possible to bring more than one Revenue District under a single Regional Committee, as for example in Matale, Polonnaruwa and Kegalla Districts.

Composition

144. The Regional Committee should be composed of the local Heads of Government Departments (exclusive of the Judiciary), such as—

(i) Officials

(1) The Government Agent or Assistant Government Agent.

(2) The Assistant Commissioner of Local Government of that District.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(3) A nominee of the Director of Public Works, preferably the local head.

(4) A nominee of the Director of Health Services, preferably the Superintendent of Health Services.

(5) A nominee of the Director of Irrigation, preferably a local Irrigation Engineer.

(6) The Divisional Land Officer.

(7) The Superintendent of Surveys.

(8) The Administrative Assistant of the Social Services Department.

(9) The Divisional Agricultural Officer.

(10) A nominee of the Minister of Food.

(11) The Divisional Revenue Officers of the Revenue Division.

It may be the case that some of these officials may have to serve on more than one Regional Committee.

(ii) Unofficials

(12) One representative of each Municipal Council, Urban Council, and Town Council in the Area of Authority, elected by each of the local authorities of the different types.

(13) One representative elected from each of several groups of Village Committees. Each group should consist of not more than four Village Committees, the groups being worked out on the principle that each group of Village Committees fairly represents a portion of the area of the entire revenue district. As it will not always be possible to divide the number of Village Committees in the whole area into multiples of four, some groups may have to consist of three Village Committees each, so as to include all Village Committees in a Revenue District within groups of four, or three, as the case may be.

(14) Every member of Parliament in each Regional Committee Area should be an ex-officio member of that Regional Committee. No member of any local authority, or Member of Parliament, may continue his/her membership of the Regional Committee upon his/her ceasing to be a member of his/her particular local authority, or of Parliament.

145. **In no case should the total number of officials (including the Chairman) exceed the total numbers of unofficial members. If that is likely to happen in any case, the Minister of Local Government should be given the power to nominate a sufficient number from amongst the members of any class, or classes of local authorities in that area, to bring about an unofficial majority.**

146. **In view of the fact that there is always to be an unofficial majority, there can be no objection to the official members being given the right to vote, and we so recommend.**

Chairman and Chief Executive Officer of Regional Committees

147. **During the transition period of, say, five years, the Chairman, who should also be the Chief Executive Officer, should be the Govenment Agent.**

148. Mr. S. W. R. D. Bandaranaike expressed himself as being of the view that it would be useful if the Government Agent or Assistant Govenment Agents were to function as the Chief Executive Officers of Regional Councils.

Terms of Office of Regional Committees

149. The life of Regional Committees should be co-terminous with that of the constituent local authorities whose members are on these Committees. If that is found to be impracticable (for the reason that all such local authorities do not have their elections on the same day) then each member of the Regional Committee should cease to be a member either on the date on which the Municipal Council, Urban Council or Town Council, which he represents, expires, or the date on which the Regional Committee of which he is a member, expires, whichever is earlier. If whilst the Regional Committee period expires, he is still a member of one of these three types of local authorities, he would be eligible for re-election for the remaining period of the life of that particular type of local authority to serve on the new Regional Committee when it is formed.

150. All Municipal Councils, Urban Councils and Town Councils now commence their term of office in January of each year It will be necessary to make provision for all Village Committees throughout the Island to similarly commence their term of office as from January. It may be necessary to stagger the election of some of the Village Committees to achieve this objective, which we may add, is recommended not only in connexion with the formation of Regional Committees, but also with the object of attaining a general uniformity among all local authorities by arranging for all types of them throughout the Island, to commence their period of office from January.

151. If any member of a Regional Committee, who is elected to represent a group of Village Committees, ceases to be a member of the Village Committee to which he belongs, either by reason of the effluxion of the life of his particular Village Committee, or for any other cause whatsoever, then the group of Village Committees which elected him as their representative, should elect a fresh representative of theirs to the Regional Committee to represent that particular group of Village Committees for the rest of the life-period of that Regional Committee. In the same way if the Regional Committee on which a member represents a particular group of Village Committees ceases to be, by effluxion of time, or otherwise, then the members of Village Committees

who are members of that Regional Committee, would themselves automatically cease to be members of that Regional Commitee, but would have the right to be re-elected to the new Regional Committee.

Functions of Regional Committees

(1) FROM KACHCHERIES

152. **We recommend that for the present, the main functions of Regional Committees should be to deal with the following matters which are now being dealt with by the Kachcheries on instructions from Ministries or Department of Government.** They would be taking decisions in respect of matters such as—

(a) **Social welfare, relief of distress (Public Assistance, Relief to Fishermen, Relief of Widespread Distress).**

At present all forms of public assistance throughout the Island are administered by the Social Services Department, which uses the Kachcheri set-up for the actual local distribution of relief throughout the various districts of the Island. The Municipal Councils of Colombo, Kandy and Galle, however, administer relief independently, in terms of the Poor Law Ordinance. The Central Government's proposal to centralize all public assistance has been agreed to by all Municipalities, except the Municipality of Colombo.

We recommend that instead of the dispensation of public assistance being made a completely Central Government function, local authorities of all types should be associated more closely with it by the administration of such relief being passed on to Regional Committees, which would contain representatives of every type of local authority on them.

(b) **Settlement of people on peasant and middle-class allotments, other than in colonisation schemes.**

(c) **Rural Development.**

Elsewhere in this Report we have recommended that Rural Development Societies should not undertake public utility works, such as Roads, Bridges, Culverts, Public Wells, Public Latrines, &c., in Village Committee areas. The other activities of Rural Development Societies can be directed and supervised by the Regional Committees, instead of by the Govenment Agent alone as in the past.

(d) **Resthouses.**

(e) **Land Acquisition.**

(f) **Co-ordination of Agricultural activity, that is to say, work of the type now being done by the District Agricultural Committees.**

(g) **Minor irrigation, and food production works.**

As Minor Irrigation goes hand-in-hand with Food Production, and as both vitally affect the economy of the rural areas, we feel that it is most desirable that the local people should be directly associated with both these activities, thereby making local knowledge and experience more effectively available for the agricultural development of local areas.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(h) **Public Performances.**

This will include the function of licensing now exercised by the Government Agents under the Public Performance Regulations.

(i) **Jak Tree Permits.**

(j) **Organisation and supervision of Public Health Measures and Activities at Festivals.**

(k) **Registration of Orphanages.**

(2) CO-ORDINATING FUNCTIONS

153. Of the functions which have been enumerated above, (which are presently exercised by the Kachcheries alone) the most essential and useful to each of the Areas of Authority of Regional Committees are Food Production, Minor Irrigation, and Land Acquisition. We have dealt with Land Acquisition separately in Paragraph 601 to 605 of our Report.

154. **Regional Committees we recommend should be empowered to act as co-ordinating bodies either on their own initiative, when they consider it essential to do so in the common interest of the area, *or* of substantial parts of it, *or* at the request of any of its constituent local authorities, *or* of any Ministry or Department of Government, *or* of any other statutory authority or body, in regard to the co-ordination of any scheme or schemes in relation to any of the functions referred to above necessary for the development of the area, or parts of it.** We would add the proviso that any co-ordinating scheme suggested by any Ministry or Department of Government, or of any Statutory Authority or body, should be sent to the Regional Committee for detailed consideration and for suggestions as to its implementation only after the Ministry of Local Government has itself considered the scheme in consultation, if necessary, with the Ministry or Authority from whom it originated, and is satisfied that steps should be taken to give effect to it.

155. **The other fields of development affecting an area in which the co-ordinating function of Regional Committees can equally usefully be exercised are those connected with :—**

(a) **The investigation of the water resources of regional areas, their schemes of supplies, and the construction of water channels, tanks and reservoirs over such areas.**

(b) **The development of sewerage-disposal schemes ;**

(c) **Electricity Schemes ;**

(d) **Road Development ;**

(e) Libraries and Recreational Services.

(f) Consideration of and reporting on proposals for the raising of the status of local authorities and consequent redefinition of areas—*vide* paragraph No. 522.

(g) Regional Planning Schemes.

Section 12 of the Town and Country Planning Ordinance, No. 13 of 1946, provides for the appointment of a Regional Planning Committee for each Regional Development Area, the latter areas being themselves defined and brought into existence by Proclamation under section 8 of the same Ordinance, Under Section 6, every Municipal area and every Urban Council area is an Urban Development Area under that Ordinance. Under Section 8 a Regional Development Area can include any Urban Development Area as well. It should, therefore, be possible to so define or redefine Regional Development Areas as to make them co-terminous with the Areas of Authority of the Regional Committees proposed by us. Of the six categories of officials and non-officials specified in Section 12, who have been placed on Regional Planning Committees, the first four are already on the Regional Committees we recommend. Only the other two categories, that is to say, the Chairman of each of the Village Committees of each village area included in a Regional Development Area, and the five other unofficials contemplated in Section 12, are not included in the Regional Committees we propose. **In view of the fact that Regional Committees, if composed as suggested by us will have on them representatives of all the various Village Committees, the constitution of Regional Planning Committees under the Town and Country Planning Ordinance, may be modified by the deletion of the provisions requiring the Chairman of every Village Committee within the Regional Development Area, and the five nominated unofficials referred to in Section 12 of that Ordinance, to be members. This does not mean that the Chairmen of Village Committees, or non-officials will be completely excluded from the Standing Committees of Regional Committees that will deal with Town and Country Planning for each of the areas. We are suggesting, later, the inclusion in the Standing Committees of Regional Committees, of other persons who are non-members but who are co-opted to any such Committees under powers of co-option which we recommend should be given to Regional Committees.** Under that provision, it would be possible for the Standing Committees of Regional Committees dealing with Town Planning to co-opt any Chairman of any Village Committee concerned, or any other non-official. If these recommendations are adopted, the provisions of Section 12 of the Town and Country Planning Ordinance, and other connected provisions dealing with Regional Planning Committees constituted under that Ordinance, will have to be suitably amended.

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156. At present, Government Agents carry out instructions from the various Ministries (based upon their various policies) in regard to functions which are being exercised in their respective Districts by each of those Ministries, whenever the Kachcheri administration is utilized for putting into execution any projects conceived under any such functions. There are, however, various other matters in regard to which the Ministries do not utilize the Kachcheri administration for the carrying out of their policies. In such cases the Ministries do not function though the Government Agents concerned.

157. During the experimental period in which we recommend that Regional Committees should be established and should function, we further recommend that they should continue to function on the existing lines, that is to say, the Regional Committees should act as agents of the various Ministries, which will issue instructions to such Regional Committees in regard to any matters where the staff, and/or organisation of the Kachcheries are to be utilized, except in regard to the functions of co-ordination.

158. **In regard to any of the matters falling within the co-ordinating functions of Regional Committees, any schemes and instructions, we suggest, should be transmitted to Regional Committees, only through the Ministry of Local Government, which, as we have said earlier, would act in liaison with the Ministries originating such schemes, so that they may fit in with the general scheme of Local Government of the area.** By this means any difficulties which may be anticipated may be smoothed out or removed by the Minister of Local Government and the other Minister or Ministers concerned, before the Regional Committees are requested to themselves examine such schemes and—after any consultation with any local authorities concerned—make their proposals regarding the carrying into effect of any such schemes.

159. **Any schemes involving the exercise of a Regional Committee's co-ordinating functions, which may originate from or be suggested by the Regional Committee itself, or by any of its constituent local authorities or by any statutory board, or other organisation, should likewise be submitted to the Minister of Local Government for consideration and approval. He will no doubt act in consultation with any other Minister or Ministers wherever any proposals put up to him affect or impinge upon any of the functions of such other Minister or Ministers.**

Method of Administration of Regional Committees

160. **The Regional Committees should meet as often as is conveniently possible, say, not less than once a quarter.** But it is essential that they should meet often enough to decide upon their respective plans, and the schemes of development of their areas, and submit them in time to the Ministries concerned, for them also to consider such proposals and decide which of them are to be included in their respective Financial Estimates from year to year. **As soon as is conveniently possible after the beginning of a Financial Year, each Regional Committee should meet in order to give effect to such proposals as may have been accepted by Government, and for which financial provision has been made**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

in the Estimates. These proposals will have to be given effect to, executively, through the existing machinery channels and staff which Government utilizes today in carrying into effect its policies and plans in areas over which the Kachcheries presently preside.

Standing Committees of Regional Committees

161. **As it will not be practicable for the whole Regional Committee to meet often enough for taking decision on day-to-day matters, it would be essential to work on the basis of a system of Standing Committees for dealing with the detailed work, particularly of the executive implementation of schemes or plans for which Government has made financial provision.**

162. Standing Committees should be elected at the commencement of the year, and be vested with such powers as may have been delegated to them by the general body, whether with or without restrictions or conditions on such delegation. Standing Committees would regulate their own procedures, and could have recourse to sub-committees whenever the Standing Committees consider that such a course would facilitate the despatch of business. The Chairmen of these Standing Committees need not necessarily be officials, but the officers in charge of the subjects assigned to the respective Standing Committees, and who are members of the Regional Committee, would always have to be members of the Standing Committee. **Standing Committees should have the power of co-opting persons who though not members are yet, by reason of their experience knowledge or proficiency in matters which the Standing Committees are empowered to deal with, considered desirable to have on such Standing Committees, but the number of persons so co-opted shall not exceed one-third of the total number of members of any such Standing Committee.** The practice of co-opting such persons is coming into vogue now, as a useful way of utilising the local knowledge and capacity of persons of the area who may not be membres of a local body—*see* Paragraph No. 589 where we refer to the provisions of the English Local Government Act of 1933 on this point.

163. It appears to us that there is scope for considering the setting up of, say, three Standing Committees in a Regional Committee to deal with certain subjects :

(*a*) A Standing Committee on Agriculture, Lands (including Land Acquisition), and Food.
(*b*) A Standing Committee on Co-ordinating Activities.
(*c*) A Standing Committee for General Subjects, *e.g.*, Rural Development, Public Performances, Festivals, &c.

Finances of Regional Committees

164. **We do not propose to give Regional Committees any power to levy any contributions from local authorities within their regions, as was contemplated in one of the earlier proposals put up to Government, because Regional Committees would be provided with funds by Government for the execution of such works and schemes as may have been put up by the Regional Committees to the various Ministries, and have been accepted by them and included by the Ministries in thier respective Estimates. Any financial provision needed for staff, and establishments, should be inconsiderable and incidental, and should be met by Government.**

Payment of Members

165. **The Members of Regional Committees would provide their services on an honorary basis, but would be entitled to draw allowances for their travelling in connexion with their attendance at meetings, or other duties.** It will be seen that we have made a similar proposal for members of Village Committees.

The need for travelling allowances is greater in the case of Regional Committees as the members will necessarily be scattered ovei wider areas.

Section 5—General Observations

166. **The set-up we have recommended is experimental, and will be a way of testing how the local authorities and their representatives re-act in the handling of wider responsibilities in connexion with the development of larger areas than individual local authorities are presently responsible for ;** and of seeing whether machinery, such as this, is effective and sufficiently efficient for democratic purposes. If after examination, say in five years, the Government is of the view that there has been a sufficient degree of advancement and development in local areas as a result of the expansion and liberalisation of the present Kachcheri set-up so as to justify a closer association of the local people with the administration and development of larger areas than they administer at present, the time will be ripe to consider whether the scope and functions of these Regional Committees should not be further enlarged and the administration be fully controlled by them. This would necessitate decisions on whether—

(1) the official members in the Regional Committees should cease to be members of such Committees, and whether they should continue only as Executive Officers of the future Regional Councils ;
(2) the Chairmanship of the Regional Council should not be transferred to an unofficial, and the Government Agent, or the Regional Commisioner as he might be then called, become the Chief Executive Officer ;
(3) all other functions which will continue, up to then, to be exercised by the Kachcheries, and perhaps, also the functions of other Government Departments too, could then be transferred to the new Regional Councils ;
(4) some or all of the aspects of supervision and control of local authorities presently exercised by the Commissioner of Local Government and the Minister of Local Government and by other Government Departments, should or should not be transferred partly, or wholly, to the Regional Councils ;

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(5) services performed by ad hoc bodies should or should not be transferred to Regional Councils ;

(6) there would, or would not be the need for any change in matters of financial relationships, staff, &c., as a result.

167. The criticism might be advanced that the interposition of these Committees between the public and the officials might mean the slowing down of administration, and the causing of inconvenience to the people, who will have to await the results of many meetings of Standing Committees or Sub-Committees before action could be taken. But these delays are inevitable in a democratic process, and have to be discounted if the greater objective is to be achieved. Part of the training which will be involved will be the development of the habit of the speedy decision—after careful consideration, of course—of matters which have to be dealt with.

168. We cannot conclude this section of our Report without reference to the perhaps sub-conscious antipathy that there would naturally be in an existing set-up such as the Kachcheri system, (having its roots in the old Colonial regime), to any association with the comparatively newer sets of democratic institutions, which are now functioning, particularly the Village Committees. The feeling—if it does exist, and we did sense it on more occasions than one—is reciprocated by the Village Committees on their part. **It is essential that both types of Organisations—which after all are functioning over different sections of public activities and fields which are only notionally (if not artificially) divided into " Local Government Functions " and " Government Functions "—should have a common meeting ground, so that the inevitable realisation may come to both sets more quickly (quicker than it otherwise would under the existing artificial cleavage), that they are both engaged in a common activity having the same common objective, namely the progress and welfare of the Nation as a whole. We believe that Regional Committees, such as we have recommended, will help to establish the contacts necessary to smoothen out, and remove, the present artificial barriers between " Governmental Activities " and " Local Government Activities ".**

CHAPTER IV

A CENTRAL WATER AND DRAINAGE BOARD

Section 1—The Problem of Water

169. **Wholesome water for drinking and domestic purposes is a prime and elementary necessity of life. It helps the community to live in clean and sanitary surroundings and is thus a defence against disease. It is clear from the evidence we recorded, as well as the reports and memoranda which we have examined, and the distressing conditions we have seen for ourselves, that the need for wholesome water throughout the Island transcends all other needs, and demands the highest priority of attention.** The inhabitants of most local areas, as we went round some of them and questioned them on their essential needs, as well as the members of local authorities themselves, stressed that they had neither adequate, dependable nor safe sources of water supply for the ordinary elmentary human needs, nor had they the financial capacity for developing these sources on their own, even where they existed.

170. The World Bank Mission Report points out that " unfortunately the geological formation of Ceylon is such that most of the rain water drains away rapidly to the sea.". It is little wonder then that the securing of water for drinking and other elementary domestic purposes has always remained an unsolved difficulty. It must, however, be solved.

171. Most places have to depend for their water on wells or seasonal springs, rivers, and tanks. This is true not only of the rural areas, but also of the towns.

The present wholly unsatisfactory position

172. **Of the seven Municipal Towns, only five have Pipe-borne Water Supply Schemes, but even where they exist, their adequacy and purity are questionable.** In Colombo, for instance, according to a Report[1] made by Mr. R. N. Clark, Chief Adviser on Public Health Engineering of the World Health Organisation—

" (*a*) none of the fifteen Jewell Filters at Labugama Dam were in operation and all the water was being by-passed directly into the clear-water basin ;

(*b*) the two Patterson " Chloronomes " were both operating at their maximum capacity, and no reserve chlorination units were in evidence. This would result in inadequate treatment in case of a breakdown or other interruption of service . . . .

(*c*) **A river water intake had been constructed on the Kelani Ganga where chlorinated river water was pumped *directly* into the system to supplement the supply from the Labugama Reservoir. This was drained from a heavily populated area, is usually turbid, and is of a dangerous quality for a supply to be used with no other treatment than chlorination.".**

[1] Report on a Program of Environmental Sanitation for Ceylon by Robert Newton Clark (April, 1954).

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Mr. Clark goes on to say that "Brief Inspections in Negombo, Kurunegala, and Kandy, and several other towns, made it obvious that the condition of public water supply systems is generally worse than in Colombo." This is said to be the general position throughout Ceylon; "any programme of environmental sanitation should give serious consideration to Municipal or Urban Water Services including special provision for sacred cities, pilgrimage centres and festivals."

173. In Kandy, some improvements have been completed, but a general remodelling and extension of the scheme is considered essential and has been demanded for many years now. Galle, which had its scheme completed in 1892, now finds it thoroughly inadequate. Its demand for an extension of the scheme has still to be worked out in detail. In Nuwara Eliya, even with its plentiful supply of rain, conservation of water is necessary during the "season"—April and May of each year.

174. **Of the thirty-six Urban Councils only fourteen, and of the thirty-eight Town Councils only nine, have some sort of pipe-borne water supply. The conditions in the Village Committee areas are infinitely worse. In some of the areas of the Dry Zone the obtaining of any water at all is a perennial problem. In some instances long distances have to be traversed to get just a few potfuls of water. In many places, though wells may be dug, the supply from them is very meagre and unreliable.** In Hambantota District, for instance, we have learnt that grants given for the sinking of Village Committee Wells have not been utilized for many years as sources of supply cannot be found. Most of the hospitals, for which a regular supply of water is essential, have to depend on wells or springs or localized pumping schemes of their own.

Reasons for the present deplorable position

175. There are many reasons for the inadequacy of water supply schemes such as they are in local authority areas. **An estimate prepared by the Ministry of Transport and Works in early 1953 for only twenty-eight Water Supply Schemes (for nineteen town and nine villages) for consideration in the Six-Year-Plan amounted to a little over Rs. 100 million, whilst the assistance given by Government since 1937 when a Loans Fund Scheme for Water Supply Schemes was started has been only Rs. 6,099,464 on September 30, 1954. This shows the utter inadequacy of the financial assistance given by Government for a basic and indispensable requisite for all life and calls for no further comment.** There is also the fact that the capital costs of water schemes is so high that local authorities cannot possibly bear them.

176. Another difficulty has been the lack of technical personnel to deal with these problems. We were told in evidence, by Mr. S. W. R. D. Bandaranaike, who as Minister of Health and Local Government was once in charge of the work of planning out a water policy for local authorities, that it was with the greatest difficulty that he got an expert from England to advise on water supplies in 1950. This expert was attached to the Ministry of Transport and Works which is in charge of the execution of water schemes. He found it extremely difficult to carry out his work for want of staff and equipment.

An examination of the provisions in the Estimates for the years prior to the appointment of this expert shows that the amount earmarked for water supply schemes was very small indeed—too small to be of any use in solving speedily the water supply problem of this country. Further, as was pointed out by Mr. Bandaranaike, it is difficult to obtain good results when questions of policy are worked out and decided by one Ministry, and the actual execution of that policy is the business of another Ministry. Decisions regarding the towns to be supplied, the final approval of schemes and getting of funds from Parliament is the responsibility of the Ministry concerned with Local Government, whilst the work has to be done through the Public Works Department, which is under the Ministry of Transport and Works.

The spread of water-borne diseases

177. As stated earlier wholesome water is not only a bare necessity of life, but a prophylactic against disease. Extremely cogent reasons have been placed before us by the Medical Authorities for an immediate solution of this problem, at least, in the interests of Public Health. Fear is a potent prime-mover. In England we find that it was "mainly the fear of cholera that led to the 'sanitary idea' becoming dominant in Local Government rather less than a hundred years ago.".[1] Since then (that is about 1844) local authorities in England paid more attention to water supply as well as drainage until the provision of water supplies was made a duty of local authorties under the Public Health Acts of 1872 and 1878 with the result that "piped water supplies reach 94 per cent. of all households in Great Britian and 79 per cent of the rural population."[2]. The "mains and drains" facet of Local Government had come to stay.

178. **In Ceylon too, the statistics regarding the endemicity of diseases due to unsafe water supplies and soil pollution, should shock the country into action. We present a table below which gives the numbers of cases treated at the Civil Hospitals of Ceylon for dysentery, diarrhoea and enteritis, enteric fever and hookworm infestations. A study of this table will show "that 2,845,496 cases, i.e. approximately one-quarter of the 11,444,206 out-patients, and 107,445, i.e. one-eighth of the 846,001 in-patients, in the Civil Hospitals of Ceylon in 1950, were cases of preventable water-borne disease, due to soil pollution and unsafe water.".**

TABLE OF CASES OF PREVENTABLE BOWEL DISEASES[3]

	Outdoor	*Indoor*	*Total*
1948 ..	.. 2,133,706 ..	75,414 ..	2,209,120
1949 ..	.. 2,828,408 ..	94,489 ..	2,922,897
1950 ..	.. 2,845,496 ..	107,445 ..	2,952,941
Total treated for *all* diseases in 1950	11,444,206 ..	846,001 ..	12,290,207

[1] A National Water Policy—Command No. 6515 H. M. S. O.
[2] Health Services in Britain, C. I. O.
[3] Source : Department of Health Services.

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A study of the comparative figures of deaths in Ceylon and in England from dysentery, typhoid fever, diarrhoea and enteritis is unfavourable to Ceylon and presents a ghastly picture. **In Ceylon the death-rate, per million, in 1950, from dysentery was 109—it was only 1·48 in England. From typhoid the death-rate in Ceylon was 89 per million and only ·34 in England ; for diarrhoea and enteritis in 1950, it was 458 per million here as against 69·5 in England.**

The Menace of Filaria

179. The Director of Health Services has also drawn attention to the fact that the permanent control of another growing menace—Filaria—can only be done " through the provision of primary environmental health facilities of pipe-borne water supplies, proper surface drainage, and water-borne sewerage schemes in the affected urban areas. " .

180. These views of the Department of Health have been borne out by other experts too who have visited this country. For instance, **Dr. Cumpston has stated in his Report[1] that " this group of intestinal infections · · · · · is responsible in the aggregate for a very large loss to the country by deaths, or impaired economic value of the individual.". Clark, commenting on the vital statistics for 1952, reveals that of all the communicable diseases, bowel diseases, including parasitic diseases, accounted for the greatest number of deaths. Of the total of 92,298 deaths from all causes, 10,950 or 11·5 per centum were due to bowel diseases. " It is an undoubted fact that an unnecessary and heavy burden of deaths can be prevented by providing pure drinking water and eliminating dangerous methods of excreta disposal.".**

Comments of Heads of Departments

181. In a memorandum of the Department of Health Services, where the question of water supplies is dealt with, the following principles are set out:—

(i) " The principle that adequate pipe-borne water supply (including provision of water for water-carriage system of sewage disposal), has to be considered and accepted as fundamental by Government.

(ii) " Development of adequate pipe-borne water supplies should be planned and completed on a " short term " plan, and should precede the implementation of sewage schemes which will be on a ' long term ' basis and in stages.

(iii) " Surface drainage schemes should be developed concurrently with water supply schemes to prevent creation of ' Mosquito Breeding ' places.

(iv) " The conditions in Ceylon are such that adequate supply of upland surface waters, as a source of pipe-borne water supply, are not in general available. The utilisation of rivers, with suitable filtration and treatment facilities, will have to be considered for many pipe-borne water supply schemes.

[1] Report on the Reorganisation of the Medical Services of Ceylon by Dr. J. H. L. Cumpston, Sessional Paper III of 1950.

(v) **" in general, large towns (e.g, of 10,000 population and over) which are usually Urban Council towns, will find it more economical to be parts of a large water supply scheme for an area, rather than to maintain their own individual schemes for a rapidly increasing local population.**

(vi) **" Control of combined water supplies and sewage disposal systems are specialised services, not practicable by individual local authorities of small towns. Such schemes should be combined, under the control of the Government or Statutory Bodies, and developed in stages on a ' Regional ' or ' Group ' basis.".**

182. In the same Memorandum appear lists of Urban Council towns, Town Council areas and Village Committee bazaar areas which either require immediate adequate pipe-borne water supply schemes, or which already have some sort of pipe-borne water supply schemes in operation, but need chlorination plants and augmentation of the existing supply sources to meet the needs of expanding populations. **The same memorandum recommends that the water supply in Ceylon should become a " General Public Service ". It deplores the fact that in Ceylon there is no adequate provision to enable the Government to implement any national water policy or to permit the conservation and proper use of water.**

183. **The Memorandum recommends the formation of a Central Water Board, the duty of which should be " to survey all inland water sources, to ascertain information as to the yield, behaviour and quality of the various water resources, and to meet the demands of industrial and domestic use.".** Such a Board would have to be in constant touch with the varying needs of different areas, depending upon the growth of population, or of different uses for water, and be always concerned in seeking and providing new sources and in augmenting existing supplies.

184. The Memorandum rightly points out that one of the chief weaknesses of the existing pattern of things is that under it the respective local authorities are the Water Authorities for their respective areas, and have to depend upon their own resources of water sources, men, material, and technique, to provide supplies " in piecemeal fashion, with overlapping and waste."

185. **The Director of Public Works, in the Memorandum which he submitted to us, and when giving evidence before us, has stressed that Local Authorities should not continue to be Water Authorities. He was strongly of the view that the establishment of an Islandwide ad hoc authority to be in charge of water supply over the entire Island, was an essential and imperative need.** The Director of Public Works and the Director of Health Services agreed that any such Island-wide Water Authority should be linked with a network of Regional Water Boards working directly under it, and should be responsible for the maintenance and future augmentation of all schemes in regard to design, construction, and

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finance. **All Water Schemes, according to the Director of Public Works and the Director of Health Services, who have made detailed suggestions, should be centrally planned and executed by a Central Water Board. The necessary finance should be granted and/or loaned by the Central Government.**

Section 2—Need for a Central Authority

186. Having ourselves examined these broad suggestions with the help of various organisations and representative bodies that have testified before us, and having ourselves given particular attention to the water supply problems and schemes in different parts of the Island, both where water is plentiful and where it is scarce, **we have no hesitation in recommending that the only certain and sure means of ensuring that all reasonable needs for water in the future are met speedily, without avoidable and wasteful overlapping, and of a standard of purity and reliability which have long been established in other civilized countries, is through the creation of a Central Water and Drainage Board to be in charge of supply and distribution of water and of all types of drainage schemes. It is essential that this Board should have executive powers and not be merely an Advisory Body ; it should be autonomous and be vested with sufficient power and supplied with sufficient funds, technical personnel and material, to be an effective instrument for ascertaining and appraising all the essential factors of the water situation, over the whole Island, and of formulating and carrying into execution schemes to meet the present needs as well as those of the immediate future of all local authorities throughout the Island.** As we have stated earlier, one of the defects of the present system is that Local Authorities are operating on their own small undertakings and schemes which for lack of adequate financial and technical resources, cannot secure them against the risks of drought. Moreover the existence of numerous small schemes involves a certain waste of resources. **It is only a Central Authority such as we recommend that can, if vested with the necessary authority and adequately financed and equipped, secure the amalgamation of many independent and small undertakings, and maintain that constant watchfulness over the sources of supplies of water which is the price of immunity from water-borne diseases.**

187. The Central Water and Drainage Board, we envisage, should have authority to examine all existing sources, as well as schemes, of water supply for the purposes of deciding whether larger areas than those which are presently served by such sources or schemes could be served by them and, if it is so satisfied, **it should have the power to utilize the existing sources and schemes of any local authority for the purpose of either supplying other local authorities nearby or of augmenting their supplies.**

188. It should also have the power, in consultation with the various local authorities concerned, to work out ways and means for the most advantageous utilization of existing sources to their common benefit. **It should, of course, have the ultimate power and authority, if no common agreement can be achieved, to put into execution itself the scheme that it considers to be the best in the interests of the largest number of people concerned.**

Regional Water Boards

189. In other countries in addition to a Central Water Authority, there are Regional Authorities distributed over the lands. **We do not see the need at this stage to establish Regional Water Boards in different parts of the Island. We are however of the view that the Regional Committees which we have recommended, could function as Regional Water and Drainage Boards under the guidance and control of the Central Water and Drainage Board, and assist it on being asked to do so. We have no doubt that the local experience of Regional Committees will be of value to the Central Board. The Regional Committees would also have the assistance, for field investigation, of the group of technical officers attached to the Kachcheries.** Regional Committees on their own initiative should also be able to submit to the Water and Drainage Board their proposals for Regional Water Schemes and/or Drainage Schemes. These schemes in turn could be examined by the Central Board which could, if it so desires, obtain the views of the constituent local authorities on any proposal made by the Regional Committee. As the activities, however, of the Central Water and Drainage Board expand, a few District Water and Drainage Boards under the Central Water and Drainage Board may have to be established. This, however, could be reviewed later.

Section 3—Sewerage and Surface Drainage

190. Though we have so far dealt with the problem of providing wholesome and clean water, the equally important problems of sewerage and surface drainage have also to be considered. The Public Health problems of this country need for their solution not only pure water sources but also adequate sewage disposal systems and proper surface drainage schemes. Clark, in the Report referred to earlier, commented that " Municipal sewerage is almost altogether lacking ; Colombo alone has a comprehensive sewerage system and some measure of sewerage treatment. Even in Colombo there is a pressing need for sewer extension and for modernizing the out-worn and out-grown treatment plants. Elsewhere in other communities, in Municipalities of Ceylon, a start needs to be made towards providing ample and sufficient, sewer services.". **The Chief Public Health Engineer, estimated in 1953, for the purposes of the Six-Year-Plan, that sewerage disposal schemes for the towns of Kolonnawa, Dehiwala-Mount Lavinia, Galle, Kandy, Anuradhapura, and Jaffna only will require a sum of Rs. 90 million. This estimate makes it clear that sewerage disposal schemes are beyond the means, capacity and range of local authorities which cannot even command the technical skill required for such specialised works.**

191. Towns must also be properly drained on the surface to improve environmental sanitation. **Of the Municipalties only Colombo has a proper surface drainage**

scheme ; three of the seven have none at all. Of the thirty-six Urban Councils fifteen have no surface drainage schemes—seven have schemes only for part of the areas. Of the thirty-eight Town Councils, twenty-seven have no schemes.

192. The difficulty about the provision of schemes is once again a question of finance and inadequacy of personnel to prepare and execute them. Here too progress has been very slow, and will not be satisfactory without some Central Planning Authority to direct and assist the local authorities. The high costs of these drainage schemes can be gauged from the estimate submitted in 1953, again for the Six-Year-Plan, for surface drainage schemes, and that too, only for the towns of Panadura, Dehiwala, Madampe, Kolonnawa, Kalutara, Badulla, Batticaloa, and Matara—a sum of Rs. 1,175,000.

193. It is clear that local authorities cannot on their own provide surface drainage schemes. There can be no final and effective answer to the annual toll taken by bowel diseases until the Island is also properly sewered and drained. **We recommend therefore that the Central Board suggested should be a Central Board not only for Water, but also for Sewerage and Surface Drainage throughout the Island. Though embracing the Island, it would, of course, deal with different sectors or areas, from time to time.**

194. **We would, however, stress that of these three services, water must be given the very highest priority, and that too, immediately.** The provision of surface drainage schemes and sewerage schemes, can be put on a slower schedule in view of the vast financial and technical implications of simultaneously carrying out all these operations. **If the financial assistance of one of the World Organisations interested in health work can be obtained by Government, this schedule can be speeded up.**

195. **These services are all to be rendered for the development of local areas. It is, therefore, proper that this Central Water and Drainage Board, though autonomous, should be answerable to the Ministry of Local Government, and that the responsibility to Parliament for its work should be that of this Minister.**

Section 4—Composition and Functions of the Central Water and Drainage Board

Composition of Central Water and Drainage Board

196. The following is a broad outline of the constitution and functions of the Central Water and Drainage Board, which we recommend should be established as early as possible.

197. **We recommend that the Central Water and Drainage Board should consist of five members to be appointed by the Governor-General, (on the recommendation of the Minister of Local Government) who will appoint one of them as the Chairman. As it has to function on an Islandwide basis at least two members should have had associations with, and experience of, Local Government. Such a Board, composed of men of public standing, integrity and enterprise would,**

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we think, have more initiative and drive than a body of public officers who are already over-burdened, however willing they may be to undertake further responsiblity for which they are well equipped by their training, experience, and proved ability. We feel that it would be both unfair to them and will not assist in the rapid development of water supply schemes commensurate with the crying need for water all throughout the Island, if we were to recommend the formation of another Executive Board consisting of Heads of various Government Departments.

198. The usual disqualifications, such as membership of Parliament, the possession of any interest directly or indirectly in any contract with, or any work which is to be done for, the Board, except as shareholder (other than a Director) in an incorporated Company, should apply.[1]

199. The Board would of course be a body corporate, independent of the members for the time being who may constitute the Board. General provisions similar to those contained in Section 3 of the Gal Oya Development Board Act and Section 4 of the Milk Board Act would necessarily follow. **We recommend that the period of office of a member of the Board should be five years, and that a member who vacates office by effluxion of time should be eligible for reappointment. The members of the Board should be remunerated as may be provided for by regulations made by the Minister under the Act of Constitution.**

Consultative or Advisory Committee of the Board

200. **We think it essential that the advice of the following Heads of Departments as a Consultative or Advisory Committee should be available to the Board which will largely consist of non-technical persons :—**

The Commissioner of Local Government.

The Director of Public Works.

The Director of Irrigation.

The Director of Health Services.

The Chief Engineer and Manager, Department of Government Electrical Undertakings.

The Deputy Secretary to the Treasury.

201. It should be an essential working principle of the Water and Drainage Board that it should not decide upon any scheme without obtaining the advice and assistance of this Consultative Committee, of which the Chairman of the Board should be the ex-officio Chairman.

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[1] For examples of these disqualifications *see* Gal Oya Development Board Act, No. 51 of 1949, and the Milk Board Act, No. 12 of 1954.

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202. **We feel that once the advice of this Committee is obtained by the Board, the Board should be able to formulate its own policies, take its own decisions and carry through its schemes, subject, however, to their formal approval and sanction by the Minister of Local Government.**

Staff of the Board

203. The Board should have power to appoint such officers and clerical and other staff as it considers necessary for the efficient discharge of its functions under the Act if Constitution. Ordinarily speaking, every member of the administrative staff should be a citizen of Ceylon, but the Board should have the power to appoint a non-citizen to any post provided it satisfies the Minister of the need for so doing, in which case the Minister should ordinarily sanction such appointment. The remuneration and conditions of service of the staff of the Board should be such as may be detailed by rules framed by the Minister, upon the recommendations made by the Central Board.

204. On the technical side, the Board should have at its disposal skilled technical personnel, who could carry out the necessary surveys, prepare necessary schemes and execute them. We notice from the Estimates of 1954–55 that the Public Works Department has a special Waterworks staff comprising, amongst others, a Water Supply Engineer, a Designs Engineer, a Construction Engineer, an Investigating Engineer, ten Assistant and District Engineers, Drawing Office Assistants, Inspectors, Sub-Inspectors, Draughtsmen, and also the necessary Clerical staff. As this section of officers of the Public Works Department is dealing with the investigation, designing, and construction of Water Supply Schemes, we think it eminently suitable that this section be transferred to the Central Water and Drainage Board without any disturbance of their standing, or of the terms or conditions of service presently enjoyed by them. As they are already serving public officers it may be necessary to take action to obtain their services for the Board by way of secondment at the instance of Government and to provide for securing their pension rights. In other words their terms and conditions of service and their grades and status should not be affected by their being placed to work under the Central Water and Drainage Board.

205. Similarly certain officers of the Public Health Engineer's Branch of the Department of Health Services, who are now dealing with Water Supplies, Drainage and Sewerage Schemes and Public Health Engineering Works, at the instance of local bodies, could be transferred to the Central Water and Drainage Board with the same provisions necessary for their secondment, and for securing their pension rights.

206. The Waterworks Engineer of the Local Government Department, who deals with rural water supplies, and his staff could be likewise transferred to the Central Water and Drainage Board.

207. As it will be necessary to explore and detect underground water resources, and as a knowledge of the sub-soil will be essential, the Board will, we think, have to employ the expert services of a geologist with any staff that may be necessary for his specialized branch of work. A considerable amount of statistical data will have to be gleaned and gathered by this Water Board. It should therefore be provided with all the necessary technical or expert assistance.

208. For the proper organisation and efficient day to day functioning of the Board and generally for supervising and overlooking the administrative side, it is essential that an officer of high standing and capacity should be appointed as head of the administrative staff. The heavy duties and responsibilities of this head of the administrative staff would be such as to justify an officer being appointed of a status comparable to that, say, of the Resident Manager of the Gal Oya Board. He should be a man of considerable administrative experience in the Public Service, well qualified to deal with various problems that would arise in a Department such as this, in the course of its working.

Functions and Powers of the Central Water and Drainage Board

209. The main function of this Board will be to find ways and means of ensuring that all reasonable needs for water, for domestic and industrial purposes, and of drainage (for surface drainage and sewerage schemes) can be met speedily, equitably, and without avoidable waste either of water, labour, materials, or money. The Board should be an effective instrument for ascertaining and appraising the essential factors to achieve these ends, and we think that it necessarily should have full powers to serve the following general purposes :—

(*a*) To consider water needs generally and make decisions and recommendations regarding the allocation or redistribution of water, including the supply of water to various classes of users (including groups of users) so as to best serve the public interest. This would necessarily entail full control of all existing water schemes of all types of local authorities and of water schemes which are in course of construction and those which are to be constructed.

(*b*) To conserve and control the use of water and prohibit the abstraction of water from any point in the area of the source, which would prejudice the general condition of the main public source.

(*c*) To control, establish, safeguard and maintain recognized and established standards of purity of water, whether in existing water schemes or in new water schemes. To this end the Board should have the power to prevent the pollution of rivers and other sources of water and the ground below it, by the improper use of the area within the zone of influence. Whether river pollution by industrial waste is a problem yet is a matter for conjecture, but with the development of sources of power and the extended employment of electrical energy for industrial purposes it might be a grave problem in the near future.

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(*d*) To prevent the pollution, or even risk of pollution, from insanitary habits and methods of disposal of human sewage.

210. To achieve these purposes the Board would need to have power—

(1) To make surveys of sources or call for surveys of sources.

Here we endorse the view of the World Bank Mission that a first requirement of a Central Authority would be " an All-Ceylon survey of all possible sources of water supply .". The need for such a survey is accepted in all developed countries. In England too, one of the major recommendations, when the policy regarding water was reviewed in 1944, was the need to " build up a body of knowledge necessary to the proper designing of development schemes and an equitable allocation of water resources.". It was accepted that more knowledge was required " as to the yield and general behaviour and quality of sources.". The Government recommended " that collection and collation of scientific records of the flow of rivers and of information regarding the quality of water and the behaviour of underground water resources should be .....pressed on with vigour.....".[1]

(2) To survey, investigate, design, construct, inspect, generally supervise and check standards of efficiency of construction and maintenance, maintain a water supply and/or drainage scheme for a local authority, or a group of local authorities, or for any other institution or person, either on its own initiative or through or in conjunction with a local authority, Regional Committee or some other person or body.

211. To achieve any of these purposes or to carry out any of its powers the Board should be able :

(i) To spend any money allocated to it from time to time by the Government or contributed to it by a local authority or local authorities, Regional Committees or other interested persons ;

(ii) likewise to decide the manner of recovery of any sums of money from any benefitting local authority or person ;

(iii) to use its own staff or employ other staff whenever necessary ;

(iv) to act in default if the need arises ;

(v) to acquire or hold land ;

(vi) to call for information, statistics, &c., from any local authority, Regional Committee, or other person or persons or body of persons having the necessary information, or competent to give it for the purposes mentioned earlier, or to give directions where necessary ;

(vii) to enter any land for any of these purposes ;

(viii) to enter into contracts for achieving any of these ends.

[1] A National Water Policy—Command 6515 H. M. S. O.

212. Occasion might arise where the views of the Board would not be acceptable to a local authority or a Regional Committee, or person or persons interested, or alternatively those bodies might be dissatisfied with the decisions of the Board or the manner in which it has acted in relation to its powers. In such an event any local authority affected by any decision of the Board, or even the Central Board itself, should have a right of appeal to the Minister, whose decision on the matter in dispute should be final, and should be accepted and carried out by those concerned.

Financial Aspects of the work of the Board

213. Under existing arrangements Government meets the full cost of new water schemes but only fifty per centum of the cost of water augmentation schemes, the remaining fifty per centum of the cost being met by the local authority from its own resources or from Loan Funds. We recommend that these financial relations be used as a broad basis for making provision for the finances of the Board. The Board should have a fund of its own, which should be initiated by a substantial first grant from Government.

214. To this fund Parliament should annually vote (*a*) sufficient money for the payment of the members of the Board, its staff and maintenance of its administration and technical requirements and other incidental or contingent expenses ; (*b*) the full amount of the estimated cost of new schemes approved for that financial year for areas where no schemes are in existence and operation ; for approved augmentation schemes Parliament should vote fifty per centum of their total cost as at present, and the local authorities concerned should provide the balance.

215. Under the present financial arrangements a very clear distinction is made between the provision of water, and its distribution. The distribution of water within the area of a local authority is its own concern (although here too the scheme of distribution should have the approval of the Central Board) and so the cost of the approved distribution scheme has to be provided by the local authority whether from its own resources or from Loan Funds.

216. We recommend the continuance of the existing working principle in regard to water schemes, namely that the Central Water and Drainage Board should bring the water up to the ' Door ' of the local authority at the cost of the Board, in the case of new schemes and at half the cost in the case of augmentation schemes, leaving the cost of the distribution scheme to be met in its entirety by the local authority itself, the planning of the distribution scheme being subject to the Board's approval.

217. If the local authority does not want to, or is unable to, undertake and carry out the distribution for good reasons, or if the Central Water and Drainage Board is of the view that it would be preferable either in the interests of that or any particular local authority or in the larger interests of the area or of any water scheme of its own that it would be necessary or desirable that

the distribution scheme also should be undertaken and executed by the Board itself, the Board should have the power to establish and maintain the distribution system. In any event and in every case the Board, through its officers, or any other authorised persons, should always have the right, at any time, to inspect any part of any water supply or drainage scheme of any local authority whether the supply and mains system or the distribution and/or drainage system, or any connected or related buildings, works, out-houses, machinery, materials, appliances or equipment. It should also have the corresponding right and power to make recommendations to any local authority regarding any aspects of any matters appertaining to the supply, distribution, conservation or use of water or the maintenance of proper standards in relation to water supply schemes. Similar powers should be vested in the Board in relation to any drainage schemes as well.

218. **In regard to distribution schemes in Town Council areas we recommend that twenty-five per centum of the cost of distribution be met by the Central Government, which now bears no portion of the cost of distribution ; in other words twenty-five per centum of that cost should be voted and made available to the Board annually by Government. As far as Village Committees are concerned, having regard to their slender resources and equally urgent need in their case to have pure sources of water supply, we recommend that the entire cost of distribution schemes should be met by the Central Government, through the Board.**

219. **The cost to local authorities of augmentation and internal distribution schemes should be recovered by the levy and collection of water rates,** the details of which will have to be worked out in relation to the terms and conditions of repayment of any loans which may have to be taken from the Central Government for the purposes of the relative schemes and the costs of maintenance of these schemes. Where no loans have been taken but the costs of the schemes have been met by the local authorities from their own resources a fair and equitable water rate will have to be decided upon.

220. In any case where the Central Water and Drainage Board has assumed charge of the distribution scheme as well, the repayment of the capital outlay and the annual running and repair costs will have to be provided for as between the Board and the local authority concerned. These arrangements will have to include provisions for a lien or charge in favour of the Board on the entire works, buildings, equipment, machinery, &c., as well as provision for the local authority to impose, and collect an adequate water rate, the proceeds of which should be earmarked for payment to the Board.

221. **Supplementary provision will have to be made giving the Minister default powers to enable such water rate as he may decide to be reasonably necessary to reimburse the Central Board its outlay (with a low rate of interest) spread over a period of years, to be imposed and collected and paid over to the Board.**

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Costs of Surface Drainage Schemes

222. **In regard to surface drainage schemes we recommend that the two-thirds contribution presently voted by Government for new schemes approved for any year should be voted by Parliament, annually, into the funds of the Board and the local authorities whose schemes are to be developed in that year should make available to the Board the balance required.**

223. **Where it is decided by the Central Water and Drainage Board that surface drainage schemes are required, or are essential, in any Village Committee area—which would probably be only in built-up areas of villages—we recommend that the entire cost of designing and construction be borne by the Central Government through funds provided by it for the Central Board.**

Cost of Sewerage Schemes

224. Colombo is the only town which is sewered. When Colombo was sewered money was made available for the scheme by the Central Government. This scheme was commenced about 1901 and took 20 years to complete and according to the Colombo Municipal Handbook "the first stage of the Mansergh drainage scheme was begun with a Government loan of Rs. 2,605,000.". The Colombo sewers are taxed to capacity ; indeed it is a serious problem of grave menace to the health of the City. How to meet its rapidly increasing needs in this direction is a question still to be solved. The pressure on the service is so great in fact that it can only be relieved by the device of partly treated sewage being diverted into the Kelani Ganga and the sea on the west coast, a process frought with danger to public health.

225. There are still a very large number of premises in Colombo which cannot be connected to the existing sewerage scheme. The problem of finding ways to relieve the pressure on, and the congestion of, the existing and inadequate sewers, and the connected problem of how to expand the network of sewers so as to serve every part of Colombo, are extremely urgent and demand very high priority. The cost of expanding the sewerage scheme and a new treatment plant was recently estimated at about at Rs. 12 million.

226. The problems of finances and technical personnel will have to be met in any other town for which water borne sewage schemes may be contemplated.

227. **The high cost of these schemes and plants in relation to the financial resources of our local authorities makes it necessary, in our view, that Government should, as a general rule, bear the entire cost of their erection and equipment. The cost, however, of maintaining these plants should be to the account of the local authority. Here too Government may have to come to the assistance of some of the local authorities as in the case of water augmentation or distribution schemes.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

228. **In regard to Colombo, which presents a special problem, we are of the view that half the estimated cost of the additions and improvements to the scheme should be made available by Government and the Municipality should find the balance required, by way of loan from the Local Loans and Development Fund.**

229. The Government may not find it possible to take over in its entirety the two aspects of any scheme of sewage disposal, which must consist of the laying of the sewers for the water carriage system, and the erection of the treatment plants for the disposal of the sewage. Pipe borne water is not yet available in most parts of Ceylon. **As suggested by the Director of Health Services, plans and designs for the entire sewage disposal scheme in any area could be drawn up in the first instance so that the location of the sewage disposal plant could be ascertained. Once that is done the sewage disposal plant could be erected and the sewage physically transported to it for treatment and disposal. Later on, when facilities and finances are available, water carriage systems of sewers to transport the sewage to the disposal plant could be laid.**

230. **A start should be made at least on the sewage disposal plants in the Municipals towns and the towns surrounding Colombo where the biggest concentration of population exists.**

231. **On the rough estimates submitted for the Six-Year-Plan by the Health and Public Works authorities, reference to which we have made earlier, at least Rs. 200 million will be necessary within the next six years to meet the water and drainage needs of only some of the more important areas of this country. This vast sum of money cannot be found by the local authorities but if the Government desires to attempt to solve these problems, a very large allocation should be made annually, at least for the next ten years, to the Central Water and Drainage Board.**

Profits from Sewage

232. **Public waters are now contaminated by untreated or partly treated sewage which are emptied into them although there are methods of converting sewage into sludge and scientifically converting it into manure, which can be sold, so as to win " Wealth from Waste ".** Vast sums are being spent annually by the Colombo Municipality alone to dispose of sewage as well as garbage in a manner which does not help to recover an appreciable part of these sums. Only a very small amount of pulverised garbage is sold as manure. Instead of going to waste this material could be used to revitalize the soil and replenish it for future use. **Many Municipal Corporations in other parts of the world have established plants and are using as a means of profit the material which runs to waste in Ceylon. If we follow suit, a fair portion of the vast sums of money spent on the import of chemical fertilizers will be saved. Further, the pollution of inland water sources will be reduced.**

Central Water and Drainage Board Act

233. We would add that the broad functions and some of the powers we have mentioned above are not exhaustive. If our recommendation is accepted

legislation to bring the Central Board into existence will have to be drafted after consultation with all technical authorities concerned, in order to see that all the requisite technical questions are dealt with adequately.

Extension of the scope of the Central Water and Drainage Board

234. " There is an apparent need for joint and integrated planning by the Governmental Departments concerned with Irrigation ; Hydro-Electric Power ; Public, institutional and domestic water supply ; and public health " says Clark[1]. This point of view has to be borne in mind always. As our Terms of Reference relate only to Local Government we have considered water in relation to Local Government problems. Whether the scope of the powers of the Board should not in due course be enlarged to embrace all national purposes, is a question which we think should be considered by the Government

[1] Report on a Program of Environmental Sanitation for Ceylon by Robert Newton Clark (April, 1954).

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER V

RURAL DEVELOPMENT AND LOCAL GOVERNMENT

235. According to the pamphlet entitled "The State-Sponsored Scheme of Rural Development" issued by the Rural Development Department, the Rural Development Department was created in 1947 and placed under the control of the Ministry of Home Affairs.

236. The Scheme of Rural Development initiated by that Ministry contemplates—

(i) "The harnessing of the enthusiasm, interest and effort of rural people in the task of Rural Development on a self-help basis through organized associations of rural people functioning as Rural Development Societies.

(ii) "The establishment of closer contact between Government Departments and the rural population through their Rural Development Societies for the determination and expeditious satisfaction of the needs of the people.

(iii) "The co-ordination of the activities of Government Departments in rural areas to prevent duplication of work, overlap of activities and waste of public funds.".

237. The fields in which the movement generally works are broadly the economic, social and cultural. The activities generally undertaken by Rural Development Societies, according to the Rural Development Department, are the following :

Economic—Group participation in —

(1) Improved methods of cultivation such as transplanting, harrowing, manuring, soil conservation, &c. ;
(2) Cultivation of Home Gardens ;
(3) Preparation of compost as manure ;
(4) The laying out of nurseries ;
(5) Tree-planting campaigns ;
(6) Organisation of Agricultural Competitions ;
(7) Formation of Co-operative Dairies ;
(8) Bee-keeping ;
(9) Improvements in animal husbandry ;
(10) Promotion of Cottage Industries ;
(11) Formation of Savings Groups and opening up of Post Office Savings Bank Accounts ;
(12) Promotion of Co-operative Credit and Thrift Societies.

Health—Group participation in—

(1) Cleanliness in and around the home.
(2) Provision of ventilation in the homes.
(3) Organising and maintaining Ayurvedic Dispensaries.
(4) Supervision of Milk Feeding Centres.
(5) Provision of clean water for drinking and bathing.

Social and Cultural—

(1) Rural Volunteer Patrols for maintaining peace and order in the village.
(2) Conciliation Boards for settlement of petty village disputes.
(3) 'Sil' Campaigns.
(4) Running of Sunday Schools.
(5) Organisation of Nursery Schools.
(6) Organisation of various activities in the village on festive days such as Independence Day, Sinhalese New Year, &c.
(7) Participation in the promotion of rural drama.
(8) Death benefit schemes.

Public Utility Works—

(1) Construction of school buildings with the approval of the Director of Education.
(2) Construction of rural roads and wells with the approval of the Local Authority.
(3) Construction of private latrines and wells.
(4) Construction of Rural Development Meeting Halls and buildings to house cottage industries.

All these activities are undertaken on the understanding that the members of the Rural Development Society contribute the maximum self-help possible and the Government assistance from the Votes of the Rural Development Department will not exceed 50 per cent. of the total cost of the item of work.

(5) Undertaking contracts for various Government Departments, such as restoration of minor irrigation tanks, maintenance of irrigation channels, various construction works for the Land Development Department, Education Department, &c.

238. The actual machinery available for organising and developing the Rural Development Movement is mainly the Provincial Administration. The Government Agent, his Divisional Revenue Officers and the Village Headmen are the agencies on the periphery, used for effectively organizing the executing the policy laid down by the Ministry of Home Affairs through the Director of Rural Development.

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239. It has been admitted that the strength of the movement lies in the interest and drive of the Government Agent and his staff. By long associations and traditions, dating back to Colonial times, the rural masses are said to have got used to turning to the Kachcheri for the solution of all their problems and difficulties as well as for supplying most of their public needs. The close contact which the Government Agent, the Divisional Revenue Officer and the Village Headman have with the rural population in supplying and solving their economic needs and problems whether they relate to land, water, or paddy, has made it extremely easy for the Kachcheri administration to obtain the ready assistance of the people in the formation of Rural Development Societies and their sustenance through co-operative effort and enthusiasm.

240. **It was clear to us both from memoranda received and oral evidence heard, that the Village Committees have become increasingly suspicious of the Rural Development Movement as they fear that it is intended to be, or at any rate, has turned out to be, a rival organisation to Village Committees and reduces to virtual ineffectiveness the Local Government system in so far as it is reflected in the set-up and activities of the Village Committees. There was a very strong and persistent feeling that as a result of the rural development movement, diarchy was being created newly in the village.**

241. The fact that large grants have been given to Rural Development Societies for various types of village works, and assistance from foreign Governments too has been made available to these societies for road works, &c., (but not to the statutorily constituted local authorities) are cited as examples justifying this fear. Many representatives of Village Committees urged the argument in the course of their evidence that the Village Committee was the legally constituted authority for the proper development of a village and as such should receive the maximum measure of co-operation and assistance both from the residents of the village and also from the Central Government and its various agencies.

242. If the Government desires to encourage the speedy and effectual development of local areas, it should not only give more financial assistance to Village Committees, and provide them with independent and expanding sources of revenue, but should also transfer to Village Committees the financial aid which is now being channelled,—albeit for Local Government works—through the Rural Development Department into the coffers of the Rural Development Societies and not to Village Committees. If those funds are made available to Village Committees, the same end could be achieved, and it will be achieved through the statutorily constituted local bodies for work and activities which are primarily their legitimate functions and responsibilities.

243. The basis on which Government provides help to Rural Development Societies is by contributions of not more than 50 per cent of the full estimated cost of the particular items of work or scheme of improvement intended to be carried out by a Rural Development Society in any particular area. The critics of the Rural Development Movement stated that very often the estimates

put up by the Rural Development Societies were so inflated that the 50 per cent. contribution by the Government on the basis of these loaded estimates, often more than covered the total cost of the work (including the labour supplied on the self-help basis). In other words, the underlying suggestion was that they would be executed at a cost less than the amount contributed by the Government thereby leaving something over from the contribution made by Government, on the basis of the loaded estimate, to be dealt with or disposed of by scheming individuals within the societies in ways other than legitimate or even honest.

244. Whether this allegation had any foundation in truth or not was of course not possible for us to undertake to investigate ; but whether that allegation is true or not, another point that was made by the supporters of the Village Committee system certainly has considerable weight, namely that the damage done to the prestige and authority of the legally constituted and recognized local authority, when Rural Development Societies entered the legitimate field of activity of the former, was in many ways greater than the good that was achieved by the Rural Development Societies.

245. The long range tendency and effect of the cleavage thus introduced is to undermine and disrupt the integral unity of village life and village population and create two factions. In this context the following passage from " The English Local Government System " by J. H. Warren is worth quoting :—

> " It has been noticed by many students of constitution and administrative machinery, that if two bodies are established to work side by side, even without any fundamental cleavage of interest, they inevitably generate a certain amount of friction. It is for these reasons that it is best to observe in administration the maxim which the mediaeval logicians laid down for the procees of logical decision—Entia non sunt praeter necessitatem multiplicanda : ' Entities should not be gratuitously multiplied ' ".

246. Rural Development Societies, or their representatives, when giving evidence before us said, by way of countering these cogent arguments and also the allegation of improper conduct, that Village Committees in their turn were slow to act and produce results and sometimes were themselves inclined to be corrupt. They also made the point that as Village Committees are rather dispersed and distantly scattered, they were not near enough to the people and not in as close touch with the village population as were the many Rural Development Societies that were functioning within each local area. The Rural Development Societies claimed that their members were in closer touch with the needs and wants of the people and took a greater interest in them and their daily lives and thereby naturally won the esteem and regard of the village population. Some even went to the extent of saying that as a result of the Rural Development Movement, more roads, culverts, wells, and latrines, had been constructed in the village in the last few years than have been provided by the Village Committees during the many years of local authority administration.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

247. We have visited many Village Committee areas and seen the works and projects which they have brought to fruition, and have likewise seen for ourselves the work done by various Rural Development Societies working side by side. We can fairly say that we have seen the good that both movements can achieve.

248. We have ourselves met gatherings of village folk in Meeting Halls when visiting some villages, and by informal questioning, obtained at first hand their reactions to the existence of these two types of organisations side by side in their midst. **We found that where the Chairman or the Secretary or other Chief Executive of the Rural Development Society was either the Priest of the Temple or the Chairman of the Village Committee, the harmony of the village was unbroken ; but where rivals filled these two offices, then we found the village divided into two factions.** It would hardly need any arguments to convince anyone how unfortunate such a state of affairs is and how undesirable it is to have two hostile camps, as they were, in the same village. Charges and counter-charges were flung at each other. As we have stated earlier it would have served no purpose to investigate these charges and counter-charges, but that they should have been made is most unfortunate for village life.

249. It is most likely that the original conception underlying Rural Development Societies was to evoke the desire of the people to help themselves and give their labour or materials in a sacrificial spirit for the improvement of their own home surroundings and neighbourhood, and in that way to develop in the people the spirit of self-reliance and call out the best in them for their own good. It may be that as time passed defeated candidates at elections or disgruntled individuals who desired to serve their own purposes, found in the Rural Development Societies an opening and opportunity which they used to their own advantage by capturing key positions in them and utilising the Rural Development Societies for rival activities in the same fields as those in which Village Committees worked. Their rapid success in supplying various needs in their areas because of the ready assistance obtained from Government, through the better organised and effective machinery of the Kachcheries has no doubt helped to provide amenities in many areas, but the factional spirit which has been developing has not been a healthy or desirable one.

250. **The idea of self-help generated and fostered by the Rural Development Movement is an excellent one, and should continue to be harnessed for the benefit of the villages, but there is no gainsaying the fact that the legally constituted democratic institution of the village, namely the Village Committee, can quite rightly feel that it is being side-tracked and is losing its appointed place in village society.** If it is the intention of Government to foster, develop, extend, and expand Rural Local Government in the future, we think it is very necessary that activities of Rural Development Societies should be clearly defined so that they may not make any inroads into those fields of activities which already fall within the sphere of Local Government.

251. It appears, from the evidence of the representatives of the Ministry of Home Affairs, as if there is an overlap in the respective activities of Rural Development Societies and Village Committees, in the construction of roads, public wells, and latrines. The Memorandum on Rural Development forwarded to us by the Ministry of Home affairs states that " The provision of these amenities is a normal function of the local authority of the area but as Rural Development Societies have been coming forward in increasing numbers to provide these amenities, with their own voluntary efforts, they have been encouraged to do so in view of the fact that very often the local authority is unable to undertake these capital development projects out of their own funds within a short space of time and at such low cost to Government." The Memorandum adds that the Rural Development Department has made it quite clear to the Rural Development Societies " that when such schemes are envisaged by them, the approval of the local authority concerned should be obtained beforehand in regard to the works as well as their future maintenance.". Most of the deputations representing Village Committees that gave evidence before us stated that they were not consulted by the Rural Development Societies before works were undertaken by them.

252. In view of this statement we followed this up with inquiries addressed to the Department of Rural Development in regard to certain areas where complaints had been most vociferous, as for instance in the North-Central, Central and Northern Provinces. The purpose of the inquiry was to find out whether the prior written approval of the Village Committees was obtained before actual commencement of Public Utility Works. From the " Statements of Works undertaken by Rural Development Societies in Village Areas " prepared at our instance by the Department of the Director of Rural Development, it was evident that this prior approval had not been obtained in the majority of cases, and even in cases where it was obtained, this procedure has been followed only from 1954. In this connexion it must be added—even in respect of those cases where consent is stated to have been obtained in 1954—that the majority of the Village Committees in whose areas these works have been done, state on further enquiry, that they have no record of such consent being given. In circumstances such as these, it is evident that the Village Committees have a justifiable ground for feeling that they have not been given the recognition that is their due in respect of the execution of duties which they rightly deem theirs. It is not merely a question of pique or prestige, but one vitally affecting the finances of Village Committees because once a Rural Development Society constructs a road, for instance, it is the Village Committee that has to maintain it thereafter, and it would have to find the finances to do that work even though it had no effective say in its initial construction.

253. The solutions generally offered have been—

(1) That Public Utility Works in Village Committee areas presently undertaken by Rural Development Societies should not in future be undertaken by them.

(2) That Rural Development be brought under the Ministry of Local Government.

254. **We have given careful thought to the problems arising from the co-existence of Rural Development Societies in Village Committee areas and the consequent overlap of activities and recommend that Public Utility Works undertaken by Rural Development Societies, like the construction of roads, public wells, bridges, culverts, public latrines, &c., should not in future be an activity of Rural Development Societies at all. These works should be done through the legally constituted authority only—the Village Committee—and such funds as the Government at present releases for the execution of these projects through the Department of Rural Development, should be transferred to the Ministry of Local Government for the implementation of those projects.** For the current financial year as much as Rs. 1,800,000 have been provided in the Estimates for Village Works undertaken by Rural Development Societies on a self-help basis. The channelling of this amount of money through the Village Committees would assist them considerably in opening out and developing their areas.

255. We undertand that considerable assistance is being given by the Canadian Government for the development of roads in rural areas. It follows from the previous recommendation that this money too should be allocated to various Village Committees. **There is no reason why the Village Committees themselves should not harness the beneficial aspect of self-help and thus help to reduce the cost of village works and make the funds at their disposal go further than they do at present in providing facilities and amenities to their areas. If they do so, one of the strongest arguments urged in favour of Rural Development Societies will be ranged on the side of the Village Committees. They should introduce that basis into their programmes of local development.**

256. **The taking away of public utility functions from Rural Development would not kill the movement, for it would be evident from an earlier paragraph, that there is an impressive array of other activities which Rural Development Societies could continue to foster. These activities could continue to be the functions of these societies and their proper co-ordination, organisation, and development throughout the different Revenue Districts could be achieved through the Standing Committee of Rural Development which would be set up in the Regional Committee which has been recommended by us earlier in this report.**

257. **If the proposal made above is adopted, there would not be the need for the transference of the subject of Rural Development, in its proposed altered form, from the Ministry of Home Affairs to the Ministry of Local Government.**

258. We would add, incidentally, that as Rural Development proper, in its widest sense, is a function of local authorities, it would be appropriate that these reconstituted societies be called by some other name which emphasises their social and cultural outlook, rather than continue the name "Rural Development Society" for we feel that the use of the name "Rural Development" causes confusion when we already have the term "Local Government" which implies and embraces "Rural Development".

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CHAPTER VI

THE LOCAL GOVERNMENT SERVICE COMMISSION

Section 1—The Constitution of the Local Government Service Commission

259. According to available figures, the number of employees of local authorities is about 14,700. These employees fall into two categories :—

(1) those recruited centrally by the Local Government Service Commission (about 7,700 in all) on terms and conditions fixed by it, and appointed to posts in the local authorities.

(2) those recruited direct and paid by the local authorities, totalling about 7,000 of whom about 5,000 are daily paid.

260. The employment of those in the second category is to some extent subject to Central Control. Although an Urban Council has power "to appoint all necessary officers and servants and subject to the provision of Section 239A, from time to time to remove any such officers or servants, and to assign to any office or service such salary, allowance, or remuneration, as the Council may seem fit" nevertheless the previous approval of the Commissioner is necessary "in every case of the assignment to any office, or service of any salary, allowance, or remuneration which, either separately or in the aggregate, shall exceed in value the rate of Rs. 100 per month".[1]

261. In Town Councils, the control is a little larger for it is not only the assigment of salary or allowance or remuneration exceeding in amount the rate of Rs. 50 per month that requires the sanction of the Commissioner, but also creation of a salaried office in the service of the Council".[2]

262 In Village Committees "the creation of any salaried office in the service of the Committee or the scale of salary to be paid to such office or the rates of subsistence or travelling allowance payable by way of reimbursement of the expenses incurred by the holder of such office in the performance of any duty" requires prior approval of the Assistant Commissioner of Local Government subject to an appeal to the Minister.

263. The Local Government Service Commission is the body responsible for the first category of employees listed above.

History of the Local Government Service

264. "For a number of years, representations were made to the Minister of Local Administration and to the Commissioner of Local Government, both by employees in local authorities and by the public, on the existing unsatisfactory methods of recruitment, promotion, and dismissals, of officers and servants

[1] Section 48 (*a*) of the Urban Councils Ordinance, No. 61 of 1939.
[2] Section 50 (*a*) and 50 (*b*) of the Town Councils Ordinance, No. 3 of 1946.

employed by local authorities. Charges of nepotism, political patronage, undue influence in the appointment of officers without suitable qualifications being appointed to posts, were frequently levelled against local bodies. The demand became progressively persistent and the Government felt it necessary to accede to this demand ".[1]

265. There was no appeal from the decision of a local authority to dismiss an officer or servant of a local authority as its power to appoint and dismiss was unfettered. A careful study of the activities of several local bodies over a period of years revealed that this autonomous power was responsible for bickerings and strife among members, retarding the development of a healthy spirit of co-operation and in some cases bringing the administration to a stand-still for several months. Although there appeared to be no reason why members should lose interest in the administration of their areas or the evolution of sound and progressive policies if this power was reduced and restricted, it was argued that the badgering and canvassing would be largely removed or even cease if this power was transferred to an independent body. A further argument in favour of a radical change was the lack of incentive to capable and efficient officers to give of their best in a service, which, because it was not transferable, did not offer promotion and higher scales of salary.

266. Of the many suggestions made there were three, summarized below, which deserved particular attention as they met in a greater or lesser degree the purposes in view, namely the improvement of the prospects, conditions of service and efficiency of employees in local bodies :—

(*a*) that the powers relating to appointment, dismissal and disciplinary action should be curtailed ; these to be subject to approval by the Central Government ;

(*b*) that schemes, of recruitment, appointment, transfer, &c., for each class of local authority (*e.g.*, Municipal or Urban Council) should be separate ; there would thus be a separate Municipal Service, Urban Council Service, and so on.

(*c*) that an Unified Local Government Service embracing all classes of local authorities—Municipal Councils, Urban Councils, Town Councils, Village Committees should be created.

267. When the arguments for and against each of the three proposals mentioned above were carefully weighed, it became apparent that the balance of advantages lay with the Scheme for an Unified Local Government Service, directed from the Centre, but working in close touch with local bodies at the circumference. The Minister for Local Administration declared in the State Council in 1941, (Hansard—Page 2063)—

> " It is necessary to have a Local Government Service Commission that is fairly independent and which will have the confidence of all, and will control the holding of examinations and the making of appointments and transfers. There should be transferability from one section to another . . . . . ".

[1] Sessional Paper No. XII of 1952—Review of the work done by the Local Government Service Commission from 1·4·46 to 31·3·51.

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268. In England too, the need for a revision of the system of recruiting and training officers was keenly felt and the Hadow Committee made the following comments on the lack of policy and shortcomings of the methods in vogue :—

> " Standards are uneven and no consistent effort is made by Local Authorities as a whole to secure the best persons for their service and to make the best use of them. This lack of considered policy towards the Local Government Service is short-sighted and wasteful, recruitment is haphazard . . . . We have become increasingly conscious that the L. G. Service stands in need of some permanent central body . . . . . ".

269. The local government institutions in England were completely autonomous at first and central control came to be exercised over them sparingly and gradually ; hence the difficulty of creating an Unified Service which the Hadow Committee eulogised so much. In Ceylon, the tendency had been for the Central Government to delegate more and more functions to local authorities and the resumption, in the interests of the community and local administration, by a centrally created body of certain powers till then vested in local authorities would not, it was thought, evoke much protest or opposition.

270. It was therefore decided by Legislative enactment to bring under one Service, called the Local Government Service, all officers and employees of the Municipalities, Urban Councils, Village Committees, Sanitary Boards, Local Boards, Provincial Road Committees, and District Road Committees, and to vest the control and supervision of this service in a Local Government Service Commission composed of persons competent to perform their duties and commanding the confidence of all. The demarcation of the extent of control and the spheres of supervision as between the Commission and the local authority were to be laid down in the Statute. To begin with the powers vested in the Commission in matters of appointment, promotion, transfer, and disciplinary action, were to extend only to the Clerical Staffs and Secretaries of the local bodies. It was not proposed to bring within the Commission's purview the other classes of employees in local authorities until a later stage. Power was, however, made in the Statute to extend its operation to any class of employees by a resolution of the Executive Committee, approved by the State Council, and ratified by the Governor. The Local Government Service Ordinance, No. 43 of 1945, making provision for the establishment and incorporation of a body of persons to be known as the Local Government Service Commission for the constitution and regulation of an Unified Local Government Service was passed by the State Council on September 20, 1945, and the Bill was assented to by His Excellency the Governor on November 21, 1945. Parts I and V of the Ordinance were brought into operation from December 10, 1945, by Proclamation published in *Gazette Extraordinary* No. 9,491 of December 5, 1945.

271. The Local Government Service was constituted with effect from April 1, 1946, by Proclamation of Parts II, III, and IV, of the Local Government Service Ordinace, No. 43 of 1945. Except for casual and temporary employees, all other employees including daily paid persons serving in a local authority were transferred to the Local Government Service. The total number so transferred on April, 1946, was approximately 13,500. However, in view of the representations made by local authorities and the practical difficulties in administration encountered by the Commission, it was decided to exclude from the Local Government Service Commission's purview all daily-paid employees in local authorities and those on a monthly salary the maximum of which did not exceed Rs. 1,200 per annum in a Municipal or Urban Council and Rs. 480 per annum in a Town Council, Road Committee or Village Committee. The Local Government Service Ordinance was accordingly amended, and all these daily-paid employees and minor employees ceased to be members of the Local Government Service with effect from July 15, 1947, by Ordinance No. 37 of 1947. The number of members of the Service at present is about 7,700. This number is steadily increasing with the admission of new recruits.

The Local Government Service Ordinance, No. 43 of 1945

272. The main features of the Local Government Service Ordinance are :—

(i) The establishment of a Local Government Service Commission consisting of the Commissioner of Local Government as ex-officio Chairman and four nominated members. The Commission has been re-constituted from June 1, 1949, with a personnel of nine members instead of five. The Commission is a Corporation with perpetual succession and a common seal. Each nominated member holds office for a period of three years from the date of his appointment.

(ii) The vesting of full power in the Commission regarding methods of recruitment, conditions of employment, appointments, promotions, transfers, dismissals, interdictions, disciplinary actions, examinations, classification of posts, fixing of salary scales and allowances, establishment of a Provident Fund, establishment of Widows' and Orphans' Fund and other matters connected with the administration and discipline of the Service.

(iii) The constitution of the Local Government Service by the transfer to the Service of all officers and servants who were in the employ of local authorities immediately prior to April 1, 1946, including persons appointed thereafter by the Commission.

(iv) All appointments to Scheduled Posts, whether temporary or permanent, have to be made by the Commission.

(v) Recruitment to clerical posts is on an Area Basis on the D. R. O's Scheme of Recruitment with a three year residential qualification in the area as a pre-requisite.

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(vi) Salaries and allowances approved by the Commission are payable by local authorities, and it is their duty to give them employment and to pay the salaries and allowances prescribed.

(vii) The members of the Local Government Service are in an unified transferable service, subject to the condition that those recruited on an area basis are transferable within that area only.

(viii) No member of the Service can be dismissed or otherwise punished, except in accordance with the provisions of the disciplinary regulations, after due inquiry has been held ; and an order of dismissal requires the approval of the majority of the Members of the Commission.

(ix) All new appointments are made on a pensionable basis to enable members of the Service to contribute to the Local Government Service W. & O. P. Scheme.

(x) The transferred members of the Service are employed by the Commission with as nearly as may be the same status and on the same terms relating to salaries, allowances, leave and the termination of their employment, which are to be not less favourable than the terms which they enjoyed.

(xi) Any transferred member was given the statutory right to retire within a five-year period from April 1, 1946, on giving two months' notice.

(xii) The pensions and gratuities of the members of the Service have to be remitted by the local authorities and are paid by the Commission.

(xiii) The power vested in local authorities to appoint, dismiss or remove its officers and servants has been transferred to the Commission.

(xiv) The power is given to the Commission to make regulations in regard to such matters as methods of recruitment, disciplinary cases, examinations, leave, transfers, and promotions, payment of pensions and provident fund contributions, &c.

273. One of the first tasks of the Commission was the preparation of a Salaries Scheme for members of the Service. Before the enactment of the Local Government Service Ordinance, each of the 494 Local Authorities in the Island recruited its own staff and determined the salary, or salary scale of each of them, subject in certain cases to the prior approval of the Commissioner of Local Government or the Revenue Officers. The result was a diversity of salary scales even in the case of officers performing the same type of work in different local authorities. Allowances and privileges varied considerably even in local authorities of the same type or status. Many of these anomalies were the consequence of the unco-ordinated decisions of Councils from time to time.

274. While the Commission was preparing its scheme, the Government published its Interim Report on Salaries, in May 1946, and its Final Report in April 1947. The principles adopted in these Reports were used wherever

possible, by the Commission for the formulation of its scheme. Salary scales were assigned to posts, irrespective of the salaries drawn by their holders. The salaries of certain classes of officers who were inadequately paid were considerably improved. In the past the career and prospects of an officer of a local authority had been confined to one local authority, and lay entirely in its hands. The establishment of an Unified Local Government Service brought the members of the Service many advantages and prospects which had been hitherto denied to them.

275. Part I of the Local Government Service Salaries Scheme for members of the Service in Urban Councils, Town Councils, Road Committees, Village Committees, was published in September 1947, and was brought into operation with effect from October 1, 1947. Separate schemes were drawn up for the Municipal Councils of Galle, Kandy and Colombo, and were referred to the respective Councils for their observations. Owing to the delay on their part, these salary schemes were made effective only from March 1, 1948, September 7, 1948, and April 1, 1949, respectively. The salary payable to each member of the Service in the new Salaries Scheme, except in the case of those in the Colombo Municipal Council was worked out by the Commission, and conveyed to the local authorities. It was a task of no small magnitude having regard to the limited staff of the Commission.

276. As there were no proper service records maintained by the local authorities for most of their officers, and as it was the practice in a large number of cases to allow increments at odd intervals to officers in the same grades, the preparation of conversion tables was no easy task. The Commission however framed a scheme of conversion to cover all cases and anomalies. The Colombo Municipal Council worked out the conversions in respect of members of the Local Government Service in its employ, and payments were made subject to confirmation by the Commission.

Advantages of an Unified Service

277. The advantages derived from the establishment of the Local Government Service Commission and the creation of an unified Local Government Service are briefly as follows :—

(*a*) **For the local authorities—**

(i) by the recruitment centrally of officers with high standardized qualifications, they are provided with an efficent staff ;

(ii) an efficient staff means that they will require less personnel, resulting in a saving of expenditure ;

(iii) the members of the Council are relieved of the unpleasant task of being pre-occupied with appointments, &c., and have more time to devote to questions of policy regarding improvement of their villages and towns ;

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(iv) a more efficient staff can serve the ratepayers better ;

(v) all the benefits of a transferable service.

(*b*) **For the employees of the Local Government Service Commission—**

(i) security of tenure and better prospects of promotions and appointments ;

(ii) uniform standards of salary and other conditions of service ;

(iii) pension scheme benefits and Widows' and Orphans' Pension benefits for their dependents;

(iv) transferability to other local authorities ;

(v) a fair deal in all disciplinary matters, &c.

The following Ordinances and Regulations are administered by the Local Government Service Commission :—

(i) Local Government Service Ordinance, No. 43 of 1945.

(ii) Local Government Service (Transitional Provisions) Ordinance No. 5 of 1946.

(iii) Local Government Service (Amendment) Ordinance, No. 56 of 1946.

(iv) Local Government Service Ordinance, No. 37 of 1947.

(v) Local Government Service (Amendment) Act No. 8 of 1949.

(vi) Local Government Service Regulations 1947, published in *Government Gazette* No. 9,729 of 4th July, 1947, as amended by Regulations published in *Gazette* No. 10,039 of 28th October, 1949.

(vii) The Regulations relating to payments of fees to members of the Commission published in *Gazette* No. 9,549 of 3rd May, 1946, as amended by Regulations, published in *Gazette Extraordinary* No. 10,155 of 25th September, 1950.

(viii) Local Government Service Pension Scheme Regulations 1952, published in *Gazette Extraordinary* No. 10,429 of 30th July, 1952.

(ix) Local Government Service Widows' and Orphans' Pension Fund Regulations 1952.

Section 2—The Composition of the Local Government Service Commission

278. **One fact that struck us very forcibly in our consideration of the memoranda and the oral representations made to us in all parts of the Island, was that there was virtually no demand for the abolition of the Local Government Service Commission.** The need for some organisation or organisations for standardising and dealing with appointments, dismissals, disciplinary control, and the terms and conditions of service of employees of local authorities, and generally for looking after such employees seemed to be accepted by all now. We, for our part, should state at the very outset of our consideration of this

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unique organisation—the Local Government Service Commission—that **we too feel that the continuance of a Central Body such as this, to deal with the various aspects of the appointments, transfers, conditions of service, control, &c., of the employees of local authorities, is essential for some considerable time to come.**

279. **It was clear, however, that there was no general acceptance of the need to continue the Local Government Service Commission as it is presently constituted.** The main variations suggested in regard to composition were :—

(1) Reduction of its membership, generally, to three or five, and its reconstitution on the lines of the Public Service Commission ; its reconstituted form to have a combination of local authority personalities and retired judges of the Supreme Court or high retired Government officers.

(2) A Local Government Service Commission of about five members, nominated by the local authorities, and subject to recall by them.

(3) A Local Government Service Commission, composed of members nominated by local authorities and employees of local authorities answerable to them.

(4) A separate Local Government Service Commission for the Municipalities alone, or one for the Colombo Municipality alone and another for the other local authorities.

280. The chief idea underlying the Commission (as presently constituted), of nine members, composed of those directly nominated by the Minister, and those nominated by the various types of local authrities, was said to be that a comprehensive balance of all possible views is now being obtained as a result of this very wide representation. The representatives, it was stated, possess an intimate knowledge of the inner working of the various types of local authorities they represent, and are in a position to put forward their own points of view. In that way it was stated to be possible to understand the divergent views and needs of the various types of local authorities, harmonize them as far as possible, and hold together and co-ordinate a vast service of over seven thousand employees. We have been assured that experience has shown that there is no danger of members being unduly passed by " sectional " claims but that, even if such occasions did arise, the other members of the Commission are numerically in a majority and could prevent any single section gaining preference, or obtaining any disproportionate ascendency, over the others.

281. The nominated members, for their part, obviously are selected with a view to bringing into the Commission men of experience and knowledge from different spheres who would be likely to help the Commission with their breadth of view and consequent capacity to rise above sectional claims or interests. Their presence on the Board would normally bring into its deliberations a far wider outlook than if the Commission had been limited solely to representatives of the local authorities themselves.

282. The number (nine) has been urged by some as not being unwieldy, and it has been said that experience has shown that matters that come up are now fully, fairly and openly discussed, and there is no opportunity for the set views of two or three of the more forceful personalities prevailing over those of the others, as might well have been if the Commission had consisted of a smaller number. There is safety in numbers we were told by Mr. N. E. Weerasooria, Q.C., who helped considerably in the discussion on behalf of the Deputation from the Local Government Service Commission. They certainly have the authority of the Bible on their side for the Book of Proverbs stateth that " In the multitude of Counsellors, there is safety.". It has also been stated that because there are nine members available, it is possible for the Commission to set up various Committees of Inquiry without much difficulty. The law at present requires that a Committee of Inquiry should consist of at least two members of the Commission. If the Commission were composed of only three or five members, it would obviously be rather difficult to get such Committees appointed and delays would be inevitable.

Recommendations regarding composition of the Local Government Service Commission

283. We have considered very carefully the various suggestions for the reconstitution of the Local Government Service Commission mentioned above, but find that we are unable to accept any of them as proposed. We feel that the reduction of the members of the Local Government Service Commission to the numbers of the Public Service Commission would not be advisable at the moment. When the administration of the Public Service is compared with that of the Local Government Service, we find that a number of functions and duties in relation to Public Servants are exercised either directly or by delegation, by the Treasury, the Ministries, and Heads of Departments. In the case of members of the Local Government Service, none of these functions or responsibilities are discharged by anyone by delegation ; the Local Government Service Commission itself decides and acts in all these matters. No organisation or Union of local government employees—except the Colombo Municipal Employees Union—has viewed with favour the suggestion of the delegation of more powers to the local authorities themselves, immediately. We, for our part, feel that in the formative years of the Local Government Service, when a more efficient service with higher and better standards of efficiency and traditions generally, has to be built-up, the immediate delegation to the local authorities of the more important functions in relation to employees will not be in the best interests of the development of the Service.

284. **We are, therefore, unable to recommend that the Local Government Service Commission be reconstituted with a membership of three on the lines of the Public Service Commission.**

285. **The suggestion that the Local Government Service Commission should be reconstituted on the lines of a body of Commissioners, nominated by the various**

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types of local authorities and/or the employees, and answerable to them and subject to recall by the local authorities themselves, is one which we cannot entertain. The very nature of the suggestion both in respect of constitution and recall, is subversive of the very "independence" which the Local Authorities themselves claim should be the outstanding characteristic in a body of this type.

286. **For similar reasons, we cannot accept the suggestion that there should be one Local Government Service Commission for the Colombo Municipality alone or for all the Municipalities together, and another for the other types of local authorities. The idea of an unified and transferable service of Local Government employees would be defeated if Colombo and/or the other Municipalities were separately treated.** The lament of the Colombo Municipal Employees that "the feet of most local government employees are now turned towards the New Jerusalem of the Colombo Municipal Council service" cannot be allowed to override the very reasonable claims of "the Wandering Jews" of the Local Government Service for prospects of promotion, even though the Colombo Municipal Council itself re-echoes the lament, in its Memorandum, when it says that "despite Ceylon's scenic splendours, the finest prospect that a member of the Local Government Service sees is the road that leads to Colombo.".

287. Our recommendation after consideration of all views placed before us, regarding the composition of the Local Government Service Commission, is that its membership should be reconstituted as set out in the following paragraphs.

288. **We feel that it is desirable that there should be representatives both from the general public as well as from the local authorities on the Commission.** At present, the Local Government Service Commission consists of eight members and an ex-officio Chairman. Of these eight members, four are directly nominated by the Minister, and the remaining four are nominated by the Minister, after considering the recommendations put up to him by the Colombo Municipality, the other Municipalties, the Urban and Town Councils acting together, and the Village Committees, one of these four being exclusively for the Municipality of Colombo. **We do not see the need for continuing to provide a member to represent the Colombo Municipality exclusively. On the side of the local authorities we recommend that there should be three members, nominated by the Governor-General on the recommendation of the Minister of Local Government. These three members should represent :**

1. **Municipalities.**
2. **Urban Councils and Town Councils together.**
3. **Village Committees.**

289. The nominee for the Municipalities should be decided upon by the Minister, after considering the recommendations of the various Municipalties, each of which should be asked to put up three names of those who have had

experience of Municipal affairs. It will be open to the Minister to make his recommendation from amongst these names put up, but if for any reasons he considers sufficient he cannot recommend any of the names put up by the Municipalities, he should be free to make his own nomination to the Governor-General from those who have had experience in Municipal affairs.

290. In like manner, the Association of Urban Councils and the Association of Town Councils could also be asked to put up three names each for the consideration of the Minister. Here too, the Minister should have the power, if for any reason he cannot accept any of the names put up before him by any of the Associations, to himself consider the recommendation to the Governor-General of some other person with experience of Urban and/or Town Council administration.

291. In the case of Village Committees, the All-Ceylon Village Committees Conference could be asked to submit three names. The Village Committee Chairmen's Associations of each Assistant Commissioner of Local Government's Region could be similarly asked to submit a list of three names. The Minister could make his recommendation from amongst these names, or, as in the case of the other local authorities, he could put up his independent recommendation, if he does not consider any of those recommended on behalf of the Village Committees as being appropriate.

292. **There would be no objection to the name of a serving Mayor/Chairman or Member being submitted to the Governor-General for serving on the Commission ; he would necessarily have to resign from the Council where he has a seat, if nominated to the Local Government Service Commission.**

293. **As far as representations from the public go, the Minister should have the power to recommend to the Governor-General three persons of standing from the general public for nomination to the Commission.**

294. In other words, **we recommend the reduction of the membership of the Local Government Service Commission to seven, consisting of the Chairman and six members, three representing the Local Authorities and three from among the public. The appointments should be made by the Governor-General on the recommendation of the Minister of Local Government who will make a selection of suitable persons in the manner set out earlier in this section. The term of office of the members should continue to be three years as at present.**

Section 3—The Chairman of the Local Government Service Commission

295. On the question of the Chairmanship of the Local Government Service Commission, we have had divided opinions put up to us. The view has been expressed that the Chairman of the Local Government Service Commission should be independent of any connexion with the Local Government Department. The reasons urged for this have been that—

(1) The Chairmanship of the Local Government Service Commission is in itself a full-time affair and a Government officer, like the Commissioner

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

of Local Government, who already has his hands over-full cannot devote sufficient time to perform both the functions of the Commissioner of Local Government and of the Chairman of the Local Government Service Commission.

(2) It would be preferable that the officer, who functions as the Chairman of the Local Government Service Commission, should view any matter put up to him and the Commission, without any knowledge of the background which he might have gathered incidentally in his capacity as Commissioner of Local Government.

(3) Being an officer of Government, it would be difficult for the Chairman to act with that complete detachment that people have the right to expect from the Chairman of an independent Commission.

296. Those in favour of the Commissioner of Local Government being the Chairman, however, point out that the proper development of Local Government could be achieved only by a combination of the factors of the ability and effort of the local politicians and their staffs combined with drive from the Centre. The "Drive from the Centre" for this development is obtained from the Commissioner of Local Government whose unrivalled knowledge of local conditions and problems all over the Island, of the local politicians and of the staffs of local authorities make possible the better development of local initiative by his ability to fuse local enthusiasm with the necessary technical or administrative skill which can be supplied by the Local Government Service Commission.

297. The question of any unconscious bias or prejudice influencing the Commissioner, when he functions as Chairman of the Local Government Service Commission, as far as we can see, has never arisen, and it is unlikely to arise, considering that decisions are taken by the members of the Commission itself composed as it is of gentlemen of high standing, integrity and independence of outlook.

298. The view of the members of the Local Government Service Commision itself, most of whom placed their views before us at a special sitting arranged for them, is that the presence of the Commissioner of Local Government on the Commission has **not** "according to our experience, detracted from the efficiency of the work done, or the impartiality of the decisions taken, but has helped the members to arrive at correct conclusions. His presence is not a weakness, but a strength.".

299. We should state in fairness to the Commissioner of Local Government, and to those who supported the present practice of having the Commissioner of Local Government as the Chairman of the Local Government Service Commission, assuming the theoretical possibility of bias or lack of independence which were urged as arguments for the separation of the two offices, not one single instance of any actual or presumed bias or want of independence was adduced before us, nor do we think that the mere possibility can outweigh the

actual practical advantages derived by the Local Government Service Commission from the unrivalled knowledge and mature experience that the daily handling of matters connected with Local Government gives to a Chairman who is also Head of the Local Government Department. Nor must the fact be overlooked that the Commission will consist of seven persons, if our recommendations are implemented, and decisions on all matters are the result of the vote of the majority.

300. **We have considered these points of view very carefully and are of the view that the Commissioner of Local Government should continue to be the Chairman of the Local Government Service Commission as at present. Any theoretical objections deduced merely from the combination of two offices in the same individual are more than counter-balanced by the advantages to be secured from such a course.**

Section 4—The Official Deputy Chairman

301. It is true, however, that in the Local Government Service Commission as presently constituted, the Chairman is called upon to attend to a number of routine official matters which can really be disposed of by a high official of sufficient standing to take the responsibility on behalf of the Commission. It has been urged before us that if a full-time, paid, official Deputy Chairman were appointed, most of the smaller matters which now necessarily have to be attended to by the Chairman on behalf of the Commission could be properly attended to by this official. If such an officer were appointed, the Chairman would be relieved of a vast amount of relatively less important matters and would have sufficient time left to deal with matters of real importance, combining his duties as Commissioner and Chairman, without any undue strain on himself and without any danger to efficiency.

302. The Local Government Service Commission itself, we have found, is often called upon to approve and take decisions on numerous comparatively minor matters which properly could be delegated to some official and be dealt with by him, at least in the first instance, without any impairment of the efficiency of the Local Government Service Commission. A full-time official Deputy could deal with these functions by delegation (subject always to a review of his decisions by the Commission itself) and thereby reduce the volume of routine administrative work which the Commission itself is called upon to deal with at its meetings from time to time and which consumes a great deal of time which the members would themselves be glad to devote to better purpose at these meetings.

303. **Having regard to the amount of day to day work which the Chairman and the Commission have to carry out we recommend the creation of the post of full-time, paid, official, Deputy Chairman of the Local Government Service Commission. We are of the view that the holder of this office should be a man of proved ability and of the highest integrity. The scale of salary fixed for the post should be sufficiently attractive to make it worth while for such an officer**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

to apply for the post. As he would be second-in-command in the Local Government Service Commission, for all official purposes ; his salary should be next highest to that of the Commissioner of Local Government who presently functions as the Chairman of the Local Government Service Commission.

304. On the question of recruitment, if and when the Administrative Service (presently contemplated by Government) is created, we feel that this should be a post in the top grade of that Service. **The post should be a transferable one. If there is delay in the establishment of the contemplated Administrative Service Scheme, we recommend that such an officer be seconded to the Local Government Service Commission at the instance of Government after calling for applications from the entire Public Service.**

Section 5—The Staff of the Local Government Service Commission Office

305. As we have just dealt with the subject of the need for the creation of the post of an Official Deputy Chairman of the Local Government Service Commission, we pass on next to the question of the staff of the Local Government Service Commission itself. The staff, though small in number, is nevertheless a " closed " or non-transferable service.

306. The Commission has an administrative and clerical staff of :

1—Secretary on the Scale of Rs. 6,000—15,600 with increments of Rs. 480 ; Rs. 540 and Rs. 600

1—Accountant on the scale of Rs. Rs. 8,040 to Rs. 9,840 with increments of Rs. 360 and Rs. 480

2—Assistant Accountants (1 Temporary) on the scale Rs. 4,080 to Rs. 7,680 with increments of Rs. 360

1—Office Assistant on the scale Rs. 4,080 to Rs. 7,680 with increments of Rs. 360 (subsequently changed to Assistant Secretary on the scale of Rs. 4,800 to Rs. 10.800)

40—Permanent Clerks—

3 of Grade I on the scale Rs. 3,600 to Rs. 5,040 with increments of Rs. 180

12 of Grade II on the scale Rs. 1,440 to Rs. 3,480 with increments of Rs. 120

25 of Grade III on the scale Rs. 840 to Rs. 2,424 with increments of Rs. 72

2—Stenographers on the scale of Rs. 1,440 to Rs. 3,480 with increments of Rs. 120

11—Temporary Clerks—

1 of Grade II

10 of Grade III

These employees are recruited by the Local Government Service Commission and are employees of the Commission. Their terms and conditions of service

and their disciplinary control is a matter for the Local Government Service Commission although in fact they enjoy the same privileges as Government Servants.

307. **We are of the view that all the officers of the staff in the office of the Local Government Service Commission, whether of Staff Grade or Clerical Grade, should be transferable officers and we recommend accordingly.** If the post of Secretary were graded in the Administrative Service (as we understand it has been), transferability would be achieved. The Accountants too should be recruited from the Accountants' Service, and should be transferable within it. The Clerical and Stenographic staff should similarly be transferable in the Combined Services.

308. As the Local Government Service Commission is an independent body it would be necessary in the case of this staff that the services of any officers selected for the Commission should be obtained by way of secondment at the instance of Government.

309. **If transferability of staff officers presently working in the Commission is to be immediately achieved, then as all of them have been working in staff capacities in transferable services in other Government Departments previous to their appointment to the Local Government Service Commission, we suggest that steps be taken, in consultation with the appropriate authorities, if possible, to give them back substantive appointments in their previous grades or posts on no less favourable terms and conditions of service than they now enjoy. They could be then treated, if the Commission desires to continue them in its service, as seconded personnel at the instance of Government, for such period as may be decided on by the Commission. Such a procedure should continue until Government takes a decision on the creation of an Unified Administrative Service.**

310. **It may well be that with the creation of the office of a whole-time official Deputy Chairman there may be a considerable alteration in the duties of some of the present staff. If that is the result of the new appointment, it would be for the Commission to consider whether some post or posts may not conveniently be abolished.**

311. **We suggest that provision be made for transferability of the Clerical and Stenographic staff of the Local Government Service Commission office, where they have been recruited from the Combined Services. There are, however, some officers in the Local Government Service Commission staff, whose previous employment was not in the Combined Services. They should continue as Local Government Service Commission employees.**

Section 6—Despatch of business by the Local Government Service Commission

312. We find that the Commission has an average of four meetings a month in addition to a few sittings of Committees of Inquiry. At each of these meetings an agenda of as many as fifty to sixty items may have to be gone through, such as interviews, appointments, disciplinary inquiries, sanctioning

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

of allowances for overtime, travelling, &c. It has been urged before us that at a meeting of even three to three and a half hours duration, it would be extremely difficult to go through this volume of work, which consists of matters of importance as well as of routine. In meeting this point the Deputation of the Commission has informed us that of the items that are normally placed on the agenda, a large number are purely formal and routine and require very little time for disposal. Matters of a complicated nature which arise are not very many and when they do, they certainly are not rushed through. In matters of special importance or difficulty, the Commission is assisted by persons who have a special knowledge of the questions that arise.

313. On an examination of the Minutes of the Meetings held for the first half of this year, of which there were twenty-five up to the end of June, we find that generally there were between 45-60 items on the Agenda for each meeting, most of which have been dealt with at each meeting.

314. Almost invariably the agenda has been despatched from the office to the members only two to three days before the meeting. This should be remedied as it is only fair to the members that they should have sufficient notice of the numerous items listed on each agenda and in connexion with some of which items the members are expected to read copies of reports, memoranda, and minutes, &c., prepared for their consideration. Much longer notice should be given particularly as all of them have to be reached by the post,—some of them miles away from Colombo—which in itself takes time.

315. The members of the Commission themselves felt that the pressure of work during the time devoted to each meeting could be greatly reduced if matters of a formal or routine nature could be dealt with by a paid officer—an Official Deputy Chairman—subject to revision, in any special case, by the Chairman, or if considered necessary, by the Commission itself. This would shorten the agenda, leave more time for consideration of more significant items, and relieve the Commission from consideration of matters, which are analagous to those that come very properly within the purview of the Head of a Government Department, or his Deputy. These could, therefore, be best dealt with by the whole-time Deputy Chairman.

316. It has also been represented to us that considerable time elapses before Committees of Inquiry set to work on charges against employees. A Committee of Inquiry set up under the Local Government Service Ordinance has to consist of at least two members. Such a Committee cannot proceed to hold an inquiry until charges have been framed, explanations have been obtained, and a decision has been reached by the entire Commission as to whether there is a prima facie case for the Committee to enter upon an investigation. It has also been stated that during the time when such disciplinary action is pending, if the officer is on interdiction, &c., the local authority itself undergoes considerable inconvenience, and difficulty in carrying out its work, as no substitute is provided in the meantime. The need for the elimination of as

many delays as possible, at intermediate points before the Committee of Inquiry actually starts functioning, is obvious, and needs no elaboration. There seems to be a concurrence of views that the appointment of a whole-time Deputy Chairman as recommended by us will help to eliminate delays at the earlier stages, before the Committee of Inquiry itself begins to function.

Section 7—Reconstitution of Committees of Inquiry of the Commission

317. As stated in the previous Section, after the Commission has considered the explanation of an officer against whom disciplinary charges have been framed, the Local Government Service Commission (if it is not satisfied with the officer's explanation), appoints a Committee of Inquiry of two or more members of the Commission, to inquire into the charges and make a report to the Commission.

318. One of the reasons urged for the retention of the Commission of nine members was that the setting up of Committees of Inquiry would be difficult if the members were fewer. We have recommended that the Commission be re-constituted having an official Chairman and six members. This reduction of the members from nine to seven might perhaps create some difficulties when Committees of Inquiry have to be constituted. We cannot see the need for at least two members of the Commission itself being required to go to different parts of the Island in every instance of a disciplinary inquiry having to be undertaken.

319. We have discussed this matter with the Deputation of the Commission with a view to investigating whether some delegation would not be possible, say to some Government Officers of sufficient status in the Provinces. The members of the Commission, however, were not in favour of such a delegation, the objection being that it is the Local Government Service Commission which is responsible for the ultimate decision regarding the employee of the Commission and would therefore prefer to rely on the report of its own Committee to which the parties concerned could not take exception. The same could not be said of a Committee of Inquiry over which the Commission would have no control, if the provisions of the law were different. The Commission has urged further that there was the objection that a person resident in that area who was on this "local panel" may have some background knowledge or some prejudice, however sub-conscious, against the officer whose conduct forms the subject of inquiry.

320. **We have considered these points and are of the view that the number of occasions on which two members of the Commission would have to go out to hold inquiries could be reduced if the law were amended so as to provide that Committees of Inquiry set up to investigate charges against officers in the Local Government Service, below a certain point in the salary scale, say, Rs. 1,440 (that is the initial salary of Grade II of the Local Government Clerical Service) could consist of one member of the Commission itself assisted by a Public Officer, of Staff grade, resident in that area, (preferably the Assistant Commissioner of Local**

Government), who could be nominated (with the formal approval of the Head of his Department) by the Commission, to act as a member of that particular Committee of Inquiry to investigate the charges framed. In this manner any difficulties which might result from the Local Government Service Commission consisting of only seven members could be overcome, and Committees of Inquiry could be appointed early to take action and report to the full Commission. Whilst the element of local bias or prejudice can exist as a thoretical possibility, it can be legitimately expected that a public officer who is selected to inquire into a matter of grave concern to the officer whose conduct is being investigated, will act fairly and with a full sense of responsibility. In any event there will always be associated with the local officer a full member of the Local Government Service Commission. Moreover the argument of "local bias" or "local prejudice" is not one that can only be applied to inquiries under the Local Government Service Ordinance ; it can be urged in many other situations too. But that of itself should not stand in the way of the suggestions we have made.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PART III—THE FUNCTIONS, POWERS AND DUTIES OF LOCAL AUTHORITIES

INTRODUCTORY

321. Term 3 (*a*) of our Terms of Reference requires us to report on and make such recommendations as may be considered necessary with regard, among other matters, to " The functions, powers and duties that should be exercised by the various types of Local Authorities ".

322. In the Chapters which comprise this Part of our Report we have generally reviewed, as a result of our own observations or from a consideration of the representations made to us, those functions which local authorities exercise, or consider should be exercised by them, for their fuller and more efficient development.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER VII

ASPECTS OF PUBLIC HEALTH

Section 1—Medical Officers of Health and Local Authorities

323. We find that it is only in the Municipalities of Colombo, Kandy and Galle that Medical Officers of Health are local authority employees. In the four remaining Municipalities and in Urban and Town Councils, the Medical Officers of Health are Government Officers loaned to these local authorities. Local authorities to whom the services of Medical Officers of Health are loaned bear no part of their salaries, but pay them only a small monthly travelling allowance.

324. According to circular instructions issued by the Department of Local Government, in consultation with the Department of Health, the functions that a Medical Officer of Health can exercise on behalf of a local authority, and the terms on which his services could be made available to local authorities, are many. Among them are the supervision of the conservancy and scavenging services, recommendations regarding licensing of trade premises, water supply, drainage, communicable diseases, maternity and child welfare work, school health work, and the supervision of the work of midwives and public health nurses. He could also undertake " the passing of cattle for slaughter if he is resident in the area ". His services could be used too under the Housing and Town Improvement Ordinance for reporting on all building applications, on insanitary or ruinous or obstructive buildings with a view to their improvement or demolition, the demarcation of new streets, and the reservation of areas for specific purposes, and for streets, back lanes and open spaces. Where necessary he would have to give evidence in Court in connexion with any prosecutions under this Ordinance. He is expected, periodically, to inspect all buildings in the area. This Circular adds that the Medical Officer of Health has all the resources of the Medical Department at his disposal in the event of an outbreak of an infectious disease occurring in the local authority area. For obtaining these valuable services from the Medical Officer of Health all that the local authority is required by the Circular to do is :—

(*a*) to pass a resolution appointing the Medical Officer of Health an executive officer of the Council and placing him in charge of all activities falling under the heads of Public Health and Sanitation ; and

(*b*) to provide him " with a small monthly travelling allowance to reimburse him for the cost of the travelling he would have to do on behalf of the Council.".

325. Although his salary is paid by Government, the Circular goes on to state that " in all technical matters he would be under the direct control of the Department of Health, while in all administrative matters he would be under

the control of the Chairman of the Council.". Even though considerable advances have been made in Public Health work in local authority areas, yet, from time to time there has been some friction in the relationship between officers of the Department of Health and the local authorities.

Medical Officers of Health and Municipalities

326. We understand that the services of the Medical Officers of Health were loaned to the more recently constituted Municipalities of Jaffna, Kurunegala, Nuwara Eliya and Negombo, in view of the fact that they could not immediately bear the recurrent cost of salaries of Medical Officers of Health and other health staff, if they were recruited through the Local Government Service Commission. **In view of the recommendations we are making for increased sources of revenue to be given to Municipalities, and in view of the fact that the four newer Municipalities of Jaffna, Kurunegala, Nuwara Eliya, and Negombo, have had time now to settle down in their new status, we see no reason for a continuance of the present arrangement and recommend that these four Councils should appoint their own Medical Officers of Health, and pay them from their own local funds instead of their being paid by the Central Government as at present. The other health staff too which is loaned by the Government should be now replaced by Local Government Service Employees.**

Medical Officers of Health and Urban Councils

327. As stated in an earlier paragraph, although great strides have been made in Public Health work, yet the relationships between Medical Officers of Health and Chairman, have never been very satisfactory. The root cause appears to be the difficulty of deciding the degree of control or supervision that a Council has over Public Health (as the " administrative authority for promoting and securing Public Health ") and over the Medical Officer of Health on the one hand, and the sense of frustration that the Medical Officer of Health feels on the other, for the reason that, despite circular instructions, Chairmen and Councils continue to act according to their own views in Public Health matters, without giving heed to the technical recommendations of the Medical Officers of Health. They apparently do this because under Section 116 of the Urban Councils Ordinance the law provides that " the Urban Council of each town shall be the general administrative authority for the purpose of promoting and securing the public health within the town, and shall for that purpose be entitled to exercise all such powers as are vested in it by this Ordinance, the Nuisances Ordinance, the Housing and Town Improvement Ordinance and any other written law for the time being in force in that behalf.". Although by circular instructions the Councils are required to pass a resolution appointing the Medical Officers of Health an executive officer of the Council and placing him in charge of all activities under the heads of Public Health and Sanitation, they generally do not pass any such resolution, and, in actual fact what happens is that the technical recommendations of the Medical Officer of Health are sometimes unheeded,

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

the Council acting in the manner it thinks best. The repercussions of such action, according to the Medical Officers of Health, come back on them and not on the Council, as the public generally assume that the Medical Officer of Health is the authority responsible for public health. It has been urged before us by the Association of Medical Officers of Health, that, either, all local authorities should appoint their own Public Health staff, who would then be directly responsible to them, or in the alternative, that Medical Officers of Health be given complete responsibility for the control of Public Health policy and work they do, without any interference by the Council.

328. **Most Urban Councils and virtually all Town Councils in their present financial position, or even with improved finances, cannot immediately take on the cost of the payment of salaries and allowances, &c., of Medical Officers of Health and the other staff which deals with the various aspects and activities associated with Public Health Measures. It is impracticable therefore to recommend that Urban Councils and Town Councils employ their own Medical Officers of Health, at the moment. We recommend that the present procedure of the loaning of these officers by Government should continue.**

329. **We cannot recommend the other suggestion put before us, namely, that these officers being technically qualified officers in Government Service and as such, interested in the proper development of Public Health from the point of view, not only of their science, but also of Government policy, should be placed in full charge of Public Health work. When we have Local Government institutions to which have been committed the promotion of Public Health as one of their primary duties, it would be incorrect to pass the entire responsibility for decisions on policy on matters affecting Public Health within a local area, on to a Government Officer, taking it away from the people elected locally for the express purpose of the proper development of that area.**

330. Benefitting from the experience gained by the difficulties that arose in Urban Councils, when the Town Councils Ordinance came to be framed, provision was made for ensuring that in Public Health matters Town Councils should act in consultation with the Medical Officers of Health, although the Town Council was left as the general Public Health authority in Section 116. Section 116 (2) reads as follows :—

> "The Town Council of a town shall, in the exercise, discharge and performance of the powers, functions and duties vested in, assigned to or imposed on the Council by or under this Ordinance, in matters relating to Public Health, act in consultation with the Medical Officer of Health of the area in which the town is situated. It shall be the duty of the Medical Officer of Health to advise the Council in all such matters and to supervise and direct the carrying out in the town of measures relating to Public Health, and for the purposes aforesaid, he shall be deemed to be an executive officer of the Council ; but shall in all other respects be under the supervision and control of the D. M. & S. S. ".

331. We feel that this provision is more satisfactory in that it makes the position of the Medical Officer of Health clearer in relation to Public Health duties in a town. **We recommend that a provision similar to section 116 (2) of the Town Councils Ordinance be incorporated into the Urban Councils Ordinance, but revised so as to clarify the respective positions of the Medical Officer of Health and the Urban Council further, by making it clear that as an Executive Officer (which he will be " deemed " to be when the Ordinance is amended), he shall have sole responsibility and authority for taking all necessary measures and action to give effect to a decision of the Council in regard to Public Health and that for purposes of such effective executive action, he shall have the direction, supervision and control of all members of the Public Health Staff. In other words, decisions on policy should be in collaboration with the Medical Officer of Health, but the carrying out of the policy should be solely the Medical Officer of Health's responsibility.**

332. **We further accept the suggestion made by the Director of Health Services and accordingly recommend that in any matter of sufficient importance relating to Public Health in which the Council and the Medical Officer of Health are in disagreement, it should be within the power and competence of the Medical Officer of Health to place his views before the Commissioner of Local Government who, in consultation with the Director of Health Services, would arrive at a decision which should be final and binding on both parties.** The decision could be conveyed to the local authority in the shape of a Directive which can if necessary be given effect to under the provisions relating to Directives. (Paragraph No. 846). The adoption of this procedure of discussion and settlement, we feel, will be preferred by the local authorities themselves, rather than the exercise by the Ministry of Health of the stringent provisions of section 8 of the Health Services Act, No. 12 of 1952, under which the Minister of Health can impose measures upon the Council upon his being " satisfied " that the local authority is neglecting its Public Health functions and duties.

Medical Officers of Health and Town Councils

333. **We recommend that the procedure outlined in the previous paragraphs be followed in Town Council areas too.**

Public Health in Village Committee Areas

334. Village Committees—unlike the other types of local authorities—do not have special functions, powers and duties allocated to them in connexion with the maintenance of public health in their areas. Village Committees exercise such powers as they choose to in relation to public health purely as permissive functions and when they do undertake any such measures, they secure compliance of them through by-laws which they can enact on any of the numerous aspects of public health enumerated in section 49 (2) (ix). As a result, the planned promotion of public health is not as effective as it might be in village areas.

335. The reason why Village Committees are slower to develop their public health functions is the want of finance and the largeness of their areas running into many square miles at times, most of which may be bare and undeveloped. A conservancy service, for instance, for a whole Village Committee area is unnecessary; likewise a complete surface drainage scheme for a whole Village Committee area is impracticable in addition to being unnecessary. There are, however, built-up areas in Village Committee areas where development has proceeded and where some concentrations of population exist. In such areas it is desirable that more emphasis should be placed on public health functions, in view of the concentrations of population and the fact that these areas are potential towns of the future. Orderly planned development in regard to some of the basic public health needs like conservancy and scavenging services, better latrine construction, drainage facilities, prevention of insanitary buildings, &c., are growing necessities in built-up localities.

336. We are of opinion that greater emphasis should be placed on the development of public health in the built-up areas of Village Committees. **We recommend, therefore, that provision be made in the law governing Village Committees to make Village Committees the general administrative authorities for the purpose of promoting and securing public health within their declared "built-up areas", and making it a duty of theirs to see that in built-up areas effective measures are taken to secure that—**

(*a*) Adequate and proper latrine accommodation is provided for all houses, buildings and lands within the built-up area ;

(*b*) Provision is made for such public latrine accommodation as is necessary at all places of public resort, within the built-up areas ;

(*c*) All latrine accommodation, both public and private, within the built-up area is maintained in proper order and sanitary condition.

337. **It should also be a duty of the Village Committee to take all necessary measures, in every part of the built-up area, so far as is reasonably practicable—**

(i) for properly sweeping and cleansing streets including footways, and for collecting and removing all street refuse ;

(ii) for securing the due removal at proper periods, of all house refuse, and the due cleansing and emptying at proper periods of all latrines and cess-pits; and

(iii) for the proper disposal of all street refuse, house refuse and night soil.

338. **In built-up areas it should also be the duty of the Local Authority—**

(1) to see that proper drainage is effected and maintained ; and

(2) generally to see that the houses and buildings in the area are kept in a sanitary condition.

Steps should be taken to see that the area is inspected with a view to ascertaining what nuisances exist and for the abatement of such nuisances where they do exist.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

339. As far as the rest of the Village Committee area is concerned, public health can be secured by the enforcement of such by-laws as are deemed necessary, as the power to make these by-laws already exists in the Ordinance.

340. For the carrying out of the duties in relation to public health that Village Committee should exercise in built-up areas, staff would be required and this staff should be obtained on loan from the Government as in the case of Urban and Town Councils. As stated, in relation to public health in Urban Council areas,—*vide* Paragraph No. 331—the Medical Officers of Health should be the chief executive officers responsible for the proper maintenance of public health in the built-up areas. In the case of any dispute about the policy to be followed, as suggested in respect of Urban and Town Councils, the matter could be referred to the Commissioner of Local Government for a decision (in consultation with the Director of Health Services) which would be final.

341. In this manner, public health in rural areas could be improved and in the event of the conversion of any of these built-up areas into towns, the essential public health services would already be organized and ready to be taken over by the local authority which is being set up.

Section 2—Maternity and Child Welfare Clinics

342. Of our population of little over eight million, the child population below the age of five is 1,085,000. A healthy nation is essential raw material for national development and one of the essential ingredients in the building-up of a healthy nation is proper maternity and child care. Local authorities are doing something towards creating a healthy nation through the Maternity and Child Welfare Clinics that they run. We find that there are seventy-four Maternity and Child Welfare Clinics in Urban Council areas, forty-four in Town Council areas, and five hundred and nine in Village Committee areas, which are assisted by grants by the Local Government Department, which in 1953–54 amounted to Rs. 400,000. (Municipal Councils provide this service out of their own funds.)

343. We are of opinion that more should be done towards developing this service and **we recommend that maintenance of Maternity and Child Welfare Clinics should be made a statutory duty of Urban Councils and Town Councils. With the increased finances which our recommendations will make available to local authorities, we feel that they should now be able to do more in this important field. As Government is also vitally interested in the health of the people, we have recommended in the section of this Report dealing with Financial Relations, that fifty per cent of the cost of running clinics in Urban Council and Town Council areas, certified by the Medical Officers of Health as being efficiently run and really supplying the needs of the area, should be reimbursed by Government, the balance being met by the local authorities themselves. In Village Committees, the full cost of running clinics which are reported on by the Medical Officers of Health as being efficiently run, should be met by Government.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

344. In this context we would draw attention to the fact that the Government itself runs Milk-Feeding Centres, whose functions are closely akin to some of the purposes which are fulfilled by Maternity and Child Welfare Clinics. For this service the Government maintains a whole Department. The need for the continuance of the Milk Feeding Department has been strongly criticised in the Report of the Cadres Commission. The Commission states as follows :

> " We think it relevant to mention that of the total vote of Rs. 5,765,575 in the current year's Estimates (1952-53), the cost of milk and sugar is estimated to be only Rs. 3,105,000. In other words the distribution of Rs. 3,105,000 worth of milk and sugar costs the Government Rs. 2,660,575. We wish to draw attention to this fact as it seems to us that there is something wrong in the organisation if the cost of distribution forms such a large proportion of the value of the milk and sugar distributed . . . . We are of the view that this organisation is far too elaborate and expensive. Although all the officers engaged, except the honorary organizer and attendant, are paid on the basis that they are full-time Government servants, hardly any of them has more than a few hours of work a day. Thus the District Supervisor has to work only from about 6 to 8 a.m. Once the milk feeding is over—usually by about 8 a.m.—the Supervisor has very little work to do, for the office work can hardly occupy him for more than half an hour. Similarly the clerk and peon cannot have more than two hours of work a day.
>
> " It will be apparent from the above that the employment of full-time officers in connection with the distribution of milk is uneconomic. We think therefore that an attempt should be made to get this work done through some other Government Department or agency which can undertake it in addition to its existing duties."[1]

345. The Cadres Commission examined two proposals for reorganising the Milk-Feeding Scheme, the first being to hand over the administration of Milk-Feeding Centres to the Government Agents and Assistant Government Agents using the Village Headmen as the kingpins in the organisation. They hesitated, however, to recommend the implementation of this suggestion in view of the objection that the Provincial Administration was already over-burdened with a multiplicity of duties and it will therefore be impossible for it to undertake this additional work. The other suggestion it examined was the handing-over of the issue of milk to schools, medical institutions, such as Hospitals, Dispensaries, Maternity Homes, &c. The suggestion was that some responsible officer should be entrusted with the distribution of milk, this officer being paid a suitable allowance for performing this duty which would not form a part of his normal duties. In either event the Cadres Commission had worked out that there would be a considerable saving on staff as a result.

[1] Report of the Salaries and Cadres Commission, 1953, Part II—Sessional Paper XVII of 1953,

346. We are, however, of opinion that in view of the fact that the local authorities already have an organisation and a set-up in the shape of Maternity and Child Welfare Clinics which can be used for the purpose of milk distribution also, and as local authorities can also enlist the support of various voluntary agencies in their areas who would undoubtedly be very willing to help to keep this valuable service going, it would be more appropriate that this service should be performed by local authorities. Such an arrangement will also result in the saving of a considerable sum of money to Government. The amount now spent by Government in the maintenance of a whole administrative machine for that purpose could be better utilized in the purchase of more milk foods, &c., to be given to needy and ill-nourished children.

Section 3—Markets and Fairs

347. The establishment of markets, from very ancient times, has been a function of local authorities in many parts of the world, and a source of revenue to them. The famous Badulla Inscription[1] to which we have referred earlier in the Historical Section of this Report bears out the importance that was attached to markets in this country from very ancient times. Today a Municipal Council " may, from time to time, as occasion requires, provide places within the Municipality for the purpose of being used as Public Markets, and may charge such rents, tolls and fees as it may seem fit for the use of, or the right to expose goods for sale in such markets, and for use of shops, stalls, sheds, pens and standings thereon . . . . "[2]

348. In Urban Councils and Town Councils, it is a duty of the Urban or Town Council " to establish and maintain within the town all such Public Markets as are required for the service of the inhabitants, and to secure the proper scavenging, washing, disinfecting, and conservancy of all such markets; to regulate, supervise, and control all private markets within the town which are licensed under the respective Ordinances ".[3]

349. Village Committees have power to make by-laws for the " establishment, maintenance and improvement of village markets ", " the protection, regulation, supervision, inspection and control of village markets ", " the conservancy and scavenging of, and the prevention of nuisances in connexion with, village markets ",—generally to see that markets are well established and properly serve their purpose.

350. The sale of meat is carried out only in local authority markets or in private stalls approved by the local authority. The licensing of and tenders for the right to sell meat in local authorities present a considerable source

[1] *See* Paragraph 8.

[2] Section 156 of the Municipal Councils Ordinance, No. 29 of 1947.

[3] Section 149 of the Urban Councils Ordinance, No. 61 of 1939, and Section 149 of the Town Councils Ordinance, No. 3 of 1946.

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of revenue to them. **Various markets which we have seen, however, have left us with the impression that there is not sufficient attention paid to such essential matters as cleanliness and the strict observance of public health provisions as one would expect in connexion with the handling of articles of food.**

351. Mr. Horace Thornton, W. H. O. and F. A. O. Food Hygiene Consultant, who made a Food Hygiene Survey in Ceylon in May, 1953, has said, after visiting a number of markets all over the Island, that " an urgent necessity which applies to practically all the markets selling meat and fish in Ceylon is that stalls should be adequately fly-proof and should be supplied with an ample supply of clean water.".

352. Talking of the meat supp y and slaughter houses, he states, after inspecting very many of the cattle slaughter houses in the various parts of the Island, that "most of the slaughter houses in the Island are unsatisfactory and the aim must be to replace them by modern buildings. Such a programme must, however, inevitably linked up with the economic conditions of the country . . . . ".

353. Local authorities evidently have been concerned mainly with the revenue they derive from markets and have not made use of them as examples of their own observance of the rules and regulations which they expect the traders and vendors to observe, and as illustrations of their public health policies. It has been urged before us that it has been the lack of finance that has made it impossible for them to build up-to-date modern markets with fly-proof stalls, plenty of water, and all the amenities that up-to-date hygienic practice requires. Even adequate repairs to existing markets are difficult because of the cost involved. We have made provision in this Report for more finances for local authorities and **we recommend strongly that with the additional funds at their disposal local authorities should place the establishment of markets and the observance of more hygenic conditions in markets, slaughter houses, &c., and a cleaner handling of food as one of the highest in their list of priorities.**

354. **We recommend too the encouragement of weekly fairs under the management of the local authority, particularly in the rural areas. The Village Communities Ordinance should be amended so as to give Village Committees power to establish and maintain village fairs and to license and control private fairs.**

Section 4—The Provision of Latrines

355. The Urban Councils and Town Councils Ordinances make it a duty of these local authorities—

(*a*) " to take effective measures to secure that adequate and proper latrine accommodation is provided for all houses, buildings and lands within the town ;

(*b*) " to provide such public latrine accommodation as is necessary at all places of public resort within the town ; and

(*c*) " to ensure that all latrine accommodation, both public and private, within the town, is maintained in proper order and condition.".[1]

356. There is no similar provision in the Municipal Councils Ordinance, presumably, because it is felt that Municipalities being the most developed type of local authority, would not need to have it as a duty cast on them by statute to provide adequate latrine accommodation for their areas. In Village Committees likewise, there is no such duty laid down in the statute itself, presumably, because Village Committee areas are very large and funds would not permit the proper implementation of this duty. According to figures given us, we are informed that **in our rural areas there are some 350,000 latrines constructed for over one million human habitations and only one in every three houses is provided with latrine accommodation.**

357. We agree with the view expressed by the Department of Health Services that the aim should be to provide every house with a sanitary latrine. According to the Director of Health Services we need " about one million latrines for the existing dwellings. In addition to this the population increases at the rate of 220,000 per year. For this population, additional houses are required . . . . **our future plans should be to provide latrines on the basis, that is for the one million houses without latrines and at the rate of 55,000 new latrines each year, on an increasing scale for additional houses.** It is extremely desirable that these latrines should be provided within a limited period of time if the best results are to be obtained. The period that may be considered may be ten years.". In other words the Department of Health Services, is of the opinion that " **About 160,000 latrines should be constructed each year if the country is to be sanitated fully within ten years.**".[2]

358. There appear to us to be two main reasons why latrine accommodation has not been provided as fast as it should have been by local authorties. The first is the lack of adequate finance to enter upon this duty with all the drive and initiative it requires. The second is the fact that there is a lack of sufficient propaganda regarding the construction and use of latrines. The " sanitary idea " has still to be developed fully in this country. As Dr. Cumpston has stated in his Report—

" A nation which is taking a proud stand among the civilized nations of the world cannot hope to hold its place in the merciless march of international competition if—

" (*a*) it has to be ashamed —as it now must be—of the insanitary primitive habits of its people who discharge their bladder and bowel contents without much regard to time or place ;

[1] Sections 123 of the Urban Councils Ordinance, No. 61 of 1939 and the Town Councils Ordinance, No. 3 of 1946.

[2] Memorandum on Environmental Sanitation by the Director of Health Services.

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"(*b*) it has to carry a tremendous preventible economic handicap resulting from disabling disease and malnutrition—due very largely to intestinal infections;

"(*c*) it has to carry conviction of the necessity for social reforms to a population, a large percentage of which, is not adequately educated either in general education or in the particular field now under discussion.".[1]

359. **With the increased finances which we have recommended for local authorities, we feel that local authorities can now enter upon this duty of providing more latrines, with greater earnestness. We also suggest that the local authorities should do more propaganda to teach people proper latrine construction, make it a regular feature, when the development of any area within its limits is planned, to make provision for the construction of a sufficient number of public latrines. They should also make it a rule, when dealing with building applications to see that every such application that does not provide for adequate latrine accommodation is rejected.**

360. **We also recommend that encouragement should be given to the needy citizen who may not be able to find the capital for providing his house with a latrine, whether an existing building or within a new building, by getting the local authority to undertake "Aided Latrine Schemes" far more than has been done in the past.** The essence of this scheme is for the local authority to give loans to those in need, for the construction of latrines, making certain of repayment (at a very low rate of interest) in instalments over a certain period of time.

361. In Village Committee areas, what is especially needed is propaganda and financial assistance to encourage the use and construction of latrines. **In the built-up areas of Village Committees, more public latrines should be constructed, and even more important, they should be properly conserved and maintained.**

Conservancy and Scavenging Labourers

362. Another point on which we wish to comment is in regard to the labour utilized for the conservancy and scavenging services. We have made inquiries, in the course of our circuits, and ascertained that, with one or two exceptions, all the towns of the Island which maintain conservancy and scavenging services depend solely on locally resident Indian labour for these tasks. As this Indian population lives precariously and is liable to be repatriated under the present policy of Government, an immediate problem would be created of finding ways and means for the maintenance of these services. The country would then be confronted with the danger of wide-spread epidemics affecting large areas, and other attendant consequences. The remedy is, as we have stated

[1] Report on the Medical and Public Health Organisations of Ceylon by Dr. J. H. L. Cumpston.

previously, the quick implementation of water-carriage sewage disposal schemes. As a more immediate solution, however, and in order to minimize the discomforts that may be caused either by strikes of this labour force, or problems caused by their repatriation, we would recommend that **wherever possible, when buildings are constructed, renovated, &c., and where no water carriage system is available, the local authority should, conditions permitting, encourage the construction of water-sealed latrines which have been recommended by the Health Authorities.**

Conservancy Rates and Fees

363. We also observe that some local authorities charge a conservancy fee on each of the premises conserved, preferring this to a conservancy rate. The levy of a fee does not assist financially in extending the conservancy service in any area, as it is levied only on the actual premises conserved. **We think it preferable, therefore, that the system of conservancy fees should be discontinued generally and conservancy rates (which might be consolidated with the property rate) be generally adopted so that larger revenues could be obtained and the conservancy service developed throughout the area. More funds would increase the ability of the local authority to build more public latrines and maintain a more efficient service.**

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CHAPTER VIII

THE SERVICES OF LOCAL AUTHORITIES

Section 1—Roads

364. In June 1950 when the Cabinet decided to abolish Provincial Road Committees and District Road Committees, the question of the authority to be responsible for the 4,400 miles of District Road Committee roads had to be decided. The Cabinet then decided that there should be only two Road Authorities in the Island, namely the Central Government, and the Local Authorities (*i.e.*, Municipal Councils, Urban Councils, Town Councils, and Village Committees). Resulting from this decision, District Road Committees were abolished, and the roads maintained by them were taken over by the Public Works Department. In the result the Public Works Department is today responsible for about 11,200 miles of road, including the 4,400 miles of road taken over from District Road Committees. Municipalities are responsible for the maintenance of about 359 miles of road, Urban Councils for about 375 miles of road, Town Councils for about 230 miles of road and the Village Committees for about 14,489 miles of road.[1] Although the Public Works Department and the local authorities are the authorities legally in charge of roads in this country, yet we find that they are not the sole authorities that develop roads. One of the main functions of the Rural Development Department, we find, is to assist in the construction of roads started by Rural Development Societies ; likewise the making of roads is a relief measure for unemployment. The Irrigation Department and the Land Development Department too contribute towards the development of roads in this country.

365. As far as local authorities are concerned, one of their main functions is the regulation, control and administration of public thoroughfares. In the urban authorities a fair portion of their revenue from year to year is spent on maintenance of existing roads as well as the acquisition and opening up of new roads. Village Committees for their part do not have sufficient money for opening out or extending their road systems from their local funds, nor do they have sufficient money for programmes of regular road maintenance. The vital need for establishing road connections and the part played by roads in the opening out of new areas is, however, appreciated by the Government, as is evidenced by the fact that a greater part of the specific grants given for " Village Works " is for the construction of village roads. The total grant for " Village Works " (which includes even buildings required by Village Committees for their purposes) is, on an average, only about Rs. 3 million a year, and this has to be distributed among some 400 Village Committees which in their turn, have to redistribute their meagre allocations, amongst their various needs.

[1] Figures supplied by the local authorities.

366. It is difficult to devise any road development policy owing to the lack of an over-all plan of development for all roads. Each local authority plans and develops its roads on its own. Whether or not its plan will fit into any scheme for the District or Province as a whole is not considered for want of an over-all plan. The Public Works Department maintains and improves the 11,200 miles of road for which it is responsible. With its present establishment and cadre, the Public Works Department finds it virtually impossible to handle more. It does not appear that any attempt has been made at co-ordinating the activities of the local authorities and the Government in the matter of road development.

367. We grant that it is not necessary that the Public Works Department should take over every mile of road in the country, but yet roads should be so planned that they open out and serve areas economically and efficiently. Without any kind of over-all planning and laying down of standards to which roads of different grades should conform, it can happen that road traces would not be of uniform quality or standards as they run through the areas of various local authorities. The relative state of road development in various local authorities would therefore be as uneven as their finances.

368. **We feel that there should be an over-all pattern of development and local authority roads should be progressively improved, so that in time to come when areas are sufficiently developed, the important roads could be taken over and maintained as trunk roads, by the Department of Government responsible for such maintenance. In that way many of the roads laid and maintained by the local authorities will fit themselves into an integrated National Road Policy. Local authorities would then feel that they are not isolated units working in insulated compartments, but that they are independent components working towards the evolution of a national pattern, at least in the matter of their roads.**

369. We find that till about the time of the abolition of District Road Committees there was a scheme in operation whereby about 50 miles of roads were taken over annually by the Public Works Department for improvement and maintenance after consideration of the proposals of the District Road Committees and the local authorities. This has now been virtually given up and we understand that not more than about 20 miles of roads are taken over annually by the Public Works Department.

370. In the original scheme of full-fledged Regional Councils, submitted by the then Minister of Health and Local Government, one of the proposals was that these Regional Councils should be Road Authorities too, responsible for the over-all planning of roads of lesser importance than trunk roads, but of greater importance than the purely local ones. **It strikes us as being a desirable objective that Regional Committees, the establishment of which we have suggested, should have the co-ordination of road development as one of their functions. We also recommend that the former policy of the Public Works Department taking over annually from the District Road Committees and the various types of local authorities a road mileage up to fifty miles to be thereafter**

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improved and maintained by the Public Works Department be revived. That Department should consult the various Regional Committees annually, through the Ministry, so as to ascertain what roads the various Regional Committees recommend are of sufficient importance to be handed over to the Public Works Department. If the total mileage recommended by the various Regional Committees exceeds the road mileage that the Public Works Department can take over in any particular year, the decision as to which sections of roads from the various Regional Committees are to be taken over should be decided by the Ministry of Transport in consultation with the Ministry of Local Government.

371. **It should also be open to the Public Works Department to make recommendations and suggestions to any Regional Committee for the improvement or development of roads in the areas of any such Regional Committees, which the Public Works Department is of the view should be improved and developed because of their importance in the immediate future, or with a view to the Public Works Department ultimately taking them over. Such Regional Committees could then in their turn consult the local authorities of the areas directly concerned and work towards achieving planned development of such roads as seems best from the angle of a National Road Policy. In this manner the co-ordinating activities of Regional Committees could be utilised for the planned development of roads in the various regional areas.**

372. **In relation to Village Committee roads also, we have recommended in paragraph No. 1026 that road maintenance grants should be given to Village Committees and that these grants should be channelled through the Regional Committees. The detailed procedure will also be found in that paragraph.**

Section 2—Housing

373. Housing is essentially an accepted local authority function, but having regard to the fact that the lack of sufficient houses has assumed the proportions of a national problem and a very urgent one at that, resulting in even the creation of a special Ministry to deal with it with speed and vigour, it seems desirable, in the national interest, that the Ministry of Housing should take on this function, until the situation which has been at a crisis becomes easier.

374. The Ministry of Housing for its part, has stated that its declared policy is one of readiness to co-operate with any local authority in respect of any Housing Scheme which the authority may propose to execute.[1] In view of this it should be possible for local authorities to secure financial and other assistance from the Ministry for their projects, including also the provision of accommodation for their staff and employees.

375. **We are of the view and recommend that wherever possible this co-operation should take the form of utilising the local authorities as agents for the solution of this Island-wide problem. Full use should be made of their organisation,**

[1] *See* Brochure on the "Housing Policy of the Ministry of Housing" (1954)

personnel and staff as the medium through which housing projects could be carried out. The fact cannot be overlooked that local authorities would be able to render considerable assistance not only in regard to the planning of schemes, but also in supplying that element of local knowledge and experience which is so essential to the emergence of a scheme which exactly fits the local need to a nicety.

Slum Clearance

376. The clearance of slums and the re-housing of their occupants should continue to be an activity of the local authority. **We would draw attention, however, to the fact that the Director of Health Services has observed that Tuberculosis Control needs the highest priority with Government now, and that it is undoubtedly the next most urgent Public Health Problem requiring immediate attention. The relationship between bad housing and the incidence of Tuberculosis is very close.**

377. The Census of 1946 showed that there were 1,374,675 houses for a population of 6,657,339 making the average number of persons per house 4·8. The Housing Sub-Committee appointed by the Minister of Local Government, working on statistics supplied by the Central Bank, estimated that there is need for 144,882 new houses in urban areas and 128,500 houses in rural areas, making a total of 273,382 houses required up to the end of 1956. The Sub-Committee adds further " of the new houses needed in the urban areas we estimate that 85,655 are required for families unable to pay rent of more than Rs. 20 per month.". They have also stated that 52,000 houses in towns and 300,000 houses in rural areas need replacement and improvement.

378. **The solution of the Housing Problem is one in which the Government and the local authority must be partners. If the Ministry of Housing is concentrating on the problem of the national shortage of houses, the local authorities should be taken into effective partnership in the solution of this problem by giving them sufficient funds for the demolition of slums and the creation of new houses in their places and the general improvement of the conditions of the poorer classes in their areas.** It is worth repeating that the Sub-Committee has stated that there are 85,655 houses required for families unable to pay a rent of more than Rs. 20 per month. There is no doubt then that a **very large number of the population are presently living in slums.** It should also be remembered that 52,000 houses in towns and 300,000 houses in rural areas need replacement and improvement. Bad housing such as this means a heavy toll of disease and a loss of national manpower. **Local authorities can considerably assist in the solution of this problem if they are given adequate funds to do so from year to year.** In the last three financial years, (*i.e.*, 1951–52, 1952–53, and 1953–54), local authorities have been given Rs. 3,816,551 and contributed Rs. 1,505,631 from their own funds. No remedy for the present state of acute shortage can be effective unless Government continues its policy of making annual grants to local authorities for the specific purpose of slum clearance, and on a far more liberal and realistic scale than at present over a period of years.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

It is difficult to lay down an upper limit as the situation needs to be reviewed from year to year and adequate provision made according to the needs of the times. In any case anything less than twelve lakhs a year for distribution amongst all the local authorities for slum clearance cannot be regarded as sufficient. This it would be observed is the average of the grants given between the years 1951–52 to 1954–55.

Section 3—Electricity and its Distribution

379. In the past, such of the local authorities as had decided to establish and maintain "the supply of electric light or power"[1] as a public service, in their areas, had to instal and maintain their own electricity generation and supply plants, and distribute the current over their areas. When the Government became a producer and supplier of electricity, a number of local authorities began to change over from their own generating plants to purchasing from the Government Electrical Department, electrical power in bulk, which they, however, continued to distribute. The number of local authorities able to avail themselves of this facility will naturally increase with the Electrical Department's extension of supply mains over the Island. It became the policy of Government to sell electricity in bulk to the local authorities on various standardized Tariffs and leave it to the latter to maintain their own distribution systems.

380. At the end of 1954 there were 73 local authorities which were distributing electricity throughout their respective areas, whether by generating their own power, or purchasing it in bulk from the Government Electrical Department. Of these 73 local authorities, there were : 5 Municipal Councils, 34 Urban Councils, 23 Town Councils and 11 Village Committees.

381. In addition to these, in the case of Colombo, Nuwara Eliya, Bandarawela, and Haputale, among the more important towns, the Government Electrical Department both supplies as well as distributes electrical energy and maintains its own local offices, personnel, staff, equipment, &c., for the purpose, the local authorities themselves having no share in the provision of this public utility service. This is a variation of the policy referred to above.

382. As the supply of electricity is one of the legitimate functions of local authorities, most of the Urban and Town Councils have undertaken this duty, wherever there has been a sufficient potential demand to justify the capital outlay. Such of the local authorities as have provided this public service have found the purchase and distribution of electricity an attractive source of increasing profits as well. We have not had any serious complaints from the public

[1] This is one of the functions which local authorities can undertake. *See* Section—
41 (1) (*u*) (iii) of the Municipal Councils Ordinance, No. 29 of 1947.
142 (*c*) of the Urban Councils Ordinance, No. 61 of 1939.
142 (*c*) of the Town Councils Ordinance, No. 3 of 1946.
43 (*bb*) of the Village Communities Ordinance (Chapter 198).

against the general efficiency and standards maintained by the local authorities that run their own distribution stations. The criticism of the Government Electrical Department was that the maintenance of the equipment and overhead lines connected with the various distribution schemes was poor, because most local authorities were diverting their profits from electricity for other purposes, without raising the standards of their distribution systems, or building up a sufficiently strong reserve to meet depreciation, replacements and contingencies. We understand that local authorities have now been instructed that, as a working rule, they should set aside their profits until twenty-five per cent of the capital cost of their schemes have been built up or to build up a reserve, to meet depreciation, cost of maintenance and replacements, &c. If the proposals we have made elsewhere in this Report regarding Finance are given effect to, it should be possible to ensure that local authorities will put by sufficient funds from their electricity profits to build up this reserve up to the required level, and thus make available a fund which can be drawn upon for improving the standard, quality and maintenance of their supply, and/or distribution systems and expanding their activities.

383. **We are of the view that every encouragement should be given to local authorities to enter this field of public service, from the point of view of (*a*) their own finances, (*b*) the benefit to the local public from the availability of a plentiful supply of electric power, at reasonable rates, and (*c*) the need to keep other public bodies (and not the Government only) actually engaged in the development and expansion of the distribution of electrical energy in the Island.** It will also help the emergence of many centres in local authority areas, where cottage industries, which can be worked on electrical power, could be carried on. This would have a beneficial effect on other problems such as those of unemployment, the reduction of imports, the working towards the goal of self-sufficiency, and the encouragement of the ancient arts and crafts, which are at present neglected for want of a cheap and plentiful supply of power. The Government Electrical Department itself will stand to gain by the increased consumption and demand, which will help to expand its own electrical schemes to cover other large areas of the Island where electrical power is not available at present.

Distribution of Electricity in the Colombo Municipal Council area

384. The Municipal Council of Colombo has pressed upon our attention the efforts which it has made since 1940 to try to secure for itself the right (which numerous other local authorities enjoy) of undertaking the distribution of current within its own local area on a bulk purchase of power from the Government. A perusal of the files dealing with this question shows that many conferences have been held over the years, between the representatives of the Colombo Municipal Council and the Hon. the Minister of Transport and Works. The Memorandum of the Ministry of Transport and Works on this subject also gives the history of the matter from May 1940 down to recent times. There is no gainsaying the fact that the Ministry has considered the feasibility of the proposed transfer of the distribution system to the

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Municipality of Colombo as recently as Setember 1952, but the position taken up since then has been that " fresh developments have now taken place consequent on the successful negotiation of the loan from the International Bank for Reconstruction and Development for Stage IIA of the Hydro-Electric Scheme.". It was said that the World Bank had " made certain recommendations to increase the scope of the activities of the Department (Electrical) by taking over the area south of a line formed by Puttalam, Habarana and Kalkudah, excluding the Gal Oya Valley. This would involve taking over all the local authority schemes in that area.". It was urged, therefore that " the exclusion of Colombo town would be diametrically opposed to that advice.". These references are to the recommendations which are to be found in the Report on the Economic Development of Ceylon by the World Bank Mission, Part Two, (Page 247). A perusal of this suggestion of the World Bank Mission shows that the Mission worked on the assumption—which is correct—that the existing pattern of electrical generation and distribution (within the area of the Authority recommended by it) was that which does prevail in the case of the vast majority of local authorities today, with the few exceptions which we have mentioned. The Mission contemplated the necessity of transference by the Municipal and Urban Councils within the area of the Authority (which they recommended should be set up) to the Authority " the necessary properties and responsibilities for organisation and operation.". Up to the present time no such Authority has been established, and therefore it will be time enough to consider the position if and when Government takes the major decision to establish such an Authority, and the Authority is established and begins to function.

385. The Memorandum of the Ministry of Transport and Works made the further point that in agreeing to the conditions of the loan from the World Bank, the Government of Ceylon had undertaken to effect no major alteration in procedure or policy of the Government Electrical Department without the prior approval of the World Bank. The evidence, and subsequent correspondence with the Ministry on this point, have now clarified the position, which appears to be that the transference of the Distribution System and its management from the Government Electrical Department to the Colombo Municipality would not be a breach of any of the terms or conditions of the loan from the World Bank, but that at the most it might necessitate a fresh discussion with the World Bank. We appreciate that this may be a necessary step to be taken in the situation at present ; but the necessity for it should not of course be a reason for precluding the further consideration of the Colombo Municipality's request.

386. The Deputation from the Colombo Municipal Council which came before us, was not in a position to express any definite view on the suggestion which was put forward for their consideration, namely, that in view of the many technical and financial estimates and adjustments, valuations of assets, provision of finances for their purchase, &c., that would have to be made in connexion

with any such transference to the Municipality of the entire assets of the Government Distribution Scheme for the Colombo area, the Colombo Municipal Council might content itself with receiving from the Government some agreed percentage of the profits which the Government Department has been making over the years from the direct supply (instead of a supply through the Colombo Municipality) of electric power by it to the consumers within the City of Colombo. The reason for their inability to express any definite view on this suggestion was that they had come with a definite mandate from the Council to press its claim for physically taking over and operating the Colombo Distribution System, and not to derive merely the financial gain that would accrue from the retail sale of electrical energy. It did not require much ingenuity to see that both parties, the Council on the one side, and the Electrical Department on the other, were seeking to maintain the position that the large profits obtained from the City of Colombo were not the motivating force behind the demand on the one hand for taking over the distribution system, nor the reason behind the very keen desire, on the part of the Electrical Department, to continue the present state of affairs. The Department has laid considerable stress on the fact that the very remunerative electricity supply areas should be utilized " to foster the development of electricity in non-remunerative areas as is exemplified by the practice of the British Electricity Authority.". The Memorandum states that " 80 per cent of the present revenue obtained by the departmental electricity system is from Colombo City and this is obtained by retailing supply in the City.". It expresses alarm at the prospect that there will be an inevitable drop in revenue and probably " a throttling of sales " by the likelihood of the Municipality increasing the Tariff with a consequential falling off of consumption if the distribution system is handed over to the Municipality. It should be stated that even in the case of those local authorities that do their own distribution, the Tariff is subject to the approval of Government, and so even the Municipality of Colombo will not be in a position to raise the rates to its own consumers on its own initiative, and certainly not to a degree which would throttle sales—as any proposed increase will be subject to the control of Government, which will no doubt consult the Electrical Department before sanctioning any increase in Tariffs. The Electrical Department also feared that the handing over may hinder the Department's efforts at expansion and development on a scale commensurate with the large borrowings which have been made for capital development on an expanded programme. It states that by 1957–58 the Department would have to find Rs. 11·2 million as annuity on the Rs. 150 million, which is the total to be raised by loan for Stage IIA of the Hydro-Electric Scheme.

387. In view of this we have obtained figures from the Department which show that the Department does not stand to lose on the substantial profit which it is at present making from the distribution within the Colombo Division—which according to the Administration Report of the Department comprises the area of the Colombo Municipality. The Chief Engineer and

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

Manager has been good enough to supply us with the following figures for the year 1953–54 :

ELECTRICITY SUPPLY TO THE CITY OF COLOMBO, 1953–54

Analysis of Revenue and Expenditure of the Electrical Department

	Rs.	Rs.
Revenue		11,932,570
Expenditure—		
Distribution, *i.e.*, Salaries and Allowances to staff of the Colombo Distribution Section, the Revenue Collection Section, Expenditure on Repairs, Maintenance, &c.	1,569,441	
Generation, Transmission, and Management and General Charges	3,238,455	
Annuities and Interest Payments	2,902,298	
		7,710,194
Excess of Revenue over Expenditure		4,222,376

388. It will thus be seen that the Electrical Department made a profit of nearly 4¼ million rupees from the Supply and Distribution of electric power within the City of Colombo alone, during the year 1953–54.

389. For the purposes of ascertaining what the financial implications and resulting position would have been, if the Municipality of Colombo was in charge of the Distribution of Power on a bulk purchase basis from the Department, for the year 1953–54 we have worked out the figures with the assistance of the Department.

ELECTRICITY SUPPLY TO THE CITY OF COLOMBO 1953–54

Analysis of Revenue and Expenditure if the Colombo Municipality did the Distribution

	Rs.	Rs.
Revenue		11,932,570
Expenditure—		
Distribution, *i.e.*, Salaries and Allowances to staff of the Colombo Distribution Section, the Revenue Collection Section, Expenditure on Maintenance, Repairs, &c.	1,569,441	
Purchase of Bulk Supply from the Electrical Department (Approximately 22,000 K. W. being the Department's estimate of the Units consumed in 1953–54)	9,000,000	
Annuities and interest payments on Rs. 18 million (Department's estimated depreciated value of Capital Assets of Distribution Scheme)	1,324,472	
		11.893,913
Excess of Revenue over Expenditure		38,657

390. Assuming that the estimate of 22,000 kilowatts would be about the total number of Units consumed in 1953–54, the charge of Rs. 9 million for the Bulk Supply, we are assured, would be correct according to the appropriate Tariff applicable to the case. The figure of Rs. 18 million, however, being the depreciated value of the assets of the Distribution System for Colombo City, is one regarding which there is controversy, and about which, therefore, one cannot be too certain. The Colombo Municipality has maintained that the total depreciated capital value as at 1st October, 1952, based on an estimated life of twenty-five years would be in the region of Rs. 2,836,258. The actual expenditure up to 1st October, 1950, on the Colombo Distribution System was said to have amounted to Rs. 7,408,358—as stated in the Mayor of Colombo's letter in April, 1953, to the Hon. Sir John Kotelawala, Minister of Transport and Works, confirming an important conference held with the Hon. the Minister on 30th September, 1952. The Mayor agreed that to the sum of Rs. 2·8 million would have to be added the present or depreciated value of capital assets added to the Distribution System since 1st October, 1950. What those figures are, and what the depreciated value of those figures are, and what the depreciated value of those additional assets should be, is a matter for the Treasury and the Municipality to work out. If this figure is not as high as Rs. 15 million (which with the 2·8 million referred to earlier would bring the estimated amount up to Rs. 18 million) then the figure of Rs. 1,324,472 (which is the amount of the Annuity and Interest Payment, on the basis of Rs. 18 million as value of the Capital Assets) would be considerably reduced, and the total profits of the Colombo Municipality proportionately increased

391. Assuming, however, that the cost of the Bulk Supply would be Rs. 9 million, and the Annuity Payments would remain at the present estimated figure of Rs. 1,324,472, then the Electrical Department does not stand to lose and will continue to make a profit comparable with the present one, by switching over to the Bulk Supply system for Colombo as well, and coming into line with the system on which most of the other local authorities are working, as will appear from the following figures :—

ELECTRICITY SUPPLY TO THE CITY OF COLOMBO 1953–54.

Estimate of Profits to the Government Electrical Department by the sale of Electrical Energy in Bulk for Distribution by the Colombo Municipality, (and not by the Electrical Department as at present).

	Rs.	Rs.
Revenue		
(On an estimated supply of 22,000 K.W. at the appropriate Tariff)		9,000,000
Generation, Transmission, and Management and General Charges	3.238,455	
Annuities and Interest Payments (being difference between Rs. 2,902,298 presently paid by Government and Rs. 1,324,472 which would have to be paid by the Municipality on Rs. 18 million)	1,577,826	
		4,816,281
Excess of Revenue over Expenditure		4,183,719

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392. **Even if this figure has to be adjusted because of any variation in the Department's revenue from the bulk supply, or in the annuity payments to be made by Government as a result of the figure of Rs. 18 million being scaled down, the Government Electrical Department will still be left with a very substantial margin of profit from only supplying (and not also distributing) electricity on a bulk supply basis to the Colombo Municipality. It does not appear that the adjustment will have to be very considerable, but even if it means the reduction of the estimated profit of Rs. 4·1 million, by one-third, the Department will still be making over Rs. 27 lakhs profit from the mere bulk supply of current to the Colombo Municipality. If this large profit will not enable the Government Electrical Department to emerge with an over-all profit at the end of a year's working over the whole Island, the remedy may be found, at least partly, by the internal re-organisation of the Department itself, and internal economies.** This diminution of profits will also readjust itself in course of time with the expansion of the Hydro-Electric Scheme, from the large loan already obtained for that purpose. However that may be, it does not appear to be fair to make an exception of the Municipality of Colombo, and to seek to justify the departure—in this case—from the established policy which has been followed in the case of practically all the other local authorities,—in order that the Government Electrical Department may at the end of the year show for itself a substantial profit by this departure from the generally accepted principle.

393. The fear that the transfer of control of the distribution system to the Colombo Municipality might be abused by particular political groups which may predominate in the Council has been considered by us in connexion with the Section of our Report dealing with Public Transport in relation to local authorities—*Vide* paragraph No. 428.

394. We would also refer to the same paragraph wherein we have set out the claim of the Colombo Municipality that they will be able to operate the extended Trolley Bus System more economically, if the distribution of electric power is entrusted to them, because as things are at present, they have to pay the Electrical Department a high rate for power utilised in the existing limited Trolley-Bus Service. As we have stated there, it is not for us, but for experts to decide whether or not it should be a Trolley-Bus System or some other type of omnibus that the Municipality should operate, although the availability of electrical power at a cheap rate will naturally be one of the considerations which will be taken into account by those who will appropriately have to decide the question as to the type of vehicle to be used.

395. The evidence also shows that there is no fundamental technical or administrative objection to handing over the Colombo Distribution System. There is a separate and independent branch within the Electrical Department which handles all matters relating to the distribution of power in Colombo. That organisation can be taken over as an integral entity by the Municipality, under appropriate arrangements. Until the stage of the World Bank Loan,

the technical and financial implications and questions which would be involved in the transference of the Colombo Distribution System, were all being worked out between the Municipality, the Ministry of Transport and Works, and the Treasury. The question therefore of the terms, the amount to be paid to the Government by the Colombo Municipality, and the terms and conditions of payments would very likely have been solved by now, if the broad principle upon which the request for the transfer was made. was given effect to.

396. **We therefore recommend that the distribution of electrical energy throughout the City of Colombo should be handed over to the Colombo Municipal Council, subject to the adjustments of the financial and administrative questions involved, by negotiations between the Council on the one hand and the Ministry of Transport and the Treasury on the other. On these questions, negotiations had already been initiated in the course of the more recent stages of the discussion of this question, between the Municipality and the Ministry of Transport.**

397. **This same principle should be extended to the cases of the few other local authorities where the Government has retained both the provision of power and its distribution in its own hands, if these local authorities choose to take over the distribution themselves.**

Direct Supply of Power by Government even where the Local Authority is a Licensed Distributor

398. Another complaint of some of the local authorities, and in particular of the Municipal Council of Negombo, has been that even in areas where the local authority is the licensee from the Government Department for the distribution of electricity, on a retail basis, within its area, the Government Electrical Department steps in and claims the right to supply some particular consumer or consumers with current directly, and independently of the local authority. The local authorities allege that this is a violation of their rights, as they claim to be entitled to be the sole distributors within their respective areas. In Negombo the question arose out of the claim of the Department to supply the Government Ceramic Factory—which was a potential consumer of electricity on a large scale—with power directly, and not through the distributing system of the Negombo Municipal Council. The matter was referred to arbitration and the Award[1] was in favour of the Government Electrical Department because an examination of the provisions of the Electicity Act led to the conclusion that the Government Department was entitled to exercise the right which it claimed. This has led to much apprehension and discontent amongst other local authorities, because the Electrical Department has successfully established a precedent which local authorities fear might be utilised by the Department against them within their respective areas too. Whatever may be the position under the Electricity Act, it does not seem either desirable or fair that the Department, which grants a licence to a particular local authority over a

[1] Award of 17·4·54 in Arbitration between the Municipality of Negombo and the Government Electrical Department.

particular area, should itself have the right to step into that area and become a competitor with that local authority which is the Department's own licensee.

399. **We would recommend that the Electricity Act should be so amended as to make it clear that, as a general rule, once a local authority is given a licence under the Act, by the Electrical Department, to act as distributor of electric power within its local area, the Department itself should not be entitled to step in and itself supply electrical energy to any particular consumer or consumers within that area, if the distribution system of the local authority is capable of carrying the necessary load and giving the necessary service or if the local authority is able to make suitable provision for meeting that demand. In order to meet any extraordinary case or situation, provision might be made for the Electrical Department to supply any consumer, directly, if the Minister of Transport and Works, with the concurrence of the Minister of Local Government, expressly authorises or directs it.**

Electrical Tariffs

400. The study of the tables which we have given earlier would naturally raise in the minds of the consumers in Colombo the question as to why they should have to pay so much for their current, meter charges, &c., as to produce a total revenue of as much as Rs. 11·9 million to the Electrical Department with an excess of Revenue over Expenditure of nearly Rs. 4½ million. The answer is seen in the tendency of the Department to give effect to the policy that revenue from very remunerative areas should be used " to foster the development of electricity in non-remunerative areas, as is exemplified by the practice of the British Electricity Authority."

401. The complaint that Tariffs for the bulk supply of power are too high was made not only by the Colombo Municipality, (both in connexion with the supply of electrical energy to the Trolley Buses and generally for domestic purposes too), but also by other local authorities from different parts of the Island. **It is not for us to investigate whether or not a more equitable system should be followed by which the consumers in Colombo should not be made to subsidize the production and supply of electricity to other local authorities and other parts of the Island, as happens to be the case at present. Whether or not a re-examination of the entire policy and set-up of the Government Electrical Department should be undertaken with a view not only to the possible reduction and proper gradation of charges for bulk supply of power, but also for effecting an over-all reduction in the cost of production and supply of electricity generally throughout the Island is a matter for the consideration of the Government.**

Obligatory Fees to the Government Electrical Department

402. In the evidence before us some protests were made against what is referred to as an " Obligatory Fee ", which is levied by the Government

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Electrical Department on the basis of a scale fixed after consultation between all those concerned. These services rendered by the Electrical Department for this fee included examination, reports, &c., on the following :

Routine half yearly inspections and report.
Maintenance of Power House, Buildings, Plant, Distribution Systems, &c.
Operation of Plant and Machinery.
Improvements to Plant and Machinery and Equipment.
Adequacy and duties of staff.
Safety of the Plant, Distribution System, &c.
Excessive consumption of fuel, &c.
Reports on costs and supply records and efficient operation.
Power Station Records.
Advice as to repairs, spares, &c.
Voltage Regulation.
Safety of the Public.
Licences, renewals, &c., and correspondence therewith.
Correspondence with Commissioner of Local Loans and Development Fund, *re* loans.
Mines and Machinery Ordinace.

403. It was urged on us that the local authorities were obliged to resort to the Government Electrical Department for Reports on their systems and that the fees charged for such services were unreasonably high.

404. We have examined the circulars, &c., on this subject which have been issued by the Local Government Department and find that the Commissioner of Local Government inquired in June 1953 of the local authorities, (after the coming into operation of the new Electricity Act), whether or not they wished to continue the services of the Department of Government Electrical Undertakings, which had been made available to all local bodies needing those services up to then. The circular also stated that if the local authority concerned wished to avail itself of the services of a consultant other than the Department of Government Electrical Undertakings, to report on any major improvement or extension, &c., the choice of such a consultant would have to be made with the consent of the Commissioner of Local Government. In reply to these circulars the Municipal Councils of Kandy, Galle, Negombo, Jaffna, and Kurunegala, decided to discontinue the services of the Electrical Department (Colombo and Nuwara Eliya have no Electricity Schemes), but of the Urban Councils, only six Councils desired to discontinue the services of the Electrical Department, three Councils wanted the services of the Department as well as the option to go to private engineers, but the majority opted

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

to retain the services of the Government Electrical Department. It will therefore be apparent that most Urban Councils are in favour of the continuance of the services of the Government Electrical Department being available to them for periodic reports on the above-mentioned matters.

405. The question of the scale of the Obligatory Fee charged is a technical matter and should be a matter for negotiation between the local authorities, through their respective Associations and the Commissioner of Local Government with the Electrical Department. **We would, however, stress that the fee is obligatory only because the Department is under obligation to discharge certain duties, but there is no obligation on the local authorities to employ the services of the Government Electrical Department for these purposes. They are free to choose their own electrical engineers, provided the Commissioner of Local Government approves of their choice.**

406. **The Ministry of Local Government has, we understand, deemed it advisable in Town Council and Village Committee areas to continue to have the services of the Electrical Department made available to them as consultants, and we are in entire agreement with this policy.**

407. Some fears were expressed before us whether the Department of Electrical Undertakings would recommend the applications for loans which may be made by local authorities, which do not employ the services of the Electrical Department but decide to get the necessary services connected with their Electricity Schemes rendered by any approved private Consultant. **There is no evidence to support such a fear, nor can we make a recommendation on the basis of a mere apprehension. If such a situation were to arise, we have no doubt the Commissioner of Local Government will investigate it carefully and take appropriate action.** We therefore think there is no need for considering a panel of approved private consultants and Electrical Engineering firms to whom the Government would refer for report applications for loans for local authority Electricity Schemes.

Need for an Electricity Board

408. We have considered the question of exploitation of electric power from the point of view of its being a function of local authorities and their undertaking the responsibility of supplying power for the ordinary purposes for which electrical energy is most utilised, namely, domestic and street lighting and in any small-sacle industries which can be developed in local areas. We have found generally that local authorities do readily take to this function, wherever it is practicable. **Having regard to the comparatively restricted scope of the uses of electricity at the present time in local authority areas, we have not considered it necessary to go into the question of the advisability or otherwise of recommending the establishment of any Central Electricity Authority or Board. If and when the demand for heavy consumption of power in rural areas and in large-scale schemes of National Development arises, the question of the need for the establishment of such a single Authority or Board will have to be considered and decided.**

Section 4—New Public Services

409. The Municipal Councils Ordinance permits Municipal Councils to undertake the establishment and maintenance of any of the following public services :—

(1) Water supply ;
(2) Lighting of streets and public buildings ;
(3) The supply of electric light or power ;
(4) Markets ;
(5) Public baths, bathing places, laundries and places for washing animals ;
(6) Any other form of public service, subject to such prohibition or restriction on the establishment and maintenance of that service as may be imposed by any other law[1].

410. Likewise, an Urban Council can undertake either directly, with or without the assistance of Government or through any promoter or body of promoters any of the following public utility services :—

(1) Water Supply ;
(2) Lighting of streets and public buildings ;
(3) The supply of electric light or power ;
(4) Markets ;
(5) Public baths and bathing places ;
(6) The manufacture and supply at cost price of squatting-plates for latrines ;
(7) The provision of housing accommodation for the poorer classes ;
(8) Any other form of public service, subject to such prohibition or restriction on the establishment and maintenance of that service as may be imposed by any other law[2].

411. The Town Councils Ordinance has similar provisions in Section 142.

412. Under these provisions of the law, the local authorities provide various services for the public. In this section we wish to deal with those services to the public which they may provide on a revenue-earning basis, other than the supply of electricity which we have already dealt with. Whether Municipal Trading should be encouraged or not is a matter of controversy in the theory of Local Government, opinions differing on the question whether municipal bodies should enter fields of trade which have so far been generally accepted as being suitable for development chiefly by the private sector.

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[1] *Vide* Section 41 (i) (*u*) of the Municipal Councils Ordinance, No. 29 of 1947.
[2] *Vide* Section 142 of the Urban Councils Ordinance, No. 61 of 1939.

413 Local Authorities, for their part, have urged before us that they should be permitted to enter into new fields of trade, arguing that they would be rendering a real service to the community as well as finding a solution—at least partly—for their own financial problems. Transport Services, Omnibus Services and Taxi Services, the running of Cinemas, Milk Distribution Schemes, Restaurants, Laundries, were some of the fields repeatedly mentioned to us, and instances were placed before us of the varied and rapid development of this sphere of local authority activity in other parts of the world—for example, the Johannesburg Experiment, Municipal Transport Services, Municipal Banks, Civic Restaurants, Theatres and Cinemas.

414. **We have considered this question carefully, and are of opinion that local authorities should be encouraged to enter more into the field of public utility undertakings, where both service to the public and reasonable profit to the local authorities could be obtained by proper management.** For instance, we suggest that local authorities should take full advantage of the Milk Board Act to initiate milk-distribution schemes for their towns. Provision exists in this recent legislation for obtaining loans and other assistance from the Milk Board for the development of a proper Milk Distribution Scheme. We have gathered that so far only the Municipality of Kandy has made application for assistance from this Board. There seems no reason why others of the more thickly populated towns should not take advantage of this facility to render a very necessary and essential service, as well as make some profit from the undertaking.

415. **Cinemas run by councils too should be a source of profit to local authorities.** If Cinemas are erected on local authority land,—especially in areas where Cinemas are few—and films are obtained on contract from interested trade sources, there is no reason why clean and instructive amusement and recreation should not be provided and reasonable profits obtained.

416. Provision already exists for public baths and bathing places, but are not utilised as much as they should be. We can see no good reason why, in most of our towns in which electricity is now available to work pumps where no pipe-brone water is available, public baths (equipped with shower, baths, &c.)—if not swimming pools also—could not be established. In one town near Colombo an enterprising individual has equipped a bathing-place with pipe-borne water supplied by well-water, using an electric pump ; he has a steady stream of patrons right through the day who enjoy the facility which is provided at a small charge.

417. **The establishment of laundries is permitted by the law, to Municipal Councils, but is not a sphere of activity open to Urban and Town Councils. We suggest that Urban and Town Councils too should be given the power to establish and maintain public laundries.**

418. **Transport is another field which has been suggested, but we are of the opinion that though this is a field which is recognized as one which local authorities can legitimately enter, it is not one which most of them, except Colombo can,**

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competently perform or undertake at the moment ; nor do they seem keen about entering it. We have dealt with the question of the transport service in Colombo elsewhere in this Chapter.

419. **Taxi services too are getting extremely popular amd it seems to us that this is yet another field of trading activity which local authorities could enter with profit to themselves and service to the public.**

420. **We wish to stress very strongly that before any field is entered, or service undertaken, its full implications—financial and technical—should be very carefully examined by the Council, in consultation, if necessary, with experts. In Part V of this Report dealing with the Finances of Local Authorities, we have recommended that loan facilities be made available to local authorities more easily for these projects. The Trading Accounts of these activities should be separately kept, so that the outcome of the venture could be known at any time. Those ventures which are primarily meant for providing amentities to the public, but which are also incidentally, profit-making ones, should be able to pay for themselves, and should not be permitted to continue to be a drain on the general revenue of the local authority, except initially, and for a short period of time, till they have been firmly established.**

421. **The question whether profits should be made by local authorities from these ventures is also a controversial one. We are of the opinion that the local authority should undertake any public utility service with the predominant aim of service in order to provide the public with an amenity as cheaply as possible. At the same time the profit motive—like in any other business concern—cannot be overlooked, and, leaving aside sufficient reserves for depreciation, repairs, replacements, &c., a cost-plus-ten-per cent profit basis seems fairly reasonable.**

Section 5—Municipalisation of Passenger Transport in Colombo

422. Although public transport is a field which the law permits local authorities to enter (within limits) yet hardly any of the local authorities in Ceylon have shown any keenness to take advantage of the provision. The only one that is presently in this field is the Municipal Council of Colombo, which entered it by exercising the option of purchase which was given to it under an agreement with a private company, which had the monopoly of the Tramway Service in Colombo over certain routes. This has not turned out as profitable a venture as it might have been—to use the words in the reply of the Municipal Council of Colombo to the Questionnaire issued by us—it was " the purchase of an out-worn and out-moded Tramway System at a very high price.". The deputation of the Colombo Municipal Council, in its evidence before us, stated that the Council embarked upon the Trolley Bus Scheme " on a specific undertaking given in 1949 by the then Minister of Local Government that the Trolley Bus System would be allowed to cover the entire City.". We gather from the deputation of Executive Officers of the Colombo Municipal Council, who also gave evidence before us, that, acting on the strength of this " undertaking ", the Municipal Council initiated the scheme, and even erected a hangar which could accommodate as many as one

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hundred and fifty Trolley Buses. The position, however, appears to have been changed by the Motor Traffic Act of 1951. The effect of this is to prevent the Council from running Trolley Buses on any routes other than the existing Tram Routes, although under the Municipal Councils Ordinance, the Council would be entitled to run Trolley Buses throughout the City (subject, however, to the sanction of the Minister). Under section 64 of the Municipal Councils Ordinance, any Municipal Council, with the sanction of the Minister, could organize and maintain " any form of public vehicular communication " in any area within the administrative limits of that Council. The Enlargement of Powers Act of 1952, however, altered the section and substituted for the sanction of the Minister the provision that the powers of the Council were to be " subject to such prohibition or restriction of the organisation and maintenance of that form of communication as may be imposed by any other law.". The Municipal Commissioner stated that it was under the provisions of the unamended section that the sanction of the then Minister was obtained and the Trolley Bus Scheme launched by the Colombo Municipal Council. In the result the Council is running a very restricted Trolley Bus Service with only thirty-five Trolley Buses instead of the large number that they originally contemplated.

423. The Permanent Secretary to the Ministry of Transport and Works, and the Commissioner of Motor Transport, both stated that the policy of Government was, as far as possible, to have the best form of organisation for public transport in the shape of an unified transport scheme under one ownership. The Motor Traffic Act, No. 14 of 1951, also has this concept as its foundation, but it is not one that can be fulfilled in the very near future, and that is why no unified transport scheme has yet been put into operation.

424. Private transport companies now enjoys a monopoly system, which has had a ten-year period of trial, and which—according to the Report of the Commission on Omnibus Services (1954)—" has failed to provide adequate, efficient and integrated services to the public, and a radical reform of the system is quickly and urgently necessary.".

425. The Municipal Council of Colombo has a Trolley Bus Service which is permitted to be run only on the existing tram routes of seven miles within the City. The Council, however, has been moving, for a considerable time, to get the sanction of Government to run a Trolley Bus Service throughout the City, but it has been unsuccessful so far.

426. There appears to be a considerable difference of opinion whether Trolley Buses have a future or will be replaced by diesel buses within the next few years. Many of the advantages as well as disadvantages of a Trolley Bus Service appear in the evidence which has been recorded by us, but it is unnecessary for us to consider the merits or demerits of the particular type of vehicle to be employed by a local authority for its transport service. What we are concerned with are the principles underlying the whole question and we therefore propose to deal with it only from that angle.

427. It also appears that the type of vehicle to be used is partly linked with the question of the right of the Colombo Municipal Council, as a local authority, to have the distribution of electric power under its control, and not under the control of the Central Government as it is at present. It was stated that the Trolley Bus Service could be made to run far more cheaply and profitably than now, if the distribution of electricity were also in the hands of the Colombo Municipal Council as the rate at which power is supplied by the Government Electrical Department to the Trolley Bus Service, after the latest increase in the price ot power, has resulted in an additional expenditure ot about two lakhs per year. A strong point made in favour of the Trolley Bus System is that it would consume electric power obtained from our own power sources and that it should therefore be encouraged for that reason too, rather than the system be switched over to diesel buses, with a corresponding increase in imports in diesel oil and its consequent impact on exchange control. As stated earlier we do not intend going into the merits of these problems, but will deal with the matter on broad principles.

428. We have been told that transport services run by private concerns would be largely free from political influences to which local authorities are more prone. As against that, it was urged that Government was also subject to political influence and pressure from those who had large vested interests in the private omnibus concerns, which today enjoy an islandwide monopoly, and which therefore did not want any local authority to step into the field of transport, and thus poach on the preserves of the established monopolists. There also appears to be a background of fear that there is a possibility of general disorganisation, and even complete paralysis of transport throughout the premier city of Ceylon, if certain political groups predominate in the Council and be in a position to control the operation of the Municipal Transport System. The danger and possibility of sabotage and disorganisation by the subversive activities of undesirable elements is always there, whether in regard to the transport system, or electric supply system, or the water-supply system. Even Missions to International Conferences at very high levels have not been free from the dangers of these insidious forces. We think that such considerations should not be permitted to influence the decision of the question whether or not the Municipal Council of Colombo should or should not be permitted at least to extend its transport system, particularly in view of the reserve powers of control that already exist and which only need to be invoked, should the occasion arise. Were it to be otherwise, many local bodies themselves would have to be closed down, and the Central Government would have to take over the entire administration of all such local bodies because there are so many functions more essential to the health and sanitation of local areas which afford fruitful fields for subversive activities to flourish in, than a transport service.

Suggested extensions of Trolley Bus Routes

429. The Chief Engineer and Manager of the Passenger Transport Department, Colombo Municipal Council, (Mr. R. Canagarayar), has urged

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that the Council should be allowed to operate on at least the seven routes set out below, either on a monopolistic basis, or even in competition with the existing operators.

430. The following are the seven additional routes over which he suggests that the Council should be permitted to extend their service :

(1) Ratmalana to Mattakkuliya *via* Galle Road, Queens Street, Leyden Bastion Road, Reclamation Road, Kochchikade Road, Kotteboam Street, Lower Street, Andrews Road, Mutwal Street, Modera Street, Vystwyke Road, Mattakkuliya Farm Road, and return *via* Mattakkuliya Centre Road, Alutmawatte Road — 10·65 Miles

(2) Fort to Junction Castle Street-Cotta Road (circular route) *via* Norris Road, Railway Road, 1st Division Maradana to Borella Junction and then *via* Ward Place, Union Place, Bridge Street, Lake Road, and Lotus Road — 8·00 Miles

(3) Kollupitiya Railway Station *via* Green Path, Horton Place, Castle Street to the boundary of the Eastern Limits of the City returning *via* Bullers Road to Bambalapitiya — 5·20 Miles

(4) Kollupitiya Station to Junction Campbell Place-Baseline Road or Welikada Jail *via* Turret Road, Regent Street, Campbell Place — 2·00 Miles

(5) City limits at Kirillapone to Blomendhal *via* Havelock Road, Reid Avenue, Alexandra Place, Dean's Road, Panchikawatte Road, Armour Street, B omendhal Road, Madampitiya Road, Prince of Wales Avenue, Layards Broadway — 8·40 Miles

(6) Nugegoda to Fort *via* Havelock Road, Thurston Road, Flower Road, General's Lake Road, Shorts Road, Parsons Road to Fort — 4·40 Miles

(7) Southern Boundary of the City—Narahenpitiya to the Northern Boundary of the City (new Kelaniya Bridge) Destructor Road — 4·40 Miles

431. It was strongly urged upon us that the Council should be given a trial over a short period of years, just as private monopolistic concerns of the present day have had the past ten years, and have been given a further one year, even after the Omnibus Commission's Report on the drawbacks and deficiencies of bus services operated by private enterprise.

Views of the Omnibus Commission

432. The Report of the Commission on Omnibus Services, while admitting that " There are several companies whose standards of operation fall far below the level required and expected of a public utility ", found difficulty in devising a scheme which would remedy the present unstisfactory state of affairs.

Despite certain amendments to the existing regulations which that Commission considered essential, there was still " the practical difficulty of having an organisation ready and willing to fill the gap " in the event of an operator on a particular route having his licence cancelled for inefficiency or other reasons. They were of the view that " in the event of cancellation of any of the existing permits a suitable organisation should be set up to take over the service concerned, by the establishment of an organisation in which the public may have a financial interest. ". They therefore recommend the immediate formation of a Public Corporation with both Government and private capital. Among the advantages which would result from such a scheme, they stressed the fact that " existing companies whose permits are not cancelled would have to meet the challenge and run their services efficiently or be exposed to the risk of being absorbed into the Corporation.".

433. We agree that it will be desirable in the interest of public convenience and smooth and uninterrupted working, that there should be provision by which it should be possible speedily to terminate the licence given to run a transport service—should the public interest at any time require it—and that there should be the possibility of immediately replacing that service with another so that there would be continuity of transport service without disorganisation and resulting inconvenience to all sections of the public. Such an alternative service cannot be extemporised at a moment's notice, to step into the gap. It seems to us that one practical method of providing for such an emergency would be to allow the Municipal Council of Colombo to run a transport system—whether of Trolley Buses or Diesel Buses is secondary—in competition with the existing transport services so that in the event of the route-licence of either being cancelled, the other will automatically fill the breach with far less inconvenience to the public and break of frequency of service than would be otherwise caused.

434. The recommendation of the Omnibus Commission in regard to the formation of " an unified scheme of bus operation for the service in Colombo and its suburbs to be run by a Colombo Transport Corporation formed with both Government and private capital " has not yet been given effect to, and we understand that the existing organisations have been put on ' parole ' for one year more, to give them the opportunity of reorganising their services and raising them to a higher level of efficiency and satisfaction. In view of that, we think it would be possible to allow the Municipal Council of Colombo also an opportunity of entering the field and proving their capacity to run a satisfactory transport system at least on some, if not on all, these seven routes. Another advantage of a competitive service on the same routes—which will not be many—is that the public will be in a position to show which service they prefer, the existing service or the Municipal Service. It will put both

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

parties on their mettle, and serve to put an end to delays, inefficiency and the other evils of a monopolistic system.

Accounts of the Trolley Bus Service

435. We have been furnished with the following information regarding the Trolley Bus Service :

Capital Expenditure and Reserves on Trolley Bus Service, 1954

	Rs.	c.
Capital Expenditure as at 31.10.54	7,688,334	56
Over and above current expenditure for the maintenance of the service, the following payments and reserves have to be set aside :		
Annuities	458,666	65
Depreciation Fund	200,000	00
Reserve for Pensions, &c.	10,000	00
	668,666	65

436. It would be seen, therefore, that after meeting all running costs and maintenance and overheads, there should be an excess of nearly seven lakhs (Rs. 668,666.65) of revenue over expenditure to meet the Annuity, Depreciation and Pension Reserve, appropriations, for the existing service to result in any nett profit over a year's working. We are unable to say whether this has been the case so far, as we have been told that the figures of expenditure over the period of one whole year have not yet been worked out.

437. The Revenue and Expenditure figures supplied for the period April 1954 to the end of November 1954 are as follows :

Revenue and Expenditure on Trolley Bus Service (*April* 1954–*November* 1954)

	Rs.	c.
Revenue	1,089,176	14
Expenditure	843,248	26
Excess of Revenue over Expenditure in his period of eight months ..	245,927	88
The figures for the remaining four months have not yet been worked out. But working on an average excess of revenue over expenditure of Rs. 30,741 per month, it could be assumed that the profit for this period would amount to	122,964	00
Estimated Total Excess of Revenue over Expenditure for the year ending 31st March, 1955	368,891	88
Annuity Payments, Depreciation, Reserve for Pensions, &c. ..	668,666	65
Estimated Total Excess of Revenue for the year ending 31st March 1955 ..	368,891	88
Estimated Loss during first year of the Scheme	299,774	77

This loss would have to be met from general revenue.

438. In explanation of this loss, it has been pointed out to us that the Capital invested on the scheme has not been fully utilised at the moment, For instance, the Hangar where the Trolley Buses are garaged has a capacity to accommodate one hundred and fifty buses though only thirty-five are garaged at the moment. The Electricity Sub-Station supplies power to thirty-five buses though it can supply to about a hundred vehicles. It was also pointed out to us that the rate at which the Municipality has to pay for power is very high. For the period April, 1954, to 31st October, 1954, the Council had to pay Rs. 165,294 for the supply of power at the rate of ten cents per Unit. This rate, it is said has been raised from the previous rate of six cents (even though, it is said, the Government was making a profit at the earlier rate). Compared with conditions in other parts of the world where power is supplied for traction purposes, this is a very high rate, we were told. If the impact of these adverse factors is eliminated, we are assured that there would be a profit from the start. In any event, it is not unreasonable that there should be a loss in the first few years of the service.

439. The point was also made that the decision of Government to withdraw the payment of Cost of Living and Special Living Allowances to Tramway employees consequently applied to the Trolley Bus employees, left the Municipality with an almost equivalent burden by way of allowances as they had to pay for salaries. This will reduce the profit that the Trolley Bus Scheme could make.

440. It was also urged that Annuities were payable on the basis that loans have to be repaid over a period of fifteen years though the life of the capital assets against which these loans were repayable, were longer, as for instance buildings and overhead mains. If the payments are spread over a longer period there would be a corresponding reduction of the annual provision to be made under this head from revenue.

441. If the Trolley Bus Scheme is to work, as it ideally should, it should have a larger area of operation. With an extended area to cover, the operational costs would be spread, and thus the excess of Revenue over Expenditure would be much greater, and losses could be eliminated, we have been told. It was also claimed that the extended service would be more efficient and useful to the community it serves.

442. **We have not before us the necessary financial or technical data on which any sound conclusions can be based as to whether or not the extended services, will prove profitable. However, as transport is a legitimate field for Municipal enterprise and as the Colombo Municipality has the necessary organisation, staff and experience extending over a number of years, we would recommend that the Municipal Council of Colombo be permitted to run Transport Services not only on the existing Tramway routes, but also on some or all of the seven additional routes on which the Council desires to run such services and which seven routes we have set out earlier in this section. It should be allowed to operate along these routes not on a monopolistic basis, but in competition with**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

the existing private organisations which now enjoy a monopoly over those routes. The financial and technical aspects and implications (including the provision and replacement of capital assets) will necessarily have to be examined by some expert body to see whether the service will not entail a loss and therefore be a drain on the general revenue of the Council. Such a loss can be permitted perhaps only in the early stages of the development of the service.

443. The necessary administrative arrangements to make this possible would, of course have to be devised by the Commissioner of Motor Transport.

444. **The accounts of the transport service should be kept separately and the service should be run as a commercial undertaking so as to be able to pay its way in the long run. The venture should be run with the object of making the service as cheap and as efficient as possible to the travelling public. The profit motive should not be the main object, although a sufficient margin must be provided for adequate reserves, depreciation, repayment of loans, and a general reserve for the improvement of the service.** Subject to these provisions any margin of profit left over should be a small one, and that margin of profit may be permitted to be transferred to the general revenue of the Council.

445. In answer to the point made that the Council had not even yet extended its service over the entire Tram-Route, the Municipal Deputation explained to us that the reason was that certain questions as to the diversion of the route from Fort to Grandpass which now goes along New Moor Street have been under discussion. They have also made the point that they have not purchased the necessary equipment and vehicles because the question of what further routes should be given to the Municipal Council has not yet been settled.

Section 6—Resthouses

446. There are one hundred and seven Resthouses in the Island today and the charge of these Resthouses is vested in two Authorities by the Resthouses Act No. 12 of 1951. Under Section 2 of this Act, the control of Resthouses situated within the Administrative Limits of any Municipal Council or Urban Council is vested in those Councils. There are thirty such Resthouses. They are the following :—

RESTHOUSES MANAGED BY MUNICIPALITIES OR URBAN COUNCILS

Ambalangoda	Horana	Matara
Avissawella	Ja-ela	Negombo (New)
Badulla	Jaffna	Negombo (Old)
Balangoda	Kadugannawa	Peradeniya
Batticaloa	Kalutra	Puttalam
Chilaw	Kegalle	Ratnapura
Gampaha	Kuliyapitiya	Talawakelle
Gampola	Kurunegala	Tangalla
Hambantota	Lunawa	Trincomalee
Haputale	Matale	Weligama

447. Under the Act, the control of every other Resthouse is vested in Assistant Government Agents, but of these the control of the following twelve Resthouses has been transferred to the Government Tourist Bureau under Section 3 of the Resthouses Act, which provides that the Minister may, by Order published in the *Gazette*, transfer the control of any Resthouses to such appropriate authority as may be specified in the Minister's Order :—

RESTHOUSES MANAGED BY THE TOURIST BUREAU

Ambepussa	Ella	Polonnaruwa
Belihuloya	Habarana	Pussellawa
Bentota	Hikkaduwa	Sigiriya
Dambulla	Kantalai	Tissamaharama

448. These twelve Resthouses were considered as being those which primarily cater for the tourists and were situated on the tourist line. They undoubtedly include some of the best Resthouses in the Island from the point of view of situation, and financial returns.

449. Town Councils and Village Committees do not have legal authority to run Resthouses. Such Resthouses as are situated within their areas are managed and controlled by Assistant Govenment Agents under Section 2 of the Resthouses Act.

450. The Resthouse buildings, in Municipal and Urban Council areas, are Government property, but have been vested in these two types of local authorities expressly for the purpose of being used as Resthouses. The furniture, fittings and equipment are the property of the local authority which has to renew and replace them from time to time as the need arises. The Resthouses themselves are run by Resthouse-Keepers who are employees of the Local Government Service Commission, and who are responsible to the local authorities for the catering. The tariffs themselves are approved by the local authority under the by-laws which regulate the running of Resthouses. These by-laws have to be approved by the Minister and published in the *Gazette* before they become binding. The local authorities, as a rule, appropriate to themselves a certain percentage of the Resthouse-Keeper's collections from the supply of food and refreshments. The local authorities recover the occupation charges paid by visitors. These charges are fixed by their by-laws.

451. There have been complaints for a long time past that the standards of management of Resthouses run by local authorities are very uneven and fluctuating. Cleanliness and comfort are at a considerable discount in many of them. According to statistics collected by the Committee of Inquiry on Reorganization of Resthouses, the following are the figures of profits or losses of local authorities from their Resthouses during the years 1951/1952/1953.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

NUMBER OF LOCAL AUTHORITY RESTHOUSES MAKING PROFITS OR LOSSES[1]

Year	*No. of Resthouses running at a Profit*	*No. of Resthouses running at a Loss*	*No. of Resthouses for which figures were not available*
1951	11 ..	11 ..	6
1952	11 ..	9 ..	8
1953	12 ..	11 ..	6

These figures counter the criticism that is often heard that all local authority resthouses are run at a loss.

452. It has also been urged that resthouses of local authorities do not cater to the comfort, convenience and welfare of the people of the area, but to visitors who may be passing through and who have no permanent interest in the town. The question has therefore been raised whether resthouses should be run by local authorities or whether they should be handed over to some other authority, as an alternative to their being closed down completely.

453. The Association of Urban Councils, whose representatives gave evidence before us, was strongly of the view that the control of Resthouses within their areas should continue to be a function of local authorities. They maintained that the powers of local authorities were being clipped on all sides and that the idea of creating some other authority which should take over the control of resthouses from local authorities was yet another move towards their emasculation. The deputation also challenged a flaunt which has been cast, frequently and wide, that the Tourist Bureau is able to run at a profit those Resthouses which it has selected for management. The deputation also maintained that if the local authorities were given as much financial assistance from Government as it has given to the Tourist Bureau, they would be able to raise the standards of management and service of their Resthouses to an equal level. Local authorities contend that if they were able to manage large undertakings, like the distribution of electricity throughout their areas, the management of such single concerns as one Resthouse in each local authority area, would present no difficulties, if they had adequate funds to do it properly.

454. In order to test the position whether the Tourist Bureau, which took over seven Resthouses in 1952 and five Resthouses in 1954, has been making profits, we have had occasion to enter into much correspondence with the

[1] Source : Figures made available to the Resthouses Re-organization Committee which commenced its Sittings in June 1954.

Bureau and have experienced considerable difficulty in obtaining statements of accounts regarding the Bureau's management of its Resthouses. The figures which we were finally able to obtain from the Director of the Government Tourist Bureau show that in fact the Bureau's Resthouses have been running at a loss as asserted by the Association of Urban Councils. The account of the Running Expenses of Resthouses (under the Authorised Advance Accounts) for the year 1951–52 shows a gross loss of Rs. 1,373.81 on the working account and a nett loss for that year of Rs. 7,555.98. Similarly the trading account for the year ended 30th September, 1953 shows a gross profit of Rs. 17,363.43 and a nett loss of Rs. 11,075.62.

455. The nett loss includes items such as salaries and allowances, pension contributions, travelling, stationery, postage and telegrams, telephone charges, rents of Resthouses, and a proportion of the rent of the Head Office under the heading " Hypothetical Charges ", all of which have been rightly included as they would necessarily appear in the accounts of any ordinary business concern engaged in a similar business venture.

456. **On the figures made available to us, it is quite apparent that any argument in favour of the transfer of control of Resthouses from local authorities to the Tourist Bureau on the ground that the former are unable to run them at a profit and that the latter is able to show profits is not supported by the figures which we have ultimately been able to obtain.**

Proposal for a Single Corporation to run Resthouses

457. The point has also been made that it is necessary for a number of Resthouses to be taken over and maintained by the Tourist Bureau in order that it may develop a chain of Resthouses, maintaining high standards of comfort and cleanlinésss to cater to a foreign tourist traffic. " The Resthouses network . . . . could be turned into a national asset and a paying public utility by dynamic and skilled management, under a single Corporation."[1]

458. As the idea of creating a single Corporation and thus placing all Resthouses under a unified control has been urged from time to time, the Hon. the Minister of Home Affairs appointed an Official Committee " in order to devise ways and means of improving and reorganizing the system " and—

" to review the arrangements made by Government for the running of resthouses and to make recommendations for—

(*a*) their efficient management, and
(*b*) revision of the rates charged for occupation and meals ;

and any other suggestions to decrease the administrative charges and make the resthouses more paying.".

In its Report, the Committee states that its " recommendations are based on the fact that most Resthouses are primarily used by the local population and

[1] Administration Report of the Director, Government Tourist Bureau for 1953.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

that their occupation by foreign tourists is only incidental.". That Committee suggests " a radical change in the present administration . . . . in order that the demands of the public for improved standards in Resthouses may be met . . . . in the interests of the travelling public.". The Committee was of the view that the present set-up under which three different sets of Authorities controlled Resthouses is unsatisfactory and did not result in the best services being given to the public. In their view the most satisfactory method of management of Resthouses is by putting them in charge of a single Corporation which should be run on a commercial basis " and should eventually be able to pay its way.".

459. A perusal of the Report will demonstrate that the search for a solution of the problem of the reorganizing of the management of Resthouses did not centre around the foreign tourist trade as its primary concern, but was with the object of providing well-managed Resthouses for the travelling public of Ceylon in the main as they were satisfied that " most Resthouses are primarily used by the local population.". The Official Committee recommended, as a first step, that the following twenty-five resthouses should be run directly by the Corporation, which should employ all the personnel, supply the food, and other refreshments, and appropriate whatever profits may result :

RESTHOUSES TO BE RUN BY A CORPORATION

(*Proposal of Resthouses Committee*)

Ambepussa	Hikkaduwa	Peradeniya
Avissawella	Jaffna	Puttalam
Badulla	Kalkudah	Ratnapura
Batticaloa	Kalmunai	Sigiriya
Belihuloya	Kalutara	Tissamaharama
Bentota	Kurunegala	Trincomalee
Dambulla	Mahara	Polonnaruwa
Habarana	Matara	
Hambantota	Negombo (New)	

460. Of these twenty-five, the Committee recommended that the following nine Resthouses should be taken over from the Tourist Bureau :

Ambepussa	Dambulla	Polonnaruwa
Belihuloya	Habarana	Sigiriya
Bentota	Hikkaduwa	Tissamaharama

Yet another three of the twenty-five, namely those at Kalkudah, Kalmunai and Mahara, presently being run by Assistant Government Agents, are recommended to be taken over from the Kachcheries. The remaining thirteen of the twenty-five which, it is suggested, should be taken over by the Corporation, are presently being run either by Urban Councils or Municipal Councils.

461. Three other Resthouses, namely those at Ella, Kantalai and Pussellawa, are presently run by the Tourist Bureau which the Committee does not recommend should be taken over immediately by the proposed Corporation. In the result, if immediate effect is given to the Committee's recommendation, there will be left over sixty-two Resthouses run by Assistant Government Agents three by the Tourist Bureau and seventeen by local authorities. It will thus be seen that in addition to the Corporation, the three existing authorities which are presently in charge of Resthouses, will still continue to control Resthouses.

462. The proposed Corporation is ultimately to take over the other Resthouses and run them directly (with power to close down Resthouses and open new ones, with the sanction of the Minister in charge). Pending the taking over by the Corporation, the recommendation of the Committee is that " in addition to the present charges that are appropriated by Government, the Corporation should appropriate " percentages varying from ten to five on food sales in respect of different classes of Resthouses, and that in addition the Corporation should take " 15 per cent of the gross sales " on liquor and mineral waters. The authorised capital of the Corporation is to be " in the region of Rs. 8 millions ", of which it is estimated that the existing assets of the Central Government would amount to approximately Rs. 6 millions. The remaining Rs. 2 millions is to be found by private capital being invited to take its share in the venture. The interest of the Government, therefore, would be in 60 per cent of the capital. Each local authority whose resthouse has been taken over, it is suggested, should be given " the profit which it has obtained from its Resthouse at the time it becomes the property of the Corporation.". The question as to whether this sum should be deducted from any dividend that may be paid to the local authorities, on the basis of its past profits, has to be considered by the Corporation at the time it declares dividends.

463. At their Eighteenth Annual Conference and when giving evidence before us, the Association of Urban Councils was vehemently opposed to any such Corporation. We find, however, that the Association is reported to have agreed (in giving evidence before the Committee on Resthouses) to the proposal to establish this Corporation provided one nominee of the Association of Urban Councils was a Director of the Corporation to represent the interests of the Urban Councils and also provided an Advisory Committee in respect of every Resthouse, now under the charge of the local authorities, was set up on which the Chairman of the local authority and a few other members of the local authority would serve as members. Of the seven Municipalities only four have Resthouses in their areas. These four Municipalties were invited by the Committee to express their views. Of the four, we understand, only Kandy agreed to the proposed Corporation ; Kurunegala opposed it, and the other two Municipalties did not commit themselves to a definite view.

464. **The suggested scheme of a single corporation to take over the management and control of all resthouses in the Island will be in the nature of an experiment which will involve the creation of a new organisation. It will be, in effect, the**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

setting up of another department of Government requiring staff and establishment with all the concomitants of an expensive administrative machine. With the examples of the recent past of the many ventures of Government into the realms of business and industrial projects, resulting in disaster on the financial side, it is a question whether it would be prudent to start another type of commercial undertaking and risk both Government funds and public money in it. Such a venture would also mean the deprivation of an activity enjoyed by the local authorities up to now, with no certainty that a change of managemet will necessarily result in the complete eradication of the evils which are sought to be put right.

465. We find that Government has been alive to the need for assisting the local authorities which have been running resthouses, in order to make them cleaner, better equipped, and more attractive. Grants have been given over a number of past years for capital improvements which Government felt would be beyond the capacity of the local authorities on their own. Since 1950, Rs. 375,000 have been allocated by Government for equipping all the resthouses run by local authorities with water service, drainage, electric lights, and improvements and even extensions to their buildings. We find that the position at the end of 1954 in respect of the provision of these amenities for these resthouses was as follows :

PROVISION OF SERVICES IN LOCAL AUTHORITY RESTHOUSES

	Electricity	*Water Service*	*Drainage*
No. of Municipal Council Resthouses			
5 ..	5 ..	4 ..	2*a*
No. of Urban Council Resthouses			
25 ..	25 ..	22*b* ..	13*c*

a Grants have been given to the Municipal Resthouses of Jaffna and Negombo for the provision of drainage in both of them. (In the case of Negombo, in the New Resthouse).
b Grants have already been given for the provision of water service to the three Urban Council Resthouses at present not equipped with Water Service.
c Grants have also been given for the provision of drainage for six of the twelve Resthouses at present not served with drainage.

466. Once Government has provided these local authorities with these capital improvements, it is the business of the latter thereafter to manage the resthouses with efficiency in a clean and attractive manner so as to satisfy and increase their clientele. That a marked change has been brought over these resthouses which have been modernized by the provision of the amenities referred to earlier, was apparent to us on our circuits. The contrast between these resthouses and those of the old type, is pronounced. Nevertheless, it can still be said that standards of cleanliness and comfort vary from resthouse to resthouse, and leave room for improvement in very many cases. With the wider spread and ready availability of electric power, most of the modern amenities can be provided. Wherever electric power is available, the problem of water-supply for the resthouse in that area is solved by the provision of a well and an electric pump. Water-borne sewage disposal systems too can be consequently introduced (using the septic tank system) when piped water is available.

467. **With the provision of electric lights, water, and drainage, the three essential facilities which the old type of resthouses lacked have been overcome, and it now only remains for the local authorities to raise the level of management. We are confident that the recommendations which we have made for different modes of Central control, ought to be sufficient to enable the Ministry of Local Government to bring about the desired changes and improve the standards in the directions in which those resthouses, which it has helped to modernize and improve, fall short. The same means of control should prove effective to secure even a higher standard in the case of all those resthouses which would be frequented by tourists from abroad. By this means an all-round improvement can be effected in all resthouses of local authorities without the establishment of a completely new organisation at considerable initial cost, with perhaps equally high operational costs, as would seem to be the probability from the tables of the costs of operation contained in the memorandum on the setting-up of a Resthouse Corporation prepared by the Director of the Government Tourist Bureau.**

468. **The recommendations which we have made in regard to the functions of the Regional Committees (which we have suggested should be set up) includes a provision for the supervision of resthouses which are at present under the control of Assistant Government Agents. It will thus be seen that the supervision and control which these Regional Committees should exercise, should enable even those resthouses to be brought up to the same level of efficiency and management, so that in the result there may be even standards throughout all resthouses in the Island, regardless of whether they are run by local authorities or by Government Agents.**

Section 7—Town Planning and Zoning

469. Local authorities have duties and responsibilities cast upon them for the proper planning of their areas to serve immediate requirements, as well as the future. The legal provisions under which they are enabled to perform these functions in respect of Town Planning are given in the Town and Country Planning Ordinance, No. 13 of 1946, and in the Housing and Town Improvement Ordinance, No. 19 of 1915. The Local Government Ordinances also contain certain provisions relating to Town Planning and Zoning.

470. The Town and Country Planning Ordinance empowers Municipal and Urban Councils to prepare and bring into operation in their respective areas,

planning schemes in which provision may be made for any of the following matters :

(1) The prohibition, regulation, and control of the use of land, and the reservation of defined areas for specific purposes, such as the erection of residential buildings, or for the carrying on of special trades, industries and undertaings.
(2) The regulation and control of the siting, construction, extension, diversion, alteration, and the closure of roads.
(3) Slum clearance.
(4) The restriction, regulation, and control, of the erection, re-erection, alteration, demolition, and the use of structures.
(5) The construction of works for the provision of public services and the extension or improvement of such works.
(6) The preservation of existing amenities and the regulation and the development of land for the purpose of improving the amenities of the locality in which the land is situated.
(7) The acquisition of land for public purposes.
(8) The establishment, extension or improvement of systems of transport.

471. The Ordinance also provides for the establishment of Regional Planning Committees for the purpose of preparing and bringing into operation Regional Planning Schemes for large areas declared by the Minister of Local Government. A Regional Planning Committee consists of Government officials, representatives of the local authorities of the area that is being planned, and persons nominated by the Minister. A Regional Planning Committee is dissolved on the coming into operation of a Regional Planning Scheme, and the local authority of each area comprised in the scheme takes over the duty of executing the provisions of the scheme in so far as they affect its area.

472. The provisions relating to town planning in the Housing and Town Improvement Ordinance include the following :

(*a*) Contral of building development in general ;
(*b*) Control over road development and the definition of street lines ;
(*c*) Powers to create zones for residential, commercial, industrial and any other purposes and frame by-laws with reference to buildings which are necessary to preserve the amenities of these zones ;
(*d*) powers to promote and execute " Improvement Schemes " ;
(*e*) Powers to demolish insanitary buildings.

The Ordinance under which various local authorities are constituted give them further powers to control building development, provide thoroughfares and civic amenities.

The Town and Country Planning Department

473. For assisting the local authorities to perform the functions and duties imposed on them in regard to Town Planning, the services of the Town and Country Planning Department have been made available to them by Govenment. Applications for advice on Town Planning matters, or for technical assistance in the preparation of Town Planning or Improvement Schemes, can be made by local authorities to the Commissioner of Local Government and to the Government Town Planner. These services are given free by the Town and Country Planning Department except when the Department is called upon to prepare planning schemes under the Town and Country Planning Ordinance for which services the local authorities have to make a nominal payment to Government. During the last three years prior to 1954, local authorities made application for, and received technical assistance, in matters relating to Town Planning as follows :

(*a*) Preparation of planning schemes under the Town and Country Planning Ordinance	12
(*b*) Preparation of zoning schemes under the Housing and Town Improvement Ordinnce	19
(*c*) Schemes for opening up new roads or widening existing roads ...	158
(*d*) Selection of sites for civic purposes	227
(*e*) General provisions relating to Town Planning in Municipalities, Urban Councils, Town Councils and Village Committees and advice on these provisions and under the Housing and Town Improvement Ordinance too...	53
(*f*) Examination of proposals for leasing or sale of land vested in local authorities	63

474. It would be evident from this recital that the number of planning schemes and zoning schemes undertaken by the local authorities in the last few years is very few considering their number.

Difficulties in implementing Town Planning Schemes

475. **The main difficulties which hamper the effective exercise of the powers, functions and duties relating to Town Planning, by local authorities appear to be :**

(*a*) **The lack of interest shown by local authorities in the future development of their areas.**

This is indicated by the failure of the greater number of urban authorities to take steps to prepare zoning and planning schemes for their areas, and where these schemes have been prepared, the want of action to bring them into operation expeditiously

(*b*) **Ignorance of the powers given to local authorities to control building development and the use of land, and the erroneous impression that Town Planning Schemes restrict their powers.**

(*c*) **The tendency to look upon Town Planning and Town Improvement from the point of view of political expediency.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(*d*) **The absence of strong and sustained public opinion on matters relating to Town Planning.**

There is no strong demand for planned development of towns by the public, nor is there sustained criticism when undesirable development takes place.

(*e*) **Lack of funds to implement the provisions in planning, relating to new roads and public open spaces.**

(*f*) **Leniency shown towards persons contravening provisions of the law relating to Town Planning, on the grounds that the offenders would suffer hardship if their buildings were demolished or altered.**

(*g*) **The tendency on the part of some local authorities to carry out civic projects without seeking competent advice.**

(*h*) **The tendency of the part of Government Departments to carry out schemes in urban areas without due regard to the future development of the area, and, frequently, without consulting the views of the local authorities or the Town and Country Planning Department.**

(*i*) **The lack of up-to-date Town Surveys which are necessary for the preparation of detailed Planning Schemes.**

476. The present position in regard to town surveys is as follows :

TOWN SURVEYS

	Total Number	*No. with Town Surveys*	*No. requiring revision of Town Surveys*	*No. with Town Survey in course of preparation*
Municipal Councils ..	7 ..	6 ..	4 ..	—
Urban Councils ..	36 ..	24 ..	10 ..	2
Town Councils ..	38 ..	8 ..	4 ..	1

477. The balanced allocation of land to satisfy all the land needs resulting from, and incidental to, the execution of a planned programme of economic development in Ceylon, is a matter of considerable national importance. Hithereto the local authorities, especially Municipal Councils and Urban Councils, have been relied on to avail themselves of the provisions of the law under the existing Town and Country Planning Legislation for preparing and putting into effect schemes for the proper use of land in their respective areas. The statistics given above and the experience of the Town and Country Planning Department show that local authorities do not take a real or sufficient or sustained interest in the matter of the most appropriate and effective use of land. The tendency often would appear to be to look upon Town Planning and improvement mainly from the point of view of local or political expediency, and, unfortunately, to pay little heed to considerations and proposals which would benefit the community as a whole. There is therefore the need to integrate Town and Country Planning with national policy. The preparation of development plans for all types of existing local authority areas, as well as for new areas which are opened up under schemes of National Planning for economic development, should not be left to local authorities whose view point is noticeably inclined to be more parochial than national.

478. We recommend therefore that the preparation and bringing into operation of planning schemes in local authority areas should be attended to early, if the proper over-all and most effective and beneficial employment and utilization of land is to be kept in mind as an objective of national policy. We have suggested in paragraph No. 155 that Regional Planning should be one of the co-ordinating functions of Regional Committees, operating through their Regional Planning Standing Committees (for whose composition too we have made detailed suggestions) in consultation and co-operation with the Department of Town and Country Planning. We would here add the recommendation that these Regional Committees should be empowered to provide planning schemes (prepared by their Standing Committees and approved of by the Regional Committees themselves) for any of the matters mentioned in the First Schedule to the Town and Country Planning Ordinance, some of the more important of which we have briefly listed earlier in this section in Paragraph No. 470. The cost of the preliminary investigations and of the preparation of these Regional Planning Schemes should be borne by the Government. In regard to town surveys themselves, the present practice of contributions towards the cost of detailed town surveys which have to be made by Municipalities, Urban and Town Councils should continue.

479. If a Regional Planning Committee is slow to initiate a Regional Planning Scheme for its area of authority, the Minister of Local Government should be empowered (by appropriate amendment of the Town and Country Planning Ordinance) to give directions requiring the preparation of a planning scheme for any such area.

480. When any Planning Scheme has been prepared (and approved by the Minister), each constituent local authority would be responsible for the execution of the provisions of the scheme in so far as it relates to its area. By this means local authorities will continue to have a voice in the preparation of their planning schemes. The Minister too will also be able to assist in the carrying out of the scheme under the power he will have to give directions to the various local authorities, whose areas are embraced in the scheme, under the recommendations we have made in this Report in the section dealing with Controls.

481. We also recommend that, in order to overcome the apathy so largely prevalent in civic matters, there should be more civic interest created in town planning, by the local authorities, (among other things) exhibiting in suitable places, posters illustrating and explaining in a simple way the value of Town Planning to the citizens, and the powers given to local authorities to prepare and enforce Town Planning Schemes. The exhibition of all planning schemes, and talks by the staff of the Town Planning Department explaining to the

inhabitants the benefits of the schemes, both in its local as well as its national aspects, should go a long way to enlarge the vision and inculcate the habit of looking at things from the broader point of view of the impact of schemes on the national life as a whole.

482. Regular inspections too by the officers of the Town Planning Department and the Commissioner of Local Government would be necessary to ascertain whether the provisions of approved planning schemes are being implemented.

Section 8—Recreational Facilities

483. The provision of parks, playgrounds, &c., for recreational facilities in our towns and villages was one aspect of local authority work which struck us as requiring a genuine effort at development in the immediate future. From statistics obtained we find, for instance, that Urban Councils and Town Councils spend very little on the provision of recreational facilities for their population. For the year 1953 we find that the average percentage spent by an Urban Council was two per cent and a Town Council one per cent. The reason why these local authorities have not been able to do more in this field, is not that these local authorities are not interested in keeping the residents of their areas pleasantly and healthily occupied in their leisure hours, but because they have been unable to spare the funds necessary in acquiring, laying out, equipping, and maintaining, parks and playgrounds with their very limited finances, which do not even permit of their fulfilling their primary and essential functions as local authorities.

484. The vital part that parks and playgrounds play in the life and health of the people, is not one on which we need elaborate. The need for 'lungs' in our cities, and in the towns which are developing so fast, is becoming increasingly self-evident. The rapid rate of building development both in the private and public sectors exerts a steady pressure on almost every available open space. There would be hardly any open spaces of adequate size, to serve their purpose, left for future generations, unless legal steps are taken now under proper planning and development schemes, to put a stop to the increasing encroachment on open spaces that is now proceeding apace. In the urgency of the present, the claims of the future are apt to be overlooked.

485. The building up of a physically healthy nation is not the only reason for providing a community with more parks and playgrounds. The creation of a balanced community, with less inclination to crime and other anti-social activities is greatly assisted by the teaching and organizing of sports and team games in playing-fields where the lessons of the subordination of the aggressive self to the good and glory of the side is inculcated. All progressive countries realize the "rich advantage of good exercise" and the provision of parks and playgrounds and open spaces and the organized development of sport is an essential part of any plans of national development in most of them. In England, for instance, under the Physical Training and Recreation Act of 1937, "Any local authority may acquire, lay out, provide with suitable buildings

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and otherwise equip and maintain, lands within or without their areas for the purposes of gymnasia, playing fields, holiday camps or camping sites, or for the purpose of centres for the use of clubs, societies or organisations having athletic, social or educational objects".[1] The Education Act 1944 Section 53 provides that "it is the 'duty' of every educational authority to secure that the facilities for primary, secondary and further education provided for their area include adequate facilities for recreation, social and physical training".[2] A small country like Finland with a population of only about four millions, we are told, has nine hundred tracks for its athletes, and 800,000 of its population are members of Sports Clubs. Measured from the point of view of results in International Games, the Olympic record of Finland is enviable; for up to 1950 these athletes of Finland won 78 Gold Medals, 74 Silver Medals and 75 Bronze Medals at the Olympic Games.

486. Local authorities, we feel, should take considerably more interest in this sphere of activities in future and should regard the provision of open spaces and playing fields and the provision of facilities for healthy outdoor and indoor sports, games, exercises and recreation as an essential item in their programmes for the welfare of their peoples. The shortage of money for these projects, which has been placed before us, will be rectified if our recommendations are accepted. From the point of view of Town Planning and health too, it seems essential that these 'lungs' should be provided early. The general provision attempted to be made for parks and playgrounds in England, is a reservation of five acres for about one thousand inhabitants. We feel that if each local authority is able to reserve and develop at least two and a half acres per thousand people (five acres where they lay out tracks and pitches for organized sport) it would be a beneficient provision for the healthy development of future generations. Government should assist local authorities in this activity by making available to them Crown lands for the purpose wherever suitable sites are available. Where Crown lands are not available, every assistace should be given to them, financially and otherwise, for the speedy acquisition and development of private lands as parks and playgrounds. These lands should, of course, be acquired in consultation with the Government Town Planner, who would consider their suitability from the point of view of the planned development of the area. Loan facilities should be given more readily to local authorities for the acquisition and development of these parks and playgrounds.

487. The Ceylon Amateur Sports Federation stressed the need for development of recreational facilities, and we support it. The Federation has also drawn our attention to the need for a College of Physical Education and Physical Training Instructors in order that the best use be made of the facilities afforded by parks and playgrounds for the training of the youth of the nation in healthy games and contests and stimulating their ambitions to achieve fame in the fields of International Sport. We understand that this aspect of the matter is already being considered by the Rt. Hon. the Prime Minister in consultation with the

[1] & [2] Hobson's Local Government.

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various other Ministries concerned. How this could be best set up is a matter which does not come within our province, though we support the setting up of a College of Physical Education.

Section 9—Libraries, Reading Rooms, and Community Centres

488. A permissive function of local authorities is the provision of libraries, but in going round to different places we found that the development of libraries and reading rooms by the local authorities has not made progress to any satisfactory degree at present. Except perhaps, the Public Library, run by the Municipality of Colombo, the quality and number of libraries run by other local authorities in the Island are of poor standard.

489. **The reason for this is not far to seek. Local authorities have always maintained that when they do not have sufficient funds for carrying out essential services like the provision of roads, conservancy and scavenging, lighting, water service, &c., adequately, it is initially impossible for them to embark on permissive services, however much they may desire to do so.**

490. The benefits to be obtained from good reading, the knowledge, experience, and culture, which can be obtained from good books, are boons which should be carried more effectively to the community, particularly as the number of literates increases under the benefits of the Free Education System. Libraries today cannot be regarded as luxuries only intended for the leisured rich; they are an indispensable necessity under modern conditions of life. Local authorities can play a vital role in the cultural aspect of the development of communal life by establishing libraries so that the habit of reading for pleasure, for recreation, and self-improvement may get ingrained in the young, and they may profit from the wise employment of their leisure hours.

491. In England, the Act of 1850 empowered Town Councils with a population exceeding 10,000 to levy a rate up to half a penny in the pound for libraries. In the past hundred years this service has grown beyond recognition. "Today over three hundred million books are borrowed annually from five hundred and ninety authorities. One out of every four people in the United Kingdom, including many children, are borrowers, and for these twelve million readers there is a stock of forty-two million books upon which nearly £8 millions are spent every year.".[1]

492. We do not have even the glimmerings of such a system here in Ceylon. We see, however, that there has been some realisation of the value of the development of the library idea in local authorities in that, in the years 1951–52 and 1952–53, the Government gave grants of nearly Rs. 75,000 through the Local Government Department for the development of nineteen Urban Council and thirteen Town Council libraries. These grants were given to these local authorities to meet half the cost of capital equipment, or books, where the

[1] Hobson's Local Government.

local authority had started a library on its own and was maintaining it. We find, however, that provision for these grants unfortunately ceased when the financial situation of the country became more difficult.

493. In rural areas, however, some encouragement continues to be given for the provision of Reading Rooms in rural Community Centres, by the allocation of small grants for the provision of reading rooms and playgrounds to Community Centres recognized as doing good work. The amount of this grant, however, averages only about Rs. 100 per annum per centre. As there are nearly two thousand Community Centres which are functioning, the amount of development work which can be done through these grants is trifling. We have ourselves inspected several of these Community Centres and felt that they were starved of funds and did not meet the full demand that there is for such activities. If the existing demand for wholesome literature is satisfied, we feel sure that the awakening sense of the value of the cultural side of life can be considerably intensified, and the urge towards the coarser and baser instincts which go to feed the mounting tide of crime can be arrested.

494. **We feel that the provision of libraries in central spots throughout the country is a service which should be accelerated for the general benefit of the community at large. Local authorities should, in the future, be able to spend more out of their funds too, for the development of libraries and cultural activities, in view of the fact that we have recommneded that more financial resources should be made available to them.** (*vide* **Part V on the Finances of Local Authorities).**

495. **In order to encourage local authorities to provide these services, we have recommended that Government should recommence assisting them by giving them grants amounting to fifty per cent of the cost of capital equipment and books in towns, other than Municipalities, where these services are started and carried on by the local authorities. Likewise in rural areas too, the amount given for the provision of reading rooms should be more than the merely nominal sum of one hundred rupees which is presently given per Community Centre. A system of mobile libraries too could be adopted to serve the remote areas more adequately.**

496. The line of development and growth that should be aimed at is to see the emergence and growth of a National Library Service, the essence of which is that any reader in a small local authority area, through the co-operative effort of the other libraries, can obtain for his study any book he desires to read, even though it is not available locally. This system prevails in England now, and such a wide measure of mutual co-operation exists between library authorities that almost any book can be procured for any reader in any part of the country.

497. It is in the furthering of this idea of mutual assistance and co-ordination that the Regional Committees we have suggested can play an important part, particularly in the initial stages, by helping in the planning, development

and co-ordination of libraries in Regional Areas. Prof. Robson commenting on the recommendations contained in the " Report of the Public Libraries Committee ", says :

> " In order, therefore, to assimilate in some measure the reading facilities offered in one area to the choice of books available in another area, it is necessary that a national system of public libraries should be built up. To this end, the Committee recommended that an extensive linkage of neighbouring library authorities should be effected by means of voluntary co-operation between County Councils and the Councils of Towns and Cities ; through the grouping of public libraries round regional centres, which will generally be the great urban libraries ; and by means of a federation of special libraries, pooling their resources in the service of research ; and lastly, by a central library acting as a centre of the whole system.".

This ideal may well be borne in mind for Ceylon too.

498. It might also be considered whether these libraries could not be so designed and planned that they could in time (if not immediately) be associated with and developed into cultural centres for each town or village—to include Art Galleries, Museums and Centres of Sport and of leisure-time activities for the people ; the library section working during the day, and the cultural and sporting activities taking place in the leisure hours of the community.

499. In the provision of this service and in the planning of a proper library service throughout the country, the Government might incidentally consider whether financial and other assistance in the way of experienced technical personnel cannot be obtained from one of the " Aid " agencies interested in educational and cultural development.

Section 10—Public Assistance

500. Statutory provision for Poor Relief in Ceylon was introduced as a result of the recommendations contained in the Wedderburn Report.[1] The Poor Law Odinance was enacted in 1939 in consequence, and was brought into operation in the three Municipalities of Colombo, Kandy and Galle, in 1940. In the areas outside these three Municipalities, the responsibility for Poor Relief was that of the Government. The expenditure on Public Assistance by the Municipalities subsequent to the coming into operation of the Poor Law Ordinance, No. 30 of 1939, has been steadily increasing. The Municipalities have found that the money at their disposal for the administering of Poor Relief was totally insufficient and as a result relief is not being administered as it should be.

501. We gather from information supplied by the former Ministry of Labour and Social Services to the Ministry of Health and Local Government, when

[1] Report on the Proposal to Introduce Statutory Provision for Poor Relief in Ceylon—Sessional Paper XX of 1934.

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discussions about Poor Law were continued in July 1951, that according to the figures available in the Ministry, the position in regard to the administration of Poor Relief in the Municipal areas was as follows :

ADMINISTRATION OF POOR RELIEF IN COLOMBO, KANDY AND GALLE MUNICIPALITIES

	Total No. of persons paid at present	*Total No. of payees expressed as a percentage of the popualtion*	*Total amount paid per annum*	*Average Monthly Rate per Payee*
Colombo ..	13,535 ..	3·8 ..	1,475,000 ..	11·97
Kandy ..	741*a* ..	1·46 ..	45,469*a* ..	5·11
Galle ..	412*a* ..	·80 ..	16,920*a* ..	3·42

a 1949 figures.

502. The Government rates on the other hand we are told, were raised from 1948 and were in the region of Rs. 10 per person and Rs. 20 per family.

503. The position today has not improved either by way of a lessening in the number of recipients of Poor Relief or an increase in the allowances paid. In the memorandum presented to us by the Colombo Municipality, we were told that " of the total population of 423,481 persons in Colombo about 60,000 received Poor Relief in some form or other .". The figures obtained from the " Proposals for a Scheme of Poor Relief in Colombo "—a Report of the Public Assistance Committee of the Colombo Municipality—for the period April 1954 to March 1955, show that the total estimate of money required for Poor Relief was Rs. 2,893,665. This amount included Rs. 2,200,000 for out-door relief, Rs. 141,850 for institutional relief at the City Orphanage and City Refuge, and Rs. 373,450 as administration cost of administering this relief. Grants to orphanages, &c., Rs. 56,000 and other relief, Rs. 122,400. In Kandy the total spent on Poor Relief in 1952 amounted to Rs. 62,850, of which Rs. 57,000 was for out-door relief. The rates of relief varied from Rs. 2·50 per person to Rs. 20. for a family. Rs. 66,250 was Galle's total expenditure for the same year on Poor Relief, of which Rs. 54,000 was on out-door relief, the rates of relief varying from Rs. 5 to Rs. 10.

504. According to the Administration Report of the Director of Social Services for 1954, the Government gave relief to 75,151 people in the various districts of the Island paying out Rs. 7,330,304.75, working out at an average of Rs. 8·13 per month.

505. The general complaint made by the Municipalities has been that their resources were insufficient for undertaking the entire burden of Poor Relief out of their own funds and they have asked for Government's assistance.

In view of the fact that the Municipal rates of Relief did not compare at all favourably with those given by Government, and also because of the complaints regarding abuses in the administering of relief, the Government decided in 1949 to consult the Municipal Councils on their views as to whether Poor Relief by Municipalities should continue as a Municipal function, or whether the burden should be taken over by the Government. By the time this inquiry came to be made, the Urban Councils of Nuwara Eliya, Jaffna, Kurunegala, and Negombo, had been elevated to Municipal status, but as a result of representations made to Government that their finances would not permit their undertaking relief under the provisions of the Poor Law Ordinance, the operation of the Ordinance was not extended to these four Municipalities, but continued to be Government's responsibility in these areas as before. An inquiry was made from all these Municipalities whether Poor Law Relief should continue to be operated by the Municipalities with the assistance of a subsidy amounting to one-third the cost—but subject to such special conditions as may be laid down in respect of the subsidy, particularly in regard to adequate provision as to the use of the funds by the Municipality—or, in the alternative, that the Poor Law Ordinance should be repealed and Public Assistance be given through the Revenue Officers, institutional relief being continued to be carried out by the Municipalities themselves either on their own or through the medium of voluntary agencies.

506. **Six of the seven Municipalities—Colombo being the exception—were in favour of the repeal of the Poor Law Ordinance, mainly in view of the fact that their finances did not permit them to carry out this duty adequately. But Colombo's view was that it should obtain a grant from the Central Government of not less than fifty per centum of the total amount expended on Poor Relief and carry on this function as a municipal duty.** Discussions at various levels continued on this question from 1949 onwards with the Government being inclined to the view that Poor Relief should be taken over by itself solely. The Colombo Municipality, however, continued to be strongly opposed to the Government's intention. In May, 1951, the Colombo Municipal Council passed a resolution that " whilst reiterating its request of the Central Government for substantial financial assistance in meeting its commitments under the Poor Law Ordinance, this Council records its strong objections to any attempt by the Government to take over the administration of Poor Relief in the City of Colombo, as this would only result in the total neglect of the poor of the City, as they are today neglected in the other parts of the country where the Central Government administers relief.".

507. The taking over by Government of Poor Relief would have meant an additional burden on the Government of about Rs. 3 million. The decision to do so, however, though accepted in principle, was deferred in view of the financial situation of the country in 1953, when the question of the repeal of the Poor Law Ordinance was being finally considered by the Cabinet.

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508. The necessity for our considering whether there is the need for any change in the authority which is to administer Public Assistance in local authority areas is based on two main considerations :

(1) The adequacy of the financial assistance given to the recipients ;
(2) The methods of administration.

In regard to the adequacy of the assistance given, it is but natural that Government should have more funds at its disposal for this purpose than Municipalities. In regard to abuses, although no direct evidence has been placed before us, representations have been made that Poor Relief in Municipal areas is being abused. We find that the Social Services Commission, in its Report of 1947, had commented that they wished to record their impression " that there is excessive political interference in Poor Law administration, especially in Galle, whose administrative system we have already condemned." As stated earlier, we were informed that in respect of Colombo nearly 60,000 persons were in receipt of relief, and doubts have been raised whether these are all citizens of Colombo and whether the relief was not infrequently granted as largesse for political purposes and motives rather than for alleviation of real distress. It is not our function to investigate these allegations or examine any individual cases upon which they are based, but we must comment that the possibility of abuse of Poor Relief for political ends cannot be ruled out. It was also quite evident to us that relief could not be adequately administered by Municipalities with their own finances as they are.

509. We cannot, however, readily agree that a satisfactory solution for the problems connected with Poor Relief could be found in the transference of the obligations connected with the poor of the country, to the Govenment. Public Assistance has always been a function of local authorities and rightly so. The change that has been brought about in England by the National Assistance Act, whereby the State took over the provision of Poor Relief cannot be considered as the inevitable next step in development at least in this country as yet. " A locally administered Poor Law closely associated with voluntary agencies gives an opportunity for sympathetic administration which no governmental machine can provide ; and the need will remain even when the Social Services are fully developed.".[1] We agree with this view and also that Poor Law " should be organized on a local basis ". " It is a highly personal service requiring for its administration a deep knowledge of the people and a highly developed civic conscience. We are aware that not all local politicians possess these qualities, and indeed there is a considerable risk of ' politics ' in a more sinister and less reputable sense . . . . The interest of prominent men and women in their poorer fellows needs to be fostered and it can only be fostered on a local basis, not through a soulless Government machine. Such interest need not be condescending, nor need it be assumed that a person who takes an interest in social problems is seeking either election to the legislature or a local ' honour '. The kind of inverted snobbishness which consists

[1] Social Services Report—Sessional Paper VII of 1947.

of doing nothing for anybody and expresses its scepticism about the motives of those who engage in public work is a danger to the community.".[1]

510. The lack of adequate finances to render Public Assistance adequately, however, cannot be overlooked. We accept however, the need for associating the local element rather than a " soulless " or rather distant Central Govenment in the administration of this relief. **We have recommended elsewhere, and reiterate again, that Public Assistance should be organized on a regional basis, all the assistance given by Government being channelled through this organisation. As the composition of the Regional Committee would have a majority of local people, the principle that there should be a local basis for poor relief would be preserved.**

511. **The areas over which Regional Committees operate being large, it will be necessary to have Standing Committees for the dispensation of this relief for various areas comprising the region. On to these Standing Committees could be co-opted interested public citizens and social workers. A close liaison should also be established with the various voluntary agencies which would be engaged (and should be encouraged to participate) in the alleviation and the relief of distress.** " The development of a responsive social conscience is one of the urgent needs of this Island and the educative value of voluntary agencies is considerable not only because they emphasize the social obligation of the citizen, but also because they draw the attention of the wealthier classes to the condition of their less fortunate fellows.".[2]

512. Having broad-based Public Assistance thus regionally, the decision as to the pattern to which it should conform ultimately, can be decided when the review of Regional Committees is made as recommended by as, in five years. By that time too, the other Social Services started by the Government consequent on the recommendations made in the Social Services Commission Report will have been in operation, and how best to continue Public Assistance as a " residual service " can then be decided.

513. Our recommendations also cover the position of Colombo. The Colombo Municipality spends nearly Rs. 3 million on Poor Relief and its administrative cost. The greater part of this money would now be available to the Municipality for expenditure on the development of other services. Its interest in preventing " the total neglect of the poor of the City " would be safeguarded as a result of the fact that in the Standing Committee for administering relief in the City of Colombo, (to be appointed by the Regional Committee), some of the members of the Municipality, interested residents of the area, and also voluntary social service agencies functioning in the city would, undoubtedly, find a place.

Section 11—Fire Services

514. The measures taken for fire protection in Ceylon are very small. Except in Colombo, Kandy, and Trincomalee, there are no other local authorities

[1] & [2] Social Services Report—Sessional Paper VII of 1947.

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which have fire services. Of the Urban Council towns, only Trincomalee runs a Fire Service, and that too with Government assistance. In Western countries much importance has been attached to developing fire protection services, accelerated greatly perhaps by the fear of war. We feel, however, that it is time that more definite action was taken for the provision of fire protection services in this Island too, especially in areas where there are large concentrations of population so that fire cannot cause much damage to life and property. The absence of public fire protection services has left the individual citizen to his own devices to protect his property in the event of fire. Local authorities have not been able to act to provide this service for want of funds. **With the greater finances that will be available to local authorities, if our recommendations are accepted, action could be taken by the local authorities to provide fire protection services. All Municipalities and larger local authorities, where there are large concentrations of population—of say over 25,000 or more—and especially those in the neighbourhood of Colombo, we feel should make a start with fire protection. It may be possible in areas around Colombo to have joint services.**

515. **In the case of Municipalities, the finances for this purpose could be found by way of loans from Government which could make them available after an examination of the scheme. In the case of the other local authorities, if the scheme of fire protection is approved by Government, fifty per cent. of the initial cost of the buildings and equipment should be made available to the local authority or local authorities by way of out-right grant. Loan facilities should be made available for the balance.**

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CHAPTER IX

THE CONSTITUTION OF LOCAL AUTHORITIES AND MEMBERSHIP

Section 1—The Creation of Local Authorities

516. The Minister of Local Government is the authority in law to decide questions connected with the creation of local authorities, the extension or reduction of their limits, their division into wards, and like questions. For instance, by Order made under the appropriate Ordinance, he decides a name to be assigned to an urban authority, its area of authority, the boundaries of its wards, the number of its members, and the date of the commencement of their term of office. Likewise, in a rural area, he declares by Order that any Divisional Revenue Officer's division or any part thereof should be brought within the operation of the Village Communities Ordinance from a specified date. Such a Divisional Revenue Officer's division thus brought within the operation of the Ordinance, is again by Order made by the Minister, sub-divided into village areas consisting of one or more villages or groups of villages. He determines and declares likewise by an Order, the wards of these village areas for purposes of elections. Generally a Village Headman's Division forms a ward of a Village Committee.

517. Under the provisions of the law, the Minister thus takes decisions on matters such as—

(1) The creation of a new Urban or Town Council ;

(2) The elevation of the status of a local authority ; for instance from an Urban Council to a Municipality, or a built-up area of a Village Committee to a Town Council ;

(3) the enlargement of the area of authority of a local body to take in a contiguous fast-developing area, or the excision of a part of any local authority area from that local authority, if for any reason it is found that it is inappropriate or undesirable that it should continue within the jurisdiction of that local authority ;

(4) The redistribution of wards within a local authority area.

Present Procedure

518. Although decisions on these matters have to be made by the Minister, the law does not lay down any definite procedure to be followed in the determination of these questions. The request for re-examination of the area of any local authority in relation to any of the aspects or reasons for redefinition mentioned above, can be made to the Minister either by the local authority itself, or any other local authority interested, by the residents of the area, or by officials who feel that redefinition or re-distribution is necessary. Though a procedure is not laid down, the practice appears to be to make a departmental investigation of any such proposal. For instance, any request for the creation of a new Town Council would be examined in relation to questions like the development of the area which is proposed to be created into a Town Council the services rendered in that area by the existing local authority, the financial resources of that area, the wishes of the people, and the effect of such a decision on the local anthority of which this area now forms a part. Reports are obtained from the local authority affected, from departmental officers like the Assistant Commissioners of Local Government, the Government Town Planner, and any other departments of Government which may be interested in the matters involved. If the Department of Local Government is of the view that there is a prima facie case for further examination of this request, the facts are put up to the Minister in order that directions may be obtained whether public opinion should be ascertained on the matter through the Press. If the suggestion is approved, the views of those interested are called for by notice in the *Gazette* and in the daily Press. Generally, a sketch or map of the proposed area of authority of the local authority to be constituted is also prepared and made available for inspection at the office of the local authority in which that area now stands incorporated. These reports are considered and a decision is then taken whether a further inquiry on the spot is necessary. If this is considered necessary, such an inquiry is held, sometimes by the Minister himself, or by some official deputed by him,—generally the Commissioner of Local Government. On receipt of the report of this inquiring officer, and consideration of the various factors which have to be taken into account, the Minister then takes a decision. This decision is given effect to by an Order or Orders under the appropriate sections of the Ordinance concerned.

519. This procedure has been followed in the recent past, particularly in relation to the creation of Urban Councils and Town Councils. No Municipalities have been created for sometime now,—the last one being Negombo in 1950—but here too we find that there has been no settled procedure. When the Jaffna Urban Council was converted into a Municipality, there was both an inquiry in Jaffna itself, and a consideration of the reports of officials and of memoranda presented by members of the public who were interested in the proposal. When other Municipalities were consitututed, for instance Nuwara Eliya and Kurunegala, no such procedure was followed.

520. In the case of Village Committees, we find that only the departmental procedure is followed. No type of public inquiry has been conducted in relation to the division of one Village Committee area into two for instance, or the sub-division or amalgamation of wards of Village Committees.

521. **We feel that it is necessary that some definite procedure should be laid down for the investigation of questions or proposals relating to the redefinition of areas and that the public—particularly of the areas likely to be affected—should**

be given every opportunity of making representations in such matters, especially where the proposals relate to the creation of new local authorities, or the raising of the status of any existing local authorities.

522. **We recommend that the procedure to be laid down should, among others, provide for the following matters :**

(1) Any such proposals should be submitted to the Minister, as required by the law, through the Commissioner of Local Government.

(2) Before the Commissioner of Local Government makes a recommendation to the Minister, he should obtain a full report from the Regional Committee of the area—vide our proposal to set up Regional Committees, in Paragraph No. 155.

(3) The Regional Committee, which has on its membership both officials and local authority nominees, should examine the proposal in all its aspects carefully, perhaps first by reference to a Standing Committee, and then by resort to a public inquiry, if necessary.

(4) The Commissioner of Local Government would then put up his own recommendations on the report of the Regional Committe to the Minister, who would then be in a position to make a decision on the question at issue.

This procedure could be followed when a new local authority is to be created, when the question of the elevation of a local authority arises, say from the status of an Urban Council to that of a Municipality, and when proposals for amalgamation or splitting up of Village Committees arise, or where extensions of the limits of local authorities to include developed areas are under consideration. When the matter for decision is only a redefinition of wards in an existing local authority, without an actual enlargement or reduction of its area of authority, it may not be necessary to follow this detailed procedure. The power to use this procedure, however, might be there.

523. It could happen that the proposals for a redefinition of an area might be made by a Regional Committee itself. If so, the Regional Committee should make its recommendation to the Minister, through the Commissioner of Local Government, after obtaining the full views both of the local authorities and of the residents of the area.

524. In the investigation of the questions of areas, it may be useful for a Regional Committee to have before it the various factors which the Local Government Boundary Commission in England was asked by the Minister of Health to bear in mind in relation to the examination of areas, when the Boundary Commission was set up there. These were :

(*a*) Community of interest.

(*b*) Development or anticipated development.

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(*c*) Economic and industrial characteristics.

(*d*) Financial resources measured in relation to financial needs.

(*e*) Physical features, including in particular, but not exclusively, suitable boundaries, means of communication, and accessibility to administrative centres and centres of business and social life.

(*f*) Population—size, distribution, and characteristics.

(*g*) Record of administration of the local authorities concerned.

(*h*) Size and shape of the areas.

(*i*) Wishes of the inhabitants.

Composition of Urban Councils

525. Under Section 5 of the Urban Councils Ordinance, No. 61 of 1939, no Urban Council should consist of less than four nor more than twelve members. On an examination of the list of Urban Councils, we find that Ja-ela (population in the middle of 1953—3,800) is the only one that has four members. The others generally speaking have a minimum of five to seven members.

526. Representations were made to us that where there is a heavy density of population, a greater degree of development and larger finances to administer, there is urgent need for an increase in the maximum number of members of those Councils. Towns like the following have been cited as examples :

	Population	*Area in Sq. Miles*	*Revenue*	*No. of Members*
Dehiwala-Mt. Lavinia	81,200	6¼	1,885,941	11
Moratuwa	58,500	6	1,043,643	12
Kotte	54,100	6⅞	1,005,742	10

We agree with this view and recommend that the limit of the maximum number of members who could be elected to constitute an Urban Council be raised to fifteen.

Composition of Town Councils

527. Under Section 5 of the Town Councils Ordinance, No. 3 of 1946, the minimum number of members is three and the maximum eight. On an examination of the relative figures in the Administration Report of the Commissioner of Local Government for 1953, we find that Kochchikade (population 1,440) is the only one which has a minimum of three members ; Veyangoda (population 3,140) has four. Many of the remaining Town Councils have five as the minimum.

528. The relative table in the same Administration Report shows that areas as small as 0·22 sq. miles (Teldeniya—population 1,160), 0·44 sq. miles (Valvettiturai—population 5,360), 0·50 sq. miles (Rattota—population 890), 0·50 sq. miles (Hikkaduwa—population 3,580), 0·51 sq. miles (Alutgama—population 3,670), 0·56 sq. miles (Piliyandala—population 2,800), 0·58 sq. miles (Dondra—population 8,230) and 0·58 sq. miles (Kayts—population 2,360) have been constituted into Town Councils. **We would recommend that in future such small areas be not constituted into Town Councils, unless there is a strong density of population and possibilities of large potential developement in any particular area which may be under consideration. We also recommend that the minimum number of members for any Town Council, in the future, be raised from three to five and the maximum to ten.**

529. The financial and other resources of the respective Town Councils of many of these very small areas which have been constituted into townships are so small that they also justify our recommendation.

Recommendations in respect of Village Committees

530. We have one or two special points to make in regard to Village Committees. **We find that areas of authority of Village Committees and their wards are defined in relation to Divisional Revenue Officers' Divisions and Village Headmen's Divisions. Neither the Divisional Revenue Officers' Divisions nor the Village Headmen's Divisions, although administratively recognized, have precise legal boundaries. It therefore happens that a change in a Village Headman's Division or a Divisional Revenue Officer's Division can automatically bring about a variation in the boundaries of a local authority. We feel that this position is thoroughly unsatisfactory and we recommend that, as in the case of other local authorities whose limits and boundaries of wards are specifically defined, the limits of Village Committees and of the wards of Village Committees should likewise be specifically defined, preferably by metes and bounds, and not in relation to the Divisional Revenue Officer's Division or Village Headmen's Divisions. We realise that such a redefinition of all Village Committees would be a tremendous task considering that there are four hundred and three Village Committees in the Island, but this is a matter that has to be put in hand sooner or later, and the earlier it is attended to, the better.**

531. While on this question of the redefinition of the **boundaries** of Village Committees, it would be appropriate to redefine the **areas** of some of the Village Committees in the Island, in order to make them workable Local Government units having regard to such factors as size, physical features, population, financial resources, community of interest, development and anticipated development, record of administration, wishes of the people, &c.

532. In our visits to various parts of the Island, in the representations made to us, and in the examination of facts and figures, **it became very evident to us that there is urgent need for the amalgamation of some Village Committees or for re-division or sub-division of others in order to make them effective local government units.** For instance, we observe that there are nearly fifty Village

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Committees with revenues of less than one thousand rupees per annum and about one hundred and twenty Village Committees with areas having extents over fifty square miles to administer. These are factors which militate against any kind of efficient administration of these areas.

533. There is no doubt that with the present cost of survey and the dearth of qualified Surveyors, this will be a very tedious task, but we feel that in the interests of the people concerned and in order to secure a greater degree of efficiency in administration by providing Local Government units of a manageable size which the local representatives can reasonably handle, it is desirable that this work should be undertaken without delay. We feel that this work could be done by delegation, if for a start the broad principles are laid down by the Ministry, and the Regional Committees are required to examine the need for the redefinition and reconstitution of all the Local authority units in their areas of authority and make their recommendations suitably.

534. Yet another recommendation remains to be made regarding Village Committees. **As we have suggested that the areas of Village Committees should not be linked to the areas of Divisional Revenue Officers, the giving to Village Committees of names of Divisional Revenue Officers' Divisions or Village Headmen's Divisions—as at present—should also be discontinued.** We find, for instance, Village Committees with names such as the following which happen to be the names of the Village Headmen's Divisions :

" Kandapalle No. 1 "
" Kandapalle No. 2 " in the Badulla District ;

" Four Gravets " in the Nuwara Eliya District ;

" Manmunai East "
" Manmunai South " Divisions in the Batticaloa District ;

" Beruwala-Aluthgam-Malewan Pattu " in the Kalutara District ;

" Atulugam Korale " in the Kegalle District ;

" Asgiri Pallesiya Pattu "
" Asgiri Udasiya Pattu " in the Matale District.

535. **It would be natural and preferable if these Village Committees derive their names from the ancient names of one of the villages constituting the Village Committee area. The proper names can be decided upon after consultation with the Village Committees concerned and fixed by order of the Minister. The villages would then be more easily identifiable, and it would be more appropriate that they should have an independent status of their own, even in the matter of names, rather than that they continue to be associated with the provincial or parochial divisions, nomenclature and set-up of the old Colonial Regime.**

536. **We also consider that the name " Village Committee " detracts from the dignity due to this type of rural local authority, and recommend that Village**

Committees be called "Village Councils" in future, with their Swabasha equivalents replacing the English terms in the work of the day-to-day administration as time goes on, according to the wishes of the people concerned.

Section 2—Voters and Members of Local Authorities

Qualifications for Voters

537. The present position in regard to the franchise for Local Government purposes has been the result of a gradual widening of the powers of voting over a period of years.

538. The franchise for Local Government Elections has been widened today so as to make it equivalent to the franchise for Parliamentary Elections. The basic qualification now reads : "No person shall be qualified to vote at any election under this Ordinance of a member of a local authority unless his name is entered in any Parliamentary register for the time being in operation.".[1]

539. In addition to having his name on a Parliamentary Register, the voter has to have a residential qualification in his ward for a certain period to have a vote in Local Government Elections—"Every person who . . . . was on the date of the commencement of the preparation of revision of that Parliamentary Register resident in any ward which is situated wholly or partly within the electoral district, shall be entitled to have his name entered in the electoral list of that ward.".[2]

540. In Village Committee areas, however, in addition to the general qualifications, no person can vote at an election of a member of a Village Committee if such a person at that time is "a labourer or kangany in charge of labourers, employed on any plantation and in occupation of any building on the plantation, provided by the employer for the accommodation of any such labourer or kangany, or is the spouse or a child or a dependant of any such labourer or kangany and is living with him in any such building on any such plantation.".[3]

541. The suggestion was made to us that the ills of Local Government at present are due primarily to the premature general widening of the franchise. It is said that if the franchise were limited, as it was previously, it would mean that a more responsible type of voter would be casting his vote and, as a result a better type of member would be elected. A basic educational or property qualification was the general suggestion made for the limitation of the franchise.

542. **We have considered this proposal, but are unable to recommend any change in the franchise. We feel that any narrowing of the franchise at this stage**

[1] Section 6 (1) of the Local Authorities Elections Ordinance, No. 53 of 1946 as amended by Act, No. 25 of 1953.
[2] Section 7 (*b*) of the Local Authorities Elections Ordinance, No. 53 of 1946, as amended by Act No. 25 of 1953.
[3] Section 6 (6) (*a*) of the Local Authorities Elections Ordinance, No. 53 of 1946, as amended by Act, No. 25 of 1953.

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would be a retrograde step. A town or village gets the Government it deserves, and the benefits of the careful exercise of the franchise will have to be learnt in the hard school of experience.

Membership of Local Authorities

543. In regard to the membership there was a demand in some quarters that even if there were no limiting of the franchise in respect of voters, there should be some further limitations placed on those who wish to come forward as members. The main argument was that a member should have some stake in the town. At the moment, it was urged that many members of local authorities had no property or permanent interest in the area and were not even ratepayers. The general suggestions made were that there should be a comparatively high literacy qualification and only ratepayers of the area should be eligible for membership.

544. **We have considered these arguments and are unable to agree that limitations should be placed on the wide qualifications that presently exist for membership in local authorities. We must say that the quality of the membership of local authorities generally has not been wholly satisfactory. There are frequent reports of irresponsible and even unruly behaviour at meetings which bring discredit not only on the particular local authority concerned but also on Local Government generally. There are also complaints of considerable interference by members with the staff in the discharge of their duties. Often requests are made or pressure brought to bear on the staff for the granting of favours or the relaxation of regulations, which is most reprehensible.**

545. **These defects should be remedied from within, by the creation of an insistence upon cleaner traditions among the members themselves. The recommendation which we have made for the delegation of administrative functions to the paid staff and the proper observance of the respective duties and spheres of members on the one hand, and the staff on the other, would also help. The mere reimposition of educational and property qualifications for membership would not of themselves solve the problem. It would therefore be a regressive step to limit the qualifications for membership by a reimposition of educational and property requirements.**

546. One has to hope that with the spread of education and the development of enlightened civic consciousness,—in which our educational institutions can play an important part—more members of a better type will be forthcoming in the years to come. We would draw attention, however, to the fact that we have recommended that any member of a local authority surcharged by the Auditor-General (and up-held by the Minister) of sums exceeding the following amounts :

			Rs. *c.*
Village Committees	..	..	500 00
Urban and Town Councils	..	..	2,000 00
Municipal Councils	..	..	3,000 00

should be ineligible for membership of a local authority for a period of five years—vide paragraph No. 751.

547. Members, we feel, should not be in arrears of rates or dues and we **recommend that if any member continues to be in arrears of rates or any other dues owing to the Council, for a period of three months, after a special demand for payment has been sent to him under registered cover, he should become disqualified from membership at the expiry of the period of three months from the date of despatch of that notice. The Mayor/Chairman[1] should itimate the vacation of office resulting from the default to the member concerned and to the Elections Officer. The latter should satisfy himself by examination of the necessary and relevant material of the fact of the arrears, the non-payment, the due despatch of the notice calling for payment, and the subsequent non-payment, before he initiates steps for the holding of a by-election.** Similar provisions for disqualifications are to be found in the City of Bombay Municipal Act 1888, Section 16 ; The Bombay District Municipal Act 1901, Section 15 ; Madras City Municipal Act 1919, Section 53 ; Madras District Municipal Act 1920, Section 50 ; Bombay Municipal Boroughs Act 1925, Section 28. The State Government is empowered by the Bengal Municipal Act to remove any Councillor who is in arrears of Municipal Rates and Taxes for over a year.

548. **It is also recommended that if as a result of an investigation by a Tribunal of Inquiry, a Mayor is removed from office, the same penalty as applies to Chairmen of other local authorities, namely disqualification of five years, should apply to such Mayor also. The period of five years, being reckoned from the date of the publication of the order of removal or disqualification.**

Vacation of Office by Absence without leave

549. A member of any local authority who without leave of the local authority first obtained, absents himself from more than three consecutive meetings of the local authority, ipso facto, vacates his office. In Village Committee areas the Elections Officer, on receipt of notice of the vacation of office by the operation of this provision, commences to take action to fill the vacancy without any further inquiry as there is no provision enabling him to check on the facts, with the result that there is room for an unscrupulous Chairman to report a member as having vacated his office by absence. There have been in fact such complaints, but all that the Department of Local Government can do is to refer the aggrieved member to his legal remedy, if any. To prevent any abuse on this score **we recommend that the Elections Officer should be statutorily authorised to satisfy himself by due inquiry that the member concerned has in fact been absent for more than three consecutive meetings, and that too without leave of the Council/Committee first obained, before he proceeds to take steps to have the vacancy filled. This provision should be made in regard to all types of local authorities.**

Removal of Mayor/Chairman from office by resolution of Council/Committee

550. The provisions conferring powers on members of local authorities—other than Village Committees—to remove the Mayor or Chairman from office,

[1] Where the Mayor/Chairman is the defaulter, the Municipal Commissioner/Secretary should intimate the vacation of office.

by resolution, vary in the different types of local authorities. In Municipalities a special meeting has to be summoned by the Commissioner on a written request made to him by not less than two-fifths of the total number of members of the Council. If the resolution for removal is voted for by not less than one half of the total number of members and is confirmed by a similar number of votes, in its favour, at another special meeting similarly convened, (Section 15 (2)) then the Mayor—or Deputy Mayor in whose case too the same procedure applies—is deemed to have vacated his office.

551. In Urban Councils and Town Councils such a resolution has to be considered at a special meeting, summoned—and presided over—by the Assistant Commissioner of Local Government, on the written request of not less than one half of the members of the local authority. The resolution for removal is considered duly passed if at that meeting not less than two-thirds of the total number of members vote in favour of it. No confirmation at a subsequent meeting is required. These provisions do not apply to any Vice-Chairmen of Urban or Town Councils. No provision exists for the removal even of Chairmen of Village Committees by resolution of the members.

552. **We see no reason for varying procedures in this matter of the removal of Mayors/Chairmen at the instance of the members, and recommend that an uniform procedure be adopted for all local authorities, including Village Committees. We suggest that the requisition for summoning the meeting should be sent to the Municipal Commissioner in the case of Municipalities and to the Assistant Commissioner of Local Government in the case of other local authorities. He should preside at the meeting. The requisition should be in writing signed by not less than half of the total number of members of the local authority concerned, where its membership does not exceed sixteen. Where the membership exceeds sixteen, then the written requisition should be by not less than two-fifths of the total number of members or not less than eight (where two-fifths the number is less than eight). The resolution for the removal should be deemed to have been carried if not less than half the total number of members of the local authority vote in its favour. It should be confirmed similarly at another special meeting, similarly summoned, in as short a time as is legally possible. If so passed at the confirmatory meeting, the Mayor/Chairman shall be deemed to have resigned, on that date, from the office which shall then be deemed vacant. Immediately on that motion being deemed to have been passed, the members shall proceed to elect another Mayor/Chairman without any further notice. We would add the recommendation that this provision should apply only to the removal of Mayors/Chairmen. We see no need to include Deputy-Mayors and Vice-Chairmen in this provision. We also recommend the application to all local authorities of the provision in the Urban and Town Councils Ordinances, that if such a resolution is not duly voted upon at either meeting, by the requisite number of members, no similar request for a special meeting can be made to or entertained by the authority concerned until after the expiry of six months from the date of the meeting at which the requisite number of votes are not cast in favour of the**

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removal. In computing the required number of members where an integer and a fraction result in the division, the next higher integer should be deemed to be the minimum number required for the purpose of either the requisition or the resolution.

Election Deposits

553. Considering the growing importance of Local Government and the fact that for Parliamentary Elections the deposit required from a candidate is Rs. 1,000·00, we are of opinion that the present deposits for local authority elections are not sufficiently high. **We recommend therefore that election deposits be raised as follows :**

For Municipal Elections from	.. ..	**Rs. 250·00 to Rs. 500·00**
For Urban Council and Town Council Elections from	..	**Rs. 100·00 to Rs. 200·00**
For Village Committee Elections from	..	**Rs. 10·00 to Rs. 50·00**

Terms of Office of Members

554. The suggestion has been made that the term of office of all local authorities should be extended to four or five years. Five has been suggested more often than four, on the analogy of the term of office of the Members of Parliament. **We have considered this suggestion carefully but see no sufficient reason for a change from the present term of office of members of local authorities of three years.**

555. Although the life of any local authority is three years according to the law at present, the date of commencement of this period is not the same for all local authorities. For Village Committees the period commences from July 1, of each year, but its financial year is the calendar year. This brings about difficulties where budgets and expenditure are concerned. **We recommend that in the case of Village Committees too, the commencement of the term of office of members and therefore the commencement of the life of Village Committees too should be from January of any year. This can be achieved by staggering elections.**

Section 3—Payment of Allowances to Members

556. Various suggestions have been made to us regarding the payment of allowances and salaries to members and Chairmen respectively. **We are not in favour of and so do not recommend the payment of salaries or fixed allowances to members or Chairmen of local authorities.** In towns where urban authorities are established, travelling to and from meetings, would not be a considerable burden on the members themselves as the areas of authority of these urban bodies are small. The case is different in the case of Parliament which meets only in Colombo and which often requires attendance over a number of days at a time.

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557. In Village Committees, however, the problem of attending meetings is more difficult as the areas of authority of Village Committees are generally much bigger ; there are some which are 50 square miles in extent and a few over even 200 square miles. **In order to ensure regularity in attendance at as many meetings as possible, without an undue strain on the private resources of members, we recommend that as far as Village Committees are concerned, a member who lives beyond a radius of two miles from the Village Committee office (where meetings are generally held) should be entitled to draw a small travelling allowance, if he so desires, in respect of each attendance.** We do not attempt to fix the details of the rates of travelling, as we feel that they can be readily worked out departmentally.

Section 4—Chairmen as Justices of the Peace

558. The Mayor and Deputy Mayor of a Municipal Council (while holding office) are ex-officio Justices of the Peace and Unofficial Magistrates for the Revenue Districts in which the Municipalities are situated. Similarly the Chairman and Vice-Chairman of an Urban Council are ex-officio Justices of the Peace and Unofficial Magistrates. Similar provisions are not found, however, in the Town Councils Ordinance or the Village Communities Ordinance. There does not appear to be any deep seated reason for the distinction, and we feel that it is desirable that the first citizen of a small town as well as of a Village Committee should be a Justice of the Peace.

559. **We recommend therefore that the relevant Ordinances be amended making the Chairmen of Town Councils and of Village Committees, ex-officio Justices of the Peace, for the period of the tenure of their offices as Chairmen.**

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CHAPTER X

ADMINISTRATION IN LOCAL AUTHORITIES

Section 1—Chief Executives of Local Authorities

560. The Municipal Councils Ordinance does not state, in express terms, that the Mayor is the Chief Executive Officer of the Council. The nearest approach to a direct statement is to be found in Section 171 of the Municipal Councils Ordinance which states that "The Municipal Commissioner shall, next to the Mayor, be the Chief Executive Officer of the Council, and all other officers and servants shall be subordinate to him.". In the case of Urban Councils and Town Councils, the relative Ordinances enact that the Chairman is to be "the Executive Officer of the Council.".[1] The Village Communities Ordinance expressly states that the Chairman is "the Chief Executive Officer of the Committee."[2]

561. The view that the Mayor/Chairman should necessarily be the Chief Executive Officer is very strongly held, as was apparent both from the evidence and also from the Memoranda of the elected bodies ; but some individual members of the public, as well as Executive Officers, have expressed the opposite point of view with no less emphasis. The principal argument advanced for the retention of the present position is that the ultimate responsibility for for the good or bad administration of any area is that of the Council or Village Committee, as the case may be. As the elected head of the local authority, the Mayor/Chairman is necessarily answerable to the elected body, and through it to the electorate of the area. Once the elected representatives of the people have enunciated the policy which the particular local body is to pursue, the Mayor/Chairman, it was stated, should be the instrument for the execution of the policy embodied in the decisions of the Council/Committee. It was stressed that both the Mayor/Chairman and Members of the local authority are directly answerable to the public, and that that sanction would be sufficient to ensure that the Mayor/Chairman would act with a due sense of responsibility, in his proper sphere. If his administration was not satisfactory, he would not be returned by the suffrage of the people at the next election.

562. Objection has been taken to the practice followed by some Mayors/Chairmen, of themselves taking over the day-to-day administrative duties of the Council, which, it is said, should be left to be carried out by the paid staff. It has been urged that the authority and control of the Commissioner/Secretary over the other members of the staff tend to be weakened, if not to vanish, in cases where the Mayor/Chairman takes upon himself the performance of administrative tasks, which could very well be delegated to the Commissioner/Secretary under the existing provisions of the law. It has also been urged—and not without some justifiction—that such a practice tends to lead the Mayor/Chairman to an undue absorption in administrative details, to the detriment, if not neglect, of far more important functions in the spheres of policy and planning. We were also told that administrative decisions and action which have to be taken under various provisions of the law, upon applications made by ratepayers of the area, may tend to be affected by political views or alignments of the applicants or by considerations other than those which may be relevant to the particular case, whereas Executive Officers. who are not interested in political issues, would be able to arrive at such decisions with greater impartiality, speed, and detachment.

563. As against this, the point was made that, since the employees of local authorities were not before the bar of public criticism and were not answerable to the public directly, their decisions would be guided by a strict and literal adherence to the letter of the law even in cases where there may be room for a different interpretation, or for a course of action where more sympathetic or humane consideration would be operative. The lack of sensitivity and response to public opinion, it was said, is a feature generally of executive functionaries which, whilst it has its advantages, gradually tends to make them more and more bureaucratic machines. "The bureaucratic tail should not wag the democratic dog"—it has been urged cryptically before us. Neither the Mayor, nor the Chairman, nor the elected bodies themselves could take disciplinary action against any Executive Officer directly—except the temporary measure of interdiction—for any disregard of the Councils' or Committees' decisions on matters of policy. They could reach him only through the Local Government Service Commission, which is the repository of all disciplinary powers.

564. Another practical difficulty that was put to us, as being in the way of Mayors/Chairmen having to perform executive functions, was that they would have to direct steps, even including legal proceedings, to be taken perhaps against their voters or potential voters, in such matters for example, as the non-payment of rates or other monies due to the Councils, whilst this element of embarrasment would be removed if all decisions on such matters were left to the Executive Officers of the local authority. Large arrears of uncollected rates and other dues—such as electricity charges—in the recent past, have certainly lent colour to the suggestion that the loyalties of elected representatives, who take over the discharge of executive functions, are subject to undue strain, with the result that such members find themselves torn in the conflict between their interests in safeguarding their seats, and their clear duty to enforce measures for the collection of the monies due to the local bodies which they serve. In such a conflict, the public may be pardoned for drawing the inference that self-interest generally triumphs over the clear dictates of duty.

[1] Vide Sections 34 (2) of the Urban and Town Councils Ordinances.
[2] Vide Section 30 (2) of the Village Communities Ordinance.

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565. If efficiency of administration is to be attained with Mayors/Chairmen functioning, in the fullest sense, as Executive Officers, they would necessarily have to spend many hours of their time daily in attending to very many matters of routine, including such duties as attending to correspondence and numerous small matters affecting ratepayers individually, the scrutiny of documents, checking of books of accounts, supervision of staff, and taking upon themselves all the multifarious duties which are ancillary to the proper discharge of adminstrative functions. This would mean that the local authorities, and also the ratepayers of the area, would lose the full benefit which they should derive from an elected Mayor/Chairman, since he is expected to be the centre of all initiative and drive, and comes into the Council with a freshness of outlook, which should not be allowed to be obliterated or overweighed by complete immersion in the routine of administrative details. His time should be free to do the thinking out and planning of policies and programmes, and the wider and more effective exercise of functions which would result in the improvement of the amenities of his area and the comfort and convenience of the residents therein.

566. The democratic system of Government draws a cardinal distinction between the laying down of policies and the processes of putting them into execution. Policy is the function of the elected body of members, while administration is the duty of the paid officials. The tendency and the temptation of elected members to interfere in executive matters is a failing which must be checked ; otherwise the distinction between the two aspects of planning on the one hand and execution on the other, tends to be obliterated, and it also undermines the smooth and orderly working of the Executive. For the proper functioning of any democratic institution it is no less important that the integrity and impartiality of the administration should be maintained, as it is that the administration should not be allowed to exercise any influence over those to whom the law has entrusted the power and the duty of framing policies and programmes.

567. **Having regard to the fact that our local authorities are founded on the democratic principle of responsibility to their electorates, it seems only proper that the ultimate answerability for all the activities of the local authority should technically rest on the Mayor/Chairman. The day-to-day responsibility for administration, such as we have set out in our recommendations below, should however, be left to the paid whole-time Executive Officers who are bound to have an accumulated fund of experience and knowledge of precedents, which, in the very nature of things, cannot be possessed by an elected representative whose contact with such affairs takes place generally only during the short term of his tenure of office as an elected representative, and whose main function—apart from duties devolving on him as the first citizen of his area—is to shape and determine the larger questions which would have and leave their impact on the life, growth and vitality of his particular area as an integral part of the whole body politic.**

568. In considering this question, we have kept in mind the parallel of the position in the Central Government since our institutions, whether central or local, are democratically conceived. In commenting on the Cabinet system, Sir Ivor Jennings has endeavoured to draw the line—as far as that can be done—between policy and administration :

> "The Cabinet system implies a division between policy and administration. Administration is the function of paid officials ; policy is the function of responsible Ministers. The line between them is often fine because many administrative decisions involve policy. It is the duty of the official to put before the Minister every decision about which there may be any doubt in terms of policy ; but it is equally the duty of the Minister to abstain from interfering where no question of policy is raised."[1].

569. The position of the Mayor and the chief of his paid staff is analogous to that of the Minister and the Permanent Secretary to his Ministry, and so the principles which should guide a Minister and tell him when he should and when he should not interfere can well serve to guide Mayors and Chairmen in relation to the chief of their paid staffs.

570. **Our recommendation is that the Mayor/Chairman should continue to be the Chief Executive, but that the powers, duties and responsibilities connected with:**

(i) **The collection of revenue, the issue of licences, the sanctioning of applications under various Ordinances (other than those which require the exercise of a discretion, permitting a departure from the policy or principles or standards or requirements laid down by the relevant enactments), disposal of building applications, and in the case of Municipalities only, decision and disposal of objections to assessments of annual values (vide Paragraph No. 582 et. seq.) and the taking of all consequential steps and proceedings for defaults and/or breaches of, or for enforcement of the law in relation to any of these matters ;**

(ii) **The proper keeping of accounts, and the supervision of receipts and disbursements ;**

(iii) **The general routine administration of the work of the Council, and the implementation of its decisions ;**

(iv) **The control of staff ;**

should ordinarily, as a general rule, be delegated by the Council, Mayor/Chairman, to the chief of the paid staff or any other appropriate Executive Officer.

571. It should, however, be made clear that even if the delegation of the above sets of functions (i) to (iv) is to any officer other than the chief of the executive staff, the latter's powers of supervision and administrative control over that Executive Officer, in whose favour the delegation has been made, are not in any way to be diminished or curtailed.

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[1] Sir Ivor Jennings—The Constitution of Ceylon.

572. **It will be observed that our recommendation is that the powers and duties, which we have referred to above, should "ordinarily be delegated" by the Council. This of course leaves the Council free, if it so desires, to carry out these duties through its chief executive, the Mayor/Chairman, as the case may be. If, however, either on representations made, or otherwise, the Minister is of opinion that either the Mayor/Chairman, or any members, or the local authority as a whole, or any committee of such body dealing with matters which should ordinarily be delegated to a paid executive, have misused or abused any of these functions, powers, duties or responsibilities, or have acted in such a manner in relation to the exercise of those powers, responsibilities or duties as to make it necessary or desirable (in the public interest) that the matter should be investigated, then the Minister should have the power to refer such matters for investigation by the Tribunal of Inquiry, (the constitution of which we have referred to elsewhere—vide Paragraph No. 832), with a view to that Tribunal deciding whether those powers, functions, duties or responsibilities should, by order of the Minister, be compulsorily delegated to any (and if so to which) Executive Officer or Officers, of such local authority, and whether such compulsory delegation should be for the whole of the remainder of the period or term of office of that local authority or member or members concerned, or during any shorter period.**

573. **The Report of the Tribunal and its reasons should be made public, and its findings should be binding on the Minister, on the Council, and all members and the staff.** The order made by the Minister in pursuance of such report will have to be given effect to, and will be subject to all the consequential provisions following upon any disregard of the directions of the Minister as are provided for in Paragraph No. 834.

Section 2—Rating and its Administration

574. There is at present no statutory requirement that local authorities should make periodical revisions of the assessments of annual values of properties in their areas. The result is that the assessments are not up-to-date and local authorities are in fact not deriving the full revenue they could get from rates. Since local authorities are performing a number of functions essential to the community, it is important that they should make use of their powers of levying rates and increase their funds by keeping assessments in line with ruling values of property and not keep looking to the Government for financial assistance. It is of the essence of local government that local authorities should, as far as possible, utilise fully the local resources available to them, for their local needs and purposes.

575. From information we have received, it is evident tha some local authorities are reluctant to get the Chief Valuer to make quinquennial revisions of properties in their areas, perhaps because of the political repercussions the implementation of such a decision can cause the members of the local authority, as the trend during the last fifteen to twenty years has been for property values to go up.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

Even when complete reassessments have been made by the Chief Valuer, there has been a reluctance on the part of some local authorities to accept these valuations for the same reasons.

576. Of the Municipalities, for instance, we find from information supplied to us by the Chief Valuer's Department, that the Municipality of Kandy had its first and last revision of assessments made by him as far back as 1941. Subsequent revisions, we are informed, of different parts of the town were done in 1946 and 1951, respectively, by the Council's officers, and a complete revision of the entire town by the Council's Chief Revenue and Assessing Inspector is now under way. Similarly Jaffna had its first revision in 1940 and its second in 1955, but the Municipality has not been willing to accept the new values, preferring to work on their old assessments of annual values. From the same source of information we find that some of the bigger Urban Councils have shown a similar reluctance. For instance, Dehiwela-Mount Lavinia is said to have had its first and last revision made by the Chief Valuer in 1946. Chilaw's last revision was in 1947.

577. Since 1929, of the thirty-six Urban Councils, Kuliyapitiya (established in 1945) has not had its assessments done at all by the Chief Valuer, and towns like Avissawella, Dehiwela-Mount Lavinia, Gampaha, Hatton-Dikoya, Ratnapura, Tangalla, Talawakelle-Lindula, have not had their assessments revised more than once by the Chief Valuer. The position is much better in Town Councils as they have been more recently constituted, all of them having had at least one revision made within the last five years.

578. Rates form the principal source of revenue of local authorities. It is, therefore, most desirable that there should exist statutory provision for periodical re-assessments of annual values of property within local authority areas, on a proper scientific basis so that they may be reassessed, as far as possible at values which are reasonably up-to-date, so that a maximum return from rates by assessment may be obtained. Further, valuation is a subject where scientific training is a prerequisite, and uniform standards of assessment should be maintained throughout a country if a scientific and correct level of land values is to be attained throughout the areas of the different local authorities.

579. **We therefore recommend that quinquennial revisions of local authority assessments be made a statutory necessity, to be undertaken centrally by the Chief Valuer's Department as was intended by the Rating and Valuation Act of 1946 which has still not been brought into operation. These quinquennial revisions should be made statutorily binding on the local authorities to adopt subject to the right which should be reserved, to the owner or occupier of individual premises, to object to the assessment of his particular property.**

580. In discussing this matter with the Chief Valuer, we were assured that there would be no difficulty in speedy reassessment of properties throughout the country if his staff were sufficiently strengthened. This same recommendation

of Centralized Valuations with an increase of staff of the Chief Valuer's Department to give effect to it, was made in the Report of the Official Committee on Local Government Finance. **We too recommend that the staff of the Chief Valuer should be adequately strengthened to deal with the increased volume of work.**

581. On enquiry whether there would be any practical difficulties about the preparation of valuation lists for local authorities, we were told that they were originally anticipated in connexion with the preparation of the "first draft quinquennial lists" of local authorities as required by Section 23 (1) of the Rating and Valuation Ordinance, No. 30 of 1946, because of the difficulty that local authorities would find in preparing these owing to the dearth of trained valuers on their staffs. The present Chief Valuer feels that these difficulties can be overcome if the existing valuation lists of local authorities are accepted as the first draft quinquennial lists to be submitted by the local authorities. Alteration on these lists would be made by the trained Valuers of the Valuation Department. Although we have recommended that valuation be done centrally by the Chief Valuer's Department, yet an exception could be made in the case of any local authority which employs trained Valuers permitting such local authority to utilise the services of such Valuers and their staff, provided the Chief Valuer recommends that the expert personnel employed by such local authority is of sufficient competence to undertake the task. At the moment the only local authority which would be competent to do so would be the Colombo Municipality.

Hearing of Objections to Assessments

582. In the case of the Colombo Municipality, the task of inquiring into objections against assessments, we are told, has been delegated to the Municipal Assessor. He holds the inquiries and hears the objectors and makes his recommendations to the Finance Committee which takes a decision on the objection. There is no formal hearing before the Finance Committee. It merely considers the report of the Assessors or his Assistant who has held the inquiry and makes a recommendation to the Council. It has the power to vary the assessment. This recommendation comes before the Council for consideration and decision. Every single objection to assessments thus ultimately becomes a matter for decision by the Council itself. It does not seem desirable that decisions of this nature, which should be taken on the basis of technical and scientific principles and rules requiring specialised skill, training and experience for their appreciation and application, should be vested in an elected body of citizens whose principal functions in the Council do not require the possession of such qualifications ; moreover, it would be very embarrassing to various Councillors themselves, according as the assessments relate to the properties of the e ectors in one ward or another. But the strongest objection to the existing practice is that it results in a lack of uniformity in assessments. The existing procedure is also open to objection on the further ground that the technical officers in the Assessor's Department

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

would be called upon to maintain, before the Courts, the decision of the Council in relation to an assessment which they would find difficulty in maintaining or justifying according to the technical principles appropriate to the case. Often the decision of local bodies, particularly when they affect specific ratepayers, cannot always be said to be based on logic and the precise application of the rules governing technical subjects, and in such a case technical officers may find it particularly difficult to put forward in a Court of Law reasons to support a particular decision of the Council on a question of assessment.

583. We have ascertained the practice that prevails amongst the other six Municipal Councils in the Island and find that in the case of Galle, Jaffna, and Negombo, the respective Mayors or Deputy Mayors hear objections with the Chief Valuer or his representative. His decision on the objections is final subject however to the appeal provided to the Courts by the Ordinance. Among the Municipalities it is only in the case of Colombo that the decision on the objections goes though the Finance Committee and the whole Council also. In the case of Kandy, Kurunegala, and Nuwara Eliya, the Councils have in fact delegated the hearing of objections to the Municipal Commissioner who is assisted by the local Assessor or by the Chief Valuer or his representative.

584. **We are therefore of opinion that in the case of a Municipality the hearing and decision of objections to assessments should not be a function of elected members. This duty should ordinarily be delegated to and should be made the joint duty and responsibility of three Executive Officers who should be the Municipal Commissioner, the Municipal Treasurer (or Accountant, where there is no Treasurer) and one other Executive Officer nominated for the purpose by the Council. The present practice of an officer from the Valuation Department assisting at the inquiry into the objections should be continued. Any appeal from the decision of these three Executive Officers (or of the majority of them, as the case may be) should be direct to the Court of Requests or the District Court of the area, as the case may be, as at present.**

585. In the case of Urban and Town Councils, objections are heard by the Chairman of the local authority at a formal inquiry at which he is generally assisted by an officer from the Valuation Department who explains any technicalities regarding the particular assessment, but the decision on the objections, however, is the Chairman's. **In their cases too we would have liked to recommend the same principle, namely of the disposal of objections by a panel of Executives, but as the staff of these Councils are restricted and the choice of others to be associated with the Secretary is limited, we would suggest that the present practice of the Chairman dealing with objections with the technical assistance (in an advisory capacity) of a representative of the Chief Valuer should continue, unless the Council decides to delegate this function to the Secretary of the Council alone.**

Distress Warrants

586. In view of our earlier recommendation, regarding delegations—(Vide Paragraph No. 570) it would follow that **consequential proceedings such as**

the signing and issue of distress warrants should also necessarily be delegated in the case of Municipal Councils, to the Municipal Commissioner, in all cases where the hearing and disposal of objections on assessments has been delegated. In the case of Urban and Town Councils however, we recommend that the duty of issuing distress warrants (which, in law, have to follow automatically upon defaults) should ordinarily be delegated to the Secretary even though the hearing of objections may not be delegated by the Council to him.

Section 3—Standing Committees

587. Provision exists already in the Municipal Councils Ordinance for the election of Standing Committees and such Committees are an essential part of Municipal Administration. In the other local authorities, Standing Committees are not made as much use of as might be the case, because of the smaller number of members in them to form an adequate number of Standing Committees.

588. **We feel it desirable that there should be power to co-opt members of the public to these Standing Committees, (except the Standing Committee on Finance), provided that at least two-thirds of the members of every Standing Committee should be members of the local authority. We recommend therefore that a provision, similar to Section 85 of the Local Government Act of 1933 of England, be introduced into our Legislation.**

589. We reproduce the Section below and would invite particular attention to sub-section (3) :

" Section 85—(1) A local authority may appoint a committee for any such general or special purposes as in the opinion of the local authority would be better regulated and managed by means of a committee, and may delegate to a Committee so appointed, with or without restrictions or conditions, as they think fit, any functions exercisable by the local authority, either with respect to the whole or part of the area of the local authority, except the power of levying, or issuing a precept for, a rate, or of borrowing money.

" (2) The number of members of a committee appointed under this section, their term of office, and the area, if any within which the committee is to exercise its authority, shall be fixed by the local authority.

" (2) A committee appointed under this section (other than a committee for regulating and controlling the finance of the local authority or of the area) may include persons who are not members of the local authority :

Provided that at least two-thirds of the members of every committee shall be members of the local authority.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

" (4) Every member of a committee appointed under this section who at the time of his appointment was a member of the local authority by whom he was appointed shall, upon ceasing to be a member of the authority, also cease to be a member of the committee :

Provided that for the purposes of this section a member of a local authority shall not be deemed to have ceased by reason of retirement, to be a member of the authority, if he has been re-elected a member thereof not later than the day of his retirement

" (5) Nothing in this section shall authorise the appointment of a committee for any purpose for which the local authority is authorised or required to appoint a committee by any other enactment (including any enactment in this Act) for the time being in force.".

590. **We also recommend that in Municipalities, the Standing Committees for any new year within the three year life of that Council, should be elected at the last meeting of the preceding year, as this would eliminate delays in administration. When a new Council is elected, however, the first election of Standing Committees will have to take place at the beginning of their term of office.**

Section 4—Subjects of Discussion at Local Authority Meetings

591. Reports which appear in the local Press from time to time would indicate that the practice seems to be spreading among local bodies, of the members gathered in meetings to discuss their local affairs, giving rein to their fancy, taking themselves to be on a world-stage, and pronouncing judgments on various national and international questions and problems which are clearly outside the purview of local authorities.

592. The time consumed in fulminations on such subjects as the rival claims to Formosa, the Prime Minister's stand at the Bandung Conference, the ethics of the Hydrogen Bomb, or the denunciation of the proposal by the World Calendar Association of New York to revise the present Gregorian Calendar and substitute the revised calendar for the whole world to use, cannot be justified, considering that members are returned to local councils for the performance of the much humbler but more necessary tasks such as the maintenance of Public Health, Roads and Drains, and the provision of other amenities for their electors.

593. **Local Councils are neither Parliaments for the discussion and settling of questions of National Policy, nor dimunitive Assemblies of Nations of the World, to settle International Problems.** Nor are these Councils meant to provide platforms for politicians of various party complexions who have found places in these local institutions, to give vent to their political views or doctrines. **If the amount of energy and enthusiasm that are expended in the discussion of these topics were applied to the less pretentious, but locally more important, tasks of attending to the needs of the community,**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

there would be a transformation in the environment and conditions of life in rural and urban areas which have been committed to these local authorities. These primary duties should first be performed with full conscientiousness and devotion, before the members of these organisations utilise their positions to embark upon the correction of the errors or views of the world at large.

594. In a memorandum on Local Government in Ceylon, sent to us by Sir Ivor Jennings, he rightly stresses the first duties of local authorities. "The first requirement is that the functions already possessed by local authorities should be efficiently performed . . . . One feature which is noticeable is the frequency of resolutions covering matters of policy outside the sphere of Local Government. All such resolutions should be ruled out of order. A Councillor's views on national policy can be as irrelevant and as valueless as those of a Committee member of the Otters Swimming Club, the Royal College Old Boys Association or the Fauna and Flora Protection Society. He is elected not to represent local opinion, but to run Local Government.".

Section 5—The Need for One Local Government Act

595. Today, in order to ascertain what provisions govern any one aspect or facet of Local Government over the four different types of local authorities, one has to consult a number of different Ordinances. This is irksome and not very satisfactory or convenient. **We recommend that the provisions of the Municipal Councils Ordinance, No. 29 of 1947, the Urban Councils Ordinance, No. 61 of 1939, the Town Councils Ordinance, No. 3 of 1946, and the Village Communities Ordinance (Chapter 198), and the Local Authorities Elections Ordinance, No. 53 of 1946, be incorporated in one consolidated Local Government Act, so that all the main legislative provisions bearing on each aspect of Local Government, as they affect each type of local authority would be found classified and grouped together and thus be very readily available to anyone wanting to know the pattern of legislation, on the various topics of Local Government as they bear on each of the various types of local authorities.**

Section 6—Swabasha in Local Authorities

596. **The use of Swabasha in the deliberations and day to day communications and records of local authorities is a question which will have to be decided in the light of Government policy for the country as a whole.** Each local authority would undoubtedly make its own decision within the limits of the Government policy which would be made known to it by the Ministry of Local Government.

CHAPTER XI

THE CROWN AND LOCAL AUTHORITIES

Section 1—Land Acquisition for Local Authorities

597. The representatives of all local authorities were unanimous in their protests against the delays in the matter of acquisition of lands for their purposes. In many places we were shown lands which were still awaiting acquisition for the purposes of local authorities, whereas in some of those instances, lands either adjoining such lands or nearby to them, whose acquisition has been mooted by one Department or another of the Central Government about the same time or even later, had already been acquired and were actually being put to the purpose for which they were intended to be acquired. The difference in the time-lag in the one case and the other was striking.

598. The local authorities have gone on to urge that though these delays are not of their making, yet the public of their areas criticize them most vehemently for these delays, especially when public utility schemes are involved. There are a number of instances of Housing Schemes where money has been provided, plans drawn up—virtually everything ready for the commencement of the scheme—being held up for years till the actual acquisition proceedings themselves have been completed. The provision of water supply schemes is similarly baulked till acquisition proceedings are completed for handing over either the source, or the site, for a reservoir or dam. The provision of roads suffers the same fate. In rural areas, they add, that they have difficulties in finding places even to bury their dead because of the slowness of land acquisition procedure in cases where land is required for proclamation as cemeteries and burial grounds. One can well understand the sense of helplessness, disappointment and loss of interest which creeps upon local authorities when they have to wait for years to put their schemes into operation. Initiative and local enthusiasm would naturally be lost by the tedium of waiting.

599. Delays in the acquisition of lands occur at five points :

(1) The procedure involved in coming to the decision whether a proposed purpose is a " public purpose ".
(2) Whether a particular site suggested is the best for the purpose, and the taking of decisions on the objections, of any, raised to a proposed site or sites.
(3) The delay in the actual survey of the land because of the difficulties—due to shortages of trained staff, &c.,—of the Surveyor-General's Department, to complete surveys expeditiously.
(4) Delays which arise in Kachcheries in the routine of the acquisition procedure.
(5) Even after the whole process is completed, delays in the actual handing over of the land to the local authority.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

600. One of the intentions of the Land Acquisition Act, No. 9 of 1950, was to cutout a number of points of delay which existed under the Land Acquisition Ordinance (Chapter 203). The delays we have mentioned, however, still occur even under the procedure provided by the present Act. Local authorities blame much of these delays on the fact that final decisions are taken by the Minister of Lands and Land Development, whilst the following through of the actual procedure is in the hands of the Kachcheries. An examination of the evidence placed before us, and of the files of the Department of Local Government, shows that there is considerable ground for complaint. The need for variation in the procedure is there, if acquisition procedure is to be speeded up for local authority purposes.

601. We feel that one method of eliminating much of the intial delays would be to vest the power of making the decision regarding what constitutes a " public purpose ", the decision on objections to site, &c., in the Minister of Local Government rather than vesting it in the Minister of Lands and Land Development, as required by the law at present. We appreciate the argument that there is need for one Minister to be in charge of the subject of lands, but, in view of the fact that the Minister most appropriate to decide whether a purpose is a public purpose or not in relation to local authority needs, and also to decide on objections to the suitability of sites, and objections (if any) to any particular acquisition, is, in our opinion, the Minister of Local Government, **we recommend that, in regard to local authority acquisitions, the decision regarding whether a purpose is a public purpose or not, and decisions on objections to the acquisition of any particular site or sites should be delegated to the Minister of Local Government. His decisions on these questions could be then formally conveyed to the Minister of Lands and Land Development, who, would then use the acquisition machinery to give effect to them.**

602. **In the actual routine of procedure, delay has also been attributed to the fact that applications and connected correspondence have to be kept circulating between various Ministries and Departments of Government. We feel that a lot of this delay can be eliminated if the Regional Committees' set-up, which we have advocated, is utilised.**

603. A local authority could make its application direct to the Minister of Local Government, through the Commissioner of Local Government, for the acquisition of any land it considers necessary for a purpose which it deems to be a public purpose. If the Minister accepts this suggestion of the local authority, its application could then be referred to the Regional Committee of the area, for investigation of the suitability of the site and the hearing of objections, if any. We have suggested that the Regional Committee should have a Standing Committee to deal with Land Acquisition. This Standing Committee would be responsible for expeditiously dealing with these applications. It could (by a smaller sub-committee if necessary) investigate the application, the suitability of the site, hear objections, &c., and put up to the Minister of Local Government any report required under the Land Acquisition Act. He would be guided in

his decisions by this report. **The machinery presently used by the Ministry of Lands and Land Development for decisions about public purposes, and for the investigation of objections, is the Kachcheri administration. Our recommendation substitutes the Regional Committee for the Government Agent, Divisional Revenue Officer, &c.** As the local people would be on the Regional Committee, a democratic element would be there to see that official and administrative decisions are taken expeditiously. Once it has been decided to proceed with the acquisition, then the rest of the procedure of surveys, compensation inquiries, &c., would follow. As representatives of the Survey Department would be on the Regional Committees and as the Government Agent would be the Chairman of the Regional Committee, again the opportunity would be there for the representatives of the local authorities on the Committee to see that these steps too are expedited.

604. In actual practice another cause of delay is survey. This is inevitable if the Surveyor-General does not have sufficient staff to undertake these surveys promptly. Although we are unable to make a firm recommendation regarding the actual proportion of increased staff required, **we recommend that the staff of Surveyors of the Surveyor-General be a sufficiently increased, so that very much of the delay attributable to slowness of surveys, could be eliminated.**

605. The last delay which occurs is in the actual giving over of lands. Here too we would suggest that more use be made of the provisions of Section 36 of the Land Acquisition Act, whereby land which is urgently required could be taken over, pending the formalities of acquisition procedure. We are aware that the Rt. Hon. the Prime Minister has recently given a directive in this matter suggesting that " the Minister primarily concerned in a request for acquisition together with the Minister of Transport and Works (where his Department carried out the work for the other Ministry) should jointly make the decision in regard to the urgency of the work and convey such decision to the Minister of Lands and Land Development with a request for the issue of an Order under the Proviso to Section 36 of the Land Acquisition Act. Where the decision on urgency rests with only one Minister, that Minister will certify the urgency and request the Minister of Lands and Land Development for similar action.". We feel that the correct use of this directive should help local authorities in getting speedy possession of lands required for their purposes.

Section 2—Crown Buildings in Local Authorities

606. It has been a matter of considerable controversy between Local Authorities and Government Departments as to whether or not the latter should comply with all regulations or by-laws of local authorities in regard to buildings, zoning and town planning schemes generally. The Departments claim that they are not bound by any rules or regulations of a local authority, or even by the requirements or standards laid down by any law unless the Crown is expressly mentioned in the law. In actual practice, however, we understand that, as an act of courtesy to the local authorities, Departments have been required, under Ministerial instructions, to inform local authorities when any

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

Department of Government is about to initiate some building activity for some purpose of the Central Government. The local authorities, however, complain that more often than not these instructions are observed in the breach, and that they are generally in the dark as to the nature and purpose of any building activity that they may discover proceeding within their areas. They therefore protest against a procedure which leaves it open to a Government Department to completely disregard their authority and position if they choose to. It also lends undesirable emphasis to the cleavage that unfortunately exists between the Central Government and its officers on the one hand and the local authorities on the other.

607. It seems only fair that a local authority should be advised well in advance of any building that is proposed to be constructed within its area of authority by or for any Department of the Government, as also of the purpose or object the Government has in view in the contemplated erection. Moreover, having regard to the jurisdiction over their areas, which is vested in local authorities, and the position they hold in the scheme of things, it is not asking too much when they claim that their regulations and by-laws regarding buildings, zoning and town planning, &c., should be observed and respected. It would be a travesty of orderly procedure if the Central Government, which itself expects compliance with laws, should permit its Departments to be in a position to disregard local authority rules and regulations where they impinge upon its building activities except in exceptional circumstances and for cogent and compelling reasons, making non-compliance essential in the public interest. A decision on such a matter of principle should, we feel, be taken at a very high level, and should not be left to the officers of the various Government Departments to decide. Nor should the position be left so open that a local authority may or may not be made aware of the intention of Government to commence some building in connexion with some project and the nature of the building intended to be erected for the purpose, depending upon whether or not the Head of the public Department concerned chooses to extend the courtesy of informing the local authority.

608. **We therefore recommend that when the erection of any building within the area of a local authority has been decided upon, it should be the duty of the Head of the Department concerned to transmit to the local authority of the area, as early as possible, copies of the plans with sufficient detailed information to enable the local authority to understand the nature and purpose of the contemplated building, to enable it to see whether or not the requirements of any laws, regulations or by-laws, whether applicable generally or particularly to that local authority, have been complied with or not. If no objection is raised by the local authority within one month of the plans, &c., having been lodged, the Department of Government concerned should be free to commence building operations without any further reference. This procedure will obviate the delays that are associated with applications for sanction before building operations commence, as no formal sanction from the local authority is contemplated in our recommendations.**

Should any question be raised, as to the regularity or conformity of the plans, &c., from the point of view of building laws or regulations, the local authority and the Government Department concerned should endeavour to settle it among themselves, otherwise the matter should be referred to the Minister of Local Government who should, after consultation with the Minister in charge of the Department concerned, arrive at his decision, which should be taken as final. The Minister should have the power, if he thinks it necessary to do so, to order that building operations should be suspended pending a decision on the questions raised.

609. **The same procedure should be followed in regard to contemplated alterations to any existing buildings or to any alterations which may be contemplated to be made, in the course of the construction of any new building.**

Section 3—Vesting of Crown Lands in Local Authorities

(A) The Present Position

(1) MUNICIPAL, URBAN AND TOWN COUNCILS

610. As far as Municipal Councils, Urban Councils and Town Councils are concerned the present position is that such Crown Lands (whether with or without buildings) as may be or may have been made over or handed over with the sanction of the Government to such local authority, or to its predecessor by Vesting Order or equivalent document is deemed to be sufficient to vest the property in the local authority concerned. Despite such Vesting Order however the right or title of the Crown to any such property, and its right at any time to resume possession of, or dispose of such property, for public purposes, was expressly reserved by the relative provisions of the Ordinance. No such local authority has power to sell, or otherwise alienate, any such property except in accordance with the terms and conditions set out in the Vesting Order, or, in the case of Municipal Councils, with the previous consent in writing of the Governor-General.

(2) VILLAGE COMMITTEES

611. In the case of Village Committees, the Village Communities Ordinance (Chapter 198) had made provision vesting all movable and immovable property enjoyed or controlled at the commencement of the Village Communities Ordinance " by the inhabitants of a village area " in the Village Committee constituted for that area under the provisions of the Village Communities Ordinance. In addition to that " all such immovable property of the Crown situated within a Village Area as may, with the sanction of the Minister, be handed over to the Village Committee for the purposes of the Ordinance by a Vesting Order . . . . " is deemed to be vested in every Village Committee subject however to such conditions as may be set out in the Vesting Order, without prejudice however to the right of the Crown to resume possession of any such property, or dispose of it, for any other public purpose. The Crown

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Lands Ordinance, No. 8 of 1947, however, changed the position, rather to the prejudice of Village Committees, in that it made provision by section 37 that every Village Committee should, before a prescribed date (which was the 31.12.1949), send to the Government Agent a Schedule of prescribed particulars of all Crown lands which the Village Committee claimed as having been vested in such Committee under the provisions of the Village Communities Ordinance. The Government Agent had to make inquiries and recommend to the Minister whether to admit or reject or modify the claims put forward by the Village Committee. A copy of the recommendations of the Government Agent had to be sent to the Chairman of the Village Committee concerned. If it was dissatisfied with the recommendations of the Government Agent, the Village Committee was entitled, within thirty days, to appeal to the Minister against those recommendations. The Minister had full power then to direct further inquiry, or to modify or refuse or confirm the recommendations of the Government Agent. The Minister's decision had to be submitted to the Governor (as he then was) for confirmation. The Governor's Order on the subject was final and conclusive for all purposes.

612. **Very few Village Committees submitted their claims in the manner and within the time limit prescribed by the Crown Lands Ordinance with the result that the claims of the Village Committees are, so to speak, time-barred, and any claims they may now set up to any Crown lands within their respective areas, and which they may even have enjoyed for many years previously under the provisions of the Village Communities Ordinance, is not recognized. The result is that by the lapse of the time limit, they have lost such rights to particular pieces of Crown lands as may be within their local areas.** They can neither utilise such lands nor enjoy their produce even though they may have enjoyed such rights in the past. Having regard to the standards prevailing in our Village Committees, the lack of trained personnel, and the absence of proper records, to have enabled them to make their claims in due form and in proper time, we **think it a great hardship that they should be deprived of such Crown lands as they may in fact have enjoyed, even though they may not be able to produce explicit documentary proof in support of the de facto position.**

(B) The Future

613. We see no reason for any variation of the present position regarding the vesting of Crown lands in urban authorities. **The Government requires lands for its purposes from time to time and should necessarily have the decision as to which lands it can vest in local authorities for their purposes, consistent with the needs of the country as a whole in the future.** It is therefore not at all reasonable to expect the Government to hand over to local authorities all Crown lands within their local areas merely because it has no immediate use to put them to. Land is the most valuable asset that Ceylon has and it is the duty of the Government to conserve it for the future. **We therefore do not recommend the requests made in varying forms and degrees, that all Crown lands in local authority areas be vested in local authorities forthwith, with the right**

reserved to the Crown to resume possession of any such lands in the future, whether with or without payment of compensation for any improvements that may have been made by the local authorities in the meantime.

614. There have, however, been instances of slowness in actual vesting in the local authorities those lands which the Government has decided to give over to them, and therefore **we recommend that the procedure connected with the actual vesting of Crown land which the Crown has decided to vest in local authorities be speeded up. Delays in this necessary step generally arise in the preparation of survey plans of the lands for the purposes of the formal document of vesting, followed perhaps by delays in Kachcheries, preparatory to the actual preparation and execution of the vesting document. We are of the view that if our recommendations for the strengthening of the survey staff are carried out, and if our recommedations regarding the setting up of Regional Committees with such powers as we have suggested should be vested in them, are given effect to, then the delays in the formal vesting of Crown lands in local authorities would be eliminated.**

615. A connected matter was the request, which had been made to us by some Urban Councils, that local authorities of their status are not in a position to exercise the powers given them of offering buildings which they may have put up on Crown lands vested in them as security to any private financial agencies, such as banking institutions, &c., against loans required by Urban Councils, as the lands themselves are not vested out-right in the Urban Councils and therefore no lender is prepared to accept security in the shape of a building erected by a local authority, which may be out of its own funds, but on Government land. They therefore urge that the vesting of Crown lands in Urban Councils at least should be absolute and unconditional so that they may be in a position to offer either the land alone or such land with any buildings which they may have erected on them, as security by way of mortgage, to lending agencies other than the Local Loans and Development Fund. It is only of recent years that local authorities have had to consider the need for going to private agencies for loans because of the considerable depletion of the Local Loans and Development Fund and the unavailability of Government money to be loaned out to local authorities at favourable terms for their purposes. Hitherto the existing policy in regard to the reservation of powers by the Crown over lands vested by it in local authorities did not present difficulties of a practical character as money was generally always available from the Local Loans and Development Fund. Quite apart from any considerations such as have been put forward in connexion with the raising of funds outside governmental agencies, we do not think it advisable as a matter of general policy that the Crown should alter the prevailing practice and vest lands absolutely in local authorities. However that may be, we have given careful consideration to the need for funds being readily available to local authorities on easy terms in another part of our Report, and if the recommendation that we have there made, namely that Government should augment the Local Loans and Development Fund so as to have funds always

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

available for local authorities for matters which may be approved of by the Ministry, the need for any final decision upon the request made that wherever Crown lands are vested in local authorites it should be vested absolutely and free of any conditions, will not arise.

616. **In respect of Village Committees, as stated earlier, hardship has been caused to them indirectly by the provisions of the Crown Lands Ordinance by the mere non-observance of the terms of it and without any positive act or default beyond the omission to make a timely return. We feel that there should be an extension of the prescribed date by which all Village Committees had been required to transmit to the Government Agent, in a prescribed form, a schedule of those Crown lands which they claimed should be vested in them by Section 39. At least an extension of two years from the effective date of the amendment should be given to Village Committees to make their claims for Vesting Orders of Crown lands which they say have, in effect, been possessed or enjoyed by them.**

617. Another matter on which incidentally representations have been made to us is the difficulties Village Committees experience about ascertaining details of lands in their areas because Final Village Plans are not readily available. These are now available only with the Kachcheries or with the Divisional Revenue Officers. **We recommend that copies of Final Village Plans should be issued from time to time to, and be in the offices of, Assistant Commissioners of Local Government of the various Regions.**

Section 4—Legal advice to Local Authorities

618. Representations have been made, particularly by Village Committees, that they should have some legal adviser whose services should be made available to them for obtaining advice, free of charge, in connexion with legal questions and problems which arise from time to time in the course of the discharge of their duties and functions. We have explored this question both from the point of view of its desirability and feasibility. We have communicated with the Hon. the Attorney-General too in this connexion and are satisfied that he is not in a postion to undertake the function of giving legal advice to Village Committees.

619. We have also considered the other alternative of attaching one or two legal advisers to the Ministry of Local Government for the purpose. This method has been adopted and is being followed in the case of the Ministry of Housing, Police Department and the Customs. The position in those cases is different in that the legal advisers attached to these Departments are engaged solely for the purpose of advising these Departments themselves and not advising independent bodies or third parties through the agency of these Departments. The problem is a different one when it comes to our having to consider a set-up which will enable Village Committees to consult a legal adviser through the Ministry, which, in practice, will mean through the Local Government Department. From the point of view of these local authorities themselves it may often prove embarrassing to have the matters on which

they desire to seek advice being channelled through the Local Government Department, as it can often happen that the advice sought may be on a matter of conflict between the local authority and the Department itself. There is another aspect of the matter that derserves consideration. If an all-time legal adviser is to be attached to the Ministry, there will have to be provision making it obligatory for a local authority which refers a matter to him for advice, to be bound to adopt any course of action which may be suggested by the legal adviser, or which may be necessitated by his advice. It is going to be administratively very difficult to ensure that the legal advice and the course of action are meticulously followed, particularly where either or both may not accord with the views of the local authority itself or of the majority of its members. This alternative method therefore does not commend itself to us as being a practicable one.

620. **As local authorities are independent bodies free to advise themselves, we think that the most desirable course is that which is followed at the present time, namely, to leave them entirely free to seek legal advice whenever and wherever they may decide for themselves, instead of being tied to seek it from any particular legal adviser appointed by the Government to advise local authorities. With the recommendations which we have made for the placing of larger funds at their disposal, we think that local authorities should be in a better position than they have been in the past, to make their own arrangements with regard to the obtaining of legal advice from legal advisers of their own choice.**

621. Should they, however, wish to pursue the matter, one possible course would be for the Village Committees of the various Districts (perhaps through their respective District Associations) to group together and retain the services of a common legal adviser to advise all the Village Committees in that group.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER XII

GENERAL TOPICS

Section 1—Ad Hoc Boards for Special Purposes

622. A matter which has been placed before us for consideration is the question whether ad hoc boards should be set up in areas which have problems of their own, and of a character and variety different from those that arise in the areas of local authorities of the usual Local Government pattern. Our attention has been drawn to three types of situation with a view to considering whether they need any special treatment :

(1) Areas like Anuradhapura and Kataragama where national and religious claims and considerations predominate over purely local interests. The Government has already taken steps, as far as Anuradhapura is concerned, and a New Town is being created with the intention of getting the local resident community to move into and develop in the New Town, drawing away all commercial, business, and day-to-day interests and activities from the Old Town, which it is felt, should be preserved mainly as a centre of religious and archaeological interest. Special factors which have been mentioned to us in relation to Anuradhapura are the ruins and monuments that attract the Buddhist world which has made it a very important pilgrim centre for Buddhists of the Island and abroad.

Kataragama too has special features of its own which distinguish it from other areas, owing to its pre-eminent position as a place of pilgrimage for adherents of many different faiths, who constitute a seasonal and impermanent population, the permanent population itself being too small to constitute an independent self-governing unit. At present it forms a ward of the Buttala Village Committee. In these circumstances its administration needs special consideration.

(2) Areas such as Colonisation Schemes where the pioneering work is over and a settlemet of colonists has been established and the need has now arisen for some organisation to integrate the heterogeneous elements brought from different parts of the Island into a civic unit and to assist in the development of a community-consciousness among the settlers. It is felt that such areas are yet not ripe enough to be constituted into fully fledged local authorities.

(3) Areas administered by Boards of Health. We find that there still exist three Boards of Health in the Island—in the Civil Area of Diyatalawa, in the Harbour Villages and Kinniya in the Trincomalee District, and lastly in the Minneriya area. These areas are administered by Boards of Health constituted under the Contagious Diseases Ordinance of 1866 (Chapter 174). The members of such Boards generally consist of the Revenue Officer as Chairman, and a few ex-officio nominated members. Their main purpose is to deal with problems connected with the control of sanitation, the abatement of nuisances, and sometimes, with street lighting, the up-keep of roads, the construction of culverts, &c. **Boards of Health do not tax the inhabitants of the area, but obtain funds for their purposes by votes from the Central Government.** These three Boards were originally constituted because of special problems connected with them.

623. The general problem involved in all the examples cited above, is to decide whether for areas such as these local authorities should or could properly be entrusted with responsibility for their development, or whether their development should be made the function of some other special authority. In areas where a nominated authority already exists, like the Boards of Health, the need arises for a decision whether such authorities are to continue or whether they should now be replaced by democratic Local Government authorities.

624. **For the proper development of areas where national, religious, or archaeological interests or other considerations which affect the country as a whole, preponderate over the purely parochial local needs and problems (such, for for example as in the case of Anuradhapura or Kataragama), we are of opinion and recommend that there should be constituted ad hoc authorities charged with the administration of the area and with the regulation, control and direction of all matters relating to, or connected with, the protection and promotion of the comfort, convenience or welfare of those living in or making use of the amenities of the area.** Local authorities which have been functioning over the whole or part of any such special areas should cease to exist, so far as these areas are concerned, once any area, or part, falls within the area of the ad hoc authority. Subject to any modifications that may be required to meet the special circumstances of any particular case, the general set-up of such an ad hoc authority we would suggest, should be—

(1) The Government Agent as Chairman and Chief Executive.

(2) The Assistant Commissioner of Local Government of the Region.

(3) The Medical Officer of Health of the area.

(4) The Executive Engineer of the area.

(5) Such other persons selected by the Minister (not exceeding five in number), consisting of public officers (*e.g.*, the Archaeological Commissioner) and/or other persons representing any special interests in the area as may be considered necessary, having regard to any special circumstances and/or needs of the area.

(6) Persons elected and returned by the residents of the area to represent the wards of the whole or part of any local authority or authorities functioning over the whole or part of any area included within the special area of the ad hoc authority, not more than one person being returned for each such ward.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

625. Such authority should function principally as an Urban Council would, under the provisions of the Urban Councils Ordinance, mutatis mutandis, with the deletion of such provisions of the Urban Councils Ordinance, as may be declared by the Minister not to be applicable.

Special Development Boards for Colonisation Schemes

626. **For colonisation areas, we recommend the establishment of Special Development Boards, for the planning development and management of such areas with the expressed objective of preparing the new residents of such areas to take over the management and control of the colonised areas themselves, after a limited period of five years at the most.** The jurisdiction of any existing local authority over such development area should cease when the Board is constituted. The development areas should be divided into wards, each ward being represented by one member on the existing franchise applicable to Village Committees. **As these Special Development Boards in colonisation areas are transitory, we recommend that the following officers should be included on them :**

(1) **The Government Agent of the District who should be Chairman with an additional casting vote.**
(2) **The Assistant Commissioner of Local Government of the Region.**
(3) **The Medical Officer of Health.**
(4) **The Divisional Inspector of Schools or his representative.**
(5) **A representative of the Director of Public Works—in relation to roads.**
(6) **A representative of the Department of Irrigation.**

627. **Such Development Boards should exercise all the functions and powers of Urban Councils and be regulated by the Urban Councils Ordinance with the deletion of such provisions as may be declared by the Minister not to be applicable. At the end of the period of five years appropriate local authorities should be created to take their place.** By then, the community should be fully developed and integrated into a cohesive whole, so as to be able to take over and manage its own affairs. In most cases, such areas should then be ready to be constituted into Town Councils, at least.

628. **In the draft legislation prepared for these Special Development Boards, we have observed that the Assistant Commissioner of Local Government has not been nominated as a member. This is an omission which should be rectified, as the Assistant Commissioner of Local Government should be the liaison for assisting the proper development of local self-government in that area.**

Continuance of Boards of Health

629. **We see no reason for the continuance of the Boards of Health in the Harbour Villages and Kinniya in Trincomalee or in Minneriya. We recommend that these Boards of Health be abolished and the respective local authorities in the areas, namely the Village Committees, take over and continue the local government functions in those areas.**

630. **The Civil Area of Diyatalawa being comparatively small in extent and in population, we are of the view that it could properly form a part of the area of authority of a Defence Station to be constituted under the Defence Stations Act, No. 38 of 1954.** In any area brought under the provisions of this Act, the Board of Control set up under it, performs all local government functions, the Board itself being a nominated body, consisting of Military personnel, a nominee of the Revenue Officer, the Assistant Commissioner of Local Government, the Medical Officer of Health, the Executive Engineer of the area, such other public officers the Minister of Defence considers necessary, not more than two persons appointed by the Minister to represent the interests of the civilians, if any, who are resident in the station, but are not in employment of the forces, and one person appointed by the Minister of Defence in consultation with the Minister of Local Government to represent the interests of residents in the whole of the area immediately adjoining the Defence Station. **As the Board of Control of a Defence Station under the Defence Stations Act, No. 38 of 1954, is a body in which the official element predominates, including a number of officers of the Forces, we do not think that the provision made for the representation of the interests of civilian residents in the Station (and not in the employment of the forces) consisting of "not more than two persons" appointed by the Minister of Defence is adequate. We would, therefore, recommend that the number be increased from a possible maximum of only two persons to four persons.**

The Special Areas (Colombo) Development Board

631. This was established by an Ordinance (No. 40) enacted as far back as 1947. Its main purpose was to enable the compulsory acquisition and redevelopment of what have been commonly known as "Fire Gaps" as speedily as possible and then hand them over to the Colombo Municipal Council. We find that there are 20 such Special Areas. Development schemes for 13 of the 20 areas have been approved by the Minister of Local Government. The Board consists of the Deputy Secretary to the Treasury (Chairman), the Solicitor-General, the Commissioner of Local Government—all of them very busy officials already having very much to do—and six nominated members *i.e.*, three members of the Municipal Council, Colombo, the Municipal Commmissioner, Colombo, the Chief Valuer and the Assistant Government Town Planner. The Board has constructed 82 flats in eight blocks in the Kochchikade area, a Children's Playground at Gintupitiya, and extended and widened a number of roads, but many roads remain yet to be widened and many "Gaps" to be filled. Acquisition work, it is stated in a Memorandum submitted to us, "could be taken in hand only in the early part of this year due to various difficulties, legal and procedural.". For maintaining the Fire Gaps in a sanitary condition, the Board has engaged two lorries and a gang of labourers under the supervision of an overseer. Shanties are springing up "and legal powers are being sought to combat this menace.".

632. The nature and scope of the Board's activities are such as could well have been carried out by the Colombo Municipal Council itself, except that it was expected that a special ad hoc body would be able to deal with these matters more expeditiously. **Having regard to the fact that seven years have already elapsed since the Board started functioning and acquisitions have commenced "early this year", and that rent compensation over this period of seven years has been and is still being paid, it is essential that the work of the Board should be expedited, completed and handed over to the Colombo Municipal Council at as early a date as possible.** We have been informed that up to the end of the Financial Year 1953–54 the Board has expended nearly Rs. 9 million. The expenditure for 1954–55 was estimated at a further Rs. 2 million. The Six-Year Plan of Investment envisages a total expenditure of no less than Rs. 20 million for the acquisition and development of these areas, (presumably also including rent and damage compensation) of which Rs. 14 million is the estimated expenditure which will have been incurred up to the end of the six-year period on 30th September, 1960, leaving Rs. 6 million to be carried over beyond that date as well. **The object of appointing an ad hoc Board would be defeated if the Board were not to be wound up well before September 1960, especially as the functions which it is to fulfil, namely, building and extending roads, slum clearance, scavenging and sanitation, are duplications of the Council's functions, and involve an overlapping of expenditure as well as heavy recurrent establishment charges, much of which could be saved, as the Council should well be able to discharge these functions using its own established organisation for these very purposes.**

Section 2—Sea Erosion

633. As a general rule the policy of Government has been to accept responsibility for expenditure on measures required to prevent, or remedy the consequences of sea coast erosion, to the extent only to which such expenditure is required to safeguard its own property. Government has not generally accepted responsibility for such expenditure required to safeguard private property. The property of a local authority has been regarded by Government generally as private property for this purpose.

634. Consequently, when the problem of sea-erosion arises and sea-defences become necessary, the procedure has been for any local authority having property requiring protection, to submit to Government for special consideration, any wholly exceptional case where it can be shown that the public interest is substantially involved in the protection of the property, and that the cost of such protection is beyond the capacity of the local body concerned.

635. Following this line of policy, local authorities have had to make applications to Government from time to time to protect their property in areas like Matara, Weligama, Hikkaduwa, Beruwala, and Negombo. The need for protection has then been examined, and if Government accepts responsibility both from the point of view of the public interest, and of its being a task

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beyond the capacity of the local authority, plans and estimates have been prepared by the Public Works Department, and money has been voted for the protection of these areas by Parliament.

636. We learn that in this manner, in the last decade, the Central Government has spent over one million rupees on such schemes, Negombo alone having absorbed nearly six lakhs. The lot of any local authority in trying to prevent erosion by the sea is unenviable.

637. The reluctance of local authorities to expend any part of their funds—so often insufficient even for essential day-to-day purposes—can well be understood. Such measures as they may even venture to take would be futile against the fury of the waters. It is therefore reasonable for local authorities to look to the Central Government to protect the coast.

638. The menace is one which is growing apace, and the need for a thorough examination of the problem as a whole and a comprehensive policy to deal adequately with the problem of erosion is vital and essential and cannot be tackled by responsibility divided over various local authorities.

639. **We would enunciate the principle that the Central Government should assume full responsibility for the planning and protection of defences against erosion whether by the sea or by inland waters, whether the area to be protected belongs to or is vested in a local authority or remains the property of the Crown. The Ministry of Lands seems to be the appropriate Ministry to take the necessary preventive and protective measures but where any part of the area affected belongs to or is vested in a local authority, the Minister of Lands should act in consultation and concurrence with the Minister of Local Government.**

640. **The execution of measures intended to protect possible danger spots along the coast and to repair any damage that may have already been done should be the business of the appropriate Departments of Government. If necessary experts from other countries, where similar problems have been dealt with, may have to be consulted to take all necessary measures to repair as well as to prevent damage by this menace.**

641. **Whilst the primary financial liability should be that of the Central Government, yet, if there are any special reasons or circumstances justifying it in any particular case, appropriate contributions towards the cost of protection works may be recovered from the local authority or other persons whose property is being protected.**

Section 3—Rent Control and Local Authorities

642. The Colombo Municipal Council has dealt with this subject in the Councils's replies to the Questionnaire issued by us. This Council has brought up a number of specific matters for consideration by us in relation to the part which local authorities should play as far as the provisions of this Act are concerned. Hardly any of the other local authorities have touched on this

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

topic, except to the extent of a general statement that local authorities should have more to do with this subject, and that they should therefore be given more powers under the Act. The subject itself is a very large and intricate one and cannot be dealt with piecemeal. **It is of sufficient importance to justify special investigation by itself as a whole, as it has given rise to a crop of abuses whose ramifications and variations are numerous. The investigation of these malpractices and evasions and the questions of policy upon which the Act itself is based, its alleged defects and shortcomings and the omission from its ambit of matters on which the Act is presently silent, are all matters which are outside our purview. But the general question that arises, out of the brief references to this Act by some of the local authorities, is as to the extent to which local authorities can take upon themselves the administration of the Act. It is with reference to this aspect that we have examined the provisions of the Rent Control Act.**

643. The Municipal Council of Colombo states that, generally speaking, local authorities are the most suitable agencies for administering the majority of the provisions of the Act, whereas the Act itself (No. 29 of 1948) allocates no functions at all to the local authorities. Most of the questions between landlords and tenants that may arise, are left to be dealt with by Rent Control Boards which have to be set-up in each of the areas in which the Act is brought into operation by the Minister.

Composition of Rent Control Boards and Board of Review

644. The Rent Control Board for any Municipality or town within the meaning of the Urban Councils Ordinance, No. 61 of 1939, or the Town Councils Ordinance, No. 3 of 1946, is to consist of five persons, four of whom are appointed by the Minister, (being persons who are not members of the Council concerned). The fifth member of the Board is the Chief Government Valuer, except that in the case of the Board for the Municipality of Colombo, the Municipal Assessor is a member of that Board in lieu of the Chief Valuer. It is not necessary that either the Chief Government Valuer (or the Municipal Assessor) should himself be present at any meeting of a Board ; any official of this Department may be authorised by the Chief Government Valuer (or the Municipal Assessor) to represent him at any meeting of the Board, and such authorised person is deemed for all the purposes of the meeting to be a member of the Board. Three members of the Board, of whom one has to be the Chief Government Valuer (or his representative) or in the case of the Municipality of Colombo, the Municipal Assessor (or his representative), constitute a quorum. All interested parties are entitled to be heard and to produce evidence at meetings of the Board. Any person who is aggrieved by any Order made by any Rent Control Board can appeal to the Board of Review constituted under the Ordinance and consisting of three persons appointed by the Minister, two at least of whom hold or have held judicial office or are advocates or proctors of not less than ten years standing. There too the

appellant and the respondent are entitled to be heard but neither of these parties is entitled to adduce any evidence, oral, or documentary, save with the express consent of the Board of Review. The decision of the Board of Review (or of a majority of the three members) is final and conclusive.

Main provisions of the Rent Restriction Act, No. 29 of 1948

645. Rent Control Boards have power, in certain circumstances detailed in the Act, to fix the standard rent of premises after hearing the landlord and the tenant on the application of either of them ; to disallow or modify the " permitted increases " which may be added to the standard rent ; to direct landlords to restore any amenities provided for the benefit of the tenant which have been discontinued or withheld by any landlord " without reasonable cause " ; to order a landlord to carry out such repairs or re-decoration as may be specified in its order, where the Board is satisfied that the landlord has failed to carry out any repairs or re-decoration necessary in the opinion of the Board to maintain the premises in proper condition ; and even authorise the tenant—in the event of the landlord failing to comply with the Board's order—to carry out such repairs or re-decoration as may be specified in the Board's order and to incur for that purpose expenditure not exceeding such amount as may be specified by the Board, the tenant being entitled to set off against the rent the expenditure actually incurred by him for the purpose, or the amount specified in the order, whichever is less.

646. The Minister is given power to declare by order that the further provisions of the Act empowering Rent Control Boards to authorise payment of rents through such Boards, within any Municipal or such other area as may be declared by the Minister by notification in the *Government Gazette* to be an area in which those provisions shall apply. In such an area, the appropriate Rent Control Board can by its order, authorise a tenant to pay through the Board the rent from time to time correctly due in respect of any particular premises in any case where the Board " is of opinion that the landlord has failed or refused to issue proper receipts, or that it is otherwise expedient for the purpose of ensuring that the rent paid or received does not exceed the authorised rent . . . . .". Rent Control Boards are empowered, on the application of landlords and after due consideration of the merits of the application, to authorise them to file actions against their tenants for ejectment, except in four classes of cases specified in detail in the Act. Rent Control Boards also determine questions as to whether persons who claim the right given by the Act, to certain members of the family of the deceased tenant and his dependants, to continue in occupation of the leased premises, subsequent to the death of the tenant are or are not persons falling within the description of those who are declared entitled by the Act to continue in occupation of demised premises upon the death of the tenant, after hearing all parties concerned.

647. **We have generally analysed the fundamental provisions of the Act in order to make it clear that the functions which have been delegated to Rent Control**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

Boards involve the determination of legal rights and liabilities created or imposed by the Act and which are of great consequence in these days of acute housing shortage, to tenants in particular. The proceedings are therefore, of a judicial character, and in such circumstances, it is appropriate that they should be dealt with by Tribunals in the nature of Rent Control Boards and Boards of Review which have been set up specially for the purpose and are manned by persons selected as being possessed of sufficiently specialised knowledge to deal with questions of fact and of law of great significance to the parties rather than leave them to members of local authorities who would not necessarily be equipped for such a specialised task. **Moreover, none of the matters in regard to which Rent Control Boards are given jurisdiction involve any consequential administrative action which could be taken by local authorities.** For example, the determination of the question as to what the standard rent is, or as to the disallowance or reduction of any permitted increase, the giving or withholding of authority to sue the tenant, the determination of the question as to whether certain persons do or do not come within the description of a member of the family of the household of a tenant, do not require any administrative action to be taken to follow them up. The findings and orders of the Boards in these matters are so to speak operative of themselves and do not need any administrative implementation.

648. If, in spite of the determination of the Board, a landlord were to charge a higher figure than the lawful rent, it will constitute a breach of the Rent Act for which the appropriate remedy is provided by the Act itself, namely a prosecution of the landlord and a right to the tenant to sue for its recovery. Should a landlord, in spite of the decision of the Board, seek to throw out of the premises a person who has been found by the Board to have been a member of the family of the deceased tenant or of his household and therefore entitle (in certain circumstances) to continue the tenancy which was determined by the death of the tenant, that again would be a breach of the Act for which the Act provides remedies which do not need the executive intervention of a local authority but is a matter for legal action. If the order of the Board is that rent be paid to the Board, and the tenant chooses to disregard that order and elects to continue to pay the rent directly to the landlord, no administrative action is required as a follow-up after the Board's order. If the tenant complies with the order and pays the rent to the Board, the landlord can get that rent upon application to the Rent Control Board. The question whether the particular function of receiving the rents from the tenants in pursuance of orders made by Rent Control Boards, should be transferred from the Boards and entrusted to the local authorities is again one which should not be considered apart from its setting and context within the framework of the Act as a whole.

Suggestions of Colombo Municipal Council

649. The suggestion of the Colombo Municipality, however, is a much wider one and contemplates the provision of the law making it compulsory for all local authorities to receive rents on behalf of landlords whenever a " certified

tenant " (*i.e.* a tenant who has obtained a Certificate of Tenancy from his landlord) chooses to pay the rent to such local authority instead of making payment directly himself to his landlord. This again goes far beyond the present provision of the Rent Act, and involves the consideration of a general question of policy to be applied to all local authorities and involves the imposition of a general duty on them ; whereas, under the present provisions of the Act, the Rent Control Board orders the payment of rent to the landlord through the intervention of the Board only in two types of cases, which appear in the summary of the main provisions of the Act which we have set out earlier in this section. This suggestion will also make it necessary to consider how many local authorities can stand the burden of such a service. The Council further suggests this service should be rendered free to the landlords and tenants and that the expenses involved in it should be taken over by the Government.

650. All these questions could be gone into more appropriately when a properly integrated scheme for an amended Rent Act is being evolved after a careful review of its provisions and of their impact on the problems which the Act was intended to deal with.

651. The only class of order where consequential administrative action would be required to implement the order of a Rent Control Board, would be in a case where it has ordered the restoration of amenities or the effecting of repairs. Here too there is no room or need for the intervention of the local authority to give effect to the order of the Board because the Act provides that the tenant himself can carry out the necessary repairs and deduct the cost from the rent.

652. It is also urged that local authorities should be given the necessary powers to inspect premises, for the purpose of seeing that they are kept in proper order, and also, where necessary, to determine what repairs are necessary, and to compel landlords to carry out these repairs, or in default to enable the local authorities themselves to carry out the repairs and charge the landlords with the cost of such repairs. **Amendments to the Housing and Town Improvement Ordinance effected by Act No. 10 of 1954[1] have already brought in provisions to meet the situation created by premises being very often, deliberately allowed to remain in a ruinous state, or in a state of gross disrepair, as to compel tenants, sometimes, to leave such premises in order that landlords may exploit to their own selfish advantage the present shortage of housing and let the premises out at higher rents to others who are willing to pay the price and come in. It provides that the local authority itself can cause the work to be done and recover the cost from the landlord where he fails to do the necessary work after he has been notified by the local authority to do it.**

653. The Municipality wants a clarification of the functions of " Authorised Officers " appointed under the Act. At present the Minister is empowered to select suitable officers for appointment as " Authorised Officers " either

[1] Vide Section 99 (A) introduced by Act No. 10 of 1954.

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from the Government Service or from the service of local authorities, for the various areas where the Act operates. The functions and duties of an Authorised Officer are set out in Section 25 (3) of the Act. The Municipal Council of Colombo has suggested that Authorised Officers should only be appointed from amongst the ranks of the officers of local authorities and that they should be responsible to their respective local authorities. The Municipality also suggests that the relations of Authorised Officers with the Rent Boards should be defined. Perhaps these also are matters which can be developed when the whole framework of the Act is considered by some authority such as a Commision or Committee more appropriate to deal with the entire field covered by Rent Restriction, rather than by a Commission such as the one issued to us to examine and report on the functioning of Local Government as such.

654. It will thus be seen that in none of the matters where Rent Boards are given jurisdiction is there room for the local authorities to follow on by any type of administrative action.

655. Apart from observations of a general nature, such as we have already dealt with, the Municipal Council of Colombo has made certain specific suggestions in regard to matters connected with the Rent Act. One of them is that local authorities " should be given the power to determine and certify to any tenant and landlord the authorised rent for the current year, of premises within their respective limits.". **While agreeing that provision for an appeal to a Board may be included, the Municipality suggests that, in the first instance, at least, the local authority concerned should have authority to issue such certificates as the facts and figures necessary for the purposes of determining the authorised rent are available within the local authority itself. It is further suggested that such certificates should be issued free of charge and that the Central Government should pay the expenses of such a service. This is a suggestion which merits consideration when a revis'on of the whole scheme and policy of the Rent Act are examined rather than that a single suggestion should be adopted which would vary the existing provisions of the Act which fall into its scheme.** Whether the services should be rendered free or a small charge made for it on a sliding scale, commencing with a nominal charge for the lower grades of rents, is also a connected question which should be considered at the same time as the broader question of the overhaul of the entire Act is undertaken.

Section 4—Supply of Stores to Local Authorities

656. A suggestion was made in the course of the evidence before us that some central organisation should be created and established for the purpose of enabling local authorities to make their purchases of stores, stationery, and other requirements from time to time centrally. The suggestion contemplated not merely the setting-up of an establishment on the lines of a buying house which merely receives indents and places them with reliable suppliers whose quotations are most favourable, for direct delivery of the goods to the buyers ;

it went further and contemplated the opening of a large set of stores where all kinds of requisites would be stocked so as to be readily available for delivery to local authorities from time to time as and when they placed orders with the central organisation, according to the periodic requirements of each local authority.

657. This proposal had been made to the Commissioner of Local Government about three years ago and has formed the subject-matter of investigation by the Department of Local Government. We have examined the responses to the inquiries which were being made by the Department.

658. The reaction of the Municipalities could not be said to have been in favour of the suggestion, for even those who favoured the proposal made it clear that their concurrence was subject to their not being bound to make all their purchases from the contemplated central organisation, but that they should be free to make their purchases elsewhere too. If such a condition were acceded to, the central organisation would not be able to count on the support of the Municipalities to an extent and degree which would enable it to estimate for and make bulk purchases, in advance, of a certain minimum basic quantity of requirements of different types of stores, stationery and other equipment and materials useful and required by local authorites, in anticipation of orders and requisitions in the course of the year. It would therefore be seen that the response of the seven Municipalities in the Island has not been an encouraging one. As far as Colombo is concerned, the Council has got its own workshop and stores to meet its own requirements.

659. Most Urban Councils and Town Councils were in favour of the proposal, but even in in their case, many of those who were in favour of the proposal, did not wish to bind themselves to make all their purchases exclusively from the central organisation. It could not be said that the Village Committees were keen about the proposal either. On the whole, therefore, the response has not been a favourable one.

660. Unless such an organisation could count on the support of most of the local authorities to make all their purchases from or through its agency, it would be a hazardous venture to enter upon. There are undoubtedly advantages which could be secured to the local authorities by such a central set-up as is contemplated. It would be possible for the organisation, after a year or two of working experience, to form a fair idea of the basic nature and quantities of different types of requirements of local authorities throughout the Island and place its orders in time and in sufficient bulk to ensure advantageous terms as to price, delivery, &c. It would also eliminate a considerable amount of repetition of work such as is involved in the present system under which each local authority has to call for tenders, obtain quotations, place its orders and obtain deliveries from time to time, or secure quantities in bulk and store them up in their respective stores. This again involves storage space and charges, expenses of maintenance and staff, such as storekeepers, clerks, &c., loss of materials from stores through irregularities, &c. Even in cases where

bulk purchases are not made of such large quantities as to justify the maintenance of a permanent store and staff, nevertheless some storage space is generally required for the storing of supplies obtained by each local authority periodically at different times during each year.

661. The stores of the central organisation would take the place of the storage space which most of the local authorities have to provide at least temporarily from time to time each year. Moreover, local authorities would be assured of getting their requirements from a large central organisation which would either have the materials readily available in its own stores or would have sufficient contacts with suppliers, both local and foreign, and also sufficient data and particulars on its books to enable it to place an order promptly and secure delivery far more quickly (either locally or from abroad) than a local authority would be able to do when it has to go through the usual tender procedure and then make its purchases either locally or from abroad. Furthermore there would be greater uniformity of prices at which local authorities would be able to make their purchases from the central organisation than if each local authority called for quotations from time to time from various suppliers and made its own purchases independently. Another advantage of a central organisation would be that in view of its large purchasing power of different types of stores and goods, it would be able to make its annual contracts in advance with larger suppliers of better standing and reputation for quality, and at more competitive prices, than would be available to each of the local authorities who place orders for much smaller quantities.

662. Even if the central organisation were not to carry stocks, in its own godowns and stores, its set-up could be constituted as a small organisation which would have available on its files, information regarding the suppliers from whom and the prices and other terms at which, different types of materials which are generally required by local authorities could be secured at most favourable terms so that, on receiving an order from a local authority, this organisation could immediately pass the order on to some supplier on its books who would be able to meet the order at the most favourable quotation and in the shortest space of time. Such a set-up would dispense with the necessity of the central organisation having large stores, a large staff, and a complex organisation to look after and attend to the multifarious details which the maintenance and running of such a large Department would require.

663. If such a central organisation, with its own stores to carry its own stocks, could be set up and properly worked by adequate and competent staff, it would be a great facility and service to all the local authorities in that it would relieve them of the task of advertising for tenders, going into them, and attending to all the other consequential detailed office work before placing its orders and securing its supplies. If every local authority were to place its orders with the central organisation it would have a greater sense of dependability as regards quality, price, delivery, &c., as the central organisation would be expected to maintain vigilance on all those points, in its own interest and as a part of its own activities.

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664. **Although no definite scheme was put up to us, the basic suggestion itself has certainly been an attractive one and we would have wished to have been able to give effect to it, had it been possible to contemplate with equanimity either the creation of an organisation to give effect to the suggestion, or, better still, to make use of some existing organisation for the purpose.**

665. The Co-operative Wholesale Establishment might have held promise of being able to take such a place, but in view of its own need for reorganisation with a view to making it an efficient and businesslike organisation, running on proper lines, we are unable to recommend it to become a buying-house for the network of local authorities throughout the Island. **We cannot recommend the setting up of a completely new and independent organisation for the purpose** as we feel that even though the annual orders from all types of local authorities—if they all bound themselves or were made legally bound to make all their purchase of stores and supplies, &c., from that central organisation—would come to anything between fifteen and twenty lakhs of rupees a year, it would not pay its way. It would not be a workable proposition to have a set-up formed from amongst the local authorities themselves, nor could it be reasonable to expect the Department of Local Government to run such a business organisation. In the last resort, it would have to be the setting-up of another Department by the Central Government for the running of what would virtually be a very large Departmental Store, and this would not be a commendable suggestion to make in the light of the experience of the past, with business organisations set up and run by the Government with all the rigidity of Financial Regulations, Treasury control, slowness of decision to meet changing situations, and all the other handicaps to which Government Departments and Organisations are subject, from the point of view of successful business or commercial ventures.

Section 5—Level Crossings in Local Authority Areas

666. The policy to be followed in connexion with the provision, maintenance and protection of Railway Level Crossings has been laid down by the Colonial Secretary's Circular of May 1931. In the circular, Railway Crossings are classified as follows :

(*a*) " Crossings found to be necessary at the time of the construction of the Railway to admit of traffic passing along established rights of way.

(*b*) " Crossings which become necessary at a subsequent date in connexion with the development of the Railway.

(*c*) " Crossings which become necessary at a subsequent date in connexion with the development of a town or an area.

(*d*) " Crossings which may be provided for an individual to gain access from his property on one side of the Railway to his property on the other.

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(*e*) "Improvements required to existing level crossings in the interests of the Railway.

(*f*) "Improvements required to existing level crossings in the interests of the public."

667. In the case of level crossings coming under (*a*), (*b*), and (*e*), the provision of funds is the business of the Railway. The full cost of providing crossing under (*d*) is borne by the private party applying for the crossing. In cases coming under (*c*) and (*f*), that is in the case of crossings which become necessary as a result of the development of a town or an area, and improvements to existing level crossings purely in the interest of the public, the local authority is called upon to pay for the work.

668. In a memorandum submitted by the General Manager of Railways to the Commissioner of Local Government in August 1952, suggesting a review of the policy on this matter, he has stated that "until recently applications from local authorities for new level crossings were comparatively few, and the protection provided by the Railway at minor level crossings was considered sufficient for slow moving vehicles ; such protection is now found inadequate for fast motor traffic. The construction of a level crossing protected with warning boards only, does not cost much and local authorities have met these expenses. The provision, however, of new level crossings, with full protective equipment, namely gates inter-locked with signals, is an expensive item costing from Rs. 25,000 to Rs. 40,000 as initial expenses and an annual recurring expenditure of Rs. 3,000 to Rs. 4,000 as wages of gatemen, &c. . . ."

669. The Department of Local Government has consulted the Municipal Councils and the various Associations of Local Bodies and the general consensus of opinion has been that the provision of gates and the maintenance of level crossings should be a duty of the Government in the interests of the public. The replies received by the Commissioner of Local Government do not deal with the distinctions upon which the various categories of level crossings set out in the Colonial Secetary's circular of 1931 are based.

670. Whilst there seems to be some justification for the classification contained in the Colonial Secretary's circular, it would, in our view, be difficult, in practice, to be able to say with a sufficient certainty whether or not a particular level-crossing needs full protection as a result of the development and growth of railway traffic, or as a result purely of the development of the local area in which the level-crossing is situated. In a sense the two are inter-dependent and inter-acting factors ; the development of the Railway itself may result in the development of the towns or the areas within certain ranges of distances, and, vice versa, the development of a town or an area may itself result in the development of railway traffic. Nevertheless it should be possible to say, broadly, whether in any particular case, the development of a town or area has been much greater than any development or expansion of the railway traffic in the shape of increased services, whether of passenger trains or goods

trains. It would therefore not be unreasonable to expect that local authorities should bear some proportion of the cost of providing the degree and measure of protection that the volume of road traffic as well as the frequency of the railway services require.

671. The question is not an easy one as appears from the consideration that has been given to it by the Ministry of Transport and Works and the Ministry of Local Government, both of which Ministries have taken up this subject for consideration from time to time. One of the difficulties involved is the decision on the order of priority for providing the protection required at various important level-crossings. Another point that has to be settled is as to which authority or department should take the initative in the matter. At present public attention is focused on this need whenever a collision occurs between a railway train and a motor vehicle, at an unprotected or an inadequately protected crossing. In the end, nothing seems to happen except in rare instances where the deficiency is supplied or the measure of protection required is raised to the level required at a particular danger spot. But the other level-crossings continue to remain unprotected or inadequately protected as it appears to be nobody's business to take the initiative. The local authorities are themselves slow to act in the matter, either because their area have been free from such mishaps, or, if mishaps have occurred, the question of who is to bear the cost becomes a matter of sharp disagreement and results in no action being taken in the end, or if the local authority is to bear it, the amount of the expenditure again becomes a factor which inhibits action being taken by the local authority to remedy the situation.

672. In our opinion, it would be virtually impossible for almost any of the local authorities to be able to provide the Railway with sums varying from Rs. 25,000 to Rs. 40,000 as initial expenditure for the provision of any single level-crossing with automatic safety devices. In addition to that, there is the further question as to who is to find the annual expenditure for the maintenance and upkeep of these level-crossings, which according to the General Manager of Railways, can come to anything from Rs. 3,000 to Rs. 4,000 a year, as wages for a gateman, &c.

673. **We would therefore recommend that a Committee consisting of the General Manager of Railways (as Chairman), the Commissioner of Local Government, the Director of Public Works, and the Commissioner of Motor Traffic (or their respective nominees) should be constituted to immediately set about examining the degree and measure of protection required at various level-crossings where railway lines and roads intersect, having regard to existing measures of protection, if any. This Committee will also decide the order of priorities, and the type of protection required, at the various level-crossings, and the costs thereof. In arriving at the decision on the point regarding the type of protection to be provided, the liability of the local authority to contribute to the costs and the total amount of the cost, where the road is a roadway of the local authority, the respective local authorities should be notified and their views ascertained. If they object,**

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either as to the necessity for, or the quality or degree, or as to the liability for, or the amount of the costs, of the protection suggested by the Committee over the roads of such local authorities, the matter should be referred to the Minister of Transport of Works who will decide the question with the concurrence of the Minister of Local Government. After the above matters are decided, the General Manager of Railways will execute the work.

674. **Part of the cost of the protective measures over a local authority road should be borne by the local authority according to the table given below, only in cases where the protective measures are required more as a result of the development of the town or local area than of the development of the Railway, as it is only in the former event that local authority is to be liable to contribute at all.**

TABLE OF CONTRIBUTIONS TO BE MADE BY LOCAL AUTHORITIES TOWARDS THE COST OF PROTECTIVE MEASURES AT LEVEL-CROSSINGS

	Per Cent.
Colombo Municipal Council	40
Municipalities (other than C. M. C.)	25
Urban and Town Councils	15
Village Committees	5

675. **In the case of new level-crossings across roads of local authorities, where the measure of protection required is that which is provided by warning boards, the cost, we understand, is not much and has been borne in the past by the local authorities themselves. This could continue. If the measure of protection is, in the opinion of that Committee, or of the Ministers, in the event of disagreement, to be of a higher degree, the local authority will have to contribute its proportionate share according to the table.**

676. **In the case of P. W. D. roads, the entire cost of the protective measures recommended by the Committee should be borne by the Central Government.**

677. **In all cases, all recurrent expenditure of all types of level-crossings, the cost of maintenance, salaries of gatemen, &c., should be borne by the Central Government.**

678. In this connexion we would draw attention to the recommendations in Section 798 of the Report of the Salaries and Cadres Commission :—

> " The next matter we wish to refer to relates to Gatemen. This grade at present comprises 159 employees. Their duty consists solely in the opening and closing of rail-gates at level crossings. Although in remote areas they have to attend to the gate only once or twice during the day, they are full-time Government employees, who are given an eight hour turn of duty. This procedure has led to a considerable expenditure of Government funds which we think is not justified. For instance, if one train passes through at 8 A.M. and the next train at 8 P.M. the gateman is entitled, in addition to a full days pay, to four hours' overtime, although he has had to attend to the gate twice. We do not think it necessary to appoint a permanent full-time employee to carry out these duties. Our view is that gatemen should be locally recruited and paid a suitable allowance, which we understand is the procedure obtaining in certain other countries.
>
> " The General Manager of Railway states that there are three types of gates at level crossings :
>
> | | |
> |---|---|
> | (i) Gates with signals fully interlocked .. | 58 |
> | (ii) Gates with signals but not interlocked .. | 98 |
> | (iii) Gates only—no signals .. .. | 3 |
>
> and that part-time gatemen can be employed only in connexion with gates of the first category, for safety reasons. We therefore recommend that such part-time gatemen be employed for these gates for the prresent, the scheme being extended as more gates are converted to this category."[1]

Section 6—The Prevention of Cruelty to Animals

679. Prior to 1944, the enforcement of the Prevention of Cruelty to Animals Ordinance (Chapter 332) was vested in the Society for the Prevention of Cruelty to Animals, which was given an annual grant by Government, for the Colombo Municipal area. A small Police patrol also operated in Colombo for the detection of offences under this Ordinance. Since 1944 the enforcement of the Ordinance has depended solely on the officers of the Police Force, as the recognition of the services rendered by the Society was withdrawn and the payment of the grant was stopped. As a result, this Ordinance which, in practice, has had application mainly in the Colombo Municipal Council area, has not proved of much use, in fact, for the prevention of cruelty to animals.

680. The prevention of cruelty to animals is essentially a humanitarian task which can properly be done by interested voluntary agencies. In England, for instance, the Royal Society for the Prevention of Cruelty to Animals is responsible for it, in conjunction with the Police Force. The lack of strong voluntary agencies throughout the Island to take over this task necessitates consideration of some other agency, if it is intended that this Ordinance should be made effective in practice throughout the Island.

681. We are of opinion that this is an Ordinance which local authorities should make effective in their areas. Its active enforcement should not be purely a function of the local authority alone, but should be one in which members of the public other than the elected members of the local authorities themselves,

[1] Report of the Salaries and Cadres Commission—Sessional Paper No. XVII of 1953.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

and voluntary agencies, should be associated in view of its humanitarian aspects. We do not mean to suggest that it should be an obligatory duty of local authorities, but should be a function which local authorities may undertake if they so desire.

682. **We therefore recommend that the enforcement of this Ordinance be made a permissive function which could be undertaken by local authorities. A local authority could in turn delegate the implementation within its area, of the provisions of the law for preventing cruelty to animals to a Special Committee chosen by it. The Chairman of this Committee should be the Chairman of the local authority and associated with him and with members of the local authority should be members of the public and of voluntary agencies in the area interested in this type of work. The detection of offences, &c., could be carried out by the staff of the local authority—either its Revenue Inspectors, or Sanitary Inspectors. The fines, &c. which would accrue from successful prosecutions should be made over to the local authority concerned.**

Section 7—The Need for Ratepayers' Associations

683. One of the reasons why local bodies are not as active and alive to their responsibility as they should be, is because there is a lack of vigilance over them on the part of the local community which they are expected to serve. If there were Ratepayers' Associations in our towns and villages, which make it their duty to watch the activities and policies of the local bodies in their respective areas, they would keep the local authorities alert and serve the same purpose in local areas that a vigorous and effective opposition would serve in Parliament. Intelligent criticism and watchfulness by such Associations will also reduce the need for checks and controls to be applied ultimately by the Central Government.

684. Sometimes Ratepayers' Associations are formed about election time and although their arrival is heralded by a fanfare of trumpets and imposing letterheads, very little is heard of them after the elections are over. There is no continuity of sustained interest and watchfulness over their own affairs by the citizens themselves, with the result that the more vociferous and assertive, if not designing, members of the local authorities are able to carry things much their own way.

685. The lack of these Associations was seen by us too, for only one such Association appeared before us and that Association can certainly not be said to have been representative of the ratepayers of the area. Of their delegates many were those who had suffered defeat at the polls ; the Association itself did not appear to have had a sustained existence over any appreciable period of time. One other Ratepayers' Association wished to appear before us and though given the opportunity did not avail itself of it.

686. **As it is very necessary for the proper development of a town or village that there must be intelligent, critical interest of the working of the local authorities by those who elect the members and pay for the services provided, we recommend that in all towns and villages the residents take it on themselves to form Ratepayers' Associations and keep them going actively throughout.**

Section 8—Education

687. Education was somewhat feebly touched upon by the local authorities. It cannot be said that there has been any strong demand by local authorties to take over educational activities in their respective areas. Some have, however, broached the question and we therefore think it but fair it should be dealt with.

688 **We feel that local authorities have yet much leeway to make up in the fields which have been generally accepted as those for development by local authorities in Ceylon, namely Public Health, Public Utility Services, and Thoroughfares mainly, and we therefore cannot recommend their participation in educational activities as yet. Moreover the whole policy of the Central Government in the field of Education is still in an unsettled state and until that policy has been satisfactorily settled, and functions smoothly thoroughout the Island, the time will not be ripe to consider any delegation of this function to institutions on the circumference.**

Section 9—The Shop and Office Employees Act, No. 19 of 1954

689. An examination of the relevant files shows that after consideration of the matter, the two Ministers of Labour and Local Government arrived at the conclusion " that the provision in the Shops Ordinance, No. 66 of 1938, relating to Closing Orders and Sanitary Provisions should be handed over for enforcement to such of the Urban Councils and Town Councils as were willing to take over, and were capable of enforcing, these provisions.". It was then decided that the views of the local authorities concerned should be ascertained on whether they were agreeable to take over the enforcement of these provisions. The reaction of the local authorities cannot be said to have been unanimous ; on the contrary opinion was more or less evenly divided. Since then the new Act of 1954 has come into operation. It too has analogous provisions regarding Sanitation and Closing Orders. **We are of opinion that the conclusions arrived at by the Ministers of Labour and Local Government that the enforcement of the provisions relating to Closing Orders and Sanitation respectively should be handed over for enforcement to local authorities (other than Village Committees for the present) which are willing and capable of enforcing those provisions, should be given effect to.** Any consequential legal or administrative difficulties or adjustments may necessitate amendments of the Act.

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PART IV—SUPERVISION AND CONTROL

CHAPTER XIII

EXISTING CONTROLS

690. Although the rights and powers vested in local authorities by statutes give the prima facie impression that these bodies are to a large degree autonomous, and are not in law or fact agents of the Crown, it is clear that "complete autonomy of local bodies would spell anarchy. Some relation must be established between local authorities and the Central Government; it is necessary to prevent Local Government from conflicting in its activities and aims with the wider purposes of the nation. Again the standard at which Local Government Services are to be administered may become a matter of national importance."[1]

691. The funds available to our local authorities from local taxation are insufficient for the proper performance of the statutory local services at a level which can be considered satisfactory to keep pace with the growing needs and pressures of an expanding population and a developing economy, or to meet a major part of their costs. Such funds have necessarily to be supplemented by the Central Government which is, after all, interested in, if not responsible for, the efficiency and development of certain services which are directly operated by local authorities, and which the Central Government itself would have to provide but for the existence of these local authorities. Consequently, control by the Central Government is inevitable, particularly over the funds made available by it to local authorities, with consequential checks and supervision over some of their activities. It is generally true to say that the larger the quantum of financial assistance given to local authorities, whether by way of grants, loans, or assigned revenues, the greater is the control that needs to be exercised over them in diverse ways. Although this necessitates the existence of wide powers, capable of being used if and when the need arises, **the degree of control actually exercised from time to time needs a measure of wise discretion to guide it and must not be greater in any case than is absolutely necessary—or to put it in another way—it must be no more than is required in the joint interests of the local authorities and the Central Government, to ensure the proper safeguarding and expenditure of public funds and the performance of services consistent with local and national interests.** If this degree of control is exceeded, the independence of local authorities will be impaired and their sense of responsibility diminished, and to the extent that control is not called for, but is exercised, there would be a waste of man-power and effort at the Centre, not to mention avoidable conflicts and bickerings between the two bodies.

[1] Hart's "Introduction to the Law of Local Government and Administration".

692. Central Control of local authorities is specifically dealt with in each of the Ordinances governing local authorities—Sections 277 to 289 of the Municipal Councils Ordinance, No. 29 of 1947; sections 196 to 215 of the Urban Councils Ordinance, No. 61 of 1939; sections 197 to 215 of the Town Councils Ordinance, No. 3 of 1946; and Sections 53 to 56 and Section 61 of the Village Communities Ordinance. The following are some of the forms which Central Control may take, as embodied in these Ordinances :—

(*a*) dissolution of the local authority ;

(*b*) the power to call for statistics and make inquiry ;

(*c*) the power to order necessary work to be done, and to enforce such order ;

(*d*) the power to direct the levy of a tax or the raising of a loan ;

(*e*) the power to make regulations ;

(*f*) the power to approve by-laws ;

(*g*) the power to inspect books ;

(*h*) the power to control the budget ;

(*i*) the power to appoint staff and control their conditions of service ;

(*j*) the audit of accounts.

693. Central Control is exercised administratively too, outside the forms it may expressly take by virtue of Statutes. For example, where a loan or grant is made by the Government for a particular purpose, adequate steps have to be taken to ensure that the money is effectively spent for that purpose.

694. The kinds and degrees of control over the various types of local authorities are not uniform. We proceed to indicate in some detail the nature and extent of this supervision and control in relation to the various types of local authorities.

Municipalities

(*a*) MINISTER'S POWERS

695. There are seven Municipalities in all and being of the highest grade are, to all intents and purposes, autonomous bodies. Supervisory powers exercised over them are therefore of a very slight character. These are exercised over Municipalities, virtually, only by the Minister of Local Government and the Auditor-General.

696. The supervisory power exercised by Government is chiefly in relation to grants given by the Central Government for specific purposes, such as housing or water supply schemes, for example, where conditions have to be satisfied for qualifying for the grant.

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697. Under the Municipal Councils Ordinance, No. 29 of 1947, power is given to the Minister (by Section 277) to dissolve a Municipal Council if at any time either upon representations made or otherwise, it appears to the Minister that a Municipal Council is either "not competent to perform, or persistently makes default in the performance of any duty or duties imposed upon it, or persistently refuses or neglects to comply with any provisions of the law.". The Minister dissolves the Council by an Order published in the *Gazette* directing that the Council be dissolved and superseded ; thereupon the Council ceases to have the power to exercise, perform, or discharge any of its functions, powers, duties or privileges conferred or imposed upon it or vested in it by the Municipal Councils Ordinance or any other written law.

698. Consequent upon a Dissolution Order, the Governor-General can appoint a Special Commissioner to perform and discharge all the duties, functions, powers, rights, and privileges, of the dissolved Council, or of the Mayor. Alternative provision is made for the Minister to direct that a new Municipal Council be constituted in place of the dissolved Council.

699. The Minister can also require any Municipal Council to furnish him with any extracts from any proceedings of the Council or of any Standing Committee or Sub-Committee of such Council, or to call for statistics connected with the working income or expenditure of any Council. The Council is under duty, by law, to comply with the requirements of the Minister.

700. A wider power is given by Section 280 of the Ordinance under which, if at any time it appears to the Minister that any Council is omitting to fulfil any duty or to carry out any work imposed upon it by any law, the Minister may notify the Council that unless the Council shows cause to the contrary within fifteen days, the Minister will appoint a Special Officer to inquire into and report to him the facts of the case, with recommendations as to what steps such officer thinks should be taken for fulfilling the duty or carrying out the work in question. If the Municipal Council fails to comply with an Order made by the Minister, under this power, the Minister is authorised to direct the Mayor, or to appoint any other person, to discharge the duty or work at the cost and expense of the Municipal Council concerned. The Minister can even levy any tax or raise a loan for the purpose of defraying the cost of fulfilling that duty or carrying out that work.

701. The Minister is also given the power under Section 284, by an Order published in the *Gazette*—

(*a*) to vary the limits of any Municipality or of any of the Wards of a Municipality ;

(*b*) to vary the number of Councillors prescribed for any Municipal Council ;

(*c*) to dissolve any existing Municipal Council and direct that it shall be replaced by a new Municipal Council to be constituted in accordance with the provisions of the Ordinance, in lieu of such existing Council, whenever it appears to him to be expedient so to do, upon any variation of the limits of the Municipality for which the existing Council was constituted ;

(*d*) to dissolve any Municipal Council for the purpose of constituting any other local authority in its place.

702. There are other provisions in the Municipal Councils Ordinance under which either the sanction or approval of the Minister is required, such as, for example, the sanction of the Minister before a Municipal Council makes and assesses any property rate or rates which rate or rates, however, cannot exceed in the aggregate the maximum rate or rates determined from time to time by the Minister—vide Section 230 ; or again, Section 268 by which no by-laws made by any Municipal Council for the purpose of carrying out the principles and provisions of the Ordinance could have effect until they have been approved by the Minister and confirmed by the Senate and the House of Representatives and notification of the confirmation has been published in the *Gazette* ; or, under Sections 191 and 192, a Municipal Council's borrowing powers need the sanction of the Minister for their exercise, unless the amounts sought to be borrowed are less than a certain prescribed maximum (vide the Local Authorities (Enlargement of Powers) Act No. 8 of 1952).

703. There are also to be found provisions in various Ordinances and Acts, giving the Minister power to make or approve of regulations for the purposes of those Ordinances. In some cases decisions are subject to an appeal to the Minister. However, provisions of this type are few and far between.

(*b*) AUDIT

704. Perhaps the most vital form of control over Municipalities in practice (because the forms of Ministerial control are seldom invoked) is that which is exercised through the annual audit as well as the continuous audit which has to be maintained (under Section 219 as amended by Act No. 8 of 1952), by the Auditor-General through his Department. The Auditor-General has to submit, in addition to his Annual Audit Report, a Monthly Report of his audit to the Council concerned and a duplicate of the Annual Report to the Minister, as soon as possible after the close of the financial year.

705. The Minister can direct the Auditor-General to call the attention of the Council to any material defect, impropriety or irregularity in the expenditure of moneys by, or in the recovery of moneys due to, the Council, or in the Municipal accounts, and the Council is under duty to report to the Minister as soon as possible the action which it has taken or proposes to take in regard to the defect, impropriety or irregularity in question. The same section (namely Section 223) gives the Minister power to "make such orders as he thinks fit" upon the Report submitted by the Council. Such orders are final and have to be "complied with by the Council and all other persons.".

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706. In actual practice no Municipal Council in Ceylon has yet had to be dissolved for incompetence or default of duties or any of the other reasons set out in the Municipal Councils Ordinance. The Colombo Municipal Council, however, was suspended on 16th August, 1953, under the Emergency (Suspension of Certain Local Authorities) Regulations, framed under the Public Security Ordinance, No. 25 of 1947, read together with Section 277 (2) of the Municipal Councils Ordinance during what has come to be known as "The Hartal". With the enactment of the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, virtually all fetters on complete autonomy have been removed, except such powers as the Minister may have to exercise as a last resort, and the controls exercised through Audit. In fact, today there is no check or supervision over the activities of Municipal Councils, except perhaps the powers exercised by the Auditor-General in regard to irregular or unauthorised expenditure, or loss incurred by negligence or misconduct, and the powers exercised by the Local Government Service Commission over officers holding Scheduled Posts.

Urban Councils

707. There are thirty-six Urban Councils established throughout the Island over which the degree of supervison and control exercised is closer than that exercised over Municipalities.

(*a*) MINISTER'S POWERS

708. Provisions exist, in Section 196 of the Urban Councils Ordinance, No. 61 of 1939, for the removal of a Chairman from office, for removing all or any of the members of the Council, or even for the dissolution of the Council, if the Minister is satisfied that there is proof of—

(1) persistent refusal to hold or attend meetings or to vote or to transact business ;

(2) neglect in the performance of duties ;

(3) disobedience or disregard of the directions or recommendations by the Minister or the Commissioner of Local Government ;

(4) incompetence or mismangement ;

(5) abuse of powers.

In the event of a dissolution of the Council, the Minister may (*a*) appoint a Special Commissioner or Commissioners to administer the affairs of the town, or (*b*) give directions for the consituting of a new Urban Council with a larger or a small number of members or (*c*) reduce or enlarge the limits of the Urban Council for constituting a new Urban Council. This power was exercised in the case of a few Councils, most of which have been reconstituted and are now functioning.

709. The Minister has also power to make inquiry into any duty or work in which an Urban Council has made default and the person making such inquiry is empowered to make recommendations as to the measures that should be taken for the performance of such duties by the Urban Council. The Minister has power to give and enforce orders requiring the Council to do the necessary work, and in default to appoint some person to do the work, and recover all costs and expenses from the Council.

710. The Minister may cause inquiry to be made in relation to any matter concerning public health in an Urban Council, or regarding any matter that requires his approval and consent.

711. The Minister has power to make general rules of procedure for the guidance of Councils.

712. The Minister or the Commissioner of Local Government may bring to the notice of the Urban Council any measures, which in the opinion of the Minister or the Commissioner, ought to be taken within the town in the interest of public health or safety or to bring to the notice of any Urban Council any general question of administrative policy as to which it is desirable, in the opinion of the Minister or the Commissioner, that the Council should co-ordinate its policy with the policy generally in force in Ceylon.

713. The Minister or Commissioner of Local Government has power to inspect public buildings, call for and inspect books, and request an Urban Council to furnish statements, accounts, and reports and copies of documents relating to the proceedings of the Council.

714. The Annual and Supplementary Budgets of an Urban Council are subject to the control of the Commissioner, where in the opinion of the Minister, the financial position of any Urban Council is such as to make control desirable.

715. There are other provisions in the Urban Councils Ordinance under which either the sanction or approval of the Minister is required, such as for example, the sanction of the Minister before an Urban Council makes and assesses any Property Rate or Rates which Rate or Rates, however, cannot exceed in the aggregate the maximum rate or rate determined from time to time by the Minister—vide Section 173 of the Urban Councils Ordinance, No. 61 of 1939 ; or again, in terms of Sections 167 and 170, no by-laws made by any Urban Council for the purpose of carrying out the principles and provisions of the Ordinance could have effect until they have been approved by the Minister and confirmed by the Senate and the House of Representatives, and notification of the confirmation has been published in the *Gazette* ; or under Section 185, an Urban Council's borrowing powers need the sanction of the Minister for their exercise, unless the amounts sought to be borrowed are less than a certain prescribed maximum. (Vide Local Authorities (Enlargement of Powers) Act No. 8 of 1952).

716. There are also to be found provisions in various Ordinances and Acts giving the Minister power to make or approve of regulations for the purposes of these Ordinances. In some cases decisions are subject to an appeal to the Minister.

717. Although the operation of the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, has removed the necessity for Urban Councils to seek the sanction of the Minister or the Commissioner in several matters which in the past had been specifically reserved for such approval, there is greater contact provided for between Urban Councils and the Central Authorities than is the case with Municipal Councils. This can probably be accounted for by the fact that in regard to many of the more important activities and functions of Urban Councils—such as Housing, Water Supply Schemes, Slum Clearance Schemes, and Electricity—the assistance of the Department of Local Government is necessary particularly for obtaining financial assistance, whether by way of grants or loans. The necessity for closer contact has increased further because of the need of Urban Councils for the services of officers of the Department, such, for example, as Investigating Officers, for the purposes of advice and assistance regarding office organisation and accounting problems.

718. More or less constant contact is also maintained through correspondence, on various matters, with the Department on questions that arise from time to time regarding any omissions or departures from the numerous provisions of the law, regulations, &c., which relate to the activities of Urban Councils. A few Urban Councils were dissolved, but most of them have been reconstituted, and are functioning at present.

(*b*) AUDIT

719. The accounts of every Urban Council are subject to audit during each half year of every financial year by the Auditor-General, who has powers of surcharge. A person surcharged has the right of appeal to the Minister. The Minister has power to waive the surcharge.

(*c*) MISCELLANEOUS

720. The Commissioner or any other officer of Government so authorised has the powers of entry and inspection, within the area of a town administered by an Urban Council, provided the Commissioner or such authorised officer acts in consultation with the Chairman of the Council.

Town Councils

(*a*) GENERAL CONTROLS

721. There are thirty-eight Town Councils established throughout the Island, which are subject to more or less similar powers of supervision and control as Urban Councils.

(*b*) CONSENT TO CONTRACTS

722. In the case of Urban Councils no previous sanction of the Commissioner of Local Government is required to any contract entered into by it. There is a

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provision, however, in the Town Councils Ordinance, No. 3 of 1946, requiring the Commissioner's consent previous to a Town Council entering into a contract involving expenditure exceeding Rs. 2,000 for the execution of any work or the rendering of any service or the supply of any goods and materials. The necessity for the sanction has been removed by an amendment introduced by the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, except in the case of any particular Town Council in regard to which the sanction can be made obligatory, if in the discretion of the Minister he thinks it desirable that that should be the case.

723. The Local Authorities (Enlargement of Powers) Act No. 8 of 1952, gave Town Councils a very large measure of autonomy although they have been established only since 1947. So far there has not been a single instance where a Town Council has had to be dissolved for any reason whatsoever.

Village Committees

724. We find that the greatest degree of supervision and control exercised over local authorities in this country is over Village Committees. The degree of supervision and control has been reduced after the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, but remains greater than that exercised over other types of local authorities, the reason being that Village Committees, being a rural type of local authority, do not generally have, and cannot so readily fall back upon the services of as experienced a body of members as Municipalities or Urban Councils. Besides not having much staff—a Village Commitee usually has not more than one clerk, or two at the most—it has to depend considerably for guidance on the Central Government, thereby rendering a greater measure of supervison and control inevitable.

(*a*) GENERAL CONTROLS

725. The general provisions found in the other Ordinances for the dissolution of Committees and the removal of Chairmen or members whether for incompetence or mismanagement or abuse of powers or misconduct on the part of the Chairman or members are found in Section 61 of the Village Communities Ordinance, with the attendant consequential provisons.

(*b*) AUDIT

726. Similarly, the other powers of supervision and control exercised by the Auditor-General by the audit of accounts are found in section 54 (2).

(*c*) MINISTER'S POWERS

727. The Minister's approval for loans over certain limits—Section 56—the Minister's approval for by-laws made by the Committee—Section 49 (3) ; the grant of powers to the Minister to make rules for the Regulation of Procedures, for instance, of Elections, Land Tax and Finance—Section 59, are some of the other general checks exercised Ministerially.

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(*d*) CONTROLS EXERCISED BY THE ASSISTANT COMMISSIONERS OF LOCAL GOVERNMENT

728. We find, however, more detailed provision for supervision and control of this type of local authority—generally by the Assistant Commissioner of Local Government in charge of the Region—than is to be found in the case of the other types of local authorities. Under Section 53 the approval of the Assistant Commissioner (subject to an appeal to the Minister) is necessary in every case where a resolution or decision relates—

(1) to the purchase, sale, or exchange, of any land or building ;

(2) to the lease of any immovable property handed over to the Committee by a Vesting Order under Section 40 :

(3) to the creation of any salaried office, scale of salary, or rate of subsistence or travelling ;

(4) to the expenditure of any sum of money exceeding rupees one hundred out of the Communal Fund on any work, scheme, or project ;

(5) to the formation of any contract, or other agreement involving an expenditure exceeding rupees one hundred out of the Communal Fund ;

(6) to the organisation of any scheme for the relief of distress, to which contributions are to be given from the Communal Fund ;

(7) to the allocation of any part of the Communal Fund for certain specified purposes.

729. Similarly under Village Committee Rules made by the former Executive Committee of Local Administration (under Section 59) detailed provisions appear for supervision and control over various aspects of Village Committee administration. For instance—

Under Part VI—(Inspections) Rule 6, "the books, accounts, documents, and other records, of every Village Committee shall be inspected at the office of the Committee by the Assistant Commissioner of Local Government or an officer authorised by him, once at least in each year.".

Under Part VI—(Inspections) Rule 8, "every work of construction, maintenance, or repair, undertaken or executed by a Village Committee, which the Assistant Commissioner of Local Government considers necessary to inspect, shall be inspected by him or an officer authorised by him.".

Under Part VIII—(Land Tax) Rule 18, the Assistant Commissioner of Local Government considers appeals from the Village Committee Assessments.

Under Part XII—(Meetings of Village Committees) Rule 6 (3), the Chairman has to certify and transmit a copy of the confirmed minutes to the Assistant Commissioner of Local Government.

Under Part XIII—(Grants-in-Aid) detailed provisions appear for the Assistant Commissioner of Local Government to recommend priorities on Village Committee proposals for Government Grants.

Rule 4 provides that the prior approval of the Commissioner of Local Government is necessary for the Village Committee to execute works departmentally.

Rule 6 (3) requires the approval of the Commissioner of Local Government for the selection of a tender other than the lowest.

Rule 8 empowers the Superintendent of Village Works to supervise the execution of every contract.

Rule 10 requires the certificate of the Superintendent of Village Works which should be approved by the Assistant Commissioner of Local Government before final payment.

Rule 12 states that a Government grant for a specified purpose cannot be diverted without the approval of the Commissioner of Local Government.

Condition 35 of the Agreement prescribed by the Rules provides for the settlement of any difference or controversy by the Permanent Secretary, whose decision shall prevail unless a request for arbitration is made.

Under Part XIV—(Communal Fund Works) Rule 10, the Superintendent of Village Works is made the Adviser to the Village Committee.

Rule 15, if the lowest tender is not accepted full reasons embodied in a resolution has to be sent to Audit.

Rule 17, the Superintendent of Village Works, or an officer of similar rank, has to supervise works costing over Rupees Five Hundred.

Rule 19, the Village Committee is not empowered to make an interim or final payment of over Rupees Five Hundred without a certificate from a technical officer approved by the Assistant Commissioner of Local Government.

Relaxation and Resumption of Controls

730. The controls exercised by the Assistant Commissioner of Local Government over some of these matters have, however, been removed by the Local

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Authorities (Enlargement of Powers) Act, No. 8 of 1952. For instance, the approval of the Assistant Commissioner is not required before effect is given to any resolution or decision of a Village Committee in respect of matters such as the formation of any contract or agreement involving an expenditure exceeding Rs. 100 out of the Communal Fund, or to any scheme for the relief of distress to which contributions are to be made from the Communal Fund, or to the allocation of any part of the Communal Fund for certain specified purposes, but the Minister in his discretion, can declare that the provisions of this "de-control" shall not apply to any Village Committee specified by Order and in these cases the Assistant Commissioner continues to have the degree of supervision and control he had prior to 1952.

731. The question arises whether this degree of control is too much, too little, or adequate for the proper development of this type of local authority. **We find that after the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, which relaxed some control, two Village Committees have been dissolved, fourteen Chairmen have been removed from office, and the expenditure of fifty-six Village Committees has had to be controlled again by the Assistant Commissioners of Local Government.** Whilst it may appear to some minds to be a question of doubt as to whether these instances would justify the imposition of greater controls than is presently the case, the fact cannot be lost sight of that these disciplinary measures and controls have had to be invoked in a comparatively short period of time, just after the enlargement of powers of Village Committees and the relaxation of controls that had subsisted prior to the Act of 1952. **In view of the fact that over a period of years prior to 1952 disciplinary measures were taken only in a few instances, and far between, it was thought that a measure of relaxation of control and freedom of power would not alter the balance. The number of instances in which control has had to be reimposed and disciplinary measures taken within the short space of three years after the Local Authorities (Enlargement of Powers) Act of 1952, would indicate the necessity for caution before any further relaxation is permitted. That conclusion has been reinforced by what we learnt in the course of the hearing of evidence and of our visits to various Village Committee areas.**

732. The point has also been made clearly in memoranda from various bodies and individual members of the public (including a very useful one from Mr. N. E. Weerasooria, Q.C., based on his experience as a member of the Local Government Service Commission), and in the course of evidence placed before us by the Village Committees themselves, by the members of the public, and by Departments interested in their welfare, that **there is need for increasing control over Village Committees, not so much by legal action to be taken after the event, as by means of preventive measures such as more inspections, more guidance and advice, closer check on moneys, the increase of facilities for the quicker despatch of funds to Banks or Kachcheries—in other words, checks and**

controls in the course of the day-to-day working and administration of these bodies rather than action taken after some serious act of malfeasance. It will be fairer to local authorities, where tradition has not yet taken sufficient root, that antecedent preventive measures and checks should be imposed rather than that reports, inspections, surchages, or even prosecutions should ensue after some unfortunate lapse. It is after taking into consideration all the various representations made to us on the various aspects of the problem of checks and controls that we are making our recommendations.

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CHAPTER XIV

AUDIT

General Scope of Audit

733. Local authorities have to handle very large funds from time to time in the exercise of their functions. These funds are obtained either from property rates or licence fees or other duties imposed and collected by them, or accruing to them by way of grants, loans, or other financial assistance from the Central Government. The evidence we have heard convinces us that one of the fundamental requirements for raising the tone and level of Local Government in actual operation is that a very efficient and very close check should be kept on the finances coming under the control of these local bodies and over the way in which these funds are expended.

734. There are two main ways available for controlling the finances of local authorities ; the first internal, the second external. The first is available to the local authority itself. By means of it the local authority could ensure that all monies are properly received and disbursed. This can be effected by the rigid observance of Financial Regulations made by the local authority itself. These are generally framed with the approval of the Central Government and lay down the procedure to be followed regarding the collection of revenue, disbursements, and general accounting. If this procedure is properly followed the local authority has in those regulations an efficient means of internal control of its own finances. The second, the external method, is the Audit. An Audit is required to fulfil a greater function and exercise a more extensive as well as intensive control. Audit not only sees to it that the internal controls through Financial Regulations are properly applied, but also examines the legality and regularity of the collection and expenditure of the revenues and funds of local authorities. An efficient and speedy Audit is therefore a fundamental form of control.

735. The Auditor-General is the Auditor of the accounts of local authorities in Ceylon. His duty is purely what is called a " post audit ", culminating in his certifying the Balance Sheet and Accounts for each year. The Colombo Municipality is in a special position in that a section of the Auditor-General's officers is attached to the office of this Council to carry out a continuous audit. The other Municipalities and all the other local authorities, are required to forward monthly statements of accounts, with supporting vouchers and documents, to the Auditor-General's Office in Colombo, where they are examined. We have been informed by the Auditor-General that in the case of Municipalities (other than Colombo) the original Cash Books (classified) are also sent to the Auditor-General's Office in Colombo, but not the other books of accounts, such as ledgers and subsidiary registers, which are audited on the spot by the Auditor-General's Inspecting Officers. The audit carried out at Headquarters in Colombo is mainly for the purpose of verifying that items of expenditure are supported by vouching documents and have been duly authorised for legitimate purposes, in accordance with the relevant Statutes and Regulations.

736. The Auditor-General—who has submitted to us very detailed and most helpful memoranda covering the whole field of audit of all types of local authorities—has explained to us in his evidence, that the transmission of accounts and vouching materials to Colombo—prima facie, a cumbersome and risky process—was necessary because all the senior officers who had often to be consulted by the junior staff who examined the accounts, were stationed in Colombo.

737. The audit in Colombo is supplemented by visits of inspection by officers of the Auditor-General in the course of each year, to the offices of the various local authorities, where all books and accounting records are examined, and a more detailed audit of accounts is carried out.

738. For the purpose of carrying out his audit the Auditor-General has power to call for any books, deeds, contracts, accounts, vouchers, or other documents or papers, which he considers necessary for his purpose. He can also require any person holding, or accountable for, any such books, documents, &c., to " appear before him and to make and sign a declaration in respect of the books, documents, &c."[1]

739. In the course of the examination either at Headquarters in Colombo, or upon the local examination of books, &c., at the spot, the Auditor-General calls for explanation of any items or matters on which he needs elucidation with a view to checking the regularity and propriety of the transactions of the local bodies, and their dealings with finance.

740. The Auditor-General's examination of books and records has also to be directed to ascertaining that all revenue due to the Council has been collected without loss or deficiency and that the recovery of such revenue has been effected according to law.

Irregularities, Surcharges and Appeals on Surcharges

741. Where the audit discloses that the funds of the local authority have been regularly and duly expended, the Auditor-General ultimately certifies the Balance Sheet and Statements of Accounts of the local authority concerned as being correct. If, however, his examination reveals that any items in the accounts have been incurred or expended " contrary to law " he has to

[1] *See* Section 220 of the Municipal Councils Ordinance, No. 29 of 1947 ;
Section 193 of the Urban Councils Ordinance, No. 61 of 1939 ;
Section 194 of the Town Councils Ordinance, No. 3 of 1946.
Section 54 (2) of the Village Communities Ordinance (Chapter 198).

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" surcharge the sum on the person making or authorising the making of the illegal payment, and shall charge against any person accounting the amount of any deficiency or loss incurred by the negligence or misconduct of that person, and any sum which should have been but is not brought into account by the person, and shall in every case certify the amount due from such person.".[1]

742 Before making any disallowance or surcharge, the Auditor-General is required to afford an opportunity to the person liable to be surcharged, to be heard or to make any representations with regard to the matter under investigation, and if the Auditor-General makes a disallowance or surcharge, he is required to state in writing the reasons for his decision in regard to the disallowance or surcharge, if the person against whom the disallowance or surcharge is made requires the Auditor-General to give his reasons for his decision.[1]

743. In the case of Municipal and Village Committees, any person aggrieved by disallowance or surcharge may appeal to the Minister, against the Auditor-General's decision, within fourteen days after its communication to him, but no appeal can be entertained in any case where the appellant has failed or neglected to make his representations with regard to the matter of such disallowance or surcharge by availing himself of the opportunity which the Auditor-General is required to afford a person before a surcharge or disallowance is made.

744. Upon any such appeal the Minister may either confirm the surcharge and direct its recovery, or, if he finds that any disallowance or surcharge has been lawfully made " but that the subject matter thereof was incurred in such circumstances as to make it fair and equitable that the disallowance or surcharge should be remitted, the Minister may by order direct that the same shall be remitted.". He is, however, empowered to order the payment by the party concerned of the costs and expenses which may have been incurred by the Auditor-General in enforcing the disallowance or surcharge.

745. In the case of Urban Councils and Town Councils, in addition to a right of appeal to the Minister, the person surcharged is given an alternative right of appeal to the Supreme Court against the decision of the Auditor-General. The Supreme Court may either confirm the disallowance or surcharge, or modify or set it aside, if it is of opinion " that such disallowance or surcharge is not in accordance with law.".[2]

[1] *See* Section 226 of the Municipal Councils Ordinance, No. 29 of 1947 ;
Section 194 of the Urban Councils Ordinance, No. 61 of 1939 ;
Section 195 of the Town Councils Ordinance, No. 3 of 1946 ;
Section 54 (2) of the Village Communities Ordinance (Chapter 198).

[2] *See* Section 195 (1) of the Urban Councils Ordinance, No. 61 of 1939 ;
Section 196 (1) of the Town Councils Ordinance, No. 3 of 1946.

746. If the person who is surcharged fails to duly pay the sum, the duty of recovering it is, in the case of Municipal Councils and Village Committees, placed on the Municipal Commissioner and Chairman of the Village Committee respectively. The amount certified as due, together with all costs and expenses incurred in connexion with the enforcement thereof may, on application to the local Magistrate, be recovered in the same manner as if it were a fine imposed by such Magistrate. In the case of Urban Councils and Town Councils the surcharge is recoverable, by similar application to the local Magistrate but the application, in these cases, has to be by the Commissioner of Local Government.

747. **It will be observed that the provisions in relation to appeals from surcharges and their enforcement are not the same for all local authorities. Municipalities and Village Committees have an appeal from a surcharge to the Minister only, and not to the Supreme Court, as an alternative to an appeal to the Minister, which is enjoyed by Urban and Town Councils. We can see no reason why this anomaly should continue and think that the alternative of an appeal to the Supreme Court should be provided in both the Municipal Councils Ordinance and Village Communities Ordinance.**

748. As regards enforcement of surcharges, in the case of Municipal Councils and Village Committees, the recovery of the surcharge is the function of the Municipal Commissioner or the Village Committee Chairman, as the case may be, whilst in Urban and Town Councils it is that of the Commissioner of Local Government. **It has been suggested that all the Ordinances be amended so as to impose on one officer the responsibility for the enforcement and collection of the surcharge, as in England, where " Any sum which is certified by the District Auditor to be due and has become payable shall, on complaint made or action taken by or under the direction of the District Auditor be recoverable either summarily or otherwise as a civil debt.".[1] The Auditor-General himself supported this proposal. We accept this suggestion and recommend that the Ordinances be amended so as to make it the duty of the Auditor to recover the surcharge.**

749. Our attention has also been drawn to the fact that under the English Law provision exists whereby a person who is surcharged by a District Auditor for a sum exceeding £500 is disqualified from being a member of any local authority for a period of five years. The relevant section of the Local Government Act of 1933 reads as follows :

" *Section* 59 (1)—Subject to the provisions of this section, a person shall be disqualified for being elected or being a member of a local authority if he

. . . .

(*d*) has within five years before the date of election or since his election been surcharged to an amount exceeding £500 by a District Auditor.".

[1] The English Local Government Act of 1933.

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750. In explanation of this section, however, it has been stated that there are methods of escaping from this disqualification : " In the first place the person concerned is relieved from the disability if on appeal, either to the High Court or to the Minister, the surcharge itself is squashed or reduced in amount to £500 or less. Secondly, whether he appeals or not, if he applies to the High Court or to the Minister and is successful in obtaining the declaration already mentioned, that he acted reasonably or in the belief that his action was authorised by law, the disqualification is then removed.".[1]

751. The law relating to surcharges in this country does not contain either the provision of disqualification, or the provision permitting application for relief. **We are of opinion and recommend that provisions should be introduced making a person surcharged for sums exceeding the following amounts ineligible for membership in any local authority for a period of five years :**

Village Committees	..	**Surcharges exceeding**	**Rs. 500**
Town Councils and Urban Councils	..	**Surcharges exceeding**	**Rs. 2,000**
Municipalities	..	**Surcharges exceeding**	**Rs. 3,000**

There would however be no disqualification from voting during the period in which the disqualification from membership remains.

752. In England " the person surcharged may, whether or not he appeals under the preceding section, apply to the tribunal (whether the High Court or the Minister) to whom he appeals or, if he does not appeal, to the tribunal (whether the High Court or the Minister) to whom he might have appealed, for a declaration that in relation to the subject matter of the surcharge he acted reasonably or in the belief that his action was authorised by law, and the Court or Minister, if satisfied that there is proper ground for doing so, may make a declaration to that effect. Where such a declaration is made the person surcharged, if by reason of the surcharge is subject to the disqualification imposed by Part II of this Act, or by the corresponding provision of any enactment relating to London, shall not be subject to that disqualification, and the Court or Minister may, if satisfied that the person surcharged ought fairly to be excused, relieve him either wholly or in part from personal liability in respect of the surcharge, and the decision of the Court, or Minister under this section shall be final."[2] **We recommend that similar statutory provisions be made authorising the Minister either on an appeal or on an appropriate application, to remit any part of the surcharge. The present position is that he may either confirm the surcharge or remit the whole of it but there may well be cases where the law may be sufficiently vindicated by the maintenance of a part of the surcharge, and not necessarily the whole of it. There is no reason, in principle, why the Minister should not be authorised to remit a part only of the surcharge.**

[1] Hart's " Introduction to the Law of Local Government and Administration ".
[2] Section 230 of the English Local Government Act, 1933.

753. Under the existing provisions of our law, the Supreme Court is given the power to confirm or modify or set aside the surcharge, if it is of opinion that the surcharge or disallowance " is not in accordance with law ", but no power is given to it to remit the surcharge or disallow it on any other grounds. This appears to be a reasonable provision requiring no change as it is obvious that the consideration and evaluation of other factors which make it fair and reasonable to remit the whole or part of a surcharge or disallowance, could be dealt with more adequately by a Minister, free from the technicalities and mandatory and exigent provisions of the law, than by a Court which has to enforce the law as it finds it.

Audit Fees

754. For the services that the Auditor-General renders to the local authorities fees are chargeable. In the case of Municipalities the remuneration for the audit of the accounts, which is such sum of money as is certified as reasonable by the Minister of Finance, is paid to the Deputy Secretary to the Treasury. In Urban Councils and Town Councils, the audit fee payable is computed with reference to the revenue of the local authority. Where the aggregate amount of the revenue of an Urban Council or Town Council, for any financial year is equal to or less than Rs. 75,000, one per cent of the amount of such revenue is payable. Where it is more than Rs. 75,000, the fee amounts to one per cent of the first Rs. 75,000 and one half per cent of the amount by which such revenue exceeds Rs. 75,000.

755. The Audit fee paid by Village Committees is determined according to such rates as may be decided upon by the Minister of Finance.

756. On an average, the total of the fees paid for the Auditor-General's services by the various types of local authorities amounted to Rs. 187,163 for the last four years. A Table of these fees paid for 1953–54 is reproduced below :

TABLE OF FEES PAID TO AUDITOR-GENERAL BY LOCAL AUTHORITIES, 1953–1954

			Rs.
Municipal Councils	..	..	100,843
Urban Councils ..	..	..	120,091
Town Councils ..	..	..	24,090
Village Committees	..	..	29,321

757. **It has been said on behalf of local authorities that the Audit fees they are called upon to pay are high, and generally are not commensurate with the services rendered. The Auditor-General, though not agreeing with this view, has stated that if the Central Government wants to exercise this desirable control it should not charge the local authorities fees for it. We are in complete agreement with**

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this view of the Auditor-General which was supported by others too, and we recommend that local authorities should not be charged any fees for the Auditor-General's services.

Operation of the system of Audit presently prevailing

758. The main criticisms placed before us by the local authorities about the present system of audit were that audit inspections were not frequent enough, and that action by audit came for too late to be effective. It was said that local authorities were often asked to answer audit queries three or four years after the actual transaction had taken place. In the meantime, the Chairmen and Members, might have gone out of office, the officers and staffs concerned might have been transferred, to say nothing of the difficulty of tracing the required documents, books of accounts, files, &c., relative to the transaction itself.

759. The Auditor-General for his part has maintained that these criticisms which might have been true of the position three to four years ago were not legitimate now. He has stated that every local authority is now being inspected regularly. For 1954, for instance, the position in regard to inspections was as follows :

Municipal Councils—Six Municipalities were inspected during 1954, one of which was incomplete on 31.12.54. This was completed in February 1955. Colombo Muncipality has a running Audit.

Urban Councils—Each of the thirty-six Urban Councils was inspected in 1954.

Town Councils—Thirty-six out of the thirty-eight Town Councils were inspected in 1954. Two Town Councils were not inspected since they had neglected their accounting work and the assistance of the Commissioner of Local Government had to be called in to put the books in order before the Audit inspection could be completed.

Village Committees—All the Village Committees (Four Hundred and Five) were inspected in 1954. (Now there are Four Hundred and Three Village Committees.)

760. If there was delay at all, the Auditor-General has stated that it was in respect of the rendition of accounts by the local authorities themselves, with whom, owing to their failure to transmit all the relevant documents and vouchers in time, he has had to have unnecessary correspondence. He also stressed the point that while Urban Councils, Town Councils and Village Committees were required to render accounts for audit within a prescribed time limit, Municipal Councils were not. The absence of such a provision has contributed to delays ; the Councils cannot be persuaded to take energetic action to render accounts properly because, they did not feel that they were violating any requirement of the law by delaying the rendition of accounts

for audit. Even where accounts and vouchers are rendered for audit, it has been found that essential accounting work, such as posting up of Assessment Registers had sometimes not been done.

761. He also drew attention to the fact that the slowness, if any, of audit, would have been greatly minimized if he had adequate competent staff. He made it clear that any increased staff given to him was in the lower divisions of the service, while there is a great dearth of better trained technical staff in the higher grades, who can take on more responsible work than the mere checking of figures.

Need for more Inspections by Audit Investigators

762. We have considered the various proposals for making the audit of accounts of local authorities more effective for serving the real purpose of audit, as a means of financial control properly so called rather than as a mere check of figures. We accept the position generally put to us that there is a real and pressing need for more frequent inspection of local authorities by Audit Investigators. " The present system is not even curative. It is a post-mortem . . . . The system should be preventive . . . . " as stated by Mr. N. E. Weerasooria, Q.C. in his own memorandum to us on the subject of Accounts and Audit of Local Bodies. There is no doubt that some appreciable progress has been made by the Auditor-General to quicken the audit of the accounts of local authorities within the last two years, but we feel that in the interests of good and efficient Local Government there is a need for more frequency in the number of on-the-spot inspections of local authorities. As Professor Robson states " What is needed is not a mere checking of payments in order to ascertain their legality, but a thorough investigation of the financial methods and organisations of the local authority, with a view to their efficiency."[1] We have discussed this in detail, not only with various Associations of local authorities and the local authorities themselves, but also with the Auditor-General and with Government officials interested in, and in charge of, the development of Local Government, and **there can be no question but that a better grade of officers, who have a deeper knowledge of the net-work of Local Government Legislation and can undertake greater responsibilities and make on-the-spot decisions, should be deputed to conduct the local investigations at the various offices. We therefore commend very strongly to the Government the need for immediately strengthening the Auditor-General's Department by the appointment of Audit Investigators invested with the functions set out earlier in this section.**

De-Centralized Regional Audit Offices

763. The suggestion has been made to us by the Auditor-General that the quickest, most effective and perhaps the best way of making audit function as it should, would be to decentralize it and have Audit Offices for Local

[1] " Development of Local Government " By Prof. W. A. Robson.

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Government purposes at chosen important centres throughout the Island, covering, say, each of the Administrative Regions administered by the Assistant Commissioners of Local Government. At each of these Regional Audit Offices there should be at least one Senior Officer of the Grade of Examiner in charge, with a sufficient number of experienced clerical staff, who would keep a running check on the administration of the local authorities in that area. Each of these teams of officers could visit the local authorities in the Region, scrutinize books and documents, follow up transactions, and generally supervise the manner in which the local authorities are working, particularly from the angle of finance and the laws and other regulations having a bearing on that aspect of Local Government. Much of the paper work which is now being done in forwarding books, documents, vouchers to Colombo, and the resulting risk and delay, and correspondence with the local authorities, would be minimized, if not avoided.

764. It has also been suggested that by the use of this procedure, a system similar to the District Audit in England can be introduced, fairly quickly, whereby the people of the area are given an opportunity of making representations to the Auditor regarding the working of the particular local authority. Under the District Audit System in England " before the actual holding of an audit by a District Auditor the law requires certain preliminaries to be observed, designed to give publicity to the proceedings and to enable any person interested to raise the question of the validity of any item appearing in the accounts. The first step is for the District Auditor to make an appointment with the local authority concerned for holding the audit. Accounts to be audited, and all vouchers, must be deposited at the appropriate office of the Council in question seven days before the audit, and during that time all persons interested, who so desire must be permitted to inspect and take copies of them. Moreover on receiving notice of the appointment, the local authority must by advertisement in local newspapers give fourteen days notice of the time and place at which the accounts and vouchers may be seen. When the time for the holding of the audit arrives any Local Government elector for the area may appear before the District Auditor and raise objections to any items appearing in the accounts. The Auditor may by summons in writing require the production of all documents which he deems necessary."[1] The Auditor then proceeds to make his investigations to see whether all sums have been duly accounted for and whether the items themselves are permissible by law. If he holds any payment to be illegal, he disallows it and the surcharge procedure follows.

765. The Auditor-General himself feels that a procedure such as this would help to make audit quicker and more effective. It would also stimulate local interest and make the ratepayers themselves actively participate as watchdogs of the local body and ultimately of their own interests. He has stated, however, that for a system such as this to work he would need not only more staff, but also a better quality of staff, trained in Local Government Law and Accounts

[1] Hart's " Introduction to the Law of Local Government and Administration."

who, when they visit a local authority, would be sufficiently competent to take a decision on the spot whether an item should be passed or should be surcharged or disallowed. In rural areas public notice of audit may not be as useful and effective as it might seem in theory, and may not bring any response from the ratepayers themselves. **If a system similar to the District Audit in England is to be tried out, it is our view that public notice of audit would be useful, for a start, only in the urban areas. It should be added that the procedure of audit inspection after notification should not, of course, rule out surprise inspections by the Auditor.**

Strengthening of Local Government Audit Section

766 An alternative to this form of District or Regional Audit has been suggested, namely, the strengthening of the section of the Auditor-General's Department which deals with Local Government Audit. At the moment this section consists of :

1	..	Senior Assistant Auditor
1	..	Examiner Grade I
3	..	Examiners Grade II
2	..	Clerks, Executive Clerical Class Grade I
37	..	Clerks, Executive Clerical Class Grade II
27	..	Clerks, General Clerical Class
2	..	Clerks, Quasi-Clerical Class
73	..	Total strength

It has been stated that the audit of local bodies requires specialised knowledge of Local Government Law and Accounting, but that at present there are no particular benefits to be obtained by persons with such knowledge. Were a Local Government Audit Section created, which would work as an autonomous unit with an officer of the status of, say, a Deputy Auditor-General as its Head, and an adequate number of assistants as staff officers, there would be a sufficient incentive to specialisation with resulting greater efficiency in auditing and benefit to the local authorities themselves. The Head of this section would have power approximating to that of a Head of a Department, the Auditor-General functioning in the position of a Permanent Secretary in relation to the Head of the Department. If there was provided a sufficiency of staff appointments in that section and higher grade staff appointments too, it would act as an incentive not only to the recruitment of more qualified officers, but would also encourage other officers to try and obtain the necessary experience and training which would fit them for promotion in this section.

767. **We have considered these suggestions for changes put up to us and recommend the creation of a Regional Audit Service as suggested in Paragraph No. 763. We suggest, however, that the power to surcharge should be with the Auditor-General alone and not with his Regional representative. The Regional Officer could investigate and take action up to the point of issuing the Surcharge**

Certificate. If, in his view, there is a case for surcharge, he should put up his recommendation to the Auditor-General, who, if he agrees, would issue the Surcharge Certificate in his name.

768. This proposal would necessitate an increase in staff and better qualified officers, but that is not too great a price to pay for ensuring that the funds now available to local authorities and the larger funds which will be made available to the local authorities in the future, will be effectively safeguarded and properly spent.

769. **If on the grounds of economy the recommendation made above, namely, the creation of a Regional Audit Service, is not accepted, we suggest the alternative proposal, namely the creation of a separate section (within the Auditor-General's Department) for Local Government Audit, virtually autonomous with an officer of the status of, say, a Deputy Auditor-General at its head and an adequate and qualified staff—vide paragraph No. 766.**

The use of Investigating Officers of the Local Government Department

770. In addition to the foregoing proposals, there is the suggestion that the existing machinery in the Department of Local Government for inspection and investigation, could be used more effectively for a quicker check on the activities of local authorities. This suggestion was made particularly in relation to the four hundred and three Village Committees. At the moment, advice and assistance to Village Committees in regard to the office systems and procedures, methods of accounting, &c., are given by Village Committee Investigating Officers on the instructions of the Assistant Commissioners of Local Government under whom they work. These officers were recruited in 1946 for the purpose of making their knowledge and experience available to Village Committees for the better organisation of their offices, accounting system, &c., which were in a very backward condition. Their approach was to be that of guilds, philosophers and friends rather than investigators. With the passage of years and the exigencies of changing circumstances, however, these officers have gradually come to have functions which often savour more of inspection and investigation than of pure advice and assistance. Their work, more recently, has been useful both to the Department of Local Government and to the Auditor-General in making preliminary inquiries, &c., where financial maladministration has been felt to exist or to be beginning. Similarly, in respect of Urban Councils and Town Councils, Investigators of Urban Councils and Town Councils have more recently had to assist not only in the organisation of office systems and accounting procedure, but also in correcting mis-posting of books, to help in reconciliations, &c., in addition to making investigations where complaints have been made of financial irregularities.

771. It has been suggested that these officers, *i.e.*, Village Committee Investigating Officers and Urban Council and Town Council Investigating Officers, be given statutory powers to advise on office systems and accounting,

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and that they be made the first link in the chain of audit by making administrative investigations, which could clear and prepare the ground for the official audit or even lead up to the imposition of audit surcharging. If they are given the legal authority, either directly or by delegation from the officers to whom they are responsible, to inspect and investigate, to count cash, check books of accounts, and obtain signed statements, they could immediately follow up any suspected irregularity and report matters to the Auditor-General whose officers could then speedily follow up the clues to their logical conclusion. They would be acting something after the manner of happy landlords who, in the days when the Roman-Dutch doctrine of "quick pursuit" flourished with unabated vigour, used to catch up on tenants who were clandestinely removing their goods to put them beyond the reach of the landlords, for arrears of rents, by pouncing on the tenants before the goods had reached the pre-selected haven of safety.

772. **We recommend that the proposal for making more use of the services of Investigating Officers of the Department of Local Government in the field of investigation and inspection be accepted in addition to the proposal for reorganising the Audit Service. To make their services more effective they should visit the offices of local authorities more frequently and for longer periods than at present. For this purpose their travelling allowances should be increased—vide Paragraph No. 861. The advantage which will be derived from the employment of these officers in the manner we have suggested, will be not only to save the funds but also to raise the tone and standard of many a local authority which functions inefficiently today for want of fuller knowledge of its powers and limitations. This will be a great gain compared to the comparatively small increase in travelling allowances.** We notice from the Draft Estimates 1955-56 that Government itself contemplates making financial p ovision for utilisir g these officers for better financial supervison and control of local authorities by the creation of a post of Assistant Commissioner of Local Government (Internal Audit).

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CHAPTER XV

STANDARDIZED FINANCIAL AND OTHER PROCEDURES

Section 1—Financial Regulations of Local Authorities

Financial Regulations of Local Authorities

773. An audit being by its very nature an inquiry and investigation after the event, does not sufficiently safeguard the finances of a local authority. A local authority may ensure regularity of its financial transactions by the strict observance of a properly framed set of Financial Rules—substantially a form of internal control—against the background of which, audit becomes easier.

774. The Auditor-General has stressed that there is pressing need for a complete up-to-date set of Financial Regulations for all types of local authorities in Ceylon. At the moment, the following are the Financial Rules and Regulations applicable to local authorities :

For Municipalities—There is no single set of Financial Rules applicable. They either follow Standing Orders prepared for their own guidance or, in some cases continue the rules of financial procedure, which they had used in their previous status as Urban Council.

For Urban Councils—Financial Rules and Orders for Urban District Councils made by the Local Government Board by virtue of the powers vested in that Board by Sections 205 and 206 of the Local Government Ordinance (Chapter 195). These rules, which have been in operation since 1933 with additions from time to time now require complete revision.

For Town Councils—The Rules for Town Councils made by the Executive Committee of Local Administration by virtue of the powers vested in that Committee by Section 206 of the Town Councils Ordinance, No. 3 of 1946. These Rules have been in force from September, 1946, and may well be brought up-to date.

For Village Committees—The Rules made by the Executive Committee of Local Administration by virtue of the powers vested in it by Section 59 (1) of the Village Communities Ordinance (Chapter 198) in force from 1941. These rules too have been amended and added to from time to time, though no complete revision of them has been undertaken. They too stand in need of a thorough revision.

Municipal Financial Rules

775. In his memorandum and in his evidence before us, the Auditor-General has stressed that the want of a set of standardized Financial Rules for Municipalities has handicapped the smooth and efficient working of these local authorities and has made the work of audit far more difficult than it need be. He has drawn attention to the fact that Municipalities have no single settled form of Budget, no regular stores procedure, no time limits set for the rendition of accounts, no set forms in which such accounts, reports, statements, &c., have to be rendered, no detailed procedure regarding contracts and tenders, and no procedure laid down for ensuring that essential accounting work in relation to the accounts and vouchers tendered for Audit has been done.

776. **We recommend that this question of the framing of an uniform or standardised set of Financial Rules for Municipalities be taken up immediately, and suggest that a Departmental Sub-Committee be appointed to look into this matter and draft a comprehensive set of rules. This Committee should work under the Chairmanship of the Commissioner of Local Government or his nominee, and should have as members a nominee of the Auditor-General, a nominee of the Treasury, the Treasurer of the Colombo Municipality, and two other Municipal Accountants, nominated by the remaining six Municipalities. The draft rules should be legalised after consultation with Municipal Councils. The widening of the enabling powers of the Minister so that he can make rules to authorise the drafting of standardized procedures are discussed by us later—vide Paragraph No. 838.**

777. It might be useful to such a Committee if we suggest in particular the need for regulation under the following major heads :

(1) The Form of the Budget for Municipalities. It has been stated that there is not only a lack of uniformity in the form or type of budgets presented by Mayors, under Section 211 of the Municipal Councils Ordinance, but also that such important items as Capital Expenditure, and expenditure from grants and loans, are not always shown separately and distinct from Revenue and Expenditure.

(2) The internal financial procedures to be followed.

(3) The forms, &c., in which accounts, returns, statements, should be rendered. These forms should include the dates by which accounts should be furnished for audit ; further, the procedure for advance accounting, tender procedures, detailed stores regulations and stores procedure, final form of accounts, &c., should all be provided for. It is desirable that all accounts should be on the Income and Expenditure basis of accounting and the forms should provide for that system. As we have recommended the delegation of certain responsibilities and duties to Executive Officers—vide Paragraph No. 570—the rules should make provisions accordingly, and the forms should be on the same basis with regard to such matters as the fixing of responsibility for the collection of revenue, posting of books and ledgers, making of payments, &c.

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(4) There should also be a mandatory provision for publishing all audited statements of accounts and balance sheets (instead of the prevailing practice of publishing unaudited accounts).

Capital and Revenue Budgets

778. Incidentally, we would mention that the Auditor-General has suggested that the Budgets of Urban Councils and Town Councils be converted to Capital and Revenue Budgets. This conversion would involve the incorporation of fixed assets and unpaid loan liabilities, as is done in Colombo and other Municipalities. It will also call for more competent and qualified staff, and it may also be necessary to attach an officer not below the rank of an Accountant to each Urban Council and Town Council, if the scheme is to work satisfactorily. **We do not recommend, therefore, the adoption of this suggestion immediately, preferring to see the employment of the Income and Expenditure system of accounting only, for the present.**

Civic Receptions by Mayors

779. Whilst we are on the question of Financial Regulations, it may be pertinent to observe that the provisions of Section 188 (1) (*l*) of the Municipal Councils Ordinance have come in for much criticism before us because of their elasticity and the consequent amplitude of scope they have given for disproportionately large sums which, in some cases, have been expended with almost reckless lavishness " on civic receptions or the celebration or observance of any event or occasion of public interest.". Instead of making this a matter of regulation by Financial Rules, a limit to the expenditure for any such occasions should preferably be set (as has been done in the case of Urban Councils and Town Councils). The Urban Councils Ordinance and the Town Councils Ordinance (Section 172 in each case) have been amended but by one of those curious—but not inappropriate—ironies of fate, an Act (No. 8 of 1952) which was framed to enlarge the powers of local authorities (as the title of the Act indicates) limits rather than enlarges the possible generosity of Chairmen of these bodies to a maximum of Rs. 250 in any one year for these receptions and celebrations as far as the public funds, which they administer, are concerned.

780. In the case of Municipalities, however, we realise the need for permitting the elected Mayoral personages a larger latitude for the play of their generous impulses in dealing with public funds on public occasions and **we therefore recommend that Section 188 (1) of the Municipal Councils Ordinance be amended, and the principle of placing an upper limit on the expenditure on civic receptions, cocktail parties and other tamashas, (as in the case of Urban Councils and Town Councils) be followed, but that Worshipful Mayors be permitted to compensate for the heavier burdens they carry with their Mayoral robes and chains, by the ceiling being raised as high as rupees two thousand five hundred in any one year.** In the case of those Municipalities, whose average annual revenues (from all

sources excluding profits from Electricity) for the three preceeding financial years has been over Rs. 1,000,000, a slightly higher limit of Rs. 5,000·00 in any one year is recommended.

781 Another point in the same context is that the collocation of words of such vague and nebulous import as " the celebration or observance of any event or occasion of public interest " has so pliantly lent itself to be applied to such a wide and varied catalogue of events, that if the legislators who strung those words together, were present now to scan the list of so-called " events and occasions of public interest " which have passed muster under them, those venerable legislators would hold their breath in astonished admiration at the ingenuity and capacity of our present-day Municipal Councillors and Worshipful Mayors, in interpreting the words of a Statute in exact accord with their expansive—and perhaps also expensive—intentions. This unfair and disastrous free-play of interpretation and consequent elasticity of conscience, permitted to all types of local authorities, should be checked by a more precise indication that " **Celebrations " in the section should be restricted to very unusual and outstanding events of an exceptional character and of infrequent occurrence and of a wide and general public interest.** This would not only reduce the undue strain that has been put on the public purses of some of our towns, but would also help to raise the quality of the occasions celebrated and, we hope, with a consequential improvement in the quality of the celebrations themselves.

782. **To permit of even the upper limit we have recommended being transcended for very special reasons and occasions, the Municipal Councils Ordinance should include a provision for the obtaining of special written sanction from the Minister, before whom should be placed the nature of the occasion intended to be celebrated, and details and particulars making up the total amount for which sanction is asked.**

Urban Councils Financial Rules

783. As stated earlier, Urban Councils have been operating on a set of Financial Rules since 1933. The system of accounts adopted here is the Receipts and Payments system and complaints have been made to us that these Rules are not in keeping with modern practice, and are difficult to observe in the actual working. We understand that the Commissioner of Local Government has made many attempts to get these Rules completely revised and brought up-to-date, but has not succeeded yet in obtaining the full-time services of an Accountant to do so. The two Accountants on his cadre cannot, in addition to their duties, take on the task of revision, which will involve a considerable amount of detailed work and continuous attention.

784. **We would therefore, strongly endorse the suggestion that the Treasury make arrangements for the immediate release of another qualified Accountant to the Commissioner of Local Government's Department for a sufficient length of time to enable all the Financial Regulations under the various Ordinances to be brought up-to-date.**

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785. In relation to the Urban Council Financial Rules, we must draw attention to the fact that the system of accounting is on a Receipts and Payments basis. It is very desirable that the Income and Expenditure basis of accounting, which has been adopted in the newer local authorities—such as Town Councils—be now made the basic system for Urban Councils too. A full recital of the advantages of the Income and Expenditure systems of accounts, when compared with the Receipts and Payments system is not necessary here, but we would content ourselves with the following quotation from Clarke :

" Although a system restricted to actual cash received and paid has the merit of simplicity, the advantage is obtained at the cost of completeness. Accounts limited to cash transactions do not include every part of a transaction when it takes place, but only that part represented by the cash payment. Purchases are not recorded until paid for, and the acquisition of stores on delivery may not be recorded. To safeguard materials a stores account should be kept in addition to the cash records, but even so a dual system of cash and stores accounts is still incomplete. Only by income and expenditure methods will stores values be recorded as delivered and taken on charge.

" A true statement of profit and loss cannot be produced from receipts and payments records, and they do not lead up to a balance sheet showing the true financial position. Payments may be deferred so as to exclude them with a view of reducing the succeeding rate.

" On the other hand, the income and expenditure system takes account of every step in a transaction as it takes place, providing protection against negligence and irregularity. If ratepayers of any particular year are to be charged with the cost of the operations of that year, the rate estimates should be framed on an income and expenditure basis. The possession, acquisition, conversion, and alienation of all assets and values during the accounting period are duly recorded. Accrued proportions of items such as rent, rates, taxes, insurance, salaries, wages, interest, &c., are accounted for quite irrespective of the date of receipts or payments in cash.

" Objections are sometimes made against the income and expenditure system on grounds of the undesirability of including uncertain estimates in final records because actual values cannot always be ascertained. The nearest ascertainable values, subject to subsequent adjustment, are surely better than the omission of items of a substantial nature which have to be subsequently included in the records of a future period. Another objection has relation to the possible delay in closing the accounts for a period due to the necessity of ascertaining the items unpaid or not received at the date of making up the accounts whereas records of cash receipts and payments can be closed without delay. Under a proper system of administration no great difficulty in this respect is found in practice."[1]

[1] " The Local Government of the United Kingdom " by John J. Clarke.

786. In this same connexion, we would suggest the need for setting out some details regarding Tender Procedure. Lower down in this section we make some general observations regarding tenders and contracts and we suggest that the principle recommended by us as being generally applicable be adopted in respect of Urban Councils too.

787. Though we do not propose making detailed recommendations regarding the changes necessary in the Financial Rules, here too, as in the case of Municipalities, we would stress the need for vesting more authority in the paid staff, for the collection of revenue, the proper keeping of books of account and the disbursment of monies. According to the Financial Rules and Orders now in force it is the duty of the Chairman who is the Accounting Officer of an Urban Council and under whose general management and supervision the financial and accounting systems of a Council is administered :

(1) " to see that a proper system of accounts is established in every department of the Council ;

(2) " to keep watch on the receipt of the Council's revenue and to secure effectual collection ;

(3) " to see that all monies, whether revenue or other receipts, paid into the local fund, are promptly brought into account under the proper Heads and Sub-heads ;

(4) " to see that proper provision is made for the safe-keeping of all monies ;

(5) " to exercise strict supervision over all officers of the Council entrusted with the receipt or expenditure of the Council's money and to take precautions, by the maintenance of efficient checks, against the occurence of fraud, embezzlement, or carelessness in connexion therewith ;

(6) " to watch the expenditure and disbursements of the Council ; to take care that no payment is made which is not covered by proper authority, expressed or referred to in the voucher relating to it ; and

(7) " to see that all disbursements of the Council are promptly charged in the accounts under the proper Heads and Sub-heads of Estimates ; that the financial statements and returns are promptly prepared and that the accounts and statements are promptly rendered for audit.".[1]

788. The Chairman of a local authority is an unpaid officer and often sacrifices much of his private time and means for the good of his townsmen. But he cannot normally and reasonably be expected to have the time effectively to perform all the duties set out in Items 3 and 7 above. Such detailed checking, as is implied in Items 3 and 7 seems to us to impose an almost impossible burden which would absorb much, if not most, of the time which a Chairman could better employ in other directions in his local authority. Such time as a

[1] Financial Rule 3 for Urban Councils published in *Gazette* No. 8,458 of 16·6·39.

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Chairman can spare for his civic duties could be better employed than in the checking of routine entries in books of account and seeing to their proper posting.

789. That is why there should be more delegation of day-to-day tasks than is the case at present, and better qualified persons on the permanent staffs of local authorities. The staff could then be held directly responsible for the accuracy of the books and accounts. In saying this we do not suggest that a Chairman should exercise no supervision or control over the proper discharge of duties by the staff who deal with the receipt, collection and disbursement of funds, but that he should give such matters just sufficient attention as will secure the proper discharge by the members of the staff of their duties and the observance by them of the detailed provisions of the Financial Rules and Orders.

790. **The responsibility for the proper posting of books, collection of revenue and disbursements should, ordinarily as a general rule, by regulation be delegated to the paid staff and generally be the responsibility of the Secretary instead of being that of the Chairman as at present. In the revised Financial Rules, we recommend that this point of view be borne in mind.**

Town Council Financial Rules

791. The Financial Rules of Town Councils have been in operation from 1946. Being a more recent set of regulations, based on the Income and Expenditure system of accounting, they have proved to be more satisfactory. In their case too, however, amendments in the light of their subsequent actual working are necessary, and these should be undertaken. In the revision of these rules too we would stress the same point made in the previous paragraph regarding the responsibility of the Chairman in regard to the day-to-day work connected with the administration of the business side of the Town Council. The observations made about Tender and Contract procedure lower down in this section of the Report will apply to Town Councils too.

Village Committee Financial Rules

792. Village Committee Financial Rules too are based on a system of Receipts and Payments. These Rules are not only Financial Rules, but deal with other aspects of Village Committee administration, as for instance, Election of Chairman (Part III), Officers and Servants (Part IX), Meetings of the Village Committee (Part XII). **A revision of the earlier parts of these Rules to bring them up-to-date is necessary and should, we recommend, be undertaken immediately.**

793. In the Village Committee Financial Rules, the responsibility for almost every detail of administration or accounting is vested in the Chairman. There seems to be no reason—now that more financial assistance is being given to Village Committees and there is the possibility of the recruitment of better quality staff through the Local Government Service Commission—why certain

parts of the administrative work or general accounting, should not, statutorily, be made the responsibility of the Secretary or Clerk. We do not recommend, however, that, (as in the case of the other local authorities) there should be considerable tranference of administrative functions to the Secretary or Clerk as yet, as it seems to us that in these local authorities it is necessary that the Chairman should continue to exercise more executive functions than their counterparts in other local authorities, at least for some time.

794. **We would reiterate here the suggestion made in another section of this Report, as a means of ensuring the due and regular administration of the finances of Village Committees, that Section 55 (2) of the Village Communities Ordinance be amended so as to ensure that—**

(1) All Payment Orders are signed by two persons, say the Chairman or Vice-Chairman on the one hand, and the Secretary or Chief Clerk on the other.

(2) The entire amount of monies collected by Chairmen be deposited in the Kachcheri at least once in every fifteen days ; and that they be given the facility of free service money orders for the transmission of this money to Kachcheries.

(3) Every payment under Section 55 should have a reference by number and date to a resolution of the Committee and the number and date of this resolution should be quoted in the payment order.

Control of Village Committee Budgets by Assistant Commissioners of Local Government

795. Under the existing provisions of the law, after the Local Authorities (Enlargement of Powers) Act No. 8 of 1952, a Village Committee is free to spend out of its Communal Funds without the sanction of the Assistant Commissioner of Local Government, whereas before 1952, a Village Committee could not spend a sum exceeding Rs. 100 out of the Communal Fund on any work, scheme or project without the sanction of the Assistant Commissioner of Local Government. Although this freedom of expenditure has been given, nevertheless even the Act of 1952 has provisions enabling the Minister in his discretion to virtually reimpose the limit of Rs. 100 only, as the limit of expenditure without the sanction of the Assistant Commissioner of Local Government, if, in his discretion, he considers it necessary to reimpose the control.

796. The Village Communities (Amendment) Bill of 1951, which we refer to elsewhere,[1] proposed the raising of the limit of uncontrolled expenditure to Rs. 300 even in cases where control is reimposed. **Our recommendation is that even when control is reimposed the limit of uncontrolled expenditure be raised to Rs. 500 on any work, scheme or project. At the same time we recommend that not only should the expenditure over Rs. 500 be controlled but that the entire budget should be controlled.**

[1] *See* Chapter XXXII.

797. The object of the reimposition of the control is to enable the financial administration of that particular Village Committee to be put into order. To achieve this, it is necessary that not only the expenditure side but also the income side of a budget should be controlled. This will enable a proper adjustment to be effected between income and expenditure, having regard to the financial capacity of the Village Committee concerned and the projects which it seeks to put through. We appreciate that it will not be possible to strike this balance between income and expenditure if control is reimposed in the course of the year after a budget has been passed. Our suggestion will nevertheless be effective, even in such a case, to the extent that it will enable the scrutiny and control of any new scheme or extension of existing schemes which may not be considered to be expedient in the circumstances.

798. We would add that our suggestion for the control of the entire budget of a Village Committee is not without precedent in that provision exists in the law for the budgets of an Urban Council and Town Council to be controlled, in some circumstances by the Minister.[1]

Procedure in relation to Tenders and Contracts

799. It is over Tenders and Contracts that allegations of irregularities and malpractices in local authorities are largely made, and we find that the tender and contract procedure of local authorities is so vague that it can readily lend itself to various abuses. If our recommendations are accepted, local authorities will be in charge of considerable sums of money, accruing to them through their powers of taxation, as well as assistance from Government. It is therefore all the more necessary that their funds should be properly conserved and safeguarded and lawfully and usefully employed. **We suggest, therefore, that more detailed provisions be made by Financial Regulations prescribing the procedure to be followed in the matter of tenders and contracts.** These Regulations should contain optional provision for local authorities setting up Tender Boards annually for the examination of tenders and the making of recommendations to the general body regarding the acceptance of tenders. The Tender Board should generally consist of the Mayor/Chairman and in the case of Municipalities and Urban Councils of four members of such Councils, and, in the case of Town Councils and Village Committees not less than two members; members appointed to serve on the Tender Boards being selected by the respective local authorities. The Commissioner/Secretary should act as Secretary of their Boards and have custody of the papers and be responsible for the detail work of the Tender Board. Not only would detailed Regulations help to conserve and protect funds, but they will also afford lines of guidance regarding correct procedure to the local authorities themselves and help to maintain a healthy and uniform practice all round.

800. **The principle we would enunciate is that whilst it is obvious that any right-minded local authority should generally accept the highest tender in the case of a sale, and the lowest in the case of works or materials, if the local**

[1] *Vide* Section 211 of the Urban Councils Ordinance, No. 61 of 1939.
Section 212 of the Town Councils Ordinance, No. 3 of 1946.

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authority for any special and definite reasons feels that it should depart from this general practice, the specific reasons for such departure should be explicitly recorded in writing in the resolution, (which should be passed by three-fourths of the total number of the members of the Council) accepting the tender, and should be forwarded to the Auditor-General when the other documents are sent to him.

801. **In the case of work towards which Government has given financial assistance either by way of a grant or loan, if the local authority decides to accept anything but the highest or lowest tender, as the case may be, then it should do so only after the written sanction of the Commissioner of Local Government has been obtained. This condition should be set out in every tender form so that it will be known that the acceptance of any tender—other than the highest or lowest as the case may be—is not valid or binding on the local authority unless the prior express written consent of the Commissioner of Local Government has been obtained.**

802. **As far as tender procedure itself is concerned, the widest publicity should always be given to the call for tenders, preferably by notice in the Press. Further there should be no time lag between the opening of tenders and a decision on them.**

Section 2—Control through Publicity and Inspection of Audit Reports and Accounts

803. We have dealt so far with the controls which a local authority can exercise internally by its own Regulations and Procedures and the safeguards and controls that can be exercised by Audit. These two need not be the only controls over the finances of local authorities. **There should be the opportunity always for any interested person to know precisely what his local authority is doing.** Administratively, it may be inconvenient for a local authority to have members of the public demanding at all times the right to inspect books of accounts, documents, &c., but it is more desirable that the public be encouraged and taught to take a more active interest in the working of local authorities even at the expense of some inconvenience. One form of such more active participation which we have recommended will become possible if our proposal for a Regional Audit system is accepted, as it will give an opportunity to any local government elector to appear before the Regional Auditor and make his representations regarding the administration of the local authority.

804. Other means of public check can also be provided, for instance, by making the practice, which the Auditor-General presently follows, of making an annual report on the working of each local authority a legal requirement as well as the tabling and consideration of this Report by the Council at a meeting soon after its receipt. It has also been suggested that this Report be published for the information of the ratepayers. The Auditor-General has commented that the latter would be rather a novel idea and perhaps an expensive one too. He has suggested the modification that notice be given locally as well as in the *Gazette* of the receipt of the Report of the Auditor-General and the right be given to any voter to scrutinize the Report at the

office of the local authority (without payment of any fee) under the immediate and direct supervision of some responsible specified officer of the local authority so as to ensure the protection of the document.

805. **We accept this suggestion and recommend that the law be amended so as to require the Auditor-General to submit an Annual Audit Report on the working of each local authority to that local authority (a copy being sent to the Commissioner of Local Government), and the local authority be required to table and consider it at the first meeting after its receipt and make it, or a certified copy of it, available for inspection to any voter without the payment of a fee but under the immediate and direct supervison of some specified responsible officer of the local authority.**

806. **Flowing from this suggestion is another, namely, that the statement of accounts and balance sheets published by local authorities should be audited statements of accounts and balance sheets.** Instances have been brought to our notice where the statement of accounts published annually by a local authority did not tally with the final audited statement of accounts given by the Auditor-General. **There must be rigid insistence too that audited statements of accounts and balance sheets be published as soon as possible after the close of the Financial Year.** There would undoubtedly be administrative difficulties in giving effect to this suggestion if local authoirities delay to render their accounts and if the Auditor-General does not have an adequate and competent staff to scrutinize these documents and prepare his reconciliation of the accounts or his Report on them. We were given to understand by the Auditor-General, however, that the difficulties are not insurmountable and that the time lag could be cut down ; in view of his own support of the idea, we make this recommendation ourselves. **We also suggest that these audited statements of accounts and balance sheets be gazetted by the Auditor-General.**

Delays in replying to Audit Queries

807. One of the major criticisms advanced by the Auditor-General against local authorities was their delay in the rendition of accounts. He has expressed the view that the delay is caused by the fact that responsibility is not fixed on any particular officer or officers, for keeping the books in order. A strict insistence that out-going officers should clear up arrears before transfer will go a long way towards obviating this delay as it not infrequently happens that out-going officers leave behind arrears of work, the responsibility for the clearing of which is too strenuous a burden for the in-coming officers who has also to attend to current work as well. The Auditor-General has also suggested that whenever books are rendered for audit they should be accompanied by a certificate that they have been posted up-to-date and reconciled, and that the accounts are correct as shown by the books.

808. We feel that with the revision of the Financial Rules of local authorities, under which there should be the delegation of more responsibility to the officers concerned (who should be designated and specified), and the better training of staff, these delays could be reduced, if not eliminated. We also feel that if

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our recommendations regarding Regional Audit and more frequent inspections are accepted and implemented, the cumbrous and risky process of sending books up and down, and to and fro, between the local authority and the Auditor-General could be largely reduced if not totally avoided ; and the accounts will be more speedily entered up and therefore more regularly kept.

809. Another cause for this delay is the frequent transfer of staff—an unavoidable concomitant of all administrative systems. It should be possible to reduce to a minimum the delays in the positing of books and the keeping of accounts up-to-date as a result of transfers if the suggestion which we are making in Paragraph No. 1138 of this Report of a limited Reserve Pool of Staff to do the work of tranferred officers pending the appointment of their successors is adopted. It has been brought to our notice that at times officers appointed to replace those who have been transfrered do not take up their appointments at their new stations close upon the transfer of the former officer from that station. While in certain cases such delays may be unavoidable, the point should receive closer consideration in the Office of the Local Government Service Commission whenever it decides on transfers and replacements, so that both are effected with the maximum despatch—though in each case after adequate notice—in order to cause as little dislocation as possible in the day-to-day work in the local authorities affected by transfers and replacements.

810. **If, as suggested by the Auditor-General, out-going officers are required, under the sanction of disciplinary action, to clear up all arrears before handing over charge, better accounting systems will follow, and much wasteful expenditure of time of a new-comer in catching up arrears will be avoided.**

811. It has also been suggested that quite often the local authorities do not show sufficient interest in following up matters of this nature, and reports of delays in replying to audit queries, &c., are treated very casually by them. Much will depend on the growth of a healthy public spirit and civic consciousness in future. For the present the local authorities ought to be fixed with the primary responsibility of seeing to it that their books of account are always correctly kept ; and proper Financial Regulations stating simply and clearly what is required of local authorities, should eliminate many of the existing time-lags in answering audit queries.

Section 3—Administration Reports and Surveys

812. There are certain other provisions of the law which operate as internal controls ; these stand in need of revision in many respects and we propose dealing with the more important ones and the necessary variations or amendments which we envisage.

Present Position

MUNICIPAL COUNCILS

813. Section 218 of the Municipal Councils Ordinance, No. 29 of 1947, requires the Mayor, as soon as possible after the close of each Financial Year, to prepare

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a detailed report of his administration during the previous year together with a statement showing the nature and amount of receipts and disbursements on account of the Local Fund during that year. The report and statements have to be placed before the Municipal Council and submitted to the Minister within six weeks of the date when it was first submitted to the Council together with any resolution that may be passed by the Council thereon.

URBAN COUNCILS AND TOWN COUNCILS

814. Under Sections 192 and 193 respectively of the Ordinances governing these bodies, the Chairman has to prepare a detailed report of the administration of the Council during each Financial Year as soon as possible after the close of each Financial Year. To the report has to be attached a statement showing the nature and amount of the receipts and disbursements on account of the Local Fund during that year. Unlike the case of Municipalities, the report and statement have to be in a form prescribed by the Commissioner. After preparation they have to be placed before the Council and submitted to the Minister, through the Commissioner of Local Government, within six weeks of the first tabling before the Council together with any resolutions that may have been passed on such report and financial statements by the Council concerned.

VILLAGE COMMITTEES

815. No similar provision, however, exists in the case of Village Committees. On the contrary, the position is the other way about, because Section 64 of the Village Communities Ordinance requires the Commissioner of Local Government to prepare and transmit to the Chairman of each and every Village Commmittee, a report containing a survey of the affairs of that Village Committee in each year. The Chairman is required to table that report for the information of the members of that Committee at the very next meeting. In order to enable him to prepare this report, the Commissioner of Local Government or any officer authorised by him is given certain powers of inspection of property, books and documents. While this procedure may have its own advantages, the Chairmen of Village Committees do not get the opportunity of themselves performing one of the valuable administrative functions of the head of an orgnisation, namely, the marshalling of facts and data required to prepare a report.

Commissioner of Local Government's Administration Report

816. Section 212 of the Urban Councils Ordinance, No. 61 of 1939, makes it obligatory on the Commissioner of Local Government to prepare and publish annually an Administration Report and a review of the work and expenditure of all Urban Councils in Ceylon generally. That report and review have to be placed before Parliament and is published as a Sessional Paper. Although no legal requirement exists making it obligatory on him to do so, the

Commissioner of Local Government enlarges this statuory Administration Report to include reports on the working of Town Councils generally and of all the Village Committees too.

817. He is under no legal obligation to make any general report on the working of Municipalties. The reports of the Municipalities themselves are at times—although generally always in the case of the Colombo Municipality—published as Sessional Papers.

New provisions under the Local Authorities (Enlargement of Powers) Act No. 8 of 1952

818. With the enlargement of the powers of local authorities, provisions were introduced in the Municipal Councils Ordinance (Section 315A), Urban Councils Ordinance (Section 209A), Town Councils Ordinance (Section 210A), and in the Village Communities Ordinance (Section 64), already referred to above, which require the Commissioner of Local Government to prepare and transmit to the Mayor of every Municipal Council and the Chairman of every Urban and Town Council and of every Village Committee, a separate report containing a general survey of the affairs of that particular Council or Committee during each year, and the Mayor/Chairman of each Council/Committee is required to table that report for the information of the members of each Council/Committee at the next meeting held after the receipt of the Commissioner's Report. In the case of Municipal Councils and Village Committees, additional provisions have been introduced by this Act No. 8 of 1952 giving the Commissioner of Local Government the powers appearing in Section 315A (quoted below) for the purposes of enabling him to prepare this report and survey.

315A. (1) The Commissioner of Local Government shall prepare and transmit to the Mayor of each Municipal Council a report containing a general survey of the affairs of the Council in each year, and the Mayor shall cause such report to be tabled for the information of the Councillors at the next meeting of the Council held after the receipt of such report.

(2) For the purpose of preparing the report referred to in sub-section (1), the Commissioner of Local Government or any officer generally or specially authorised in that behalf by him may—

(*a*) inspect any public building, immovable property or institution used, occupied or carried on by or on behalf of any Municipal Council, or any work in progress under the direction of any Municipal Council ;

(*b*) call for and inspect any book or document in the possession or under the control of any Municipal Council ; and

(*c*) require any Municipal Council to furnish accounts of income and expenditure, reports or copies of documents relating to the proceedings or duties of the Council or any Committee of the Council, and such other information as may be considered necessary by the Commissioner of Local Government.

819. Similar powers are given to the Commissioner of Local Government for enabling him to prepare and transmit to the Chairman of each Village Committee, annually, a report containing a general survey of the affairs of that Committee for each year.

820. The detailed powers given to the Commissioner under Section 315A of the Municipal Councils Ordinance, and Section 64 of the Village Communities Ordinance (introduced in both by Act No. 8 of 1952) are not given in the new provisions added to the Urban Councils Ordinance and Town Councils Ordinance as Sections 209A and 210A respectively by the Act No. 8 of 1952, because powers for the inspection by the Minister/or the Commissioner of Local Government of any buildings, property, books, documents, accounts, &c., are already to be found in the relevant Ordinances as they stood—vide Sections 208 and 209 respectively of the Urban Councils Ordinance and Town Councils Ordinance. It should be observed, however, that these Sections, 208 and 209 respectively, confer these powers of inspection, &c., generally, and are not limited to the purpose of preparing the report and survey, as in the case of the new provisions introduced into the Municipal Councils Ordinance and Village Communities Ordinance by the Amending Act of 1952.

Proposed Changes

821. In view of the facts that—

(*a*) ample provision already exists for all local authorities to submit reports surveying their own activities and their finances, except Village Committees, which we recommend shall also write their own Annual Reports ;

(*b*) we have already recommended that the Auditor-General should be statutorily required to make an annual report to each local authority on its financial administration, including Village Committees, (a copy being sent to the Commissioner of Local Government in each case) ;

(*c*) the Commissioner of Local Government himself prepares his own Administration Report in which he reviews the activities of all local bodies (except Municipalities) ;

(*d*) we have recommended giving the Minister and the Commissioner of Local Government powers of inspection and inquiry generally and also the right to bring matters to the notice of the various local authorities consequent on his exercise of these powers, and as our recommendation is not that these powers are to be used only for the purpose of enabling the Commissioner of Local Government to prepare his annual report in respect of each local authority, but may also be exercised by either the Minister or the Commissioner of Local Government at any tine during the course of any year,

it seems to us to be unnecessary, to require the Commissioner of Local Government in each year, to submit to each local authority—there are four hundred and eighty-four at present—a survey of the work of that local authority during the preceding year. Such report and survey as he is required to prepare and transmit to each of the local authorities generally ends in its being tabled by that local authority.

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822. In view of the wider and more uniform powers which we recommend should be given to the Minister and the Commissioner of Local Government, it will now be possible for the Commissioner of Local Government from time to time in the course of the year—whenever the necessity arises—to call for information, make inspections and observations, and place any requirement before each local authority at any time, instead of at the end of the year. If our recommendations in this respect are given effect to, it will save a considerable amount of the time of the Commissioner of Local Government and dispense with an enormous amount of paper work which he is presently required to do to give back to each local authority a survey of its own work.

823. **We recommend, therefore, the deletion of Section 315A of the Municipal Councils Ordinance, Section 209A of the Urban Councils Ordinance, Section 210A of the Town Councils Ordinance and Section 64 of the Village Communities Ordinance.**

824. **We would also strongly recommend that statutory provision be made in the Village Communities Ordinance requiring the Chairman of each Village Committee to prepare and place before his Committee as soon as possible after the expiry of each Financial Year, a detailed report of the Administration of the Committee during that financial year, recapitulating generally the actual work done by the Committee. during the year. To such report and survey should be attached a statement showing the nature and amount of receipts and disbursements on account of the Communal Fund during that year. This report and satement should be in the form prescribed either by the Commissioner of Local Government or under the general Financial Rules (the framing of which we have already recommended earlier—vide Paragraph No. 792 et. seq.), and should be placed before the Village Committee for its consideration and submitted to the Commissioner of Local Government, through the Regional Assistant Commissioner of Local Government, within six weeks of the date when it was first so submitted to the Committee, together with any resolution that may have been passed thereon by the Committee.**

825. This recommendation we would stress primarily in order to enable Chairmen of Village Committees to familiarize themselves with this type of work, which should be one of the essential duties of the unofficial head of every type of local authority, in order that each local authority may review its own work and place it on record. Another reason for this recommendation is that the Commissioner of Local Government will then have before him reports from all Village Committees to facilitate the preparation and incorporation by him of his own observations on the working of Village Committees in his Administration Report.

10—H. 18040 (10/68)

826. We have also two general recommendations to make with regard to the annual reports and statements of receipts and disbursements which have to be prepared by every type of local authority, and they are—

(1) That the ratepayers of the respective areas should have the right to inspect these (under proper supervision by some responsible officer of the local authority) ; and

(2) That if any Mayor/Chairman has gone out of office—for any cause whatsoever—either before the end of any particular Financial Year or before he has had the time to prepare his annual report and survey, then it shall be the duty of his successor in office to prepare that report and survey, &c.

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CHAPTER XVI

MINISTERIAL CONTROLS

Section 1—Tribunals of Inquiry and Dissolutions of Councils

827. Some of the forms of control, it will be observed, are more drastic than the others—the extreme powers being those of dissolution and removal of members from office. We propose to deal with this matter first. The conditions for the exercise of these powers have been referred to already.[1]

828. It is to be noted that the Minister is under no statutory duty before directing dissolution of a local authority or removal of a member, to hear the local authority or member concerned ; nor is there power to take intermediate action which would in certain cases be more appropriate and less drastic than dissolution. Doubtless a Minister would not ordinarily take such action without hearing the party or body likely to be affected by any such action, but nevertheless we are of the view that there should be statutory provisions to meet the case.

829. In recent times the Minister has had occasion to exercise the powers given to him by these Ordinances and to dissolve some Urban Councils and Village Committees and remove some of the Chairmen of Village Committees. The Municipal Council of Colombo was also suspended, but under Emergency (Suspension of Certain Local Authorities) Regulations made under the Public Security Ordinance, No. 25 of 1947.

830. In the context of these instances, it has been stressed that the powers given to the Minister are so wide that some Minister may, if he is so disposed, act arbitrarily. We do not think that any Minister would be so forgetful of the very elementary duty of hearing those placed under his charge before taking such drastic action, or so disregardful of his responsibility and answerability to Parliament as to act on ex parte statements or information in matters of such grave concern without adequate verification. Indeed the practice, we understand, is to obtain reports, examine files and documents, and often hold departmental investigations on the spot, before any such action is taken.

Tribunals of Inquiry

831. It has been strongly urged by many who appeared before us that a local authority and/or its members should, by law, be given a right to seek to clear themselves of the charges and representations made against them, and that for that purpose inquiries of a public nature should be provided.

[1] *See* Chapter XIII.

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In view of the representations, and being satisfied as to the desirability of providing for the public investigation of certain classes of charges involving local bodies and their representatives, **we recommend the establishment of a Tribunal of Inquiry so composed as to inspire confidence in its capacity and integrity, with wide powers of investigation, unencumbered by the rigidities of procedure or formalities of a Court of Law, and with the right to recommend remedial measures of varying sorts and degrees.**

Constitution and Powers of the Tribunals of Inquiry

832. Our scheme regarding the constitution and powers of the Tribunal is as follows :

We recommend that there should be a panel of nine members from which Tribunals of Inquiry of three members each can be formed, (so that if more than one Tribunal is called upon to function at one and the same time even three such Tribunals can function contemporaneously).

Three members of the Tribunal are to be appointed by the Minister, on the recommendation of the Judicial Services Commission, which should make its recommendation for this panel from amongst members of the Judiciary, retired Judges, and/or practising Lawyers.

The remaining six should be chosen from members of the public, by the Minister ; at least three of them should have had practical acquaintance with local authorities and their working. None of these six members should be members of the Public Service or be Members of Parliament.

The Tribunal for any inquiry should be composed of three Members, selected by the Minister. The Chairman of each Tribunal should always be selected from the first category as the Chairman should be a person with legal experience.

The Tribunal should have all the powers under the Commissions of Inquiry Act. The members would receive remuneration and allowances on at least the same scale as is applicable to Members of other Tribunals.

The staff required for the conduct of any inquiry should be placed at the disposal of the Tribunal by the Commissioner of Local Governent.

The proceedings of the Tribunal (which should be free to formulate its own procedure and not be bound by technical rules of evidence) should be held in public, although it may be advisable to have a special provision enabling the Tribunal, for exceptional reasons to be recorded by it, to hear any evidence in camera. The widest publicity should be given to its findings and orders and the reasons for them. The findings of the Tribunal and its recommendations as to the action to be taken or the remedial or corrective or consequential measures to be adopted should be final and binding on both the local authority and the Minister. They should be given effect to by the latter.

Matters for Investigation by the Tribunal of Inquiry

833. If the Minister is of opinion (either upon representations made to him on the matter or upon any other information in his possession or available

to him) that there is material which suggests that the local authority itself or any member or members thereof have—

(*a*) persistently refused to hold or attend meetings or to vote or to transact business at any meetings that may be held ; or

(*b*) wilfully neglected, or misconducted itself or himself or themselves in, the performance of any of the duties or obligations, imposed upon it, or upon him or them by any law ; or

(*c*) from time to time refused or neglected to comply with any provisions of the law, or disregarded, or disobeyed, the directions, instructions or recommendations of the Minister or of the Commissioner of Local Government given in pursuance of, or in the course of, the exercise of any of their powers ; or

(*d*) been generally incompetent, or have generally mismanaged its affairs or any of them ; or

(*e*) abused or misused any of the powers, functions or duties conferred by the relevant Ordinance governing such local authority, or by any other written law, on such local authority or Chairman or member or members ; and, in the case of the Chairman or of any member or members, have abused or misused any powers, functions or duties as aforesaid, whether during the present term of his office as Chairman or member of that local authority, or at any time during the immediately preceding term of such local authority during which he may have held office either as Chairman or as a member, of any local authority whatsoever ; or

(*f*) so conducted or discharged such administrative and/or executive functions, powers or duties as should ordinarily be delegated by the local authority to an appropriate Executive Officer, as to make it necessary or desirable that the question whether or not those functions, powers or duties should (in the interests of the public of that area) be compulsorily delegated to an Executive Officer of such local authority, should be considered ;

the Minister should have the power to refer such matter to the Tribunal of Inquiry for investigation and report, with the Tribunal's recommendations and suggestions as to the action or remedial or corrective or other measures or steps to be taken as may be appropriate in the particular circumstances.

Recommendations of the Tribunal

834. **Without in any way professing to be exhaustive, it would be useful if we list the following as some of the recommendations that the Tribunal should have the power of making as a result of its investigations :—**

(1) **Compulsory delegation of functions, powers and duties to any appropriate officer or officers of the local authority who should, in the opinion of the Tribunal exercise then ;**

(2) **Suspension of any member or members of the local authority or of the local authority itself, for any specified period ;**

(3) **Reduction of status of a local authority ;**

(4) **Removal of the Mayor/Chairman from office ;**

(5) **Removal of all or any of the members of the local authority from office ;**

(6) **Dissolution of the local authority.**

In addition to those listed above the Tribunal should also have the power to suggest what action or steps, if any, should be taken to vindicate, (and also to prevent) any breaches of the Law or violations of any provisions, orders, or directions, which are of an obligatory character and which might come to light in the course of their investigations as having been committed or connived at by a local authority or any of its members or employees.

835. **The report of the Tribunal should also include such other suggestions or recommendations as may appear to it to be appropriate in regard to any incidental or cognate matters, with a view to their alteration or improvement, though they may not have a direct bearing on the matter under inquiry.**

836. In any draft legislation embodying the above provisions, there must follow at this stage, consequential provisions such as the appointment of a Special Commisioner, the powers and duties to be committed to the Special Commissioner, or successor to the dissolved local authority, the holding of by-elections, provisions for the reconstitution of a new local authority, and power for the Minister to make or give any incidental orders or directions as may be appropriate or necessary in the circumstances, or to meet any situation that may have resulted from action taken on any of the recommendations of the Tribunal.

Section 2--Rule-Making Powers

837. We have referred to rule-making powers as one of the ways in which Central Control is exercised. Section 289 of the Municipal Councils Ordinance provides that " the Minister may make regulations generally for the purpose of giving effect to the principles and provisions of this Ordinance.". Although this provision confers a very wide power, we think it would be better to specify at least some of the matters in relation to which the Minister may frame Rules. A provision similar to Section 205 (2) of the Urban Councils Ordinance, should be enacted in the Municipal Councils Ordinance too, to the effect that, without prejudice to the generality of his owers under Section 289 (1) the Minister may under this section make Rules applicable to all or any one or more Municipal Councils for certain specific purposes. Generally wider, more uniform powers to make Rules for all types of local authorities should be given to the Minister.

838. **We recommend therefore that the Minister's rule-making powers in respect of all local authorities be widened to embrace, among others, the following which we find are of prime importance :**

(1) **Procedure to be followed in regard to keeping of accounts and accounting ;**

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(2) **Forms of Budgets and Heads of Items to be included in Budgets ;**

(3) **Procedure to be followed in regard to the acceptance or rejection of tenders and of entering into contracts, for which either the local authority has provided the money from its own funds, or where a part or whole of the funds may have come from the Central Government, either by way of grant or loan for any work, undertaking or activity ;**

(4) **The power to make regulations regarding all matters connected with stores ;**

(5) **The responsibility for custody of books, documents, &c., and the procedure to be followed in regard to the handing over and taking over when a Chief Executive Officer changes ; and**

(6) **Any other matters in regard to which the Minister considers it necessary or advisable to frame such Rules.**

Provision for the approval of any such Rules by Parliament should naturally be retained.

839. The practical necessity for these Rules has been dealt with earlier (vide Paragraph Nos. 733 to 794).

Section 3—Powers of Inquiring, Investigating, Directing and Acting in Default

840. Powers, such as those detailed below, should be given to the Minister, as well as to the Commissioner of Local Government, but in the case of the Municipalities, it should be only the Minister who should initially have the power to invoke them. In other words, he should take the responsibility of inititially deciding whether the machinery of investigation should be set in motion against any particular Municipality, after he has carefully considered such preliminary material as may be available at that state. Once he has decided that question, he should be in a position to direct the Commissioner of Local Government to proceed further. **The recommendations that follow are all to be read subject to this distinction between Municipalities on the one hand and the other local authorities on the other, namely that in the case of Municipalities, the Minister should have power—once he is satisfied that there is the need for investigation—to direct the Commissioner of Local Government to commence investigation. The Commissioner of Local Government in turn should be given the power to authorise some officer of his department (not below a specified rank) to conduct the detailed examination.**

Power to call for any Statistics, Information, Documents, &c.

841. **Provision should be made in the Acts relative to all types of local authorities, enabling the Minister and/or the Commissioner—subject to the qualification that in the case of Municipalities the Minister alone must take the initial decision as to the need for invoking this power, as we have already said in the preceding**

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paragraph—to require a local authority to furnish any statistics, or other data or information whatsovever, regarding any matter or thing relating to, or concerning, the working, or administration of that local authority, or of any project or undertaking or activity of that local authority ; or the exercise by that local authority of any of its functions, powers or duties, under the Act constituting such local authority or under any other written law ; or to require any report on any of the above matters ; or to furnish any accounts or extracts from any accounts, or particulars of any income or expenditure, either of such local authority generally, or in connexion with any particular item of activity or work or undertaking of that local authority ; or to require any local authority to furnish the Minister with any books or documents whatsoever, kept or maintained by or in the possession of or under the control of, any local authority; or the record of or a copy of, any proceedings of any local authority, or of any Committee or section or group or body of members of that local authority.[1]

842. Wherever necessary copies of or extracts from the originals, instead of the original themselves, may be called for, but the power to obtain and inspect the originals themselves should necessarily be there.

Power to inspect Buildings, Works, &c.

843. **Another necessary power (partly to be found in Section 208 of the Urban Councils Ordinance, No. 61 of 1939) which should be given, is to inspect any building, immovable property, or other premises, whether belonging to or only occupied or used by, any local authority, or in which any activity or work initiated or carried on by or sustained by or subsidised by such local authority, is carried on, or any institution run by or under the control of a local authority. as also to inspect any kind of work in progress or recently completed by or for or under the direction of, a local authority.** For the purpose of exercising this power, any officer, either generally or specially authorised by the Minister, or by the Commissioner of Local Government, as the case may be, should have the same power of entry and inspection of places, property, articles, or things, and all other powers and authorities such as to inspect, count, check, verify, cash, stores, materials or other articles, or property of whatever nature or kind, under the control of any local authority, both physically and also by reference to books, records, papers or other documents, as are required or given to or vested in the officers of that local authority for the due exercise and discharge of their respective functions and duties by such officers of that local authority.[2] Such person should also have the power of taking copies of books, records, papers or other documents. The provisions of Section 209 of the Urban Councils Ordinance that the authorised officer should act in consultation with

[1] For existing powers *see* Municipal Councils Ordinance, No. 29 of 1947—Sections 278 and 279 ; Section 208 of the Urban Councils Ordinance, No. 61 of 1939, and Section 209 of the Town Councils Ordinance, No. 3 of 1946.

[2] *See* Section 209 of the Urban Councils Ordinance, No. 61 of 1939.

the Mayor/Chairman of the local authority in exercising the power of entry and inspection or verification, should be preserved and made applicable to all types of local authorities, as also the proviso making it the duty of the officers of the local authority to afford to the authorised officer all such reasonable assistance as he may require for the exercise of his powers of entry, inspection and verification and check, under this provision. **In the unlikely event of a Mayor/Chairman refusing the authorised officer the right of entry or inspection, &c., or not rendering him all such reasonable assistance as he may require for the purposes of the entry and inspection, the Commissioner of Local Government should have the right, in the case of all types of local authorities, to apply to the Minister for a specific direction on the Mayor/Chairman to authorise such person to enter and inspect and verify in accordance with such specific directions.[1] Any default in complying with such direction will entail the consequences which follow upon a refusal to carry out a direction by the Minister—vide Paragraphs Nos. 833 to 834.**

Power to institute Inquiries

844. The power to institute inquiries at present is restricted to matters concerning Public Health,—and that too in any Urban or Town Councils—or matters concerning which the Minister's sanction, approval, or consent, is required.[2] In practice this has been found to be too narrow, and is not flexible or general enough to meet changing needs and situations. **Power should be given to the Minister, in the case of Municipalities, and to the Commissioner of Local Government in the case of other local authorities, to direct the holding of any inquiry and the gathering of any information by any officer or other persor chosen for the purpose by the Minister or Commissioner, in relation to any matter (not necessarily concerning Public Health only as at present), touching the exercise of any of the functions, powers or duties of any local authority generally, or any particular project or activity or work of the local authority, affecting the comfort, convenience, or welfare of the people, or the protection or promotion thereof, or regarding any matters which require the Minister's sanction, approval or consent, or generally affecting the amenities of the area of such local authority.** The person holding the inquiry under this provision should have the same powers as are accorded to Commissioners under the Commissions of Inquiry Act, and also all such powers of inspection and checking of places and/or works, or materials, equipment, machinery, stores, buildings, &c., as may be required to be inspected for the purpose of such an inquiry. The power of

[1] *See* Section 315A of the Municipal Councils Ordinance, No. 29 of 1947—(Introduced by Act No. 8 of 1952).

[2] *See* Section 197 of the Urban Councils Ordinance, No. 61 of 1939 and Section 198 of the Town Councils Ordinance, No. 3 of 1946.

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the Minister to make orders regarding the cost and expenses of inquiries, such as to be found in Section 198 of the Urban Councils Ordinance, should be generalized and made applicable to all types of local authorities.

Power to make Recommendations, or give Directions for exercise of powers or discharge of obligations, by local authorities

845. Under Section 207 (*a*) of the Urban Councils Ordinance and 208 of the Town Councils Ordinance, the Minister or Commissioner of Local Government can " bring to the notice " of these local authorities any measures which ought to be taken in the interest of public health or safety, or in order to bring any general question of its administrative policy into line with National policy. We do not consider this sufficiently extensive from the point of view of practical application and administration.

846. **We recommend that the Minister, or the Commissioner, as the case may be, should be authorised to recommend or (if he considers it to be of sufficient importance) (*a*) to require it to do or carry out or execute any act or take any step or measure, in the interests of public health or safety, or for the rendering of any service or for the provision of any amenity, in its area, or relating to the administration or management or efficiency or improvement of the affairs, business or finances of the local area, or of the local authority itself, or of the comfort, convenience or welfare generally of the inhabitants; or (*b*) to direct the fulfilment or discharge of any financial obligation of, or incurred by, any such local authority, towards any person, Department of Government or any other organisation whatsoever.**

Defaults in duties by Local Auhorities

847. **The power of the Minister to give notice to a Municipal Council or Urban Council or Town Council requiring it to show cause why he should not appoint a person or persons to inquire into and report on the facts of any case, where it appears to the Minister that any Municipal Council, or Urban Council, or Town Council, " is omitting to fulfil any duty or to carry out any work imposed upon the Council " by the relevant Act or by other relevant legislation, or that the Council has otherwise made default in the discharge of any of its duties or responsibilities under the relevant Ordinance[1], or any other Ordinance, and to make Recommendations or give Directions as to the measures that should be taken for the purpose of fulfilling such duty, or carrying out such work, or making good such default, should, we think, be extended and be made applicable to Village Committees too, as there does not seem to be any compelling reason not to extend the power of the remedying of defaults to Village Committees also. The**

[1] Under Section 280 of the Municipal Councils Ordinance, Section 199 of the Urban Councils Ordinance, and Section 200 of the Town Councils Ordinance.

consequential provisions to be found in the Ordinances relative to Municipal Councils, Urban Councils and Town Councils should be similarly extended to Village Committees.

Section 4—Ministerial Control of Grants and other Contributions by Government

848. As we have stated earlier, local authorities necessarily have to rely largely on financial assistance from the Central Government, which consequently must exercise a certain measure of control. There are at present no statutory provisions regulating the award of Government grants, although the Ordinances relative to the local authorities do refer to financial assistance from Government; nor are there provisions relative to the manner and circumstances in which the Central Government may control any grants. We consider, that these matters should be placed on a statutory basis. **The Ministerial power to control grants, by reducing them " by such amount as he thinks fit " exists in England since the Local Government Act of 1929, and has proved to be a speedy and effective form of ensuring that local authorities perform their functions and render their services in the best interests of the area and at a proper level of efficiency. We recommend that analogous provisions be enacted here too, with the same objects in view, and set out below the form which such legislation should take. We also consider that some measure of control should be exercised over funds derived from the other sources of revenue, which we recommend elsewhere in this Report should be made available to local authorities.**

849. We are sure, however, that if there is a healthy and proper understanding between the Central Government and the local authorities as to the interests and needs of the local areas, and the answerability of the Minister to Parliament for the proper expenditure and profitable employment of public funds, which are by authority of Parliament distributed in the form of grants, &c., to local authorities, according to their needs and circumstances, the occasion will not probably even arise to make use of the legislation which we recommend. But they are salutory precautionary provisions which should find a place in the statute book as reserve powers.

850. The legal provisions we contemplate may be along the following lines:—

The Minister may suspend and withhold payment from time to time (for a period not exceeding six months at any one time), or reduce, or stop payment of, the whole or any part of, any money payable to any local authority at any time and from time to time, either from or on account of any grant, or loan, or assigned revenue, or from or on account of any other financial assistance, or contribution, which Government may have decided upon, or be under obligation to give, if, :—

(*a*) regard being had by the Minister (among such other matters as the Minister in his discretion may regard as being proper for him to consider) to the standards achieved or maintained by other local

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authorities in other areas, or by that local authority itself in the past, as also to the financial resources of that local authority, or to any circumstances or conditions prevailing in the area of that local authority or to any other material or information (whether by way of representations made to him or otherwise however) to which he may have access, the Minister is satisfied and is of the opinion, that such local authority has, in the exercise, fulfilment, or discharge of any of its functions, powers, duties or obligations, and more especially in respect of any of the following, *i.e.*—

(1) Roads
(2) Water supplies
(3) Latrines
(4) Markets
(5) Drains
(6) Street cleansing
(7) Lighting
(8) Observance of Building Regulations
(9) Conformity with the requirements of a Planning Scheme
(10) Management of a Resthouse

failed to achieve, or maintain a standard of efficiency or progress which the Minister, in his opinion, considers to be reasonable or sufficient or satisfactory ;

(*b*) in the course of the exercise or discharge or performance or fulfilment, by such local authority, of any of its powers, functions, duties or obligations, such local authority has, in the opinion of the Minister and to his satisfaction, failed to comply with, or observe, or fulfil, or carry out or discharge, or conform to, or maintain, or has without lawful or valid authorisation, disregarded, or departed from, or varied,

(i) any standards or requirements or provisions or obligations or duties prescribed or imposed by or under, or required to be complied with or fulfilled by or under any written law or any regulation or rule made under any written law,

(ii) any instructions or directions given by the Minister or by the Commissioner of Local Government or by any other lawful authority, under the provisions of any written law, regulation or rule entitling the Minister or the Commissioner of Local Government, or such authority, as aforesaid, to do so ; or

(*c*) such local authority has incurred, or undertaken, or agreed to commit itself to, or has made provision for any expenditure or other payment of whatsoever nature or kind, either generally or in regard to any particular matter, which, the Minister is satisfied and is of opinion, was or is excessive or unreasonable.

Where any local authority has failed to carry out any direction of the Minister, or Commissioner, as the case may be, requiring it to discharge or fulfil any financial obligation, the Minister should have authority not merely to reduce or stop payment of the whole or any part of any grant, loan, assigned revenue or other financial assistance from Government, but to apply it or any part of it in payment or discharge of that obligation on behalf of and with the same effect as if it were paid or discharged by the local authority.

Before reducing or stopping (but not suspending payment of) any such grant, revenue, loan, or other payment as aforesaid, payable to a Municipal Council, the Minister shall make, and cause to be laid before the House of Representatives a Report, stating the amount of the proposed reduction or stoppage, and the reasons therefor. The reduction or stoppage shall become operative and effective one month after the date of the transmission of the Report to the House of Representatives, unless the House in the meanwhile decides otherwise. In the case of the reduction or stoppage (but not the mere suspension of the payment) of any such grant, revenue, loan or other payment as aforesaid, in the case of the other local authorities than a Municipal Council, the Minister shall, as early as possible, report to the House of Representatives, the amount of the reduction or stoppage and the reasons therefor.

It shall also be lawful for the Minister to restore or resume payment of the whole or part of any such grant, loan, revenue or other payment, as aforesaid which may have been stopped or reduced or suspended under any of the aforesaid provisions, if at any time the Minister is satisfied and is of opinion that it is reasonable or proper for him so to do, having regard to such changed circumstances or conditions, as in his opinion, warrant the restoration or resumption of payment of any such grant, revenue, loan or other payment as aforesaid.

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CHAPTER XVII

ADMINISTRATIVE CONTROLS

Section 1—Use of Statistics

851. Our views regarding the statutory provisions which should be made for Central Control of grants, &c., appear elsewhere in this Report. There are numerous other matters in which the Minister is interested, and of which it is necessary he should be kept properly informed, not so that he may interfere with the day to day conduct of the affairs of local authorities or the exercise of their powers or functions, but so that he may assist and guide any of them where assistance and guidance are called for. Whatever the position was in the seventies or eighties of the last century in England, we cannot accept even for a moment as correct the wholesale condemnation of Statistics in one withering phrase as an English Statesman did when he referred to " Lies, Damned Lies and Statistics ".

852. **The collection, co-ordination and dissemination of comparative statistics or other factual information is an instance of an important method of fostering and stimulating healthy competition among institutions engaged in similar kinds of activities. Comparisons of records, figures and results over periods of years would also help to correct past errors of emphasis or execution. Or again, statistics shewing wide variations in expenditure of money, materials or man-power, employed in comparable services rendered or administered by different authorities, in surrounding or similar areas, could be a means of achieving more effective and efficient handling of such funds and services.** It is only a Central Department, such as that of the Commissioner of Local Government, that could collect, co-ordinate and evaluate such statistics and information, and from their assembly and analysis deduce and disseminate helpful information, advice and guidance to other local authorities. It is therefore necessary that effective provisions should exist to enable the building up of this important aspect of the development and expansion of Local Government, through an objective study of the data culled from the actual workings of the institutions which are themselves engaged in these activities. At present no means exist of rendering this service to local authorities, because the Local Government Department has to depend entirely on the goodwill and pleasure of the local authorities themselves to furnish information in response to requests, or go without the information for the reason, that, in many instances, the local authorities, through absorption in their parochial affairs, are unable to appreciate the significance of the information required, or are unable to furnish the answers, because of the lack of data owing to administrative instructions not having been observed or followed.

853. Provision was made, we are told, for the employment of a Statistician in the Local Government Department. Following a general decision of the Government, the financial provision for this post was transferred to the Votes of the Department of Census and Statistics in the Financial Year 1951–52 but the post has not been filled as yet. **We therefore recommend that provision for the employment of a Statistician which exists should be put to use at once, and the post be filled early so that statistics relating to the work of local authorities could be collected and scientifically studied and used.**

Section 2—Supervision by the Local Government Department

854. Before we conclude this part of our Report, we propose to deal with certain other aspects of control exercised administratively, and to suggest methods whereby such controls can be more usefully and effectively exercised, without injury to the independence of local authorities or dimunition of their sense of responsibility.

855. It became clear to us, during our inquiries, that it was generally accepted that control to be effective should take the form of a closer day-to-day supervision (not, of course, amounting to interference with internal administration) rather than a review or post-mortem after the event. Controls should be preventive, and not merely curative. The Central Government could assist local authorities by stepping in in time and checking a step being taken which would turn out to be a mistake, and thus prevent it developing into a major error or even an act of maladministration, with consequences injurious to the local authority. More important than that is the difference between the emotional reactions of a body which is guided aright in time, rather than being found fault with after the event. Obviously those resulting from the first course are beneficial whilst those produced by the second course breed resentment and resistance. **We have, in other paragraphs of this Part of our Report, outlined the various provisions whereby Ministerial or Departmental control could be exercised over the activities of local authorities by the power to hold inquiries, to call for statistics and data, to inspect buildings, to lay down conditions of grants and provision for their control, &c. These statutory powers, however, should be in the nature of reserve powers to be utilised as ultimate resorts where suasion and other mild methods have proved futile. They should serve more as guide posts to the local authorities, indicating rather the lines within which they should move forward than as weapons ready to be used against them, if Local Government is to be helped to develop smoothly and with the least amount of friction.**

Need for more Inspections

856. We are convinced that much can be done by cautious and well-intentioned administrative action rather than by resort to legal measures. We feel, particularly in repect of Village Committees, perhaps in a lesser degree in relation to Town Councils and Urban Councils, that with greater use of

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admini rative personnel and administrative guidance by the employment of means such as inspections, &c., efficiency in the local authorities can be raised to a higher plane and degree of performance.

857. **Many of the Village Committees and their Associations were in favour of more inspections by field officers of the Local Government Department.** They thought that if Assistant Commissioners of Local Government could inspect, instruct and meet Chairmen and Members very often, discuss their programmes of work and help more than they can do today in a co-operative spirit and guide them aright in getting used to taking long term views in the planning of the development of their areas, rather than in achieving immediate results within their particular periods of office ; and that if Investigating Officers inspect their offices more often, not only checking books of accounts, but also helping and advising them in the proper keeping of them ; if the Superintendents of Village Works could inspect works in progress very frequently, **then Village Committee administration would naturally and smoothly attain nearer to its goal which is the integration of all its services and activities towards providing the inhabitants of each of these areas with a clean, healthy and happy environmental field in which there is the freedom and opportunity for everyone to develop the best that is in him, and thus add his quota to the betterment and prosperity of his village or township as the case may be. The Department and the officers themselves, with whom we have discussed this matter, were in entire agreement with this suggestion, and are quite keen to actively co-operate in any effort to raise the standard of efficiency and achievement of local bodies, but the great obstacle to their throwing themselves into work in this spirit is the reduction—more ruthless than wise—of the travelling votes of these categories of officers. We saw for ourselves, when moving from station to station, the vast areas some of these officers are expected to cover on their inspections from month to month.** Anything like a well-planned and co-ordinated system of inspection, so as to maintain that sustained vigilance which is essential if any long-term project is to be built up over a period, is foredoomed to failure when the travelling vote is docked to such a degree that the inspections can only be few and far between. Not only has this a deleterious effect on the actual works in progress, because of the apathy into which most workers are inclined to lapse when inspections are spaced too far apart, but this restriction breeds a sense of frustration in the inspecting officers themselves, and takes the edge off their enthusiasm in the project.

858. The use that could be made of inspections need not be restricted to the works, schemes and projects of Village Committees only. We are recommending that grants be given to all types of local authorities, for activities of various kinds and these grants are generally given with some conditions attached. We have dealt with the controls that need be exercised in giving grants and seeing how they are spent more fully elsewhere. **We reiterate that the administrative devise of using officers, mainly from the Local Government Department, for far more frequent inspections, &c., than is presently the case to see that grants are being properly applied and the conditions attached to them are being strictly adhered to, would be a useful and effective method of seeing that best results are obtained from the money given. Finally, these provisions for inspections, &c., are to be utilised more as opportunities for sympathetic and corrective guidance (in an atmosphere of helpfulness and support, and not of suspicion and search) than as occasions for adverse comments and reports on irregularities and improprieties—though these unpleasant tasks should not be shirked when the need or occasion arises. We consider the appropriate spirit of helpful interaction between the two sets of persons engaged in the work—namely the unofficial and the official elements—of greater importance, than the mere carrying out of their respective routine functions and duties, vis-a-vis each other.**

Travelling of Field Officers of the Local Government Department

859. An examination of the statistics furnished to us by the Commissioner of Local Government, reveals that, on an average, the amount paid to each of the Assistant Commissioners of Local Government for travelling about five hundred miles per month is about Rs. 200. With this sum they are expected to inspect grant works in progress for the purpose of passing final payments—which fall within their duties—do routine inspections of Village Committees, visit Community Centres, preside at elections of Chairmen, attend meetings of the Co-ordinating Committees, &c. In addition, they are often called upon to do special duties such as holding inquiries in regard to matters which, at a later stage have to go up to the Local Government Service Commission for disposal, or carrying out some other urgent instructions from the Ministry without any additional payment for the travelling involved in any of these matters. **The suggestion has been made on behalf of the Village Committees, that each Village Committee be inspected by an Assistant Commissioner of Local Government at least once a quarter. We are in agreement with this and recommend the implementation of tnis suggestion. We are quite satisfied, however, that the closer supervision and co-operation which would result from the introduction of this system is not possible without an increase of the very inadequate travelling allowances presently prevailing. We do think it necessary to state that reductions with a view to economy can go too far and defeat the very purpose which underlies the provision of any kind of financial vote. The resulting set-back, if not deterioration, in the standards which have to be maintained at their proper level, and which is ensured by periodic and effective inspections will, in the end, be found to be far greater than the mere saving in rupees and cents effected by cuts which are more drastic than wise.**

860. In areas where Assistant Commissioners are provided with Land Rovers —there are four at present—the position is perhaps a little easier and this could be taken into consideration when the travelling allowances of the Assistant Commissioners of these stations are reviewed.

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861. Similarly Investigating Officers too find that they cannot inspect Village Committees as often as they should. Their commuted travelling allowances enable them to do, on an average only about three hundred miles a month, and spend five to six nights out. If these officers are to be made more useful in the set-up we have recommended, it is essential that they visit local authorities more often. For that purpose their travelling allowances should be increased.

862. Likewise the Superintendents of Village Works have not only to supervise all the grant works in progress but also, under the Village Committee Rules (referred to elsewhere) to act as advisers to the Village Committees too, and pass payments on Communal Fund works which exceed Rs. 500. A Superintendent of Village Works is expected to do about six hundred miles per month on an average, spending roughly five nights out, and he receives on an average about Rs. 125 per month on travelling. The following amounts have been given by Government for Village Works and Wells, from 1951 onwards. These large grants must necessarily have entailed the supervision of a very considerable number of works and wells scattered over long distances from one another.

TABLE OF GRANTS GIVEN BY GOVERNMENT FOR VILLAGE WORKS AND WELLS

Year	*Grants for Village Works Rs.*	*Grants for Village Wells Rs.*
1951–52 ..	.. 8,475,874[1] ..	999,876
1952–53 ..	.. 4,499,978 ..	774,814
1953–54 ..	.. 2,999,977 ..	499,465

863. For the year 1951–52, for instance, the Superintendents of Villlage works had to supervise 6,758 works costing Rs. 16,891,242 (including the cost of Communal Fund works) averaging about 225 works per Superintendent of Village Works. **Considering the amount of money that is being spent by Government by way of grants for these works (as appears from the above table) it would be prudent to ensure the required quality and standard of these works by adequate and effective supervision. The Chairmen of Village Committees and the Superintendents of Village Works, themselves have stated before us, that the latter are unable to supervise all the works in their respective areas to a degree sufficient to maintain a really effective impact on the works in progress because of the too narrow limits placed on their travelling allowances. The review of**

[1] The estimate for the year was only Rs. 4,500,000. The balance represents the unspent grants allocated in earlier years re-allocated to the Village Committees in September, 1952.

the travelling allowances of Superintendents of Village Works too, is a matter of great urgency and we recommend early and reasonably proportionate increases of these allowances.

Use of Land Rovers

864. In this connexion it is interesting to know that the Department of Local Government has four Land Rovers which are stationed at Kurunegala, Vavuniya, Anuradhapura, and Batticaloa. According to Treasury instructions these Land-Rovers cannot be used, for official work, by officers who draw commuted travelling allowances, unless they pay back to Government out of their commuted travelling allowances twenty-five cents per mile for every mile over which the Land Rover is used. As a result these Land Rovers are not used as much as they should be by those officers who should use them most, and to whom they would prove most useful, namely, the Superintendents of Village Works and the Village Committee Investigating Officers. We think that here too a review of the existing position is necessary. **We would recommend that arrangements be made so as to permit officers of the standing of Superintendents of Village Works and Investigating Officers using these Land Rovers for their official duties (with the approval of the Assistant Commissioner of Local Government) without any question of any payment back to Government out of their commuted travelling allowances for the number of miles they may have used the Land Rovers in any particular month. The commuted travelling allowances paid to these officers from month to month should be regulated and adjusted against the minimum travelling which they are expected to do in return for these allowances, quite independently of the use of the Land Rovers.**

Overseers for Superintendents of Village Works

865. The Superintendents of Village Works, who have to supervise works in varying stages of progress scattered throughout their respective regions, have no overseers to assist them. Village Committees sometimes provide their own overseers which is not a satisfactory arrangement in all respects. It is necessary and desirable that there should be overseers directly answerable to the Superintendents of Village Works themselves. Quite apart from the necessity of ordinary general and routine supervision, it is very necessary that there should be supervision at important stages of the work—concreting for example—and it is not possible for the Superintendent of Village Works to arrange to be present at these points of time, at all the places where work is being done—except on a long drawn out programme, which will hold up works until his arrival at each point—for it is often the case that works are being executed simultaneously at many points in the various villages which fall within the areas of each Superintendent of Village Works. Such supervision is all the more necessary by overseers answerable to the Department (and not to the individual Village Committees) particularly where works are being done with the aid of Government grants.

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866. **We find, on a perusal of the relevant files, that the question of the supervision of the Village Committee works has been the subject of comment by the late Prime Minister, the Right Hon. D. S. Senanayake, and that the Auditor-General as well as the Commissioner of Local Government have more than once stressed the necessity for obtaining better supervision of these works by having overseers on the spot answerable to the Department. The Treasury, however, has not agreed to make overseers available to the Department. We feel that it is false economy not to give this assistance to the Department, considering the amount of money annually voted for village works, and we therefore recommend that a cadre of overseers be created. We feel that a fair basis would be an average of two overseers per Superintendent of Village Works.** Indeed if, as we understand it, in each estimate for a village work from Government grants, an item for overseerage is presently included, Government need not be involved in any great additional commitment, for the total amount of these items of overseerage can be held back by the Department for the payment of overseers appointed departmentally for the supervison of these works.

Section 3—The Role of the Assistant Commissioners of Local Government

867. At present the Assistant Commissioners in charge of the twelve Local Government Regions in the Island play an extremely important part in the proper development of Village Committee administration. They were appointed in 1946 when Government decided as a matter of policy that, for the proper development of Rural Local Government especially, it would be better to hand over the powers previously exercised by the Government Agents, and administered through what was then popularly known as the " Gansabhawa Branch " of the Kachcheries, to specially selected and trained officers. **The change-over has given great satisfaction to the local authorities and the beneficial results are seen reflected in the improvement of the Village Committee Administration during the period of ten years that have passed since Assistant Commissioners of Local Government were first appointed.**

868. Till 1952 the Assistant Commissioners were called upon to assist and supervise the work of the Village Committees closely. Government grants, for instance, given for development of particular Village Committee works or wells, were held in deposit by them ; and contracts, &c., for the proper use of these funds were entered into, not with the Chairman of the Village Committees, but with the Assistant Commissioners of Local Government. In other words, the channelling of Government funds, in the shape of grants, for the development of Village Committee activities was mainly done through the Assistant Commissioners. In Village Committee administration itself, the Chairmen and Committees depended very greatly on them for advice and assistance in administration as well as in accounting procedure, and in regard to the actual development works themselves.

869. With the passing of the Local Authorities (Enlargement of Powers) Act in 1952, however, the supervision and control which these officers

previously exercised over local authorities was considerably lessened. It is in keeping with the accepted theory of Local Government that local authorities should not lean too heavily on the Centre for assistance in the course of their own development ; but, at the same time, it should not be forgotten that the Centre has more than a passing interest in the efficient and vigorous functioning of Local Government, and should use its administrative personnel fully for achieving these ends.

870. **On our circuits, and in the evidence placed before us, many a Village Committee, as well as individual Chairmen and members, gave expression to the considerable assistance received by them in their work through the encouragement and guidance of Assistant Commissioners of Local Government. As stated earlier in this chapter, local authorities have themselves volunteered the statement that they could do even more if it were made possible for these officers to inspect their areas more often, and give them the benefit of their experience, specialised training, and guidance. We fully endorse their view, and recommend that suitable administrative arrangements be made (including travelling facilities) to achieve the objects in view.**

871. At the moment their duties appear to be mainly confined to the improvement of Village Committee administration and little use is made of them in relation to the working of other types of local authorities. We have no doubt that much talent and time are going to seed or lying unused here. **In the practical application of many of the recommendations which we have made in this part of our Report, there should be more opportunities given for the use of the services of Assistant Commissioners of Local Government in relation to the activities and work of the other types of local authorities. For instance, should the Ministry or the Commissioner of Local Government require any information or want any inspection made or report furnished either in connexion with an application for financial assistance by a local authority or information is desired in regard to the progress of any work which is being financed by a Central grant, the services of these officers could and should be utilized more fully for these purposes as they should be capable of effectively assisting the Minsitry or the Department of Local Government, as the case may be, by reason of their higher status, better training, and wider experience of local needs and conditions.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PART V—THE FINANCES OF LOCAL AUTHORITIES

CHAPTER XVIII

A HISTORY OF FINANCIAL RELATIONS

Financial Relations Commission of 1924

872. The first major effort to solve the problem of financial relations which should exist between the local authorities and the Central Government was made in 1924 with the appointment of the Financial Relations Commission under the Chairmanship of the Hon. Mr. J. F. Smith, Acting Colonial Treasurer, and later of the Hon. Mr. W. W. Woods, Colonial Treasurer, " to consider and report on the financial relations between the Central Government and Local Government and Local Government Bodies generally, and to advise, inter alia, which public services were of a purely local character and which were partly of a local character and partly of a National character, and to make recommendations concerning the maintenance of such public services.".

873. In making its Report, the Commission made certain general observations regarding the attitude of the Government to Local Bodies in matters of finance which are worthy of reproduction :—

EXTRACT FROM REPORT OF FINANCIAL RELATIONS COMMISSION OF 1924

" *General attitude of Government to Local Bodies in matters of Finance*— If local self-government is to be a success in Ceylon it is necessary that Government should have due regard, in its financial relation with local authorities, to the very real difficulty referred to in the preceding paragraph[1] and should not expect of institutions which have not yet outgrown the weakness of infancy the same capacity for self-imposed burdens as may reasonably be expected of them when they reach maturity. Equally, on the other hand, it must be recognized that local self-government will be a mere sham unless it includes responsibility for raising the revenues required to meet the expenditure of the self-governing authorities. A prevalent idea that the financial needs of local authorities should be met by the grant from the Colonial Exchequer of liberal subsidies proportionate to their needs, or by the assignment of Colonial revenue to local authorities (which would be a subsidy under another name), is one that cannot be accepted. It means in plain words that the Govenment is to be saddled with responsibility for collecting revenue which the local authorities will spend—a situation which no Government in the world could accept. Our view is that the local authorities in Ceylon wishing to increase their

[1] The reference is to the fact that in Ceylon at the date of this Report, what could be considered local government functions, were largely carried out by the Central Government and that the people had not yet been made accustomed to direct taxation.

expenditure must be prepared to rate themselves adequately and, where necessary, must be given legal power to do so. The imposition of adequate rates should, therefore, be a condition precedent to any financial assistance from Government in the way of grants. We also realize, however, that a popular elected local body is faced in its nascent stages with very great difficulties, and we do not think they can be expected to impose on themselves a large and sudden increase of rates.".

Recommendations of the 1924 Commission

874. The summary of recommendations and the decisions of Government on this Report were published in 1926 in Sessional Paper XXXVII. They are as follows :—

" **Summary of Recommendations :**

" (*a*) The Police should be considered a National Service, and all expenditure on this account should fall on the Central Government.

" (*b*) Education should be considered a semi-national service. An education rate should be levied in the case of all local bodies which have rating machinery, and this rate, subject to certain alternative proposals, should be paid to general revenue.

" (*c*) Public Health—

(1) Preventive measures should be considered a local service, and paid for entirely from local funds with the exception of expenses connected with general supervision of sanitary measures.

(2) Infectious Diseases : The present arrangement should continue.

(3) Curative measures should be left entirely in hands of Government and paid for from general revenue.

" (*d*) Communications : Water and road thoroughfares should, if considered trunk thoroughfares, be paid for from general revenue ; if not considered trunk thoroughfares, should be paid for by local bodies.

" (*e*) Certain revenues at present accruing to local authorities should be surrendered, namely :

(1) Compensation in lieu of tolls ;

(2) Compensation in lieu of opium revenue ;

(3) Licences for foreign liquor shops ; and

(4) Refunds of or compensation for, customs duties on articles imported for the use of the local body.

" (*f*) All Government lands and buildings, with certain exceptions, should be assessed, and Government should voluntarily pay as its contribution in lieu of rates, a sum equivalent to what it would have to pay had it been an ordinary ratepayer.

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" (*g*) Naval and Military buildings should be rated.

" (*h*) The Colombo Municipality should supply free to all Government buildings water for domestic purposes.

" (*i*) Consideration should be given to the following possible sources of new taxation :

(1) Advertisement hoardings.

(2) Amusements.

(3) Betting.

(4) Stamp duty on transfer of lands.

" (*j*) The limit of 6 per cent and 5 per cent placed respectively on the rating powers of Sanitary and Local Boards should be abolished.

" (*k*) Government should reserve full liberty to make grants to such local bodies as are considered deserving, regard being had to the financial difficulties of such bodies and to their own efforts to meet those difficulties.".

Decisions of Government on the 1924 Recommendations

" (*a*) Government accepts the recommendation that the Police should be considered a national service ; and that all expenditure on this account should fall on the Central Government. It has further been decided that the Police Tax at present levied by Local Boards and other minor local authorities, which are limited by statute in the matter of their rates, should continue to be so levied until the authorities concerned possess wider powers of taxation

" (*b*) Government cannot accept the recommendation that an Education Rate should be levied in the case of local bodies possessing rating machinery

" (*c*) Government concurs in the recommendation that preventive measures should be paid for from local funds, with the exception of expenses connected with the general supervision of sanitary measures in Sanitary Board towns which expenses include the emoluments of Sanitary Inspectors, and that curative measures should be paid for from general revenue.

" As regards infectious diseases it has been decided that the expenditure incurred in dealing with them should be met as follows, it being understood that all buildings will be in charge of the Medical Officer immediately concerned and the Public Works Department :

A. Government

(1) The cost of maintenance of permanent buildings.

(2) Half cost of erection of temporary buildings.

(3) Half cost of maintenance of temporary buildings.

(4) The cost of all equipment and clothing.

(5) Cost of transporting and dieting of patients and contacts from outside the limits of the area controlled by the local body.

(6) The cost of medicine and drugs.

(7) The emoluments of the Medical Staff (including attendants and coolies).

(8) The emoluments of police guards.

(9) Half the value of private articles condemnd and destroyed.

B. Local Bodies

(1) Half cost of erection of temporary buildings.

(2) Half cost of maintenance of temporary buildings.

(3) Cost of transporting and dieting of patients and contacts who are residents of the area controlled by the local body.

(4) Cost of disinfection of houses within the limits of the area controlled by the local body.

(5) Batta and travelling expenses of staff employed.

(6) Half the value of private articles condemned and destroyed.

" In cases in which it is proposed to erect new permanent Infectious Diseases Hospitals, the cost of such erection will be apportioned between Government and the local body concerned according to the circumstances of each case. Government also concurs in the recommendation in paragraph 33 that the work in connection with Maternity and Child Welfare should be financed from local funds.

" (*d*), (*g*) and (*j*). The recommendations on these points are still under consideration.

" (*e*) Government cannot accept the recommendations relating to tolls, opium revenue and foreign liquor shops. As regards compensation for customs duties Government accepts the recommendation in so far as it affects articles imported subsequent to September 30, 1927.

" (*f*) Government maintains its complete immunity from all legal liability to pay local rates, and reserves to itself as a purely voluntary ratepayer, the right at any time to assess its own property or to modify or reject any assessment made by a local authority if it considers such assessment inequitable. Subject to this general reservation, and to the specific reservation hereinafter mentioned, it accepts the recommendation

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

that all Government lands and buildings should be assessed and that Government should voluntarily pay as a contribution in lieu of local rates, a sum equivalent to what it would pay if it were an ordinary ratepayer. In the case of unoccupied and unbuilt–upon Crown lands, however, the question of paying local rates must be decided on the merits of each case and Government is not prepared to accept a general obligation to include such lands in the calculation of its contribution.

" (*h*) The free supply to all Government buildings in Colombo of water for domestic purposes by the Colombo Municipality follows as a consequence of the acceptance of paragraph (*f*).

" (*i*) Government concurs in the recommendation that local bodies should consider advertisement hoardings and amusements as a possible source of new taxation. It is to be noted that, with the exception of the Urban District Councils, legislation is required before such a tax can be levied. Government is of opinion that if a betting tax is to be levied, the revenue derived from such a source should be made use of by the Central Government.

" (*j*) Government does not concur in the proposal that stamp duty on the transfer of lands should be a source of revenue for local bodies.

" (*k*) Government reserves full liberty to propose to the Legislative Council grants to such local bodies as are considered deserving, regard being had to the financial difficulties of such bodies.".

875. These decision formed the main basis on which Government gave assistance to local authorities for many years.

Board of Ministers' Decisions in 1946 on Financial Relations

876. The next major change in Financial Relations came in 1946 when the Board of Ministers, because of the insistence of local authorities on a solution of the problems they had to face, especially in regard to finance, came to the decisions set out below which, till now, have been broadly the basis of assistance. (The Government had also made the important decision to take over the burden of the payment of the Cost of Living and Special Living Allowances from 1944). The decisions taken by Government then were :

" (1) The following additional sources of revenue were approved to be available to Local Bodies, Municipalities, Urban Councils and Town Councils :

(i) A levy of a tax on pawn-brokers and money-lenders ;

(ii) A levy of a tax on trades and professions ; the tax to be fixed on an all-island basis.

" (2) Annual block grants as set out below were to be paid immediately on the following basis :

Block Grants for Municipalities

Population below 50,000	A grant equivalent to 15 per cent of the average annual revenue for the three years 1943, 1944 and 1945 (only the nett income from trading activities to be taken into account)	
Above 50,000 and under 100,000 ..	12%	do.
Above 100,000 and under 200,000 ..	8%	do.
Between 200,000 and 300,000	6%	do.
Over 300,000	3%	do.

Block Grants for Urban Councils

Population under 5,000	30%	do.
Between 5,000 and 15,000	25%	do.
Between 15,000 and 25,000	20%	do.
Above 25,000	15%	do.

Block Grants for Town Councils

Population less than 10,000	40%	do.
Small towns with a population of over 10,000	30%	do.

Block Grants for Village Committees

With an average revenue of under Rs. 1,000 ..	100% of the annual renenue	
Between Rs. 1,000 and Rs. 3,000 ..	75%	do.
Over Rs. 3,000 and under Rs. 6,000 ..	60%	do.
Over Rs. 6,000	35%	do.

" (3) The Central Government undertook the responsibility for water supplies to the extent that approved extensions to existing schemes would be subsidised up to 50 per cent of the cost. In regard to new schemes which were approved, the cost of construction would be borne by the Central Government, but the cost of the distribution system would have to be met by the Local Authority.

" (4) Rural and Urban housing outside the Municipal areas should primarily be a concern of the Central Government. In the case of Municipal areas, assistance, if any, for such schemes, was to be considered on the special merits of each case.

" (5) As regards the capitation tax in Village Committee areas, it was agreed that this Tax should be abolished as from 1947 and, in its place, the Central Government would make a grant equivalent to the average recovered in capitation tax for the years 1944, 1945 and 1946 "

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877. The most important of these decisions of the Board of Ministers in 1946 was to pay Block Grants to local authorities. The basis of this grant was a combination of the factors of population and revenue in the case of Municipal, Urban and Town Councils. In the case of Village Committees, however, only the revenue factor was taken into account.

878. Local authorities are still being paid Block Grants on the basis of the population figures of the Census year of 1946 ; the basis of average revenue has also remained static at the average of the three years 1943, 1944, and 1945. It should be made clear that the annual revenue of these three years include revenue from all sources, but in the case of trading activities, however, it was only the nett income that was included in the figures of revenue.

879. Effect has not been given to the decision regarding taxes on Pawn Brokers and Monylenders and on Trades and Professions.

Official Committee on Local Government Finance (1948)

880. In December 1948 the Hon. the Minister of Health and Local Government appointed an Official Committee under the Chairmanship of Mr. V. C. Jayasuriya, Commissioner of Local Government, " to report on the present methods of taxation of local authorities, their sources of revenue, the need, if any, for a reformulation of the system of taxation and for further sources of revenue to enable local authorities to discharge their duties satisfactorily.". This Committee was appointed because local authorities thought that the decisions reached in 1946 did not provide an adequate solution for their financial problems. Implicit in the appointment was the recognition of the insufficiency of the funds available to local authorities for the efficient discharge of their duties and functions. This Official Committee presented its Report to the Minister in 1949. It was considered by the Government, but no final decisions were taken. The summary of Recommendations of this Committee are reproduced below.

Recommendations of the Official Committee (1948) on Local Government Finance

" A—INTRODUCTORY

" (i) The question of finance must needs be related to that of functions.

" (ii) For various reasons a financial stringency in very many areas has been noted even in regard to functions already being performed.

" (iii) Besides, there are several sectors in the accepted sphere of local functions which hold much scope for local activity being practically untouched as yet, and which are of high priority from the social and civic point of view. Some of these are likely to draw heavy sums as initial investments.

" (iv) (iii) is expected to be met predominantly through loan finance, while ordinary revene is chiefly meant for (ii).

" (v) The requirements of the situation could be met either by some re-formulation of the existing basis of finance, or by substitution of a new basis. We have proceeded on the lines of the first, but have had occasion to comment adequately on the second as well.

" B—TAX ON IMMOVABLES

" (1) *Rates*—Lower income houses constitute unremunerative housing and any increment in revenue must be looked for in the better type of housing.

Graded rating on value of total property owned is practically certain to discourage investment in small houses—which come within the scope of Rent Control.

Simultaneously some specific encouragement to new housing is to be desired, as differential rating is not likely by itself to provide the necessary incentive.

The present system of valuation for ration creates several anomalies› geographical, social and individual.

We recommend—

(i) Graded property rate on a unit basis.

(ii) A policy of rebates on new houses, or small subsidies.

(iii) Strengthening of Valuation staff at the Centre and centralisation at an early date of all assessments.

" (2) *Under Development*—It is a legitimate item.

We recommend a levy of 2¼ per cent of capital value as the annual value on which to levy the taxes ; such land to be defined in terms of Section 44 of the Rating and Valuation Ordinance, No. 30 of 1946.

" (3) *Acreage Tax in Rural Areas*—To be of wider use the minimum taxable unit must be less than at present. There are no objections so long as the charge is low enough.

Nor are there any to the inclusion of paddy lands, but not chena.

We recommend the reduction of the minimum taxable area from 5 acres to ½ acre (undivided) and the inclusion of paddy lands.

" (4) *Incremental Values of Land in Urban Areas*—It is a legitimate source, capable of substantial revenue. There is however a main objection that the proposal is a part of a much larger problem—relating to payment of compensation and recovery of betterment and general Town and Country Planning.

We do not recommend its adoption, but would like to see this taken up as a separate question in itself.

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" C—TAX ON MOVABLES

" (1) *Vehicles and Animals Tax*—It is one of the oldest and most accepted items. In the Village Committee Ordinance cattle and buffaloes are excluded. There is some economic argument for the exclusion which could be met by adequate concessions.

We recommend that cattle and buffaloes be taxed at the rate of 50 cents per head per year, but not those below one year in age.

" (2) *Entertainment Tax*—It is a commendable item. We recommend its continuation.

" (3) *Trades and Professions*—In a sense an approximation to Income Tax. It is likely to be of much assistance to the present tax structure.

We endorse its adoption. This has already been recommended and approved (1946 Financial Relations decisions).

" (4) *Sales Tax*—It is a rich source of revenue, but has very many economic objections, some of them of more than local relevance in fact. It is rather a matter for consideration at a National level and in relation to National economic policy.

We do not recommend its adoption.

" (5) *Local Income Tax*—It has an impressive array of arguments in its favour despite several practical difficulties. The cumulative effect of these difficulties reduces its attractiveness.

The main objection, however, is that on the nature and scope of local functions here envisaged, " there is no cogent argument for tampering with the nature and scope of the tax structure itself in any drastic way. What is called for is liberalisation and bold improvement of the existing structure itself.

We do not recommend its adoption.

" D—ASSIGNED REVENUE

" (1) The " local item ". It is a legitimate source. In deciding what are " local items ", a combination of circumstances would require to be taken into consideration.

We recommend continuation of all existing items (including Pawn Brokers).

" (2) *Fines*—We recommend—

(i) Extension of right to Excise fines to all local bodies (not the Municipal Councils alone).

(ii) Extension of similar right in regard to the following Ordinances as well—

(*a*) Street Collections Ordinance ;

(*b*) Poisons, Opium and Dangerous Drugs Ordinance ;

(*c*) Pure Foods and Drugs Ordinance ;

(*d*) Housing and Town Improvement Ordinance ;

(*e*) Pawn Brokers Ordinance ;

(*f*) Election offences under the Local Authorities (Elections) Ordinance ;

" (3) *Stamp Duties*—An item long requested and commented on favourably by the Commission of 1924. It is capable of considerable help to local finance.

We recommend its adoption.

" (4) *Arrack Rent and Tree Tax*—The subject of frequent and persistent demands. There is much argument in its favour (especially Tree Tax) despite the principle of local option and despite considerable Central expense. It is, however, bound up too closely with Government policy at the moment.

We do not recommend its adoption. We recommend, however, that the matter be re-examined five years hence.

" E—GRANTS

" (1) *The Principle*—There are several cogent reasons for grants as a rightful source.

" (2) *Block Grants*—The basis. A computation on the range of the duties and responsibilities of each area is the most apposite.

In the existing situation population and area constitute an adequate index, population being the more important of the two.

Certain special cases not adequately served may of course require special assistance. The volume of the Central grant cannot be increased without limit. On a comparison with England, a generous estimate gives 15 per cent.

We recommend—

(i) Allocation of grants in the ratios obtained on the following basis as suited to meet the practical needs of the situation :

$$\frac{\cdot 75\, p}{P} \text{ plus } \frac{\cdot 25\, a}{A}$$

p — Population

a — Area

P — Total population of all areas

A — Total area

" (It may be noted that taking two areas x and y of the same size and population, one of them x having a larger revenue, the grants they

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get will be equal, but the grant to *y* is necessarily a larger percentage of its revenue than that to *x*.) "

(ii) For V. CC. since area is not readily obtainable the present basis may continue for the time being.

(iii) Where block grant plus revenue amount to less than Rs. 3,000 the grant to be increased to make up the difference.

(iv) Where grant on the basis of the new formula is less than the existing grant figures, the latter should not be reduced immediately.

(v) Total figure set apart as grants to V. C. C. to be the present amount plus whatever is required in addition under (iii) above.

For T. CC. the maximum rate per cent as fixed by Ordinance to be raised and the grant (for some years) to be increased to 1½ times the present amount.

The amount to U. CC. (at present 9·9 per cent) to be raised to 1½ times the present amount.

" The amount to M. CC. (except Colombo) to be grouped with that to U. CC. (the figures for Kandy and Galle being treated similarly). Colombo to be treated separately and grant to be doubled.

(vi) These arrangements to be reviewed five years hence.

" (3) *Specific Grants*—

(*a*) Towards whole or part costs works, wells, community centres, &c. All deserve such assistance.

We recommend continuation of the present grants.

(*b*) Percentage basis.

Certain items large or involving extraneous factors or both (public assistance, flood damage, &c.) are clearly entitled to this consideration.

Recommendation—

(1) *Water and Housing*—The present position to continue.

(2) *Public Assistance*—Where Municipalities contribute half the amount, they shall have the right to administer the votes. In the remaining areas administration will be in the hands of the Central Government.

(3) *Drainage*—The present basis of 2/3-1/3 contributions to continue.

(4) *Public Health Works*—

(*a*) *T. B.*—Already accepted as a Central responsibility.

(*b*) *I. D. H.*—The local body to provide the site ; erection of building to be by the Central Government. Maintenance and running cost to be divided half and half between the local bodies and the Central Government excepting cases where outside patients are brought in; in which case the Central Government will bear the full cost. At any time a report that sanitation is not up to standard will render the local authority liable to forfeiture of assistance under the above arrangement.

(*c*) *Epidemics*—The Central Government to contribute half the value of the houses demolished.

(*d*) *Blind*—Provided work is up to a desired standard. Central Government to provide 50 per cent of cost.

(*e*) *Maternity and Child Welfare*—To continue as the responsibility of local authorities ; the usual grants to local authorities to continue.

(5) *Floods and Widespread Distress*—To be Central responsibility.

(6) *Fire*—To be local responsibility.

(7) *Pilgrims*—There is now provision for the Centre to give assistance to local areas on this account.

(8) *Free Libraries*—Ad hoc grants up to 50 per cent of capital costs to be given (other than Municipal Councils).

" F—PUBLIC UTILITIES, TRADING UNDERTAKINGS AND BORROWING FACILITIES

" Public utilities and trading undertakings are items to which local bodies should henceforward pay considerably greater attention, there being enormous scope and much headway to be made.

" They constitute both fruitful sources of revenue in the long run and a major answer to the existing poverty of local finance.

" Method of finance must generally be by loans, though as security and otherwise, an initial sound basis in rate income, &c., is important.

" A marked liberalisation in loan policy seems called for.

" *We recommend*—

(i) The proposed amendment to the L. L. D. F. Ordinance removing the upper limit of two million rupees as the loanable amount by the Government to the Fund.

11—H. 18040 (10/68)

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(ii) Steps as envisaged in the Housing Loans Bill and in Building Society Movements need to be actively pursued. Also full facilities to be given to Municipal Councils to float their own loans.

(iii) The interest rate to be not more than ½ per cent. above the rate at which Government can float loans. The period of loans to be related to the durability or otherwise of the assets and not restricted to the present maximum of 25 years. (In England loans up to 80 years are not rare).

(iv) A conscious attempt at a more liberal interpretation of local functions is both necessary and legitimate.

(v) The electricity position in Colombo Municipal area to be examined with a view to removing the anomaly of Government being supplier and distributor.

" G—MISCELLANEOUS

" The items here are classified as " Miscellaneous " not because they are really unclassifiable, but because these constitute odds and ends, of various categories, whose cumulative importance, however, is financially considerable and whose usefulness is also easier considered thus grouped together :—

" (1) *Roads*—

Maintenance of Trunk Roads—This has now been agreed upon as an entirely Central responsibility.

Local Roads used by through Traffic—There seems to be no case for special grant for this. If the local road becomes sufficiently important as a trunk road, then it will automatically be recognized and taken over as such.

Lighting—Local responsibility.

Policemen's Shelters—On trunk roads they are a Central responsibility.

Roundabouts—Where local and trunk roads cross, the costs are to be shared equally.

Automatic Signals—On trunk roads they are a Central responsibility. This matter has already been settled.

" (2) *Assessment*—

The revision of assessment of Crown properties may be expedited ; till then rates may be paid on the last available figures.

Public utilities and undertakings—These should be assessed for rates on an analysis of the accounts for the ten preceding years.

Pillar post boxes—It is not considered desirable to assess these.

" (3) *Water*—

Queens House—The Municipality intended to amend the Regulation with a view to allowing larger amounts free of charge per quarter for premises with an annual value of over Rs. 4,000, but until the law was amended, it was agreed that Government should pay in the same way as any private individual for any water in excess of the free issue of 50,000 gallons per quarter. (There will be no need to meter water supplied for garden purposes). This provision will cover similar cases that may arise like Temple Trees, the Speaker's Residence, and so on.

Port Commission—Shipping is a matter that affects not only Colombo but the whole Island and rates must continue to be approved by the Centre. Tugs may be charged at the proposed rate of Rs. 5, but in respect of shipping, it is felt that any figure in excess of actual cost must be carefully considered. Whatever rate is adopted, it will be expected to be operative with retrospective effect from 1940.

Bacteriogical Institute—Whatever is agreed on as being water used for non-domestic purposes may be taxed. The rest must be supplied free.

Railway—Rate of 50 cents on all water supplied may be charged.

" (4) *Other Amenities*—

Harbour, Lighting up of Roads, &c.—The Port Commission at present provides these amenities. We suggest that for rating purposes the whole of the Harbour should be treated as coming within the Municipal limits of Colombo and Colombo Municipal Council be paid a contribution in lieu of rates on that basis. In return for this the Municipal Council should provide the Harbour with all the services and amenities that are provided for other commercial undertakings. If this were done water supplied to shipping would be provided to the Harbour as a commercial undertaking at the ordinary trade rates.

" (5) *Postage Rates*—The practice of V. CC. using O. H. M. S. envelopes for correspondence has ceased to be relevant with the advance towards local self-government and it is not desirable. We suggest that in future all local bodies should provide for postage out of their own funds.".

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881. These were the proposals and recommendations made up to 1949. We approach the question of the financial resources of local authorities therefore bearing in mind the decisions arrived at in 1926, supplemented by the decisions arrived at by the Board of Ministers in 1946, and the fact that further Government assistance (necessitated by compelling general economic and social conditions of the country) was given in the form of grants towards the payment of cost of living and special living allowances.

CHAPTER XIX

THE NEED FOR MORE FINANCE

882. Any consideration of the question of the finances of local authorities has to be related to their functions. The present functions of local authorities are mainly the promotion and protection of the comfort, convenience and welfare of the people, and the increase of amenities of the area, especially in the fields of Public Health, Public Thoroughfares, and Public Utility Services.

883. What local authorities, and associations of local authorities, (who have sent in written representations and/or given evidence before us) have said has forcefully brought out today the truth of what Cato had said, in anticipation, many centuries ago, about money :

" Money, to whom the great world is servant,
The goddess of mortal affairs "

Put in a more mundane matter-of-fact manner and in the context of Local Government, it means that without a considerable increase of their present sources of revenue, and assistance from Government, no local authority could discharge its present functions—quite apart from any question of any expansion of functions—either satisfactorily or at an adequate level, having regard to the needs and conditons prevailing in their areas.

884. Although most local authorities do not function on deficit budgets, yet their financial plight affects adversely the standard, quality and variety of services they render. This conclusion was inescapable, and was painfully evident on our circuits when we saw the generally apologetic state of public amenities provided in many areas—conditions approximating very closely to the semi-primitive ones which local authorities were expected to eradicate and transcend. For instance, except Colombo, no other town has a water-carriage sewerage disposal scheme. Even in Colombo, according to the Director of Health Service, of approximately 60,000 premises within its limits, only some 20,000 are connected to the main sewers. To connect up all the premises to a proper sewerage system, which itself has to be modernized, has been estimated to require about Rs. 12 million.

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885. **There is a pressing need for immediate action to extend water supply schemes and to start sewerage schemes wherever possible throughout the country.** A sum of Rs. 200 million at least has been roughly estimated by the Director of Health Services as the cost of providing water supplies to some of the principal towns, and sewerage disposal schemes for a few of the other towns—vide Chapter IV.

886. **Better housing conditions and more houses present another requirement demanding very high priority of attention.** As stated in Section 2 of Chapter VIII about 273,382 new houses have been estimated as required in urban and rural areas, to the end of 1956. Of these 85,655 are needed for families unable to pay a rent of more than Rs. 20 per month. The clearance of slums and the provision of houses is a vitally important measure in combating the spread of tuberculosis which is assuming the proportions of a national menace.

887. **There is a total inadequacy of latrines too, throughout the country.** It has been estimated that about " 160,000 latrines should be constructed each year if the country is to be properly sanitated within ten years "[1]—vide Paragraph No. 357.

888. **Local authorities' roads in most towns have been in poor condition for years, only the barest maintenance being done. Very few new roads are constructed yearly. Street lighting is barely adequate.** Opening out and development of new areas by the provision of new roads, lights, water service, &c., cannot for want of necessary funds, be taken up by local authorities at a reasonably rapid rate.

So much for essentials.

889. What of the quality of the day-to-day services which are presently being rendered ? One has only to go round some of the centres of local activity to see their poor condition. **For want of funds, catch-pit contents are not removed as often as proper public health standards require,** with all the consequent and attendant nuisances and dangers to public health and comfort. **Street cleansing is generally not done regularly but only as often as funds permit. Roadside drains in busy bazaar areas are not properly built or maintained in proper condition.** In very many cases they are no more than pools of foul stagnant water emitting offensive odours. Many are left damaged and unattended to and serve to clog water rather than to drain it away. **Markets are not flyproof, or as clean as they**

[1] Memorandum submitted by the Director of Health Services on Environmental Sanitation.

should be ; many of them, through neglect or want of facilities required by different types of traders, are little more than dingy roofed-in areas. **Some local authorities cannot engage as many midwives as are necessary. The demands on Maternity and Child Welfare Clinics outrun the number maintained by them.** Similarly the few free Ayurvedic Dispensaries opened are always full to overflowing and the day is not long enough to deal with the patients who throng them for attention.

890. The services rendered by local authorities are inadequate because they do not have enough money to spend, the desire of the local authorities to spend on services being " nipped in the Budget !". Moreover the constant effort to get more funds acts as a damper on the enthusiasm of the local authorities and leads to a sense of frustration even in those that have any genuine desire to improve and raise the conditons within their areas.

891. And what of those other services conducive to the fuller life which one expects local authorities to provide ? **Recreational and cultural facilities, such as parks and playgrounds, reading rooms and libraries, and also social welfare activities, are virtually non-existent at the moment, remaining merely permissive functions under the law, and nothing more. The result is that town and village life virtually still remains at the level of the past.** The absence of recreational facilities has a definite retarding effect on the progress of the village in that there are no ties and associations to bind the younger generations to their villages as would be the case if there were opportunities and facilities provided in the villages themselves for the young of the place to get together in the evenings and on holidays and indulge in healthy open-air activities in a spirit of friendliness and healthy rivalry. The absence of these deprives the young and the adolescent of clean and desirable outlets for the exuberant energies and impulses of youth and necessarily leaves them at the mercy of undesirable influences which pander to their baser instincts and desires and lead them astray. Little wonder then that crime, disaffection and discontent are on the increase amongst the youth of the land !

892. **In rural areas Village Committees have complained to us very bitterly that they have barely enough money to lay out just one road only, and perhaps also provide one well, a year. That, as often as not, represents the sum total of their achievement for a whole year's existence.** Their budgets may not often show deficits, but the capital and recurrent expenditure required for development

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or starting a new service is so bigh and so beyond their reach, that all ideas of development have to be abandoned. Stagnation at the existing low level of life is their lot. Need one be surprised if all initiative is destroyed ?

893. We have examined the question so far from the angle of the development of the services rendered by local authorities. We have however had the criticism placed before us that local authorities themselves are not, for their part, doing everything within their competence for developing and exploiting to the full those sources of revenue which they already have. The question has been posed whether, for instance, they collect promptly all the rates that are due to them ? Or, do they spend too much on Establishments ? Or again, do they use revenue for financing items of a capital nature which really should be done from loan funds ?

894. For the purpose of examining these criticisms, we have analysed the accounts of local authorities for 1953 and find that the general revenue of all local authorities in the country amounted to Rs. 64,070,333. In Appendix VII we reproduce a table giving details of the make-up of this analysis ; we summarise its principal constituents here.

ANALYSIS OF INCOMES OF ALL LOCAL AUTHORITIES FOR 1953

Revenue Account

(In Rupees Thousands)

Source of Revenue	*Rs.*	*Amount* *Rs.*	*Per cent of total Revenue*
Rates	13,796		
Payments in lieu of Rates by Crown ..	2,166		
		15,962 ..	24·9
Vehicles and Animals Tax	..	543 ..	·9
Entertainment Tax	..	1,879 ..	2·9
Licence Duties	..	1,871 ..	2·9
Government Grants and Refunds ..	..	23,060 ..	36·0
Other Revenues	..	20,755 ..	32·4
Total Revenue ..		64,070	100·0

895. We have similarly ascertained the manner in which these local authorities spend their revenues and the analysis appears in Appendix VIII. We present here a Table of the main Heads of Expenditure :

ANALYSIS OF EXPENDITURES OF ALL LOCAL AUTHORITIES FOR 1953

(In Rupees Thousands)

Heads of Expenditure	*Amount spent by all local Authorities*	*Per cent of Total Expenditures on all Heads*	*Average Per cent for all local authorities*[6]
Public Health[1]	12,881 ..	20·8 ..	30·7
Thoroughfares[2]	8,544 ..	13·8 ..	22·4
Establishments[3]	12,870 ..	20·8 ..	28·4
Others[4]	13,901 ..	22·5 ..	18·5
Trading Activities[5]	13,615 ..	22·1 ..	—
Total Expenditures on all Heads ..	61,811	100·0	100·0

896. It would be seen from this analysis that the average expenditure of all types of local authorities on Establishments[7] is 28·4 per cent. Government, for its part, spent in the year 1953–54, 40·5 per cent of its expenditure on Establishments.[7] It is evident that local authorities expenditure on Establishment costs compares very favourably with that of the Government.

[1] Conservancy, scavenging, water supply, markets, hospitals and dispensaries, maternity and child welfare.

[2] Maintenance, street lighting, improvements and new roads.

[3] Salaries, cost of living allowances, special living allowances, and all other allowances to all staff other than those employed in trading services (Electricity Schemes, Tramways and Trolleys).

[4] Loan repayments, expenditure on Councils' lands and buildings, slaughter houses, cemeteries, libraries, recreation, poor relief, &c.

[5] All expenditure on trading activities including loan repayments, living allowances, cost of management of Tramways, Trolley Buses and Electricity Schemes.

[6] These percentages represent the average of the percentages of the Total Expenditure by the four types of local authorities under each of the Heads of Expenditure. In calculating these percentages, the Expenditure on Trading Services has been excluded. (vide Appendix VIII).

[7] Establishment costs include items such as salaries, cost of living allowances and special living allowances, travelling allowances and holiday warrants, office equipment, printing, rent, &c. In the case of local authorities wages and living allowances of daily paid employees and salaries and living allowances of staff employed on trading activities have been excluded. In the case of Government employees those paid from Personal Emoluments (except the Railway and Electrical Departments) have been included. (Accounts of the Government of Ceylon for 1953-54 Part I, Sessional Paper X of 1955—Pages 38, 39).

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897. We have examined too the collection of rates in local authorities. In respect of the Property Rates for the year 1953, we find from material collected by us, that the position of arrears, as on 31st March, 1954, was as follows :

ARREARS OF RATES OF LOCAL AUTHORITIES FOR THE YEAR 1953 (AS AT 31ST MARCH, 1954) INCLUDING MONEY DUE FROM THE CROWN IN LIEU OF RATES

	Rs.
Municipalities	902,451
Urban Councils	758,263
Town Councils	192,044
Village Committees	92,020
	1,944,778

Put shortly, it means that roughly Rs. 2 million have to be collected by way of rates out of a possible Rs. 15·8 million due from ratepayers and the Crown. Local authorities make out, however, that a large proportion of this Rs. 2 million is due from Government in lieu of rates, that a considerable amount of these dues are not dues for the immediately preceding year but a legacy of old uncollected rates, and they also urge the difficulty in the matter of collection of such rates. Despite these reasons, however, we do not consider the position satisfactory. The remedies we have suggested elsewhere to improve this situation are that the Government should pay its dues in lieu of rates promptly, and that all steps connected with the collection of rates (particularly the issue of distress warrants) should ordinarily be delegated to the staff who would be in a position to deal with it more effectively.

898. There can be the danger too that local authorities might tend to lean too heavily on the Government in their search for financial assistance rather than tax their own ratepayers sufficiently. To minimise this tendency, we have provided that in order to qualify for maximum block grants a certain percentage of their revenue must come from rates—vide Paragraph No. 1020. We have also generally safeguarded the position by giving the power to the Minister to stop or reduce any grant or assigned source of revenue if the efficiency of a local authority drops below approved or accepted standards.

899. We have also examined the question whether local authorities spend too much on capital works from revenue, but find it difficult to conclude that such is the case. The danger of this possibility did not arise in earlier years when loans were readily available from the Local Loans and Development Fund. In the recent past, however, local authorities had no option but to use any surplus revenue for capital works since the Local Loans and Development Fund was not in a position to make available to the local authorities sufficient money for capital development. In fact the financial position of the country was so bad that in the year 1953 hardly any loans were given by the Local Loans and Development Fund to local authorities. From the statistics obtained from the Urban and Town Councils for 1953, we find that out of a total revenue of nearly Rs. 18·4 millions, these local authorities have spent about Rs. 1·7 millions on items of capital expenditure (including Electricity Schemes) and Rs. 1·2 millions on repayment of loans. They had no help for it in view of the depleted state of the finances of the Local Loans and Development Fund. We should also pause to consider that it could be argued too that—

> " There is a constant danger of local authorities becoming so captivated with the facilities for borrowing for their expenditure as to make this their normal procedure for all such cases and thus load their successors in office or a succeeding generation with undue burdens. A particular peril is inherent in this principle in the method of borrowing for those assets which are liable to progressive standards, and are thus subject to obsolescence before proper provision has been made for their cost . . . To meet capital expenditure out of current revenue is economical insofar as it saves the additional cost of interest. A continuous policy of borrowing for capital purposes also leads eventually to the illogical position of paying more in annual charges than by continually meeting such expenditure out of revenue in the first instance ".[1]

900. We also again wish to emphasise the point of view that the local authorities are the agents of the Central Government as they help largely in giving gainful employment to a large number, and in solving the national problem of catering to the comfort, convenience and welfare of the people, especially in the maintenance of public health, in the improvement of environmental sanitation, roads, housing, water supply, drainage, electricity schemes, leisure time activities, &c. But the help which the Government gives in return is woefully inadequate.

901. The World Bank Mission in its Report, which was published in September 1952, stated that the total current revenue of " all types of Local Governments recently stood at an annual level of round about Rs. 35 million, including recurrent grant subsidies, in comparison with Central Government's revenue of Rs. 600 to 900 millions during the same period. The financial resources available to Local Governments are very small. They are obviously insufficient to secure even a minimum standard of communal services.". In more recent years this comparison of revenues makes the criticism even sharper for whilst the Government has a revenue of about Rs. 1,000 millions per year, it assists local authorities to the extent of only about Rs. 26 millions per year.

[1] The Local Government of the United Kingdom by John J. Clarke.

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902. We have examined the Estimates of Government and find that the percentage of the national expenditure made over to local authorities during the last few years was as shown in the following table :

EXPENDITURE ON GRANTS TO LOCAL AUTHORITIES IN RELATION TO CENTRAL GOVERNMENT EXPENDITURE

(Figures are in Rs. Thousands)

Year	*Total Expenditure [1] of Central Government* Rs.	*Grants [2] to Local Bodies* Rs.	*Per cent of Total Expenditure*
1949–50 ..	563,186	29,601	5·3
1950–51 ..	723,922	32,617	4·5
1951–52 ..	931,976	37,066	4·0
1952–53 ..	830,970	32,750	3·9
1953–54 ..	701,174	29,263	4·0
		Average over five years ..	4·34

(Source : Department of Census and Statistics, and Estimates of Government)

903. In view of these criticisms we have also compared the rate of increase of Government's Revenue, and Local Authorities' revenues, from the period 1938 onwards. It would be seen from the Table produced as Appendix IX that by 1953 Government's revenue has increased by 659 per cent over 1938, Municipal Revenues have increased by 325 per cent and Urban Council Revenues by 340 per cent. over the same year.

904. **We feel satisfied, both by personal observation made over different parts of the country and on the examination of the evidence and material placed before us, that the complaint of local authorities that without more money they cannot even discharge such of their powers, functions and duties as they are presently endeavouring to discharge as intensively and at as satisfactory a level or standard as they should and would desire to do, is well founded, to say nothing of the impossibility of their entering into new fields of activity. Nor can they on their existing resources even merely enlarge and intensify the field and scope of their present environmental activities, as the community expects them, and which expectations the local authorities are keen to fulfil if they are given the funds.**

[1] Excludes expenditure on Railway and Electrical Departments.

[2] From statements of actual expenditure shown in Annual Estimates under the votes of the Ministry of Local Government. These votes include all annual grants-in-aid voted by Parliament.

CHAPTER XX

SOURCES OF REVENUE TO BE DEVELOPED BY LOCAL AUTHORITIES

905. The local authorities who gave evidence before us did not draw a sharp distinction between placing new sources of revenue at their disposal and increasing assistance by way of subsidies from Government. The burden of their cry was that they required more money ; though generally the desire appeared to be that they would prefer to get it from Government rather than by taxing local populations further. In expressing this opinion they did not seem to appreciate sufficiently the fact that more assistance from Government necessarily also meant more controls over such releases of funds.

906. **The additional funds required by local authorities can be found from three sources :**

(1) **By increasing their powers of taxation and by giving them new sources of taxation or revenue,** to be developed through the efforts of the local authorities themselves.

(2) **By giving them assistance from Government,** either by way of assigned sources, or percentages of them, or by way of increasing the present Block Grants and Specific Grants, and also by giving them new Specific Grants.

(3) **By giving them more loan facilities, and on more liberal terms than at present.**

907. For a solution of the financial problems of local authorities, a contribution from each of these three sources is necessary.

908. **The general request made to us was that the Official Committee's Report (of 1949) on local finance be implemented and we make our recommendations for increased finances in relation to the recommendations made in that Report.**

Section 1—Local Income Tax

909. Athough this source has been suggested by many local authorities and also by many witnesses in giving evidence before us, none of them appeared to have any proper scheme in mind. The imposition of such a tax would necessitate trained personnel sufficiently equipped to grasp and deal with all the technicalities and intricacies of Income Tax and the scrutiny and verification of returns, in each of the different local authority areas, besides necessitating offices and staffs for all the considerable work involved in assessing and collecting the tax.

910. Even if the procedure is simplified, and a simple scheme of income-groups provided for, there would be the problem of having to call for returns and accounts and to verify the accuracy of the returns or accounts submitted.

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It may be that where the tax-payer is a wage earner or an employee, it should not be difficult to ascertain his salary or emoluments from his employers, but there will still remain those whose income are derived from other types of activity and from whom, perhaps, a greater return of tax may be expected than from employees who are in receipt of a regular wage or salary. There would also have to be provision for penalties, prosecutions, and other deterrents against inaccurate returns or information. Unless these deterrents are put into operation in the various local authority areas, one could not expect a measure of revenue to the local authorities having any real relation to the actual incomes of the assessees. Except in some of the larger local authority areas, such as the Municipalities and perhaps some of the Urban Councils, it is doubtful whether the yield of revenue will be sufficiently large to justify the imposition of what is really a second Income Tax with all the immense volume of administrative work connected with its assessment and recovery.

911. If the suggestion is that for the purposes of a Local Income Tax, only those whose incomes are below the present taxable limit of Rs. 4,800 per year should be made liable to the tax, then it is a question whether the total amount of taxes collectible will be sufficiently large as to justify its imposition on those who, on the prevailing cost of living, have been deemed to be least able to bear the burden of taxation. In his Budget speech for the year 1950–51, the Minister of Finance proposed the raising of the exemption limit from Rs. 2,400 per annum to Rs. 4,800 per annum. This meant that 35,000 income-tax payers, who were paying an average of about Rs. 45 per year would be set free from this commitment, resulting in a loss to revenue of about Rs. 1·5 Millions.[1] No economic changes have taken place in recent times to justify the lowering of the taxable limit back again to Rs. 2,400.

912. The system of raising revenue by rating property has been criticised on the ground that it falls too heavily on small incomes and does not take into consideration the factor of ability to pay. But it cannot be denied that rating, based on annual values of properties, has the great advantage of stability. In normal times the fluctuations, if any, of rental value are very slight. While incomes from trades and businesses may vary widely and rapidly with changes in market conditions, incomes from rents remain relatively constant. A local authority is thus fairly certain of what its income is going to be if it is based on rates. Revenue based on Income Tax is far less easy to gauge and its liability to wide fluctuations makes it an unstable source of revenue.

913. The following comment about Local Income Tax is worth repeating :

> " The main argument against a Local Income Tax, however, is not so much its administrative difficulty as the fact that it involves divided control of the most effective and dangerous weapon of taxation. There is no other tax which can be compared with Income Tax as an instrument for raising revenue or levelling inequalities of income ; and with certain modifications it could probably also be made one of the most effective and flexible of weapons for controlling the level of consumption under a National plan for full employment. On the other side of the picture, there are few taxes which can so powerfully discourage enterprise on the part of both firms and individuals ; for it hits enterprise at its most sensitive point, the margin of effort. It falls at the full rate on the skilled man's overtime and salary earner's increment, with the danger either of slackening effort or of increased cost to industry or the Government, if wages and increments are raised so as to ensure an adequate nett return to the earner. It also falls more heavily on the high earnings needed to justify the employment of capital in the risky projects on which progress largely depends, than on the low income from safe investments. Clearly, it would be disastrous if a financial weapon of such potentialities, both for good and evil, were mishandled, and it may well be argued that, in order to achieve maximum flexibility Income Tax Policy should be a matter for unified control.".[1]

[1] This figure disregards administrative set-up and expenses as there is already an organised Department. The position would however be entirely different with local authorities which will need administrative machinery.

914. The World Bank Mission Report does not recommend the adoption of Local Income Tax for all local authorities, but recommends its adoption only by " some communities " such as the City of Colombo and the larger towns. For other areas it recommends not a Local Income Tax, but other sources of enhanced revenue. The Official Committee on Local Government Finance too does not favour it.

915. **We agree with the conclusion of the Official Committee on Local Government Finance and do not recommend the imposition of a Local Income Tax.**

Section 2—Local Sales Tax

916. There has been some demand for the introduction of this form of revenue, but here again no definite scheme or proposal has been suggested to us. It would no doubt be possible to exempt from this tax the essential necessaries of life, particularly articles of food and clothing, and impose it on luxury goods and certain other goods which are neither essential nor luxury goods. For this tax too, administrative machinery and personnel would be required to check the accuracy of facts and figures in returns. This would involve expenditure and the setting up of machinery and an organisation which, in our view, most local authorities will not be able to handle or maintain at a sufficiently high level of efficiency to bring in an adequate return in the shape of tax.

917. In this respect, these two possible sources of revenue to local authorities are to be distinguished from other types of sources of income of local

[1] This Reform of Local Government Finance in England and Wales by Michael Fogarty.

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authorities, such for example as Property Tax, or revenue from licences, for which no elaborate system of imposition or verification is required, whereas for Income Tax or Sales Tax, the local authority would have to rely very largely on information which is not capable of ready ascertainment or speedy and effective checking.

918. Sales Tax has not even been tried out by the Government in Ceylon. The Report of the Taxation Commission which was published recently, is in favour of this form of tax but, on Budget Day the Minister of Finance took the cautious step of referring the whole question to a Committee for investigation and report. There is thus no substantive data or information in Ceylon as regards its incidence, costs of operation and recovery, and the nett revenue resulting from its imposition to enable anyone to say how it would work if it were to be allowed to be adopted by local authorities.

919. **We are therefore not in favour of the introduction of sales tax in local authority areas. If the Central Government were to adopt this form of taxation, and were it to prove successful, the Government should later consider passing on to local authorities some proportion or percentage of the nett revenue derived from this source, having regard to the fact that the revenue would be derived by sales effected in the local authorities' areas.**

Section 3—Trades, Businesses, and Professions Tax

920. Two of the broad sources of revenue from local taxation are (*a*) Property Rates and (*b*) Licence Duties or Fees for various purposes. Licence Duties are levied on premises where Dangerous and Offensive Trades are carried on, that is to say, such trades as are deemed by the local authority to be either dangerous or offensive. On a perusal of the lists of so-called Dangerous and Offensive Trades,—compiled from various activities which various local authorities have from time to time regarded as such—it will be apparent that some have been included in that category which can hardly be classified as either dangerous or offensive. They appear to have got on to the list more in an attempt to augment revenue rather than through any real desire to safeguard the public, because many of them cannot, by any known test, be said to be either dangerous or offensive. The purpose of listing certain trades or businesses as dangerous or offensive, and requiring a licensing of the premises where they are carried on should primarily be to enable a local authority to provide for their regulation, supervision and control, in the interest of public health and public safety, and not to enable a local authority merely to collect a fee. In some cases there is no measure of supervision or control exercised at all by the local authority in return for, or in justification of, the licence duty imposed. It should therefore be the duty of those who scrutinize and sanction the lists of Dangerous and Offensive Trades to see to it that the device of listing a trade or business as dangerous or offensive is not permitted to be resorted to merely to increase revenue. **It is fairer that the basis of taxation be enlarged and local authorities be given the power to tax trades and businesses, as such,**

whether they are offensive and dangerous or otherwise, rather than that they dub as "Dangerous and Offensive" trades or businesses whose justification for being on such a list is tenuous if not dubious.

921. It will be recalled that Mr. Justice Gratiaen, in allowing the Appeal to the Supreme Court in the case of Gunasekera- *vs.* Municipal Revenue Inspector (on December 14, 1951, S. C. 889, M. M. C. 51668), in which the Appellant, an Auctioneer, was charged with storing furniture in alleged contravention of a by-law which purported to declare the business of "manufacturing or storing of furniture" to be an "offensive trade or business" held (1) that the charge framed against the Appellant was defective because it nowhere alleged that he was carrying on the business "of storing furniture"; (2) that, in any event, the term "business of storing furniture" introduced the idea of an establishment maintained for keeping in deposit, for an agreed remuneration, a customer's furniture in a store or warehouse for temporary safe-keeping.

922. In the course of the Judgment, the learned Judge states that a by-law purporting to have been passed by a local authority and approved and confirmed under Section 268 of the Municipal Councils Ordinance can, nevertheless, be held by a Court to be ultra vires, if it were passed in excess of the authority of the local authority. Mr. Justice Gratiaen made the further comment that "it is no doubt permissible for a Council to levy a fee as a condition precedent to the issuing of a licence for carrying on a trade or business which is otherwise prohibited by Section 148 of the Municipal Councils Ordinance, but that is certainly not the purpose which the section is primarily intended to achieve. For the payment of a fee cannot by itself render an offensive smell any less pungent or a dangerous activity any less injurious to the residents in the locality.". He added that he had "examined for the purposes of this appeal some of the trades or businesses declared by the Municipal Council of Colombo to be 'offensive or dangerous' and would very much like to be convinced that Section 148 has not come to be regarded merely as a convenient instrument for revenue collection, rather than, as it should be, a valuable safeguard to promote the public health.".[1]

923. **We recommend therefore that in the case of such premises as are used for trades or businesses which can without doubt be regarded as either dangerous or offensive, it would be correct and desirable to include them on a special list of such trades and businesses with provision, in related by-laws, imposing certain minumum standards and safeguards in the public interest. Such trades and businesses can continue to be taxed, and be regulated and controlled, under regulations and by-laws relating to dangerous and offensive trades, but those that cannot justifiably be allowed to remain on that list should be transferred to another list of trades or businesses which are to be taxed, simpliciter.**

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[1] *Vide* Volume No. 53 of the New Law Reports, Page 229.

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924. Standardized lists of the two different categories of trades and businesses should be compiled by the Ministry of Local Government in consultation with the Ministry of Health and Associations of local authorities, from lists of suggestions put up by the local authorities, which they consider appropriate for taxing in their respective local areas. These lists should be finalized and gazetted annually for general information after the Ministry has, if need be, heard representations or made inquiries. The Minister should have power to add to or otherwise amend these lists from time to time by similar notifications published in the *Gazette*. From these two standardized lists, each local authority will select and put up annually for approval to the Minister, those trades deemed suitable for licensing in each of their respective areas together with the licence duties to be imposed. These annually approved lists of trades of each local authority will necessarily have to be gazetted.

925. To become taxable, the trades or businesses specified in the second list[1] should be carried on in rateable premises which are above a fixed minimum annual value, the classes of trades and businesses carried on within the areas of the various types of local authorities and the minimum annual values of the premises in which they have to be carried on to become taxable, being fixed by the local authority subject to the approval of the Minister. Above this approved minimum should be a few gradations of annual values to which should be attached different rates of taxes, both the grades of annual values and the quantum of the maximum tax attached to premises within each grade being also subject to the approval of the Minister, who will doubtless have regard to the type of local authority concerned, the general property rate levied by that particular local authority, the degree of development of the locality, and any other factors which he considers relevant. **The tax itself is paid by the person or persons carrying on the type of trade or business that is made taxable, and its quantum has reference to the annual value of the premises in which he is carrying it on. Where two or more persons carry on taxable trades or businesses independently of each other in the same rateable premises, occupying separate portions of it, then some fair basis for collecting from each some proportion of the tax which he would otherwise have to pay will have to be worked out.**

926. Any person who is carrying on any of the specified trades or businesses in any of such premises, who has already paid a licence fee, or tax or stamp duty for that particular type of trade or business, should be exempt from payment of the new tax which we suggest, provided that the tax or licence duty or stamp fee which he is paying, under some other law or provision, is being paid either directly to the local authority concerned, or is being paid to the Central Government and is being refunded by the Central Government to the local authority within whose area the business premises are situated.

927. **The reasons for our proposal that the quantum of the tax be related to the annual value of the premises in which the taxable activity is carried on, and not on the quantum of the profits or returns, are primarily the simplicity and ease with**

[1] This list of trades would be those to be taxed simpliciter, not offensive and dangerous trades.

which the datum on which the tax is based can be ascertained. It will be available within the office of the local authority itself. The tax is made independent of the income derived by those carrying on taxable trades or businesses in those premises for the same reason, namely, simplicity and ease of ascertainment. Further it has the advantage that those who are engaged in taxable activities, in premises of low annual values, would be exempted.

928. While we appreciate that this tax may result in inequality of incidence because it is not related to the actual volume of the trade or business carried on by the persons who are subject to the tax, nevertheless if the tax is a reasonably graded one, it provides a simple means of increasing the revenues of local authorities and makes everyone within its area who carries on certain types of trade or business in premises above certain annual values, liable to contribute some quota to the funds of the local authority. As the tax is locally based, it can also have the advantage of making those who are liable to the tax, take an interest in the activities of the local authorities in their respective areas.

929. **In addition to a tax on specified trades and businesses, we also recommend that local authorities should have power to impose and collect an annual tax on those exercising specified professions, whether continuously or intermittently, at some premises which any such person occupies, (whether as tenant or owner or otherwise) within the area of a local authority and whether such occupation is exclusively for the exercise of his profession (or any activity connected with it) or partly in connexion with his profession and partly for any other purpose (as for example residence). Where he does not have a fixed place within any local authority area, of the whole or part of which he is in occupation in connexion with the specified profession, then the tax should be payable to the local authority of the area within which he is resident, (provided of course that type of profession has been made taxable in the area of his residence) even though he may not be engaged in any activity connected with that profession at his place of residence. If he exercises his profession in fixed places, in more than one local authority area, then he should pay some proportion of the full tax to each of the local authorities, say not less than half of the amount of the tax levied by each such local authority, regardless of the number of local authorities within whose areas he has places which he occupies in connexion with the exercise of a specified profession.**

930. **Any person who is qualified to practice a profession and who would normally be liable to pay this tax, if he were exercising the profession on his own, should be exempt from the tax if he is exercising his profession as an employee or as a salaried officer under some other person or body or authority.**

931. **Any member of any profession who is already paying an annual tax or annual licence or stamp fee in respect of such profession, either directly to a local authority, or to the Central Government, and which is refunded to either the**

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local authority in whose area he exercises his profession, or in which he resides, should not be liable to pay a Professions tax in respect of the same profession.

932. The Minister should have the power to approve and publish (and amend and vary when necessary)—

(*a*) A list of the Professions to which this tax should apply ;

(*b*) The maximum rates which could be charged by the various classes of local authorities, in respect of these professions.

933. **A tax on trades and businesses, as also on professions, was accepted by the Board of Ministers in 1946 among its decisions regarding financial relations between the Central Government and the local authorities. It was also one of the recommendations of the 1948 Official Committee on Local Government Finance in its Report.**

Section 4—Tax on Undeveloped and Underdeveloped Land

934. Representations have been made to us that undeveloped land in urban areas, and undeveloped land in declared built-up areas of Village Committees, should be made the subject of taxation in order to provide local authorities with a source of revenue. Where land which is not built on is being taxed the amount of tax payable, it was said , was very small indeed and did not represent anything like the return that local authorities would obtain if that land were built upon. The argument was also pressed on us that vacant unbuilt-on land, particularly in urban areas, appreciates in value as time goes on, not through any initiative or activity on the part of the owner, but purely passively, by the effluxion of time, and largely as a result of the development of the area by the activities of the local authorities and perhaps also by those in the area, other than the passive owners of these vacant lands. It was also urged that the imposition of a tax on undeveloped land would give a fillip to building activity, in order to meet the acute shortage of houses all over. To the point made against such a tax, that its imposition may force the owners of land, who may not be able to command capital to erect houses, to sell out their holdings, it was said in reply, that the basis of the tax should be such that the amount that such owners would be called upon to pay should not be heavy, but yet should in some measure compensate the local authorities for the loss in revenue which they are presently sustaining as a result of such land remaining undeveloped.

935. **The request made to us was that not only undeveloped land should be made to yield some revenue, but also that under-developed land, in both urban and rural areas, should be taxed.**

936. **Section 44 of the Rating and Valuation Ordinance, No. 30 of 1946 (which has not yet been proclaimed) makes provision for the annual value of land in any particular rating area, or in any division of that area or any specified part of the area to be ascertained by reference to the capital site value of the land,**

where any such land is suitable for building purposes at a cost which, in the opinion of the rating authority, would be reasonable, and where :

(*a*) **No building has been erected on the land ; or**

(*b*) **The extent of the land which is actually covered by buildings bears to the total extent of the land a proportion less than the prescribed proportion for the particular area ; or**

(*c*) **The buildings of the land are of such a character or description that the annual value of the land and the buildings on it is unduly small, having regard to the situation of the land.**

In any of these cases—of either undeveloped or under-developed land—the Rating Authority is given power to decide that the annual value of such land should be ascertained by reference to the capital site value of the land. Provision is also made in this Ordinance for any aggrieved person to appeal within a specified period to the Commissioner of Local Government, whose decision is made final.

937. In cases falling under the section, the annual value of such land is fixed by the Ordinance itself at a sum equivalent to two and one half per cent of the capital site value of the land, no account being taken of the value of any building on the land. No objection could be lodged or action instituted, or any appeal preferred, against a Rating Authority for adopting this method of valuation in respect of any particular land falling within the proclaimed area in which valuation by reference to capital site value is permitted. Machinery is provided for entering the annual values arrived at on this basis on the valuation lists, which are prepared from time to time, of annual values of premises within local authority areas. Similarly, provision is made for the Rating Authority either of its own motion, or upon application made by the owner, to cancel any assessment of annual value on the capital site value bas's, provided that there has been any alteration of the conditions affecting the land which obtained at the time it was decided to tax the land on the capital site value basis. Where application is made for the cancellation of the assessment on this new basis, the owner who makes the application is given a right of appeal once again to the Commissioner of Local Government against any refusal of his application for the cancellation of the assessment on this new basis. Here too the decision of the Commissioner of Local Government is final.

938. **After having given consideration to these representations, we have come to the conclusion that this method of raising revenue in respect of both undeveloped as well as under-developed land on the general scheme and principles (including an appeal to the Commissioner of Local Government) embodied in the Rating and Valuation Ordinance, No. 30 of 1946, may be allowed to local authorities as a permissive power which they may exercise, having regard to the extent of undeveloped or under-developed land within their local areas, their financial situation, and other conditions generally prevailing in their respective areas, but we think that before they adopt this method of assessment, the approval of the Minister must be obtained to the scheme of taxation proposed to be adopted**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

by the local authority. It will be seen that the provisions in Section 44 of the Rating and Valuation Ordinance apply not only to the case where there has been no development at all of building sites by the erection of any building at all on vacant land, but also to under-developed sites, namely those on which the buildings already on them do not represent the proportionate extent to which that particular area of land could be developed, having regard to the building regulations or by-laws which prescribe the proportion of the land which can be built upon.

939. **We recommend that two and one half per centum of the capital site value of the land be fixed as the annual value of these undeveloped or under-developed lands. The Rating and Valuation Ordinance does not provide what should be the percentage of the annual value which should be recovered by way of tax. It seems to us that it would be inequitable to levy by way of tax on undeveloped and under-developed land the same percentage rate as is applicable to land which is fully developed.** If the same percentage rate were made applicable in such cases, it may have the effect of driving the owners of undeveloped or under-developed land to sell their holdings to others who may be in a position to lay out capital and develop the land to the full permissible extent. In many cases land lies undeveloped not purely of the owner's choice but often because the owners do not have the necessary capital themselves or find it difficult to raise money at reasonable rates of interest owing to some difficulty affecting the title to the land.

940. **We, therefore, recommend that the rate percentage of the annual value which should be recoverable by way of tax should not be less than two and one-half per cent of the annual value or more than seven and one-half per cent. of such annual value in all local authority areas other than Village Committee areas.**

941. There will no doubt be cases where the extents of undeveloped and/or under-developed land even within such urban areas will be such that they cannot be built up because they are less than the minimum extents on which buildings can lawfully be erected. **In order to exempt the owners of lands which for good reasons, such as smallness of size, &c., cannot be built on, from having to pay tax on the new basis, we recommend that areas of land less than, say, 15 perches within Municipalities, Urban Councils, and Town Councils, should be exempt from taxation on this new basis, and should continue to remain on the existing basis.**

942. **In Village Committee areas the tax should be leviable only in proclaimed built-up areas. We suggest that the tax should not be less than two per cent nor more than four per cent of the annual value arrived at on the basis of two and one-half per cent of the capital site value. The exemption limit should in such areas be slightly more than that in urban areas—areas of less than say 20 perches in extent may be exempted.**

943. We have suggested that the rate percentage chargeable in urban areas should not exceed seven and one-half per cent of the annual value because

the maximum property rate permissible in a Town Council, which is the lowest grade of an urban area, is nine per cent at present. We suggest the maximum permissible limit of four per cent of the annual value as the permitted limit of taxation on undeveloped or under-developed land in built-up areas within Village Committees, because the maximum assessment rate is presently fixed at six per cent of the annual value.

944. The possibility of increasing their revenue by this mode of taxation may induce some of the Village Committees where built-up areas already exist, to extend the limits of such built-up areas in order to bring within the ambit of the assessment rate, lands which are suitable for building purposes, but which may be lying just outside their existing built-up areas.

945. It may be that the total amount of tax which may be collectible by local authorities by the employment of this new basis of taxation may not in itself be large, but the adoption of this method of taxation will, we think, help to make more people interested in the activities of the local authority of an area. The fact that they would have to pay a tax in some form or other for their vacant or under-developed lands should, we hope, arouse their slumbering civic consciousness at least to some extent.

946. In urban areas, where capital values are high, this form of taxation should bring a fair return to the local authorities, and it will also perhaps serve as an incentive to building activity, in addition to giving persons who are presently uninterested in the activities of such local authorities, a stake in their affairs by placing upon them an obligation to contribute to the local funds.

947. **We do not recommend the extension of this principle of taxation on capital site values to agricultural lands in village areas which may be considered capable of being developed and used for agricultural purposes because the amount of trouble and expense that will be entailed in deciding the question as to whether or not any particular block of land is or is not capable of being developed for agricultural purposes—a very different proposition from land situated within a built-up area—will not be commensurate with the objects sought to be achieved. As this is a new method of taxation the efficacy or value of which only time will prove, we do not suggest its extension to agricultural lands.**

948. It will be observed that the Report of the World Bank Mission also recommends a differential tax on non-developed, or under-developed land (as contrasted with lands which are fully developed with buildings) as being "a practical and equitable way of promoting better and more economic use of land.".

Section 5—Land Tax in Village Committees

Acreage Tax in Village Committees

949. Under the Village Communities Ordinance (Chapter 198), a Village Committee is authorised to levy a Land Tax which is to consist of either or both an assessment tax not exceeding six per cent of the annual value of buildings

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

within declared built-up localities, and an acreage tax not exceeding fifty cents a year on each acre of land which is situated outside a built-up locality and is under permanent cultivation or regular cultivation of any kind, other than paddy or chena cultivation. Buildings which are used for purposes connected with or incidental to the cultivation of the land on which they are situated or for residential purposes of any person engaged in the cultivation of land are exempt if the land is already subject to an acreage tax. Land or buildings used for religious, educational, or charitable purposes, and certain other specified purposes, are exempt from both the assessment tax as well as the acreage tax. Further, agricultural land, to be subject to the acreage tax, must be of the extent of five acres, or upwards ; in other words, units of agricultural lands of less than five acres are exempt from the acreage tax.

950. It will be seen from the following Table that on the present basis of five acres as the minimum taxable unit, and fifty cents per acre, 1,318,566 acres were taxed in 1953, and the total revenue collected from this source by Village Committees was Rs. 649,307.

VILLAGE COMMITTEES LEVYING ACREAGE TAX—1953

Region	*Total No. of V. CC. in Region*	*No. of V. CC. levying Acreage Tax*	*No. of Acres Taxed*	*Revenue from Acreage Tax* Rs. c.
Western Region ..	44	34	185,450	94,629 01
Central Region (Upper) ..	18	14	53,170	26,552 41
Central Region (Lower) ..	37	34	127,440¾	65,339 37
Southern Region (Upper) ..	24	24	82,029	38,496 36
Southern Region (Lower) ..	25	23	76,650	36,092 33
Northern Region (Upper) ..	40	3	4,656½	2,269 33
Northern Region (Lower) ..	29	Nil	Nil	Nil
Eastern Region ..	41	14	15,902	5,803 40
North-Western Region ..	50	42	275,099¾	136,816 70
North-Central Region ..	24	Nil	Nil	Nil
Uva Region ..	44	41	205,588	105,153 73
Sabaragamuwa Region ..	27	25	292,579¾	138,154 37
Total ..	403	254	1,318,565¾	649,307 01

951. **There has been a persistent and steady demand by practically all the Village Committees and Associations of Village Committees, for increased revenue from the acreage tax. As land tax, in one form or another, is generally the main source of revenue which Village Committees can administer and develop on their own, it seems to us that acreage tax provides a means by which Village Committees may legitimately get additional revenue from land. We are, however, of the view that the minimum taxable extent should be reduced from five acres to divided extents of one acre, and that the maximum rate of fifty cents per acre be raised to two rupees per acre under permanent cultivation. The consensus of opinion was in favour of these two limits. We would add that when any proposed increase**

in the acreage tax is submitted to the Minister for his approval, one of the considerations which should weigh with him is whether the extent of the proposed increase is justifiable, having regard to the nature and quality of the services or amenities provided by the particular local authority. This will be particularly so in areas where large plantations exist and the degree of development and activities by the Village Committee is relatively very small.

952. The other exemptions, including the exemption of chena lands, already provided for in the Village Communities Ordinance can continue.

953. **A widely expressed view was that there is no justification, at the present time, for exempting paddy lands from the acreage tax. The same two standards of one acre and two rupees per acre should, we think, be made applicable to paddy as well.** This will mean an enlargement of the scope for the levying of acreage tax and will provide a much larger number of villages with additional sources of revenue which they can develop on their own. Owing to the exemption of paddy lands, the position at the present time is that most of the acreage tax is recovered from plantations of tea, rubber, and coconut. **As a result of our proposals, acreage tax will be more broad-based, and so very large extents of lands in districts the main products of which are other than tea, rubber, and coconut, will be brought within the ambit of the acreage tax, and thereby benefit a very much larger number of Village Committees than has been the case up to the present.**

954. The reduction of the taxable extent of land to one acre and the bringing in of paddy lands within the scope of the tax will mean that a very large number of the indigenous population who mostly benefit from the operation of Local Government, and whose intelligent and watchful interest should be harnessed for the proper development of Local Government will, we expect, become more directly interested in the local authorities administering their respective areas, as a result of their having to pay acreage tax. At the present time acreage tax is largely contributed by owners of tea, rubber, and coconut estates, who can have neither a vote nor a place in the Village Committees towards whose funds they have to contribute but in whose administration they have no voice.

955. The lowering of the limit from five acres to one acre, we feel sure, will enable Village Committees in the Northern Province (both Upper and Lower Assistant Commissioners of Local Government's Regions) and the North-Central Province which derive least revenue from this source to improve their positions. It was apparent to us when we visited various places in the Northern Province that in certain parts of it, cultivation has been carried out intensively over large tracts of land, but that only a small portion of those vast tracts was liable to acreage tax because of the present minimum unit extent of five acres.

956. **Most of the representations of the Village Committees were in favour of the adoption of the standards for acreage tax suggested in the report on Local Government Finance, namely a minimum extent of half an acre, and a maximum of rupees two per acre. The same report was also in favour of the inclusion of paddy lands in the acreage tax.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

957. **The World Bank Mission thought that the maximum rate of rupees two per acre provided by the Official Committee was too low and suggested that it should be raised to rupees three per acre.** They also devised a means of bringing about a more equal distribution of revenue from land taxation by suggesting that one rupee of the tax should be collected as a national tax, to be distributed by Government among the Village Committees situated outside those areas where the estate plantations are situated, because the bulk of the burden of the high acreage tax will fall on estates within plantation areas. The majority of the Village Committees, and their representatives who gave their minds to this suggestion, were very strongly opposed to any system whereby acreage tax which they could collect, should be reduced by a part of it being handed out to other areas which either do not impose any acreage tax at all or a sufficiently high acreage tax, or which, by reason of their situation, were not in a position to impose acreage tax at all.

958. **In view of the very strong feeling against the suggestion that even a part of the revenue derived from acreage tax by one Village Committee, should be utilised for payment to another local authority, in order to adjust inequalities of incidence, we do not recommend that the acreage tax (as suggested by the World Bank Mission) should be split up into two parts, one a National Tax (to be distributed among Village Committees where Acreage Tax would be virtually unproductive), and the other a Local Tax, the latter to be wholly appropriated by the Village Committees which levy and collect them. We think that any adjustment should be made when the amount of financial assistance Government is to give by way of block grants to the various local authorities is considered.** That matter is dealt with in another section of this Report under the heading of " Block Grants ".

959. We wish to deal also with a question which has been raised before us as to whether a Village Committee can validly levy an acreage tax referred to under Section 45 (3) of the Village Communities Ordinance unless and until a Village Committee has first declared certain areas within the village area to be " built-up localities ". Mr. E. Navaratnam, Advocate, of Pussellawa, who has been of much assistance to us by the various representations he has made in memoranda and in oral evidence, brought this question up before the courts. He has, however, been unsuccessful because the Supreme Court has held that it is not necessary for any area to be declared to be a built-up locality as a condition precedent to the valid imposition of the acreage tax. The Supreme Court has held that the two taxes referred to in Section 45, namely an assessment tax and an acreage tax, are not interdependent [1]. We have been informed that this has been the view upon which many Village Committees, as well as the Ministry have acted for years however strong may be the opposite contention. It is stated that unless this point of view is adhered to, many Village Committees will lose an important source of revenue and they will have been parties to a practice,

[1] *See* Judgement in S. C. No. 5/1952/C. R. Gampola No. 8,774.

the validity of which may in some quarters be regarded as doubtful. **Having regard to practical considerations, it seems to us to be desirable that the matter should be put beyond all doubt by a suitable amendment of Section 45 so as to make it clear that the intention of the Legislature is that the two taxes should be independent of one another.** As a matter of policy this course commends itself to us, because there is much force in the contention that Village Committees should have the wherewithal in order that the development of their areas might proceed.

960. The section would have to be re-cast so as to enable a Village Committee to levy an acreage tax at a rate not exceeding a fixed maximum per year on each acre of land situated within a Village Committee area and which is under permanent or regular cultivation other than chena cultivation, and that a Village Committee should also be entitled to levy an assessment tax at a rate not exceeding a fixed maximum percentage of the annual value of all buildings and of all lands situated in such other parts of a village area as may be declared by that Village Committee, with the approval of the Assistant Commissioner of Local Government, to be built-up localities.

961. An amendment along such lines will remove the contention to which the section as it is presently worded lends itself, because it refers to the imposition of the acreage tax on land " which is situated outside a built-up locality " and therefore gives the foundation for the argument that unless a built-up locality has been declared within a Village Committee area, there cannot be said to be land " situated outside a built-up area " on which an acreage tax can lawfully be imposed.

962. The adoption of the limits proposed by us and the inclusion of paddy lands should increase the revenue from acreage tax roughly from six and a half lakhs to quite four or five times that amount.

" Built-Up Localities " and Assessment Tax in Village Committees

963. In this connexion, we would draw attention to the fact that there are developed areas within the limits of many Village Committees which have advisedly not been declared by Village Committees to be " built-up localities ". By not declaring a built up locality within a Village Committee area, the Committee is relieved of the unpleasant task—as they conceive it—of imposing any assessment tax. In such cases Village Committees rely a good deal upon Government assistance by way of grants for development. This is hardly fair as such a practice does not inculcate in the local inhabitants themselves the habit of contributing towards schemes for their own welfare, or to take any real interest in them as they do not themselves directly pay for them. There are instances where Village Committees have been initiating electricity schemes and obtaining electricity supplies for portions of their areas without declaring the areas so served as built-up areas under the Ordinance. The incongruity of such a situation is obvious because, unless an area is sufficiently advanced and built-up,

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

electricity would not be in demand. **It should, therefore, be the policy of Government not to permit of a supply of electricity being available in parts of Village Committee areas which are sufficiently developed to be declared built-up areas, but appear not to be so declared intentionally ; nor should the Government readily entertain or grant financial assistance to such Village Committees in the shape of loans or grants for specific purposes. One method of dealing with the situation is to make it one of the essential conditions of any form of Government assistance to a Village Committee, for the purpose of any electricity scheme, that it should first declare the areas to which a supply of power is contemplated to be " Built-up Localities " and levy a rate of not less than three per cent, in such areas. In the case of Village Committees where electricity schemes have already been commenced, but which have not yet declared some of their areas as built-up areas, the declaration of those areas as built-up areas and the levying of an assessment tax of at least three per cent. in them is recommended.**

964. Electricity need not be the only criterion for deciding whether an area is sufficiently developed to be declared as a built-up locality. There may be Village Committees with very well developed areas which might still be continuing to function without such declarations of built-up localities (and which may not be served by an electricity supply). Such areas would be known to the Department of Local Government and if, despite recommendations by the Department to the Village Committees that these areas should be declared as built-up and taxed, they continue to ignore these suggestions, it should be made possible for the Minister under proposals we have made in the Part on Controls, to issue a Directive to the Village Committee to declare those portions as built-up localities under the Ordinance, if he so decides. The non-compliance with such a directive given by the Minister would necessarily entail the consequences which follow non-compliance in other cases.

965. In the Village Communities Ordinance at present, the maximum assessment tax which can be levied is six per centum on the annual value of all buildings and all lands within declared " built-up " areas.[1] **We recommend that the maximum limit be raised to nine per centum in " built-up " areas by an appropriate amendment of the Law.**

Section 6—Graded Property Rates

966. In practice, rates are payable by the landlord, not by the tenant in Ceylon. A feature common to local authorities—and not confined to Ceylon only—is that there is a general reluctance on their part to raise rates. The intended object of graded taxation appears to be to give relief on the principle of the ability to pay, without a local authority suffering a loss of total revenue from that source. Whether it will affect the final result will depend on the proportion of large premises of high annual values to small ones of low annual values and whether rates can be increased, within reasonable limits, to bring

[1] *Vide* Section 45 (3) (*a*) of the Village Communities Ordinance, (Chapter 198).

in from the larger houses sufficient revenue to cover up the deficit from the relief given to the smaller ones. If there are more than two grades created, the same problem would arise and it would be necessary to see whether in the nett result, the local authority will not lose.

967. Assuming the possibility of adjustment and balance so as to avoid any loss of revenue and yet give relief to the poorer classes, it is most unlikely that any relief of rates would be passed on to these tenants in view of the fact that rates are generally paid by the landlords and not by the tenant. If the compulsion is placed by amendment of the law, then in a case where a landlord is not honest enough to pass the relief on to the tenant, the unfortunate tenant will continue to pay at the old rates and the landlord will pay at the reduced rate and benefit by the reduction. Experience of the Rent Restriction Act shows that hardly ever does a tenant take a landlord to Court to get the reliefs which he is entitled to. In the result the poorer class of tenants whom it is intended, presumably, to benefit, will be no better off.

968. If, however, the intention is to benefit only the landlord class, graded taxation on a unit basis is understandable. Graded taxation on a unit basis will mostly benefit—

(1) Landlords who own a number of small houses.

(2) Owner-occupiers of small houses, who will be comparatively few in number.

If the object is to give relief in rates in respect of houses of lower annual values, regardless of whether it is the landlord or tenant who is benefitted, then a scheme of graded property rates will work, provided there is a sufficient number of houses of higher grade annual values which can meet the deficit by a reasonable increase in the rates on these houses.

969. Another way of dealing with graded property rates, is to have graded taxation not on the unit basis, but on the total annual value of rented houses belonging to each individual ; that is to say, on the basis of the owner (or group of owners) as the unit and not each property as the unit. Then the graded rate can be imposed at various levels of total income from rents derived by that individual or group. Relief, at the other end of the scale, can be given to those owners whose total income from rents is below a certain predetermined level. This virtually becomes a species of tax on income from rents and not a system of graded rating. But if this system of taxing owners and not properties as the units is accepted then it would necessitate the preparation of proper registers of owners of properties, which will have to be constantly revised and kept up-to-date. These registers would be of a completely different type to those presently in use for assessment purposes, as these are Registers of Premises (by Ward and Street), whereas those required for the system of graded rates will have to deal with owners of properties and not with the properties themselves. The initial compilation of such registers is going to be a task of considerable magnitude. There would be the attendant difficulties of ascertaining who in fact is the owner (or group of owners) of any particular property, and whether the registered owner is the

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

true owner who is receiving the rent, or merely the nominee of another. The train of difficulties would be considerable, and as the imposition of a rate on the basis of the total income from properties is not really a graded system of rating properly so called, this alternative proposal does not commend itself to us.

Proposed method of Graded Property Rates

970. **If, however, any local authority desires to adopt graded property rating, in either of the forms or types set out under this section, then we recommend that the following provisions be made applicable before that local authority is to put it into operation. First and foremost, the full financial implications of any such scheme must be examined and reported on to that local authority, either by its staff or by any expert it may choose to employ. It should be clearly provided that no such scheme can be put into operation by the mere passing of a resolution adopting a particular scheme. The scheme will have to be reported on by the Chief Valuer whose report should be placed before the Minister, through the Commissioner of Local Government, for the Minister's approval. Even under existing provisions of the law, any variation of any rate imposed by any local authority (including Municipal Councils) requires the approval of the Minister. The alteration of the whole basis of rating should therefore all the more require his very careful consideration before being approved by him. The Minister will have to be satisfied more particularly on at least the matters set out at the end of this section before his approval is given.**

971. **There must also be legislative provision that half the difference between the amount payable in respect of any property as a rate under the law at the time the new system comes into operation, and the amount of rate payable in respect of the same property under the new system, should be either paid by the landlord to the tenant or allowed to be deducted by the tenant. If the "landlord" is not the person who is the owner of the premises, legal provision will have to be carefully made to prevent evasion of this benefit to the tenant by any device adopted by the owner.**

972. The matters on which the Minister should be satisfied (among others which he may consider relevant) are the following :

(1) That the scheme will not involve the local authority in any financial loss ; or

(2) that if it will involve a loss, the amount will be such that, in the opinion of the Minister, the local authority can stand such loss without detriment to its financial stability ;

(3) that any proposed increase in the percentage of the higher graded houses is not unreasonable ;

(4) that the adoption of any scheme of graded taxation will not involve any additional charge, commitment, or reimbursement, on the part of Government ;

(5) that it would not entail the increase of any other existing source of revenue, or the creation of any new source of revenue, unless the Minister approves of any such course.

Section 7—Betterment

973. Some witnesses made the suggestion to us that a levy for Betterment purposes should be made by local authorities. We did not get any detailed suggestions, however, from them. Apart from the view that a local authority should have a right to claim some portion of the betterment value of land resulting from improvements effected by a local authority, no precise suggestions were made as to how betterment value should be assessed, amongst whom it should be apportioned, or when or over what period it should be made payable.

974. Betterment has been defined as the enhanced value (of real property) arising from local improvements. The object of recovering a betterment contribution presumably is to enable a local authority to carry out improvements without being totally burdened by the financial aspects of the improvement. With the reduced burden, local authorities should be able to provide more amenities and provide them quicker than would have been possible otherwise.

Betterment in the United Kingdom

975. The assessment and recovery of Betterment is a complicated process and it would be useful to us to consider its history in the United Kingdom, where a betterment levy has been on the statute book for quite some time. In the United Kingdom local authorities are enabled under various Acts (generally Local Acts) to recover from landowners Betterment resulting from operations (such as sewerage works), carried out by the local authorities. In these cases, the betterment takes the form of an increase in development value and is generally payable only when development is carried out. Further, under the Private Street Works Act of 1892, the local authority is enabled to recover from private owners sums which are not related to the value of their land, but simply represent a portion of the actual cost of the work carried out.

976. The first introduction of Betterment, applicable to zoning or planning schemes, was made in the Town and Country Planning Act of 1925. The Act itself was not comprehensive in its effects over large areas of land and so Betterment was worked in much the same way as under other Acts of the local authority. The amount recoverable from the benefitting landlords was one-half of the amount of the increased value of their properties.

977. "Under the Town and Country Planning Act of 1932, the local authorities were empowered to recover seventy-five per cent of the increase in the value of the properties, as Betterment. This Act laid down more complicated rules as to recovery of this charge, and laid down the dates at which the amounts may be claimed. The period of time allowed for recovery was twelve months, but in order that landlords might not be compelled to pay out capital sums before

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

such sums actually came into their possession, certain provisions were inserted in the Act. The owner could issue a notice upon the responsible authority requiring them to defer their claim for Betterment, and invariably such notices were issued. The effect of the notice to defer the claim was to compel the responsible authority to make their claim at a future date to be determined according to certain provisions of the Act. The claims could be remade by the responsible authority if or when the property was disposed of or changed ownership within fourteen years from the date of the notice to defer ; or, if or when the use of the property were changed within such fourteen years ; or, if the property were used for business or industry within five years from the date of the notice to defer. In the case of dispute, an arbitrator settled the amount of Betterment. The payment was to be made in whole at once, or in instalments extending over not more than thirty years, or as may be decided by the arbitrator. ".

978. In practice, the local authorities were unable to gain immediately the benefit of the provisions which they needed to meet compensation claims for properties which had depreciated in value due to the enforcement of certain provisions of a planning scheme. Further, this did not prevent land values from rising, especially near the towns, where rapid developments in communications and the demand for houses and industrial buildings gave the lands far higher values than the values for " existing use.".

979. As at result, the local authorities with their increased responsibilities for providing houses, schools, amenities, roads and other services, had to pay prohibitive prices for land they needed for their purposes. Although local authorities were empowered to recoup this to some extent by recovering Betterment, in practice the element of Betterment in any given increase in land value was so difficult to identify, and the statutory provisions regarding it so circumscribed, that it was rarely secured.

980. " In 1941 an Expert Committee under the Chairmanship of the late Lord Justice Uthwatt was appointed to make an objective analysis of the payment of compensation and the recovery of Betterment in respect of public control of the use of land and to advise on steps to betaken for preventing the work of post-war reconstruction from being prejudiced.

981. " The recommendations of this Committee were incorporated in the Town and Country Planning Act of 1947, whereby the **rights of development** in all land outside built-up areas (with certain exceptions) were vested in the State. In short, all such development was subject to a **development charge**. This charge acted to a great extent as a Betterment charge. The amounts recovered as development charge were generally directed towards compensation for properties that had depreciated in value due to a provision of a scheme coming into effect.

982. " The Act, however, enabled local authorities to continue to recover sums under their other powers, in spite of the fact that when development was carried

out, the increase in development values was collected (by way of development charge) by a body called the Central Land Board, appointed for this purpose under the Act. The owners who were liable to pay a sum to the local authority under other Acts were safeguarded from having to pay the same amount over again to the Central Land Board. Account was taken of what they had to pay under other Acts.

983. "This system of development charge was considered to be strictly logical, theoretically perfect, and entirely dispassionate in its approach, as a solution for the compensation—Betterment problems, but it failed to achieve the desired result because it took insufficient note of human nature which is not inclined to do anything for nothing. The landowners who could not profit by sale of land refused to sell, thus hampering desirable development ; and when they did sell, they sold it unofficially at much above the " existing use value " (i.e. at a lucrative market value). The buyer who was by circumstances compelled to buy at a high price, had also to pay a development charge which was assessed on the " permitted use ". As a result speculation in land continued and the desirable development was unduly hampered. Further, the Act failed to prescribe a foolproof method of collection of the Betterment charge even for the direct public improvements. ".

984. The Town and Country Planning Act of 1953 abolished development charge and the Town and Country Planning Act of 1954 introduced a new principle. This Act has altogether given up the question of Betterment, but a certain balance has been introduced by very severely limiting the amount of compensation payable for restrictions imposed by a planning scheme or for the purpose of carrying out improvements. This, it was hoped, would enable the local authorities to implement their proposals without having to find considerable sums for compensation as well as reduce the time, energy, and expense, involved in the collection of Betterment. How this new principle will work in practice remains to be seen as already some difficulties are anticipated by lawyers and local authorities in the United Kingdom.

985. It would be evident from what has been said above that the methods of levying and collecting Betterment charges or parts of it have so far not been a success and no satisfactory system has yet been formed for levying or collecting such a charge that has satisfied the individual, the community, or a local authority.

986. We have discussed this matter in detail with the Chief Valuer and the Government Town Planner. **We are of opinion that neither a betterment levy nor any method whereby the State takes over the increase in land values due to development of an area could be adopted in Ceylon at present, particularly as we are not satisfied that a sufficient number of construction works have been undertaken by local authorities to enhance the value of lands sufficiently to justify the imposition of this tax. Moreover we are not certain that we have a sufficient number of valuers to assess the development value of land. We think, however,**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

that this is a potential source of revenue which has to be kept in mind when sufficient development has taken place and scientific assessments and valuation are readily available throughout the Island.

987. **We recommend, therefore, that no betterment levy be made immediately, but the whole question be reviewed in five years when we hope progress of development in local authorities would have accelerated considerably.**

Section 8—Vehicles and Animals Tax

988. Village Committees may presently impose and levy annual taxes on certain types of vehicles and animals, not exceeding the rates specified in the First Schedule to the Village Communities Ordinance (Chapter 198). **As the Report of the Official Committee on Local Government Finance has pointed out, a tax on vehicles and animals is one of the oldest and most accepted sources of revenue. As local bodies generally have accepted the recommendations in the Report of the Official Committee on Local Government Finance and as that Committee also was in favour of the imposition of a small tax on cattle and buffaloes, we would adopt their suggestion and recommend that local authorities be permitted—at their option—to impose such a tax and that the maximum rate permissible on either cattle or buffaloes should be at the rate of one rupee per head per year. But as the animals have to be of an age where they can be used for agricultural purposes, it seems fair that the Village Committee should be allowed to fix the age up to which they consider the cattle or buffaloes should be exempt from tax.**

989. **This principle of permissive taxation of certain classes of animals may also be extended to goats in Village Committees.**

990. Incidentally, we notice that in the appropriate schedules of the Ordinances relating to the four types of local authorities we have in Ceylon, there is provision for the local authorities to levy a tax on horses (including ponies) and mules. Those provisions would have resulted in some revenue to the local authorities in the days of the horse carriage, but with the virtual disappearance of carriages from our roads, this provision is not productive of any appreciable revenue except that owners of horses—largely race horses—would still continue to pay licence fees at the old rates. Having regard to the increased popularity in recent years of horse-racing and the relatively larger importation of race horses in modern times compared with the past, **we recommend that the relative Ordinances be so amended as to enable local authorities within whose respective areas race horses are stabled to levy a tax on them not exceeding rupees fifty per horse per annum in any case.** Ancillary provisions for proportionate relief for periods during which a race horse may not be stabled in the area of the local authority which has levied the tax on annual basis would have to be made. If the stabling is for any period not exceeding thirty days, provision should be made for total exemption in such a case. Section 245 of the Municipal Councils

Odinance, Section 176 of the Urban and Town Councils Ordinances, and Section 47 of the Village Communities Ordinance will accordingly have to be suitably amended.

991. This tax should not affect the existing provisions with regard to tax on horses which will however, have to be restricted, by appropriate amendment of the schedules to horses other than race horses.

992. **We would further recommend that the appropriate schedules of the Municipal, Urban and Town Councils Ordinances be amended to permit of elephants being taxed up to a limit of Rs. 20 per elephant per annum. Provision already exists for a tax of Rs. 10 per elephant per annum in the Village Communities Ordinance.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER XXI

ASSISTANCE FROM GOVERNMENT

Section 1—Stamp Duties on Land Transactions

993. **As stated earlier the refund of Stamp Duties to local authorities on transactions relative to lands situated within a local area has been suggested from as far back as 1924 as a source of revenue to local authorities. The Official Committee on Local Government Finance has also recommended this form of assistance. We agree and recommend accordingly that the Stamp Duty on sales, donations, mortgages, and leases of land situated within the area of a local authority should be given to that local authority.**

994. In 1951 the Treasury estimated that about Rs. 2½ million would thus be transferred to local authorities. It is not possible to say what the figure would be at the present time.

Section 2—Arrack and Toddy Rents, Tree Tax, and Profits from the supply of Arrack by Government

995. A strong demand has been made for the whole or part of the revenue derived by Government from this source. The basis for this demand is not clear, but presumably it is on the footing that Government indirectly derives its revenue from this source from the local consumer, because the rents paid, presumably, are dependent upon the potential demand in that area. In that way the local authorities feel that this revenue is connected with and derived from their areas and that it is but fair that they should get a portion of this revenue. In that sense it may perhaps be said that even the revenue derived from this source has a distinct "local flavour"! In his observations on the Report of the Official Committee on Local Government Finance, the then Minister of Health and Local Government recommended to the Government, the refund of Arrack and Toddy Rents and Tree Tax to local authorities as one of three items of Assigned Revenues. This was estimated at that time to be about Rs. 11·75 million out of a total of Assigned Revenues of Rs. 14·45 million.

996. Government derived in 1953 approximately Rs. 65 million from this source of revenue, of which Rs. 16 million was from the sale of Arrack and Toddy Rents, 6 lakhs from Tree Tax, and the balance of about Rs. 49 million was the profit from the supply of Arrack by Government—*vide* Appendix X for details.

997. There is no need to do more here than to refer to the fact that in other parts of this Report we have stressed the very great need of local authorities for sources of revenue if they are to usefully serve the community.

998. **We recommend that ten per cent. of the Arrack and Toddy Rents, and ten per cent of the Tree Tax Licences in the Jaffna District, and ten per cent of the profit from the supply of arrack by Government, be distributed proportionately amongst those local authorities according to the revenue derived by Government from their areas. This would mean an increase of those local authorities' revenues by about Rs. 6·5 million.**

Section 3—Revenue from Petrol

999. Most local authorities have asked for some revenue from the petrol sold at the numerous petrol stations scattered throughout the Island. They based their demand principally on the ground that local authorities provide and maintain roads suitable for motor traffic, and must also light them.

1000. In other countries part of the profit from the sale of petrol is assigned for road development. The development of road systems in local authority areas will benefit not only each of their areas but also the country as a whole and we think that the demand for revenue from this specific source is justifiable.

1001. **We recommend that local authorities be empowered to receive, or recover payment, from those running petrol sales depots in their respective areas, of a sum of two and a half cents per gallon on each gallon of petrol sold at each of the petrol depots within the local authority area. Each local authority should likewise receive from Government an equivalent sum (that is two and a half cents per gallon of petrol imported) out of the Customs Duty which it imposes on petrol. In the result each local authority will receive five cents per gallon of petrol sold within its area (half from petrol depots and half from the Government). There should however be a condition that the local authority should use the whole or a prescribed proportion of the revenue from this source, for its road needs ; the accounts of the local authority should be so maintained as to reflect the fulfilment of this condition to Audit.**

1002. The total revenue derived by Government from petrol imported into the Island was Rs. 47 million in 1953. The following Table reveals the number of gallons of petrol purchased within the areas of the various types of local authorities in the year 1953. The total revenue which will be derived collectively by all local authorities of various types on the basis of this levy, and the contribution by Government, will be Rs. 1·86 million.

SALES OF PETROL IN LOCAL AUTHORITY AREAS—1953[1]

Types of Local Authorities	*Sales in Gallons*	*Revenue to local authorities on suggested basis* Rs. c.
Municipal Councils	12,608,194 ..	630,409 70
Urban Councils	13,659,205 ..	682,960 25
Town Councils	2,570,534 ..	128,526 70
Village Committees ..	8,301,138 ..	415,056 90
	37,139,071	1,856,953 55

[1] Figures obtained from the Department of Census and Statistics. (The latest available).

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1003. As the revenue from the importation of petrol and allied products, which was about Rs. 47 million in 1953, is likely to increase from year to year, we do not think that any part of the five cents per gallon should be passed on to the consumer by way of an additional Import Duty or increase in the retail sale price.

Section 4—Fines, Penalties, Refunds and Stamp Duties

1004. We recommend the continuance of the fines and penalties and stamp duties which presently accrue to the various types of local authorities and we suggest that local authorities be given the money from the following additional ones :

(1) A refund of fines under the Excise Ordinance is being presently made only to Municipalities. We recommend that these refunds be extended to the other types of local authorities also.
(2) Fines under the Street Collections Ordinance.
(3) Fines under the Poisons, Opium and Dangerous Drugs Ordinance.
(4) Fines under the Pure Foods and Drugs Act.
(5) Refunds of levies, fines and penalties under the Pawn Brokers Ordinance, and the Public Performances Ordinance (in the case of Village Committees)
(6) Fines under the Local Authorities Elections Ordinance.
(7) Fines under the Prevention of Cruelty to Animals Ordinance.
(8) Refund of Motor Car Licence Duties.

This last refund is now made as a grant to Municipal Councils, Urban Councils and Town Councils, on the basis of the number of vehicles registered in 1951. As the number of vehicles using their roads has increased considerably since, local authorities have urged that the refund should be made on the basis of the number of vehicles actually on the roads in their areas. The Village Committees for their part have pointed out that they get no revenue at all from this source though motor vehicles use their roads too. We recommend that half the total licence duties on motor vehicles of all types be made to all local authorities including Village Committees as well on the basis of the number of vehicles licensed in the previous year and which are garaged in within the limits of the respective local authorities.

According to the Hon. Finance Minister's Budget Proposals for 1955–56, the increases on licence duties on motor vehicles (inclusive of fees on the transfer of secondhand vehicles) is expected to bring in an additional Rs. 5½ million, probably on the previous year's estimate of Rs. 4·6 million, making a total of approximately Rs. 10 million for 1955–56. In view of other recommendations we are making for increased finances, we recommend that only half of these licence duties on motor vehicles be made over to the local authorities. This would mean an approximate increase of about Rs. 3 million to the local authorities beyond the Rs. 2·1 million they are receiving now from this source.

Grant in lieu of Capitation Tax

1005. The grant in lieu of the abolished Capitation Tax is made on the basis of the population in Village Committee areas in 1947. As the population in areas has increased considerably, Village Committees asked that the grant be revised on the basis of the present population. **As Capitation Tax is an abolished source of revenue and as other proposals are made in this Report for increase of assistance to Village Committees we do not recommend a revision of the basis on which Government is at present making a grant to Village Committees in lieu of Capitation Tax.**

Section 5—Block or General Purposes Grant

1006. Block Grants are paid at present on the basis decided upon by the Board of Ministers as far back as 1946. This basis, broadly, is a percentage of the average annual revenues of Municipalities, Urban Councils, and Town Councils, for the three years 1943, 1944 and 1945 (only nett income from trading activities being taken into account in computing the total annual revenue). The " percentage of increase " of the average annual revenue varies in the case of each local authority, with the population in the year 1946 in the area of each local authority. In the case of Village Committees, the grant varies directly with the revenue, population not being taken into account at all. A reference to the formula relative to this grant, reproduced earlier in this section, will make the position clear—*See* Paragraph No. 876.

1007. Every local authority has asked for a revision of this basis of Block Grants, saying that as their revenues and populations have increased, the present basis of the grant (on the average of the revenues for 1943, 1944, 1945 and the population in 1946) is unreal and is not related to existing conditions. At the moment the total amount of the Block Grant given to all types of local authorities amounts to Rs. 2,055,458.

1008. The Official Committee on Local Government Finance suggested that area and population should be the elements of the formula for the computation of Block Grants. They considered " population " three times as important as " area ". No reasons are given in their Report for the acceptance of these two factors in preference to others.

1009. **The comment that the Block Grant calculated on the present basis remains constant and is not related to the varying needs from year to year, is correct because the percentage of the revenue which is given by way of grant is calculated on two static factors, namely average revenue for the three fixed years 1943–45, and the population figures of 1946.**

1010. **We think that the Block Grant should continue to be based on population and revenue as at present. We recommend, however, that the average revenue of the three immediately preceding years should be taken, from year to year (and not the average of the revenue of the three fixed years 1943–45) and linked with the latest population figures available, from year to year (and not the population figure of the year 1946). The percentages should vary with the population as will be seen from the formula which appears later.** If this basis is adopted then (assuming the increase in the population not to be too steep) the

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

local authorities will receive a Block Grant which varies with their revenue. If, however, the increase in population becomes unusually large, the grant will be reduced because areas with a larger population receive a lower percentage of their revenue, by way of grant, according to the formula. If the effect of this increase in population is to reduce the Block Grant considerably, that would be a case for special consideration and augmentation of the grant. If on the contrary, the revenue were to drop because of the insufficient exertion of the local authorities either in gathering in the revenue or want of enterprise in tapping their sources of revenue sufficiently, then the local authorities cannot complain if the quantum of their Block Grant does not increase.

1011. **We do not advise the omission of the population factor in the case of the Village Committees, and therefore do not recommend that the percentage of the revenue should be the sole factor in calculating the amount of the Block Grant in their case (as is done at present). Those Village Committees which decide to exercise the right, (which we have recommended should be given to them), of increasing their revenue from the acreage tax will receive a considerable sum from such increase. This should be taken into account in allocating the Block Grant which should, in such cases, be reduced, by the Minister, by such amount as he considers reasonable, having regard to factors such as the following :—**

(*a*) **The amount of the increased revenue derived as a result of the change in the basis of the acreage tax, as compared with the average revenue derived from that source over the three years immediately preceding the change of the basis ;**

(*b*) **The estimated increase or decrease of the revenue to be derived by that local authority from all other sources for that year ;**

(*c*) **The increase or decrease in the general expenditure during the last three years ;**

(*d*) **Any large or special items of expenditure which may have to be incurred in the year for which the Block Grant is to be made and which cannot be adequately financed otherwise.**

1012. As the local authorities most in need of financial aid are Village Committees, a national minimum of the Block Grant should be fixed for them. **There are nearly fifty Village Committees whose revenues are well below rupees one thousand per annum, administering areas varying from ten to two hundred and fifty square miles in extent.** Development within the areas of these Village Committees is extremely difficult, if not impossible, and some weightage should be given to them. **We recommend that the national minimum of the Block or General Purposes Grant to Village Committees should be fixed at rupees three thousand per year per Village Committee so that no Village Committee will get less than rupees three thousand per year by way of Block Grant. At the moment there are 330 Village Committees (out of a total of 403) which get less than rupees three thousand per year by way of Block Grant.**

1013. Our proposed formula for the payment of the Block or General Purposes Grant is set out in the Table below :

PROPOSED FORMULA FOR WORKING OUT THE BLOCK GRANT PAYABLE TO LOCAL AUTHORITIES

	Per cent.	
Municipalities—		
Population below 50,000	15	of the average annual revenues[1] for the three immediately preceding years ; in the case of trading activities only the nett income[2] from them to be taken into account in the computation of the revenue
Population above 50,000 and under 100,000	12	do.
Population above 100,000 and under 200,000	8	do.
Population above 200,000 and under 300,000	6	do.
Population over 300,000	3	do.
Urban Councils—		
Population below 5,000	30	do.
Population above 5,000 and under 15,000	25	do.
Population above 15,000 and under 25,000	20	do.
Population above 25,000	15	do.
Town Councils [3]		
Population below 5,000	40	do.
Population above 5,000 and under 10,000	30	do.
Population above 10,000 and under 15,000	25	do.
Population above 15,000	20	do.

[1] Revenue refers to the normal sources of revenue provided in the general Budgets of Councils diminished by the grants received by way of Block Grant and Cost of Living and Special Living Allowances and increased by the nett income from trading activities.

[2] Nett income may be taken as the difference between Revenue and Expenditure (for Electricity).

[3] We have sub-divided the group of Town Councils into four caterogies instead of two, as at present, because we find, on an examination of the figures, that twenty-four Town Councils have populations not exceeding 5,000 and eleven have populations between 5,000 and 10,000 with the result that these categories should be provided for at different rates.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

PROPOSED FORMULA FOR WORKING OUT THE BLOCK GRANT PAYABLE TO LOCAL AUTHORITES—(*continued*)

Village Committees

	No. of[1] *Village Committees.*	*Percentage of Revenue Per cent.*
Population below 5,000	80 ..	100
Population above 5,000 and under 10,000	77 ..	75
Population above 10,000 and under 20,000	114 ..	50
Population above 20,000 and under 50,000	91 ..	30
Population above 50,000	11 ..	25
	373[2]	

These percentages of the average annual revenue in the case of Village Committees will, however, be subject to the National Minimum of Rs. 3,000 and to any reductions made by the Minister where increased revenue will be derived by an increase of the acreage tax.

1014. It became clear to us, when recording evidence in some of the more important Town Council, Urban Council, and Municipal Council areas, that some of them have not fixed a sufficiently high assessment rate to bring in revenue commensurate with the developed condition of their areas. Perhaps it would not be wrong to assume that at least in some of these instances, the authorities did not want to displease the ratepayers by increasing the assessment rate, but preferred to try and obtain money for the development of their amenities from the Central Government. We deprecate such a tendency and wish to make it clear that by the recommendation, which follows immediately, we are not seeking to encourage the notion that money for the development of local areas should necessarily be provided by the Central Government. The principle which should be increasingly put into practice is that local authorities should look to the Central Government less and less for financial assistance and should develop more intensively as well as extensively, their own sources of revenue and income. The recommendation that follows is not intended to suggest that local authorities should progressively increase their property rates mainly to attain the level of the percentage required to qualify themselves for a 100 per cent. of the Block Grant, on the contrary we appreciate that there is a certain optimum percentage of property rate

[1] The population figures are those supplied by the Village Committees themselves as no Census figures are available in respect of Village Committees as such.

[2] There are 30 Village Committees which have not been classified due to data not being received in time.

beyond which it would not be wise for a local authority to tax its ratepayers. Once that maximum has been reached the local authorities will think twice before increasing the percentage of property rates.

1015. We recommend that in order to qualify for the full quantum of the Block Grant (calculated for each area on the basis of population and revenue), at least a certain minimum percentage of the total revenue from all sources (but not, however, including Specific Grants) should be derived from rates from year to year by Municipalities, Urban Councils, and Town Councils. At least the percentages set out in the table given in a succeeding paragraph should be attained by the three different types of local authorities in question, to qualify them for the full Block Grant (which should in future be known as a "General Purposes Grant" rather than as a "Block Grant" because it is given for generally augmenting the revenue of the local authorities).

Table for qualifying for Block Grants

1016. In order to qualify for 100 per cent of the Block Grant, we suggest that the revenue collected by local authorities from property rates (including payments in lieu of rates by the crown) conservancy rates (not conservancy fees[1]) and water rates, during a year, should be not less than the minimum laid down in Percentage Statement I in the table below. We have divided that Percentage Table into two parts, because only some of the local authorities levy water rates for water supplied. (Many areas do not have piped water supplied). In cases where a water rate is levied and appropriated by the local authority, either as an independent rate or having it included in a consolidated rate, we suggest that in their case the total revenue from all three types of rates should attain a higher percentage than those local authorities which are not in a position to supply water and which therefore do not levy any water rate.

1017. It is also the case that in some local authority areas the water supply does not extend over the whole area but is restricted to certain parts only. In such a case they do not clearly fall within either the first category or the second. We therefore recommend that, in such cases, the minimum percentage of the total revenue which should be derived from revenues from Property, Water, and Conservancy Rates, should be somewhere between the two minimum percentages set out in the two parts of Percentage Statement I, the minimum percentage to be attained being fixed by the Commissioner of Local Government after due inquiry and making allowance for all relevant factors.

[1] Some local authorities levy "conservancy fees" from the owners of those premises only which are conserved, whereas the conservancy "rate" would be applicable to all premises within the area benefitted. The revenue from "conservancy fees" therefore has not to be included in the total of the revenue from property rates and water rates (wherever the latter are levied). *See* further Paragraph No. 363 under the heading "Provision of Latrines".

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1018. The percentage which the revenue from the three rates mentioned above has to attain to qualify for 100 per cent of the Block Grant, is a percentage of the total Revenue derived by, or received by, the local authority; that is to say, the revenue of the local authority from all sources such as the above three types of rates, licence duties, market fees, rents, assigned revenues, Block Grant of the preceding year, Cost of Living Allowances, payments by the Crown in lieu of rates, nett revenue from Electricity, &c.; or, put differently, it is the total from all sources of revenue which are accepted under existing accountancy practice, as being proper for inclusion as Revenue in the budgets of local authorities, together with the nett revenue from Electricity, but excluding however the larger Specific Grants such as are made for Housing, Drainage and Water Supply.

1019. We have excluded Village Committees from the qualifying percentages for the reason that comparatively few of them levy any Property Rates at all because such a rate can only be imposed in declared "built-up-areas". We have however recommended—Vide Paragraph No. 1011 et seq.—other factors and qualifications which will have to be taken into account in deciding upon the amount of the Block Grant to be given to Village Committees.

1020. Where the revenue collected by any local authority from Property Rates, Conservancy Rates, and Water Rates, during any year falls short of the minimum percentage applicable to that particular local authority according to the Percentage Statement I, such local authority will receive a lesser percentage of the total Block Grant as set out in Percentage Statement II.

Percentages Statement I

(To qualify for full General Purposes Grant)

Table of percentages which the revenue collected from Property Rates, Conservancy Rates, and Water Rates, (where Water Rates are levied) should bear to the total general revenue of a local authority in order that the local authority concerned might qualify for the full General Purposes Grant.

	Towns which levy a Water Rate also in addition to Property and Conservancy Rates Per cent.	*Towns which do not levy a Water Rate in addition to Property and Conservancy Rates* Per cent.
Colombo Municipal Council [1] ..	45	—
Other Municipal Councils ..	28	25
Urban Councils and Town Councils ..	23	20

[1] Colombo Municipal Council has to be treated specially because of its very much greater revenue and rating capacity as compared with other Municipalities.

Percentages Statement II

(For reductions in General Purposes Grant)

Towns which levy a Water Rate also in addition to Property and Conservancy Rates	*Percentage of General Purposes Grant payable*	*Towns which do not levy a Water Rate in addition to Property and Conservancy Rates*	*Percentage of General Purposes Grant payable*
Colombo Municipal Council[1]—			
over 40% but less than 45% ..	80%	— ..	—
over 35% but less than 40% ..	70%	— ..	—
less than 35% ..	60%	— ..	—
Other Municipal Councils—			
over 23% but less than 28% ..	90%	over 20% but less than 25% ..	90%
over 18% but less than 23% ..	80%	over 15% but less than 20% ..	80%
less than 18% ..	60%	less than 15% ..	60%
Urban and Town Councils—			
over 18% but less than 23% ..	90%	over 15% but less than 20% ..	90%
over 13% but less than 18% ..	80%	over 10% but less than 15% ..	80%
less than 13% ..	60%	less than 10% ..	60%

In Appendix XI will be found a Table setting out the percentages of the total Block or General Purposes Grant which each of the urban authorities is qualified to receive on the basis of the percentages statements set out above, and the revenue collected in the year 1953.

[1] Colombo Municipal Council has to be treated specially because of its very much greater revenue and rating capacity as compared with other Municipalities.

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1021. On the basis of the figures of population and revenue respectively of the three nearest available years the amount of the Block Grant on the basis we are recommending will amount to Rs. 4,678,264 as follows :

TOTALS OF THE BLOCK OR GENERAL PURPOSES GRANTS ON THE EXISTING AND PROPOSED BASIS

	Block Grant on present basis	*General Purposes Grant on proposed basis*	*Amount of increase*	*Percentage of increase over present Block Grant*
	Rs.	*Rs.*	*Rs.*	*Per cent.*
7 Municipal Councils	523,144	1,145,040	621,896	119
36 Urban Councils	566,385	1,255,998	689,613	122
38 Town Councils	150,208	408,576	258,368	172[1]
403 Village Committees	815,721	1,868,650	1,052,929	129[2]
	2,055,458	4,678,264	2,622,806	127

In Appendix XII will be found the detailed working showing how the various figures in the above Table have been arrived at.

1022. On the present basis 403 Village Committees get among themselves only Rs. 815,721 or an average of only between Rs. 2,000 and Rs. 2,100 each, whereas on the proposed basis they will get on an average a sum of Rs. 4,600 each. Further of the 403 Village Committees, about 180 Village Committees will get the National Minimum of Rs. 3,000, whereas on the present basis 330 Village Committees are getting grants of Rs. 3,000 and under, of which 102 Village Committees are getting under Rs. 1,000 each.

1023. The sub-joined Table shows the average amount of the Block Grant which each of the local authorities of the four different categories have been and are getting at the present time and side by side the amount that each of them will get on the proposed basis :

AVERAGE BLOCK OR GENERAL PURPOSES GRANT PAYABLE TO THE VARIOUS TYPES OF LOCAL AUTHORITIES

	Average Block Grant on the present basis	*Average General Purposes Grant on the proposed basis*
	Rs.	*Rs.*
A Municipal Council	74,735	163,579
An Urban Council	15,733	34,888
A Town Council	3,953	10,752
A Village Committee	2,024	4,635

[1] The considerable increase is due to the fact that up to the present, the Block Grant to the Town Councils is on the basis of their revenue figures only whilst they were mainly parts of either Village Committees or were Sanitary Boards.

[2] The figure of Rs. 1,868,650 which will be the total on the recommended basis includes an approximate sum of Rs. 110,000 by way of Block Grant to about 30 Village Committees which have not been classified due to data not being received in time.

CHAPTER XXII

SPECIFIC AND CONDITIONAL GRANTS, DIVISION OF EXPENDITURE ON CERTAIN SERVICES AND LOAN FACILITIES

Section 1—Specific Grants and Division of Expenditure

Grants for Village Works, Village Wells, Conservancy and Scavenging Services

1024. Grants are presently being given for the extension of these services in rural areas. No definite amount is voted in any year nor is the amount voted for any year decided on needs. It is decided by the Government after considering its policies and priorities for the year. The amount voted by Parliament annually is distributed among the Village Committees as decided by the Minister. He does so after considering the applications of the Village Committees, the recommendations of the Regional Assistant Commissioner, the Commissioner of Local Government, and the Permanent Secretary. The amounts given out as grants in the years 1951–52, 1952–53, 1953–54, and 1954–55 are given below :

GRANTS TO VILLAGE COMMITTEES

	1951–52	1952–53	1953–54	1954–55
Village Works	8,475,874	4,499,978	2,999,977	4,100,000
Village Wells	999,876	774,814	499,465	500,000
Conservancy and scavenging	95,125	94,175	98,860	100,000

1025. **We recommend that grants for these services be continued, but more assistance should be given for the construction of village wells. The grants given for Village Works will increase considerably, if our recommendation that the grants now given for Village Works through the votes of the Rural Development Department, be made over to Village Committees, is accepted.** In the Estimates of 1954–55 for instance, the following provision appears in the Rural Development Votes (Head 63) :

Head 63—Sub-head 12 : Village Works undertaken by Rural Development Societies on self-help basis .. .. Rs. 1,800,000

If to this sum is added, the assistance obtained from foreign Governments, (for instance Canadian Aid—under the Colombo Plan—amounting to Rs. 2¼ million is available to the Rural Development Department to effect improvements to village roads already cut by Rural Development Societies and awaiting the provision of bridges, culverts, &c., the amount of assistance which would be available to be given to rural areas will be increased considerably.

Maintenance Grant for Village Committee Roads

1026. One of the main services that Village Committees render in their areas is the provision of roads. With their limited finances the only real contribution that they can make towards the discharge of this function is through the

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assistance they obtain from Government for the construction of Village Committee roads, which however, they cannot maintain for want of funds. We saw in the course of special visits to places where roads, culverts, bridges, and other works had been undertaken and executed by Village Committees, how badly they are maintained. **In a few years there is the danger of the these roads (of about 14,500 miles) becoming useless as transport surfaces and going back to the jungle. In order to avert this disastrous result we recommend that a grant up to a limit of Rs. 100 per annum per mile of road, constructed by Village Committees, be given to the Village Committees for maintenance. This grant should be given to the Village Committees through Regional Committees. As it cannot reasonably be expected that Government should make this grant every year in respect of the entire length of about 14,500 miles (and additional sums for the annual increase in road mileage), we recommend that the Village Committees should apply to the Regional Committees, in good time, for such road lengths as are in real need of repair, and the Regional Committees should go through them and decide which roads to recommend to the Ministry for a grant. The Regional Committees should lay down the requiste standards ; and pay against reports certifying measurements, quantities, and quality of work, and compliance with standards.**

Housing

1027. We have dealt with the general policy regarding Housing in Paragraph No. 373 et seq. of this Report. Housing schemes are now divided into two categories, (1) Slum Clearance Schemes, and (2) Housing Schemes for workers. Grants for the former are given to local authorities, where slum-clearance is a pressing need. The slum-dwellers are accommodated in the new houses, and the slums are pulled down. The full cost of the Housing Schemes for workers in the bigger towns is met by Government, to which the local body has to refund the equivalent of nine months rent. For slum clearance schemes, assistance is given by Government on he following basis :

Two-thirds of the estimated cost of schemes to Municipal and Urban Councils (except to the Colombo Municipal Council, which gets fifty per cent).

Three-fourths of the estimated cost of schemes to Town Councils, and the full estimated cost to Village Committees.

1028. The amounts given by way of grants for the last four years are as follows :

GRANTS FOR HOUSING SCHEMES

	Slum clearance	*Housing Schemes for workers*
1951–52	2,000,000 ..	3,600,000
1952–53	1,508,216 ..	2,110,334
1953–54	800,000 ..	1,322,077
1954–55 (1)	835,000 ..	1,000,000

(1) Estimates of Government 1954–55.

1029. According to estimates of housing requirements prepared for the Report of the Housing Sub-Committee appointed by the Minister of Local Government (correct up to the end of 1956), 273,382 new houses are required in urban and rural areas. To catch up with the back-log in housing, 104,346 units are said to be required in urban areas and of these 63,395 are of the working class type ; in the rural areas the back-log is 164,886 units. In addition it has been estimated that 52,000 houses in towns and 300,000 houses in rural areas need replacement or improvement. **It is essential therefore that even bigger grants should be made available to local authorities for Slum Clearance Schemes and we recommend the continuation of this assistance—at an enhanced level—on the present proportions and principles with the aim of supplying at least the essential needs of slum-clearance.**

1030. We have stated in Paragraph No. 375 that the policy of the Ministry of Housing should be to use the local authorities as its agents for putting up houses for workers. Proper housing is naturally one of the more important functions of a local authority of the area. One of the difficulties will be the furnishing of adequate security for the Ministry of Housing for any loans or advances it may make to the local authority. Generally, the only form of security that most local authorities can offer is a lien over its rates and taxes ; and in most cases the rates and taxes of virtually all local authorities are already under lien or pledge to the Central Government for loans obtained from time to time over the years. In these circumstances the local authorities are reduced to offering only a secondary mortgage or lien over their rates and taxes. This grade of security is naturally not acceptable. **As however the funds of the Ministry of Housing are also advances made on behalf of the Central Government, we suggest that suitable legal provisions be made enabling the primary mortgage or lien, which the Central Government already may have in respect of its earlier loans, to be extended so as to cover any loans or advances made by the Ministry of Housing itself. The result will be that the rates and taxes will be charged with a primary mortgage both in favour of the Central Government, as well as in favour of the Ministry of Housing, each in proportion to the extent of the loans repayable to it from time to time ; in other words the Central Government and the Ministry of Housing will be, concurrently, primary mortgagees of the rates and taxes for the respective amounts due to the Government and the Ministry for the loans given by them.**

Water

1031. We have dealt with the general question of water in Chapter IV of this Report. Government now pays the cost of construction of new schemes, including, if necessary, the cost of laying pipelines up to the limits of towns, but the local authority bears the cost of the internal distribution. Fifty per cent of the cost of approved extensions for augmentation schemes is met by the Central Government. The full cost of minor schemes in village areas is met by the Central Government.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1032. We recommend the continuance of the present basis which is that Government bears the full cost of construction of new schemes and half the cost of augmentation schemes. The funds for new schemes should, however, be allocated to the Central Water Board we have suggested. The local authorities will, in that event, have to contribute to the Board their share for augmentation schemes. In regard to the cost of distribution in Town Council areas, however, we have already recommended that, as they are small in area and are not as developed as Urban Councils and have not as many potential sources of revenue, twenty-five per cent of the cost of distribution within the town should be met by Government. In the case of Village Committees too we have already recommended that the entire cost of distribution should be met by the Central Government.

Grants towards the payment of Cost of Living and Special Living Allowances

1033. Cost of Living Allowances and Special Living Allowances to local authority employees are being paid at Government rates to all employees of local authorities. When Government decided in 1941 to pay what was then termed "War Allowances" to its employees on a restricted scale, the local authority employees too asked for similar payments. At the outset, these payments were made only by Councils whose financial position permitted payment on their own, as Government did not subsidise local authorities for this purpose. In 1943 the Executive Committee of Local Administration decided to recommend a grant to local authorities towards the payment of these allowances, provided that—

(*a*) the scheme of payment was in accordance with the Government Scheme ;

(*b*) local taxation was reasonably high ;

(*c*) the affairs of the Council were satisfactorily managed.

1034. The Board of Ministers added the following conditions in order to entitle local authorities to have their cases considered individually :

(*d*) that the rates imposed at the time were more than the rates imposed in 1933 by thirty per cent ;

(*e*) that the financial position of the local authority would not permit of the payment of War Allowance at the Government rates.

1035. From 1944 these payments were made with Government assistance. In 1945 Government decided to pay fifty per cent of the amount required by the local authorities as Cost of Living Allowances provided the scheme of payment was in accordance with the Government Scheme. The balance fifty per cent. of the cost was to be met by increased taxation. The refunds of the Cost of Living Allowances on local authority pensions too were similarly treated by Government from 1945.

1036. With the increase in the cost of living, the local authorities did not find it possible to pay at Government rates even with increased taxation, and so

Government decided that from October 1946 the full cost of war allowances to local authority staffs would be met by itself provided the Government scheme of payment was adopted by local bodies. The Municipality of Colombo did not accept these conditions and Government decided to pay it a lump sum of Rs. 1 million in 1946. In 1947 however, the Colombo Municipality accepted the conditions laid down by Government for other local bodies, raised its rate from twenty to thirty per cent and was permitted a refund of the full Cost of Living Allowance paid to its staff.

1037. These conditions have been followed and Government grants have been paid out from year to year since then. The following is a Table of Payments so made to employees of all types of local authorities :

GRANTS MADE BY GOVERNMENT TO THE LOCAL AUTHORITIES FOR PAYMENT OF COST OF LIVING AND SPECIAL LIVING ALLOWANCES

	Rs.
1950–51	12,159,959
1951–52	14,973,336
1952–53	14,949,221
1953–54	14,672,272

1038. The chief reason for this increase appears to have been the undertaking by local authorities, by increasing their own check-roll labour forces, of works which in the past had been done for them on contract, thus deflecting a portion of this cost of normal administration to the Government. Government reviewed the situation in view of the general financial position of the country and decided that as from June 1953, the Cost of Living Allowances and Special Living Allowances should not, in future, be paid on works which could normally be done on contract and on works or services which are financed from Government grants (wholly or partly) or loans. Further amplification in October 1954 made it clear that the Cost Living and Special Living Allowances should not be paid to local authorities for employees who were engaged on work, the cost of which was fully recovered from private parties and credited to the Council's funds. The last decision of Government, made in August this year, went even further for it has been decided " to delete from the Draft Estimates for 1955-56, the financial provision for reimbursing local authorities in respect of the Cost of Living and Special Living Allowances paid to staff employed on commercial activities of local authorities including Electricity Schemes.". The implementation of this decision would mean a saving to Government of about Rs. 1·4 million in respect of living allowances paid to local authorities for their electricity scheme employees and means in other words that Government proposes extending the principle of not paying living allowances on public utility works,

NATIONAL LIBRARY N L S L OF SRI LANKA 12/07/2023 12:04:03

to Electricity Schemes of local authorities too. This principle at present applies only to the Tramways and Trolley Bus Service Employees of the Colombo Municipality.

1039. As a result of the Government's latest decisions local authorities state that they have to pay a much higher rate than before for jobs done by contractors, who in their estimates naturally add on to the cost of the works, the living allowances they would have to pay to their staffs. Besides, they add, the profits they make on Electricity Schemes especially, will vanish very rapidly now. Government, for its part, maintains that it is meeting the Cost of Living Allowances of the regular monthly paid and daily-paid employees, and even of the labour force required for maintenance work, and that it cannot reasonably and fairly be expected to bear part of the cost of non-recurrent items of work of a capital nature. As far as pubic utilities are concerned, which should pay their way, there seems to be no good reason why local authorities should be subsidized by Government, by the reimbursement of the Cost of Living Allowances.

1040. **Even though our other recommendations, if implemented, would mean considerable financial assistance to the local authorities, we do not think that this Rs. 14 million which is at present voted by Government to local authorities as the Cost of Living Allowances and Special Living Allowances of local authority employees, could be met by the local authorities themselves. We recommend the continuance of the payment of these allowances, with Government assistance, as at present, with the limitations imposed by Government as from June 1953, October 1954, and August 1955, on the reimbursement by Government of these allowances in respect of certain classes of works and services referred to by us earlier. We also recommend the reimbursement, in full, of the living allowances paid by local authorities to Local Government Service pensioners as there does not appear to be any reason in principle for not reimbursing in full these allowances, when paid to pensioners.**

Surface Drainage

1041. The Government meets two-thirds the cost of any approved scheme of surface drainage and the local authority one-third. We give below a Table showing the schemes undertaken in the last four years on this basis of two-thirds and one-third costs. It shows how little was done for the want of adequate funds.

1042. **We recommend the continuance of the present basis of assistance, but in the interests of the health and sanitation of local areas, we recommend that the quantum of assistance given by Government for the extension of this service be substantially increased.**[1]

[1] *See* Chapter IV where we have dealt with this matter more extensively.

SURFACE DRAINAGE SCHEMES UNDERTAKEN BETWEEN 1950 AND 1954 ON GOVERNMENT GRANTS

Year	*Name of Local Authority*	*Grants by Government* Rs.	*Total Government Assistance* Rs.
1950–51 ..	Kurunegala M. C. ..	75,000	
	Negombo M. C. ..	75,000	
	Trincomalee U. C. ..	100,000	
	Badulla U. C. ..	50,000	
	Mannar T. C. ..	50,000	
			350,000
1951–52 ..	Kurunegala M. C. ..	100,000	
	Negombo M. C. ..	75,000	
	Trincomalee U. C. ..	100,000	
	Panadura U. C. ..	100,000	
	Moratuwa U. C. ..	75,000	
	Wattala-Mabole-Peliyagoda U. C.	75,000	
	Matale U. C. ..	75,000	
	Ratnapura U. C. ..	75,000	
			675,000
1952–53 ..	Chilaw U. C. ..	16,000	
	Kegalle U. C. ..	130,000	
	Panadura U. C. ..	120,000	
			266,000
1953–54 ..	Negombo M. C. ..	75,000	
	Kolonnawa U. C. ..	100,000	
	Dehiwela-Mount Lavinia U. C.	100,000	
	Matara U. C. ..	100,000	
	Batticaloa U. C. ..	70,000	
	Madampe T. C. ..	30,000	
			475,000
	Total ..		1,766,000

Maternity and Child Welfare Clinics

1043. At present there is no fixed basis on which assistance is given to local authorities. The amount voted by Parliament annually is divided among the Urban and Town Councils and Village Committees on the relative merits of each case as decided by the Minister of Local Government on the recommendations of the Medical Officer of Health, Commissioner of Local Government, and the Permanent Secretary. For the last three years the following grants have been given :—

	Rs.
1951–52	492,800
1952–53	396,150
1953–54	398,900

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1044. We think that this is a function of local authorities on which more stress should be placed. We have recommended in Parargraph No. 343 of this Report that the running of Maternity and Child Welfare Clinics should be made a statutory duty of Urban and Town Councils. We recommend that fifty per cent of the cost of running clinics in Urban Council or Town Council areas, certified by the Medical Officers of Health as being efficiently run (as regards attendance, quality of attention, and services, &c.) and really supplying the needs of the area, should be reimbursed by Government ; fifty per cent can be met by the Urban or Town Council concerned.

1045. In Village Committees the full cost of running clinics which are reported by the Medical Officers of Health as efficiently run (on the same points as in the other cases) should be met by Government.

Assessment of Crown Properties

1046. The extract from the Financial Relations Commission of 1924 (which we have reproduced in an earlier Part—Chapter XVIII) shows that while Government maintained that it was immune from legal liability to pay local rates, it agreed to a recommendation that all Government lands and buildings should be assessed and that Government should voluntarily pay as a contribution, in lieu of local rates, a sum equivalent to what it would pay if it were an ordinary ratepayer.

1047. This principle was accepted in 1926 and has been acted upon since then, and in our view, should be continued. Representations have been made to us that the assessments of Crown properties are considerably delayed. We have ascertained, however, from the Chief Valuer that at present, the time-lag is not as great as it used to be. The revision of assessments of Crown properties should be expedited and brought up-to-date, and the contribution in lieu of rates should be paid on the last available figures. If any additional staff is required it should be provided so as to bring and keep this work up-to-date.

Rating of Public Utilities

1048. We were told that the assessments of public utility undertakings are usually made on the revenue principle, taking the accounts of three to five years prior to the year with reference to which the revision is being made, as the working data. The assessments made by the Valuation Department are on the basis of three years' accounts, as information regarding various details of the accounts which are needed for the computation are not readily available for earlier years. If these assessments are revised quinquennially the revision can be on the basis of the examination, of three years' accounts. It does not seem feasible for a quinquennial revision to be based on more than five years' accounts as, apart from the difficulties of investigation into details of the earlier years, the process would also be technically unsound.

1049. We recommend that the assessment of public utility undertakings such as, mainly, the Harbour—which we deal with in the succeeding paragraph—

the Railway, the Government Electricity Undertakings, and Oil Facilities Undertakings, should be based on the analysis of the accounts of the five preceding years.

Rating of the Harbour of Colombo

1050. The information to be found on relevant files which have been placed at our disposal, shows that until 1952 payments were made by the Government, in lieu of rates, on all Government buildings within the area of the Port of Colombo, up to the water-line. This has been in accordance with the practice which prevailed, and still prevails, by which the Government makes a voluntary contribution in lieu of rates, in respect of Crown properties and public utility undertakings falling within the areas of various local authorities throughout the Island. The sums which are paid under this general arrangement—which has governed the relations between the Crown and all local authorities throughout the Island—have been the amounts which the Crown would have been liable to pay if it had been an ordinary ratepayer. We have been informed by the Chief Valuer that contributions in respect of the Railway, Electricity Undertakings, and Oil Facilities Undertakings, were paid by the Crown till 1952 on the basis of assessments made by him. Payments in lieu of rates were made in respect of the Harbour too on the basis of an assessment called the Harbour Assessment, made by the Chief Valuer, on all buildings within the area of the Port, up to the water-line. Since 1952 Government has not paid a contribution in lieu of rates fo these buildings.

1051. At a conference in September, 1951, (when many questions outstanding between the Government and the Colombo Municipality were discussed), Government maintained that the harbour " was outside the jurisdiction of the Municipality " and should therefore not be assessed. Thereafter the Chief Valuer has not assessed any of the buildings included in the area of the Port of Colombo, for the purposes of the payment to the Colombo Municipality in lieu of rates.

1052. A former Municipal Assessor, Mr. C. Stewart-Orr, is stated, on the files, to have been of the opinion that the entire Harbour, including every accretion from the sea, whether natural or artificial, not excluding either the breakwaters themselves, or the area covered by water and included within and bounded by them, should be rateable. An extract from one of his reports shows that the Government Assessor, at one time, had argued that the words " and on the west by the sea and the Harbour " (in the definition of the Municipal Limits of Colombo) on the widest possible interpretation, could include all parts of what may loosely be described as the Harbour area down to the low-water mark. At that time, the point of contention appears to have been whether the Harbour, properly so called—that is the area of water which forms the anchorage for vessels, and also the jetties and other projections on to that water—should not be excluded. Mr. Stewart-Orr's contention seems to have been that " the whole Harbour should be assessable."

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

There does not appear to have been any dispute before 1952 that the Government should make a contribution in lieu of rates at least on all buildings and other rateable premises within the Port area, up to the low-water mark level. It is only after 1952 that the controversy seems to have extended beyond and above the water-line and enveloped even the buildings which form an adjunct to, or which are utilised for the purposes of, the activities of the Port of Colombo and for which payments in lieu had been made in the past. Since then, as already stated, payments in lieu of rates have ceased because of the claim put forward that the "Harbour" was outside the limits of the Muncipality.

1053. The question would seem to turn on the correct interpretation to be placed on the term "Harbour" in the Proclamation which defines the Municipality of Colombo as being bounded "on the west by the sea and the Harbour". The word Harbour, in its ordinary sense, and as ordinarily understood, "is a place to shelter ships from the violence of the sea, and where ships are brought for commercial purposes, to load and unload goods. Harbour includes harbours properly so called, where ordinarily there are piers, jetties and other works where ships can unship goods or passengers. The quays are a necessary part of the Harbour. Harbour may be contextually synonymous with Port."[1]

1054. In the Proclamation defining the limits of Colombo, there is nothing contextual which requires the word "Harbour" to be read as being synonymous with "Port". The mere use of the word "Harbour" by itself, will not suffice to make it synonymous with "Port". There must be something in the context—other than just the word "Harbour"—to indicate or to lead to the inference, that when the word "Harbour" was used, it was meant to stand for the word "Port". There is nothing in the Proclamation to give any such indication. Prima facie therefore, it seems that the Western Municipal limits of Colombo would indicate all the land up to the water-line, although the Harbour itself, properly so-called, would not fall within the Municipal limits. On the plain meaning of the word "Harbour", it cannot be contended that the Government buildings on the land side of the water-line are excluded from the Municipal limits by the use of the word "Harbour" as the western boundary, in the defining Proclamation.

1055. The word "Port" is one of much wider significance than the word "Harbour", and could include a Harbour also, although primarily, a Port "is a place for the lading and unlading of ships or vessels, erected by Charter of the King . . .".[1] It will thus be seen that a Port, whether or not including a Harbour, is the place where facilities are provided for the loading and unloading of ships or vessels, and where ships can unship goods as well as passengers.

1056. The Port of Colombo (Administration)Act, No. 10 of 1950, makes provision for the administration of the Port of Colombo by a Port Commissioner

[1] St oud's Judicial Dictionary.

and other officers under him. For the purposes of that Act the Minister may make "regulations for the proper administration, and regulation, of all premises for the time being in the occupation or under the control of the Port Commissioner . . . . and such regulations may provide for the definition of the limits of . . . . the Port for the purposes of the Act.". The *Supplement to the Ceylon Government Gazette*, No. 10,193 of 21st December, 1950, defines the Port of Colombo as being the area within the limits specified in the Schedule published in the *Gazette*. The boundaries of the Port of Colombo are given in very great detail running into many pages of the Schedule, indicating that the area of the "Port" of Colombo includes far more than any area that could be covered by the words "the Harbour". In fact the "Port" includes many areas which are far within the City limits ; it includes even the whole of the Beira Lake.

1057. It is therefore clear that the Harbour and the Port of Colombo are not only not co-terminous but that the word "Harbour" is not synonymous, or interchangeable, with "the Port". The "Port" embraces an area far larger than anything that is understood by the "Harbour". Had it been the intenion of the Government to exclude from the Municipal limits of Colombo the entire area falling within what, in 1911, constituted the Port of Colombo or what presently is the Port of Colombo, the Proclamation defining the limits of Colombo should have been originally so worded as to put the matter beyond controversy, or should have been amended at the time when the limits of the Port of Colombo were defined under the Port of Colombo (Administration) Act, No. 10 of 1950, and it should have been made quite clear that the limits of the Colombo Municipality on the west should be the same as the limits of the Port of Colombo. A view of the Map of the Port of Colombo shows that in the very nature of the case, the two limits of the Harbour and the Port could not be co-terminous.

1058. **Upon an examination of the material before us, it appears to be very doubtful, therefore, that all the buildings within the area of what is now defined as the Port of Colombo fall outside the Municipal limits of Colombo. At best, only the actual water-basin, and perhaps the breakwaters and the piers and jetties which project into the sea, can be said to constitute the "Harbour" which forms part of the western boundary of the Municipal limits of Colombo. In these circumstances the Municipal Council of Colombo would appear to have a justifiable claim for the continuation by Government of the payment in lieu of rates, as in the past. The quantum of such rates, however, is an entirely different matter, and will have to be worked out by discussion and adjustment and by the application of the appropriate principles of valuation as applied to rating.**

1059. On this question of ascertaining the fair quantum of the payment in lieu of rates, the Deputation from the Colombo Municipal Council, in the course of their evidence before us, stated that in return for the payment which the Government once made in lieu of rates for the buildings up to the water-line,

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the Municipal Council rendered certain services, namely "water, sewerage, sanitary work as given to anybody else.". The Mayor further said that the Council was still continuing "the same services right through", although the Government had stopped making the payment.

1060. As far as our inquiries go, the position of the Chairman of the Port Commission is that the Harbour looks after itself and attends to its own requirements, and that virtually no services are being rendered by the Municipality within the Harbour area to make it equitable for the Municipal Council to claim any payment from the Crown of a contribution in lieu of rates. It is not within our province to go into and decide upon the merits of the relative contentions, but we would like to point out that the supply of water to Government premises within the Port Commission area, for domestic purposes, is not on the same footing as the supply for domestic purposes to an ordinary ratepayer, because Section 8 of the Colombo Municipal Council Woterworks Ordinance makes it **obligatory** for the Council to supply water, for domestic purposes, for Government use, **free of charge.** Any water supplied for other than domestic purposes has to be paid for—under the same section ; and this is being done at present. The supply of water to premises within the Port area does not, of itself, appear to be a factor on which this Council can rely strongly in asking for the resumption of the payment once made by Government. The basis or quantum of the payment in lieu of rates for the public buildings within the area of the Port of Colombo, up to the water-line should be a matter for discussion and negotiation and settlement.

Fire

1061. We accept the position that the responsibility for Fire Protection is that of the local authority. Most local authorities have not as yet taken any steps to provide Fire Protection Services, almost wholly for want of finance. **We have recommended in Paragraph No. 514 of this Report that all the Municipalities should have Fire Services available. The Government should give loans for this purpose. Other local authorities, especially the urban authorities neighbouring Colombo, such as Dehiwela-Mount Lavinia, Moratuwa, Kotte, and Kolonnawa, and those having a population of over twenty-five thousand or more should also start Fire Protection Services. Two or more adjacent or proximate local authorities can conveniently have a joint service ; the schemes should be put up to Government and, if approved, fifty per cent of the initial cost of buildings and equipment should be made available to the local authority or authorities by way of ouright grants. Loan facilities should be made available for the balance.**

Free Libraries

1062. We have dealt with the need for the provision of this service in Paragraph No. 495 of this Report. **We recommend that outright ad hoc grants up to fifty per cent of the capital cost of the erection and equipment of buildings and even fifty per cent of the initial cost of books, should be made by the Government. This assistance should be given to Urban Councils, Town Councils, and Village Committees only. Municipal Councils should be able to develop their own libraries.**

Public Assistance

1063. The Poor Law Ordinance is in operation, in fact, only in the three Municipal Towns of Colombo, Kandy, and Galle. In the other areas public assistance is administered by the Central Government. **We have discussed this question in Paragraph No. 510 of this Report and have recommended that Public Assistance should be a Central Government responsibility and should be dealt with on a Regional basis through a Regional Committee. If necessary the Regional Committee could have a Sub-Committee so as to deal expeditiously with matters placed before it ; further, the Chairman of the Regional Committee could be given a discretion to deal with cases requiring immediate relief, a maximum figure being prescribed up to which he could give immediate relief, in the exercise of that discretion.**

Floods, Disasters and Widespread Distress

1064. **Financial responsibility for this should continue to be that of the Central Government. But the local authorities should be associated with the allocation and distribution of this relief over the areas of distress, by the funds being paid out by the Regional Committees we have recommended.**

1065. **In cases of urgency, where the distribution of immedite relief is essential, the Chairman of the Regional Committee should have the right to spend at his own discretion at any one time, a sum not exceeding a maximum of Rs. 5,000 and obtain covering sanction from the Regional Committee later.**

Welfare of the Blind

1066. **This is a service in which we cannot see local authorities participating actively at the moment. Development in this field should probably be on a Regional basis. If, however, a local authority does start an institition, and the work done in it is up to accepted standards, we recommend that the Central Government should provide fifty per cent of the cost of the work.**

Tuberculosis

1067. **Government has already accepted this as a Central responsibility. It is an Islandwide problem and is not localised. We accordingly recommend that tuberculosis control and treatment should continue to be a Central Government responsibility.**

Infectious Diseases Hospitals

1068. According to the present regulations, where it is decided to erect new permanent Infectious Diseases Hospitals, the cost is apportioned between the

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Government and the local body, on the merits of each case. Infectious Diseases Hospital buildings are of two categories, viz. permanent buildings belonging to the Government maintained by the Public Works Department, and semi-permanent or temporary buildings erected by the local body. In times of an outbreak of an epidemic, the practice is to put up temporary buildings on the grounds of existing institutions, half the cost of erection—and later demolition—being borne by the local bodies, excluding the Colombo Municipal Council, Town Councils, and Village Committees. The practice now is, we understand not to put up any more permanent Infectious Diseases Hospitals.

1069. It would not be equitable to call upon local bodies to pay for the erection of a permanent Infectious Diseases Hospital in the area, as residents from outside the area are also admitted.

1070. **We accept, however, the recommendation in the Report of the Official Committee on Local Government Finance, that the local authority should provide the site, but the erection of the building for Infectious Diseases Hospital should be the responsibility of the Central Government. The maintenance and running cost should be divided equally between the local authority and the Central Government, except in cases where patients resident outside the area are brought in. In these cases the Central Government should bear the full cost. Provision should be made that if at any time a report is made by the Medical Officer of Health that sanitation is not up to standard, the local authority runs the risk of forfeiting the assistance pro rata under this arrangement.**

Epidemics

1071. As a rule Government pays for curative work and the local body for preventive work. A formula applicable to Municipalities (other than Colombo) and Urban Councils was evolved in 1926 and modified in 1935 by the Treasury, in consultation with the Director of Medical and Sanitary Services and the Commissioner of Local Government. But it is not clear whether the formula is applicable only to an epidemic of the major infectious diseases, such as cholera, small pox, and plague, or to all infectious diseases such as enteric fever, dysentery, mumps, measles, diphtheria, &c., which are endemic. The Dehiwela-Mount Lavinia Urban Council, in 1936, refused to pay the cost of dieting patients suffering from infectious diseases who were admitted to the Infectious Diseases Hospital, Angoda, on the ground that the patients were not sent by them, but by the General Hospital or other institutions to which they were admitted on their own intitiative. The Treasury ruled that payment should be made, and it is now the practice for the Infectious Diseases Hospitals to send half-monthly bills to Municipal Councils, other than Colombo, and all Urban Councils. There is a special arrangement for the Colombo Municipality under which all contacts and patients are removed to the Angoda Infectious Diseases Hospital at the expense of the Municipality and are fed at Government expense. The cost of dieting of patients, contacts, &c., from Town Council and Village Committee

areas is now met by the Central Government, mainly because these authorities cannot afford to pay, and partly because they are not the proper authorities under the Quarantine and Prevention of Diseases Ordinance.

1072. **In this matter we recommend that the present position continue except that in the case of the demolition of any temporary buildings, up to three-fourths (and not half only as is now the case) of the cost should be met by the Central Government, the balance one-fourth being met by the Municipality or Urban Council. No contributions should be expected from Town Councils and Village Committees, if permanent houses have to be demolished. It should be borne in mind that an epidemic is generally purely a fortuitous misfortune. Moreover its incidence is so rare that the Central Government can well undertake the potential risk whereas local authorities will find it impossible to do so. We recommend, therefore, that the full cost of or compensation for all permanent buildings demolished should be borne by the Central Government.**

Filaria

1073. At present, in areas where after investigation, the Government is satisfied that the incidence of Filaria is fairly high, the Government undertakes measures for its prevention, control and cure. The local authorities generally have been asked to contribute up to one-fourth of the cost of these measures. Local authorities have stated that Filaria cannot be eradicated without full scale preventive measures. A proper organisation and campaign cannot be directed by a local authority and is beyond its financial competence.

1074. There is substance in these views and **we are of opinion that the cost of the measures for the prevention and control of Filaria should be met by the Government and not by local authorities. The process of eradicating this growing meance to public health should be dealt with expeditiously on a National scale. We recommend therefore that all measures for the control of Filaria should be paid for by the Central Government.**

1075. As stated by the Director of Health Services in evidence, the ultimate solutions for the prevention of Filaria are proper water and drainage facilities. We have recommended in Chapter IV of this Report how the water and drainage problems should be dealt with. For these long term remedial measures, however, we think, as stated in Paragraphs No. 216 et seq. of our Report, that the local authorities could be called upon to contribute towards the cost of the drainage and water schemes for their areas.

Festivals and Pilgrims

1076. **Government already assists local authorities on this account, mainly by making arrangements for water and sanitation when there are large concourses of pilgrims. We recommend the continuance of this assistance. In Paragraph**

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No. 152 of this Report, we have recommended that this activity should be conducted through the Regional Committee of the area.

Side Drains

1077. **The Central Government and local authorities have in the past, borne in equal shares, the cost of construction of cement drains along roads maintained by the Public Works Department. The cost of ordinary repairs, and their sanitary maintenance is borne by the local authority. We recommend the continuance of the present position.**

Maintenace of Trunk Roads

1078. **The maintenance of trunk roads has been accepted by Government as entirely a Central Government responsibility.**

Lighting

1079. **We accept the position that lighting should remain a local authority responsibility.**

Policemen's Shelters

1080. **We accept the view in the Official Committee's Report that, on trunk roads, Policemen's shelters should be a Central Government responsibilty.**

Roundabouts

1081. **We similarly accept the position that where local and trunk roads cross, the cost of roundabouts should be shared equally.**

Automatic Signals

1082. **We think that the installation and maintenance of automatic light signals should be a Central Government responsibility as they serve the public at large and not merely the local inhabitants.**

Pavements

1083. These are provided generally in urban areas. We gather from the memorandum sent to us by the Director of Public Works that **"at present the cost of construction of pavements is met by the Central Government and the maintenance is done by the Public Works Department except in Colombo.". As pavements are virtually used by the local public, we recommend that the cost of maintenance be borne by the local authorities. The construction should continue to be a Central responsibility when the pavements are alongside trunk roads.**

Curb Walls

1084. The cost of curb or retaining walls adjacent to the sides of roads is met by the Public Works Department provided they are required exclusively to support the road platform. If they are, however, meant for purposes of a drain, the Central Government and the local authority bear in equal shares the cost

of construction. The maintenance of the curb walls necessary to hold up the sides of the road is borne by the Public Works Department. **We recommend that existing arrangements should continue.**

Pedestrian Crossings

1085. **The responsibility for pedestrian crossings should be that of local authorities.**

Traffic Signs prescribed under the Motor Traffic Act

1086. **We recommend that traffic signs, within local authority limits, should be provided and maintained by the local authorities.**

Water

(1) TO SHIPPING

1087. As regards the supply of water to shipping, the present position is that the Municipal Council of Colombo is paid at the rate of Rs. 5 per thousand gallons of water supplied to the Port Commission for being retailed to ships that call at the Port. The Municipal Deputation stated, in their evidence before us, that the Port Commission in turn was supplying water directly to vessels at the " alongside Guide Pier " at the rate of Rs. 6.75 per thousand gallons. The Port Commissioner has informed us that licensed undertakings presently pay the Colombo Municipal Council Rs. 5 for every thousand gallons of water and recover Rs. 10.50 plus ten per cent surcharge per thousand gallons from vessels to which they supply the water. The Port Commisioner made it clear, however, that the whole of the difference of Rs. 6.55 per thousand gallons did not represent profit as the licencees had to provide their own water barges and maintain them (as required by the Health Officer) and also provide tugs for the towage of the barges to ships and back. They also had to provide various items of machinery and equipment and to pay wages to staff both on shore and afloat, supervision charges, &c. The Deputation stated that they could not increase the Council's rate per thousand gallons lest the ships buy water elsewhere than from Colombo. We were also told that the Chairman of the Port Commission had requested the Council to reduce its rates because the rates of the Colombo Municipal Council compared unfavourably with those prevailing at Cochin Harbour, and that there was thus an element which contributed to the danger of the diversion of shipping.

The Deputation wanted the supply of water to ships to be in the hands of the Municipality. We have examined the relative Regulations of the Port Commission and find that the Municipal Council would be free to apply to be a licencee under and subject to the conditions provided for by the Regulations.

The Port Commission, however, has indicated to us that when the Port Development Scheme, which is progressing fast, is completed, quite two-thirds of the total quantity of water supplied to ships will be directly through the Port Commission's own pipelines at alongside berths, metered through the Council's own meters as at present.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

In the circumstances which we have set out, it is for the Municipal Council of Colombo to consider whether it is worth while incurring the capital outlay required for equipment, &c., to undertake this service, if it is permitted by the Port Commission to do so under its Regulations relative to the licensing of undertakings desiring to supply water to ships in the Colombo Harbour.

(2) TO QUEEN'S HOUSE

1088. **Water supplied to Queen's House in excess of 100,000 gallons per quarter is now charged for under Regulation 32 (1) (*c*) of the Colombo Municipal Council Waterworks Ordinance, at Re. 1 per thousand gallons or part thereof. We recommend the continuance of this arrangement.** This principle should be applied to other Official Residences too, *e.g.*, Temple Trees, Speaker's Residence.

(3) TO THE RAILWAY

1089. Up to the end of the first quarter 1951, the bills for water supplied by the Colombo Municipality to the Railway have been paid by the Railway at the rate of Re. 1 per thousand gallons in accordance with Regulation 32 (1) (*a*) (i) of the Colombo Municipal Council Waterworks Ordinance. As the Government considered that the water supply to the Railway did not come under this Regulation, (since the Railway was not engaged in a trade), the view was taken that the Council should enter into an agreement under Section 20 of the Colombo Municipal Council Waterworks Ordinance, and that the Municipal Council should supply water to the Railway at the rate of 50 cents per thousand gallons. This proposal was not acceptable to the Council and a decision is still pending. The Railway has suspended payment of bills from the second quarter 1951. **We suggest that the rate of fifty cents per thousand gallons be allowed to the Colombo Municipality for all water supplied to the Railway by the Colombo Municipality ; that is the rate recommended by the Official Committee on Local Government Finance.**

(4) TO THE MEDICAL RESEARCH INSTITUTE

1090. Government has agreed to pay the Colombo Municipality for the whole supply of water in terms of an agreement under Section 20 of the Colombo Municipal Council Waterworks Ordinance (Chapter 161), at the rate of 80 cents per thousand gallons. **We recommend that this agreement should continue.**

Free Postage Facilities

1091. Free Postage Facilities are now enjoyed only by Village Committees. Other local authorities have asked for the same concession. This concession is granted to Village Committees because of their very poor finances and in order to encourage them in their work.

1092. **If the recommendations we have made for increased financial facilities for local authorities are accepted and acted upon, then there does not seem to be sufficient reason for exempting Village Committees from the normal payment of postage charges such as are being paid by the other local authorities.**

1093. This, however, is quite independent of the recommendation we have made in another context that Village Committees be allowed the right to send Official Money Orders free of commission, for remitting their collections and other monies to Kachcheries for deposit and safe custody.

Radio Licences

1094. A suggestion has been made that the amount which Government receives as revenue from the licensing of Radios should be handed over to the local authorities. **In view of the other sources of enhanced revenues which we have recommended and the comparative smallness of the amount involved, we do not accept this suggestion, and cannot recommend that the revenue from Radio licences be handed over to the respective local authorities.**

Municipal Trading

1095. **We have dealt with this activity in Paragraphs No. 414 et seq. of this Report. We recommend here that as Trading Activity can be a source of considerable increase of revenue to local authorities, Government should make available to local authorities all loan facilities required for embarking on any scheme approved by Government, after consideration of the full scheme which may be put up by any local authority seeking approval. No scheme should be put up without a full statement and disclosure of all its financial implications.**

Section 2—Loan Facilities

1096. For the immediate development of local authorities it is essential that many capital schemes should be started and operated. Unless the local authorities are generously helped for this purpose the amenities which citizens have a right to expect from local authorities cannot be provided.

1097. We strongly recommend that local authorities should be permitted to borrow more easily than now. Although local authorities as a rule can borrow up to ten times their average annual income, the total amount given by way of loans from the Local Loans and Development Fund to local authorities since 1929 amounted to only Rs. 40,011,761—Vide Appendix XIII—and the amount of loans repayable to the Local Loans and Development Fund at the end of the financial year 1953–54 was Rs. 30,957,009. Further, although local authorities can borrow from sources outside the Local Loans and Development Fund, as a general rule no local authority borrows from any other source mainly because other lending institutions require repayment sooner and charge higher rates of interest ; they also require a primary mortgage of the rates of such authorities or a primary mortgage of immovable property. Where money has already been borrowed from Government, the rates are subject to a primary mortgage in favour of the Government, and therefore local authorities cannot furnish this type of security to other lending institutions.

1098 **We recommend—**

(*a*) **That the loan policy of the Government be liberalized and that there be made available, for local authorities through the Local Loans and Develop-**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

ment Fund, about Rs. 15 million to Rs. 20 million at least per year, for the next ten years.

(*b*) That the activities of a capital nature which a local authority wishes to undertake, whether it be revenue-earning or not, should be sympathetically considered for loan facilities, if application is made.

(*c*) That the period for the repayment of these loans be extended. At the moment a loan has to be repaid in 20 to 25 years. Loan repayments should be spread out over longer periods, depending on the life of the asset. For most of the local authority activities for which loans are required, it seems to us that periods of repayment extending from 40 to 60 years should be permitted.

(*d*) That the rate of interest on loans (which is now four per cent) be reduced and that the maximum rate of interest be two per cent. It must not be forgotten that the Central Government's National policy of development is carried out through local authorities. Money should be lent to them on terms which do not make it difficult for them to act in furtherance of such policy. Every encouragement and facility should be given to them in their permitted fields of activity. This can be most effectively done by providing them with money at a cheap rate of interest, with repayment spread over a long period of time so that the future generations may also have to share a part of the cost of long-term projects which benefit them too.

1099. If the Local Loans and Development Fund is replenished by the Central Government from time to time, local authorities need not try to get loans from the public, which would probably have to be at a higher rate of interest, and on a better security than local authorities can give. There will also be the question of local authorities stepping into the same field as the Central Government for borrowing. This may somewhat hamper the Government in obtaining loans which it may float from time to time. But as it is most likely that the public will expect more substantial security from local authorities seeking to raise public loans, than if local authorities were to obtain loans from the Central Government itself, it is best that local authorities obtain their loans from Government alone.

1100. **We think it best that the Central Government alone should issue loans for public subscription, and that local authorities should seek financial assistance only from the Local Loans and Development Fund, expressly created by the Government for financing local authorities. It is, however, very necessary that this fund be kept replenished at a high level, from year to year, so that it is always available to local authorities for long-term loans at a definitely low atenterest.**

Section 3—General

1101. We have tried roughly to estimate what additional funds would be available to local authorities from the main souces of assistance we recommend should be made over to them by Government, exclusive of specific and

conditional grants. We anticipate an increase of about Rs. 15·76 million from the sources listed in the Table which follows, bringing the total amount of assistance from Government from these sources to about Rs. 19·8 million, made as up follows :

ASSISTANCE TO LOCAL AUTHORITIES FROM GOVERNMENT

	(*In Rupees million*)
Stamp Duties on Land Transactions	2·5
Arrack and Toddy Rents, Tree Tax, and Profits from Supply of Arrack ..	6·5
Revenue from Petrol[1]	·93
Refunds, Fines, Penalties, Stamp Duties [2]	5·25
Block or General Purposes Grant on new basis of 1953 figures available to us[3]	4·68
	19·86
Of this estimated sum, local authorities already receive Blocks Grants and grants in lieu of Motor Vehicle Licence Duties, totalling[4] ..	4·1
Estimated increase of assistance, therefore amounts to	15·76

1102. **We would stress here that if for any reason Government does not agree to make over to local authorities any of the specific sources of revenue recommended by us to be made over to them, then a sum approximating to the amount that these specific sources would have yielded should be made over to local authorities by increasing the amount of the Block of General Purposes Grant adequately.**

Need for Periodical Review of Financial Relations

1103. In view of changing conditions, it is obviously not possible to lay down one set of principles for the solution of the question of financial relations for all time. **This important subject has to be reviewed periodically and can be undertaken, if not by a full Commission, by a Committee of Officials appointed from the Ministries concerned. We recommend that such a review be made again in another five years.**

[1] On the Revenue figures for 1953 (the latest available) the local authorities should get a sum of Rs. 1·86 million at 5 cents per gallon of the quantity imported. Of this we have recommended that Government contribute half, so that local authorities will get Rs. 9·3 lakhs (Rs. 0·93 million) from the Government and a like sum from the suppliers of petrol in their areas.

[2] Of this, about Rs. 5 million will approximately represent the revenue from the 50 per cent refund by way of grant of the licence duties on Motor Vehicles. (Vide Paragraph No. 1004).

[3] Block Grants amounting to Rs. 2 million are paid at present to local authorities.

[4] Municipal Councils, Urban Councils and Town Councils presently get Rs. 2·1 million as a grant from licence duties on Motor Vehicles.

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PART VI—THE EMPLOYEES OF LOCAL AUTHORITIES

CHAPTER XXIII

THE TRAINING OF EMPLOYEES

1104. One of the main complaints made to us by the Chairmen of local authorities was the fact that they often had to work with staff who were not properly trained. The officers in the Clerical grades who were sent to them were, they alleged, for the greater part youths just out of school, with no training whatsoever, and with very little experience of work. They had to learn their work the hard way, in the local authority to which they were attached—and naturally often enough at the expense of the local authority ! When an officer was just beginning to be useful, he would, it was urged, be transferred elsewhere, and the whole process of training would have to be started de novo, with another raw recruit. Even the higher grade officers, it was said, sometimes were not as skilled as they might be.

The Need for Training

1105. We find, on local inquiry, and also investigation at the offices of some local authorities in the course of our circuits, that there is much truth in the statement that the majority of the recruits receive no training at all before they actually start work. The training schemes that the Local Government Service Commission have organised appear to be mainly for technical grades like Engineering Overseers, Works Overseers, and Electrical Foremen. The Administrative and Clerical Grades do not appear to get any training. In respect of Village Committees, we find that the Assistant Commissioners of Local Government organize training classes for Village Committee Clerks, lasting two or three days on each occasion ; but these efforts are too spasmodic, and disconnected, to be of any lasting or real value.

1106. **No service can run efficiently without trained staff. We wish to stress the vital necessity of making available in the Local Government Service the maximum of trained staff in the minimum of time if the service is to be of the quality and type that one would desire for such an important service. We recommend that emphasis should be placed on proper training schemes, and feel that there should be established in the not distant future a " School of Local Government " in this country. Immediately, however, this would be too expensive a project and so we recommend that facilities already available in Institutions like the Ceylon Technical College for some theoretical and practical training, and in Government offices, like the offices of the Regional Assistant Commissioners of Local Government, and practical work in offices of local authorities, as apprentices or trainees, should be used as the main avenues for training of employees.**

1107. In small local authorities, which employ only two to three officers and in Village Committees, particularly, where often there is only a solitary clerk, too much will depend on too few, if they are not competent to do their jobs properly.

Training for those in Service

1108. **It would not be possible now to have elaborate long-term courses of training for those already in the service. In their cases, except as regards Village Committee Clerks, we recommend short intensive refresher courses organized through the Technical College, in subjects such as Book-keeping and Accountancy, Local Government Law and Procedure.**

1109. **For Village Committee Clerks, we recommend that similar courses of instruction be given them at Training Classes at the respective offices of, and by, or under the supervision and guidance of, the Assistant Commissioner of Local Government, attendances thereat being made a point which would be taken into consideration in making promotions. As this would necessitate attendance at distances from their respective offices, we recommend that the classes at the offices of the Assistant Commissioners of Local Government should be arranged over spaced week-ends with two or three days duty leave tacked on to each of such week-ends.**

Training for Future Recruits

1110. **For future recruits, we recommend that a more detailed system of training be mapped out, organized and put into operation.** We observe that the Technical College has courses of study such as a Diploma in Valuation, a Diploma in Accountancy, a Diploma in Commerce, &c. **We are of the view that if a Diploma Course in Local Government is started in the Technical College and this Diploma is recognized as a qualification for direct appointment to Higher Grades in the Local Government Service, for instance, to Grade II of the Local Government Service, or to the Grades of Secretaries, it would serve both as an avenue of training and would also help to attract young men who wish to come into the Local Government Service as a career. In Bombay, for instance, the Institute of Local Self-government plans out courses, conducts examinations and generally does a considerable amount for the training of recruits of the Local Government Service.** In England, likewise, the Diploma in Public Administration is a recognized qualification for Local Government Officers. We feel that the orgnisation of a similar course in Ceylon would be opportune at this time to help to raise the whole quality and tone of Local Government administration, and put it at the higher level to which it needs to be raised, if Local Government is to progressively expand and improve in quality.

1111. Some of the basic subjects that this course should have, should be :

(1) Principles of Government and Public Administration—with reference to the set-up of the Government of Ceylon in particular.
(2) Local Government Law, Administration and Finance.
(3) Book-keeping, Accounting and Auditing.

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Optional subjects which could be added would be—

(1) Elementary principles of Valuation of Lands and Buildings.
(2) Elementary Statistical Methods.
(3) Elements of the Law of Contracts.

The basic qualification for gaining entrance to this course could be the General Certificate of Education, and the course could be of a duration of from one to two years.

1112. The Ceylon Technical College Authorities should have little difficulty in getting people with the requisite specialised knowledge, to give of their services as Visiting Lecturers, on appropriate terms and conditions.

1113. In respect of **Technical Grades,** we find that there are recognized courses of instruction already being given in the Ceylon Technical College, such as for example Junior Technical Officers' Courses in Electrical and Mechanical Engineering, Courses in Surveying, Levelling and Building Construction, and Public Health Engineering.

1114. The need for pre-entry training courses appears, therefore, to be more on the general administrative side than in the technical fields.

1115. **We recommend that the obtaining of qualifications for work in the Local Government Service, either on the administrative side, or in the technical grades (whether before entering service or at some stage whilst in service), should be recognized by some improvement in the financial prospects of those who have been successful in obtaining them.**

1116. **In any event, new recruits would require post-entry training too in order to learn the day-to-day work and office systems. This would be necessary not only in respect of officers who have undergone the course of instruction referred to above, but also in respect of the Clerical Grades of the other types of local authorities other than Village Committees. Day-to-day work and office systems could best be learnt from " Job Instruction ", given by a senior officer familiar with the routine, say, the Secretary. For the officers of the Clerical Grades too, who might not have had an opportunity of doing the Diploma Course suggested, opportunities should be given, perhaps by time off (as duty) to attend short courses at Institutions like the Ceylon Technical College, where gaps in their theoretical knowledge of the principles of Local Government Law and Financial Regulations, of Book-keeping and Accounting, could be filled.**

New Recruits to Village Committees

1117. In respect of the smaller local authorities, like Village Committees, training would best come after recruitment, though just before the candidate enters upon the actual duties of his office. This, as stated before, should be done by some regular attendance, for practical training, at an Assistant Commisioner of Local Government's Office for a short period, followed by attachment for another short period to the nearest local authority office for

practical work, where there already is a duly qualified officer, who can give the trainee practical guidance. The particular Regional Office at which his training is to take place, and its duration and other details should be arranged by the Local Government Service Commision. The period of training need not be a long one—one month would appear to be sufficient—and his salary for this period should be the responsibility of the local authority to which he has been appointed, and at which he will assume duties immediately after this training period. Considering the fact that the local authority would be getting an officer with some basic knowledge of office procedure and accounting systems gleaned at the Regional Office and the office of the local authority nearest to it, instead of a raw recruit with absolutely no conception of the nature of his duties, there should be no reasonable objection to the payment of a month's salary by the local authority, for whom he has been selected.

Recruitment of Graduates, and Professionally Qualified Persons

1118. While on the subject of the improvement of staff, we ought to draw attention to the desirability of employing graduates, lawyers, and professionally qualified men, for filling mainly the top administrative posts. By this we do not intend to close the door on those with experience, knowledge and skill, who do not have either academic or professional qualifications, but yet have done and are doing excellent work within local authorities themselves. The Hadow Committee, for instance, emphasized that administrative ability is the essential qualification for a Town Clerk or a Clerk to a local authority. " He should be a person of broad and constructive outlook, interested in the wider issues of Local Government, skilled in negotiation. And he should ordinarily have had experience of administrative work."[1]. We agree that this is a very useful ideal for the higher posts in our local authorities too. In regard to the recruitment of graduates, it says, " the value of University education as a preparation for administrative work cannot be denied. Advanced studies supply a back-ground of knowledge, develop powers of judgment, accustom the student to handling documentary material, and train him in the presentation of cases. These are all necessary qualities in a public office, and make an excellent foundation, on which to build the practice of administration.".[1]

1119. **We feel that it would improve the service to have such trained minds, and so we recommend that there should be some proportionate recruitment for the top administrative posts of graduates or professionally qualified men, perhaps in the proportion of one recruit from these fields to every three from the service.** Incidentally, it should be borne in mind that professionally qualified men, or graduates would require salaries in keeping with their qualifications. We do not make any specific recommendation on this aspect of the question as a review of salaries does not fall within the Terms of Reference of this Commission.

[1] Hadow Report on the Qualifications, Recruitment, Training and Promotion of Local Government Officers.

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CHAPTER XXIV

THE SELECTION, PROMOTION AND GRADING OF EMPLOYEES

Section 1—Appointments

1120 Whenever a Scheduled post[1] in any local authority becomes vacant, it is not filled as a matter of course, but the opportunity is used by the local authority to decide whether there is any real need to fill the post or whether owing to decrease in the volume of work or for other causes the vacancy need not be filled.

1121. If it is decided that the post should be filled, the Mayor/Chairman then reports the need to make the appointment to the Commission, stating the salary scale and other allowances attached to the post, the qualifications required of the person to be appointed to the post, and such other information, as will enable the Commission to make the appointment. The Commission thereupon proceeds to fill the vacancy, generally by advertisement followed by an interview. Where, for the purpose of making an appointment the Commission proceeds to interview candidates, the Mayor or the Chairman (under the existing procedure), is entitled to be present, if he so desires, so as to assist the Commission with his views too, as to the suitability or otherwise of those who are being interviewed.

1122. Some of the criticisms that have been made about the present procedure are :—

(1) that in itself, it tends to cause delays as a result of the almost invariable practice of advertisement and interviews, in the case of appointments and promotions, instead of the use of Seniority Lists and Confidential Reports, and grade to grade promotion ;

(2) that more persons are selected from outside the service than from within

1123. The procedure followed by the Local Government Service Commission has been discussed by us with Associations of Employees as well as with the Commission itself. Local Government Service Regulation No. 26 lays down that in making appointments, the Commission will give due weight to the claims of the members of the service on the basis of seniority, educational qualifications, experience and merit, and, as far as possible, other things being equal, members of the Service would be given preference over those from outside. This regulation, we were assured, gives expression to the policy that the Commission has followed. As a matter of policy, posts are advertised, unless salary scales contemplate a grade to grade promotion. The process of advertisement is followed, in order to give every eligible officer in the Local Government Service the opportunity of applying for a post. The Commission has stated that seniority cannot be made an exclusive, or even fundamental criterion as there are a number of officers, who are willing to sacrifice their seniority or prospects of promotion to remain in a home station, mainly for domestic reasons.

[1] "Scheduled Posts" are posts in local authorities appearing in the Schedules of the Local Government Service Ordinance. These posts are only filled by the Local Government Service Commission. "Non-Scheduled Posts" are other posts in local authorities which do not appear in the Schedules of the Local Government Service Ordinance. These posts are filled by the local authorities themselves.

1124. **As a general rule in the making of appointments, it is best that, in a graded service, recruitment should be to the lowest grade, and posts in the higher grades should be filled by promotions from the lower grades on the basis of merit and seniority, and we make that recommendation. One of the difficulties in following this principle has been that many Seniority Lists have not yet been prepared for the Local Government Service. We recommend that the prepartion of these Seniority Lists be given the highest priority. Once Seniority Lists are prepared, the need for advertisements, &c., can be minimized (and restricted to the cases of posts which do not fall into a graded scheme) and vacancies in the graded schemes could be filled in the majority of cases of the basis of Seniority Lists and Confidential Reports, followed by interviews in cases where the Commission considers them essential.**

Written Examinations

1125. **We also recommend that more emphasis be placed on written examinations for the selection of candidates. At the moment, written examinations are held mainly for the Clerical and Stenographers' Services and for certain technical posts, like Electrical Superintendents. Examinations could be the basis also for other posts in the Local Government Service, such, for instance, as Cashiers or Book-keepers, Revenue Inspectors, Draughtsmen, Superintendents of Works. If selections are made on the basis of the results of written examinations, appointments could be made more speedily when vacancies arise.** Expenditure on advertisements, and clerical work too, will naturally be reduced.

1126. The practice of recruitment from outside has been adopted by the Commission mainly in connexion with posts of a specialised nature, such for instance, as Accountants, Assessors, Engineers, Doctors, &c. Grade to grade promotions are also made, for instance Electrical Superintendents are classified into four grades, and recruitment is to the lowest grade by written test and interview. This test is open to those in the service with the necessary technical qualifications, as well as to outsiders.

1127. **We do not recommend any change in the policy of the Local Government Service Commission in regard to recruitment from outside the service, because we accept the position of the Commission, that appointments would generally**

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be made from those within the service, but that in order to get more talent into the Local Government Service, it is necessary in the case of certain types of posts to widen the field of recruitment and make appointments even from outside.

Delegation of powers to local authorities for making appointments

1128. We have considered too, whether further powers could be delegated to local authorities in respect of making appointments. Under the Local Government Service Commission Regulations made under Section 57 of the Local Government Service, Ordinance No. 43 of 1945, and published in *Gazette* of 4th July, 1947, whenever a vacancy arises in a post, where the maximum of the salary scale does not exceed rupees one thousand two hundred per annum—

(*a*) the local authority has to consider whether by reason of the decrease of work or other cause the vacancy need be filled ;

(*b*) if the local authority is of opinion that the vacancy should be filled, the Mayor or Chairman calls for applications by advertisement, or in any other manner which the Commission may direct, to fill the post indicating salary scale, academic and other qualifications, and terms and conditions of service, &c. ;

(*c*) when the applications are received, the Mayor or Chairman interviews the eligible candidates and makes his selection. He then forwards to the Commission the names of the three best candidates, arranged in order of merit, together with a copy of the advertisement or other notification and the applications (along with a schedule relating to the applications). Thereupon the Commission either makes an appointment or, if it thinks necessary, gives further directions in the matter.

1129. In effect, since the local authority has power only to make recommendations for appointment, where the maximum of the salary scale does not exceed rupees one thousand two hundred per annum, the number of posts for which they can make recommendations for appointment are few. In practice, the greatest number of posts which fall under this regulation, are those which arise in Town Councils and Village Committees, for the maxima of the majority of Scheduled Posts in Municipalities and Urban Councils exceed rupees one thousand two hundred the annum.

1130. Even in the exercise of these powers, there appear to have been instances where the local authorities have manifested a greater interest in giving preference to some particular individual for some reason or another, rather than in getting the best man for the post. The Local Government Service Commission does not as a rule refer back every doubtful recommendation, but does so only in the most glaring instances, where an injustice is seemingly being perpetrated. It happens too that when local authorities find that their nominees are not appointed, they often go the length of abolishing the post. This raises grave doubts, therefore, in our minds, whether it would be in the best interests of Local Government, and its employees, to give local authorities more power in relation to appointments, at this juncture.

1131. Although we are of the view that the delegation of further powers in regard to the making of appointments is desirable, in time, we are of opinion that this restricted sphere of appointments presently delegated to local authorities should not be immediately widened, till more even standards of administration are built up throughout the country.

Section 2—Promotions

1132. In the matter of promotions, **we recommend that a certain proportion of promotions from the lower to the higher grade posts, even where examinations are prescribed, should be reserved for merit promotions.** As the Local Government Service is a new creation, there are a number of officers who have been absorbed into the service without the basic educational qualifications, &c., required at present. These officers, who by years of experience have a very good knowledge of their work, still find themselves handicapped, when it comes to a question of promotion to the higher grades, by their being unable to satisfy this basic requirement, and also due to the fact that they have perhaps come to the stage when passing examinations is difficult. **Government for its part has accepted the principle of merit promotions in the Clerical Services, and we recommend that similar principles be adopted in the Local Government Service, particularly, in relation to lower grades.**

Merit Promotions in Village Committees

1133. This difficulty was put to us particularly in relation to the inability of certain classes of officers in the Village Committee Clerical Service to be absorbed into the Local Government Clerical Service proper. We find that there are two grades of Clerical Officers for Village Committees :

Grade I on a salary of Rs. 660—42—Rs. 1,668 ; and

Grade II on a salary of Rs. 576—36—Rs. 936.

Recruitment to both these grades is by competitive examinations conducted by the Commissioner of Examinations.

1134. Eligibility for Grade II is the Junior School Certificate examination in Sinhalese or Tamil with English as a subject. Eligibility for Grade I is the Senior School Certificate Examination in Sinhalese or Tamil with English as a subject, or this same Certificate Examination with a pass in the 6th Standard in English. The emphasis in the qualifications is apparently more on Sinhalese and Tamil. The nature of the work and the accounting systems in Village Committees are different to the systems obtaining in Town Councils, Urban Councils, and Municipalities. It is therefore difficult as a general rule to allow officers in the Village Committee Clerical Service to enter the Local Government Clerical Service, without sitting for a competitive examination held for recruitment of officers to the Local Government Clerical Service. They are eligible, however, to sit for the Assistant Clerks Examination and

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the Local Government Clerical Service Grade II Examination, if they have not less than two years satisfactory service, and possess the necessary educational qualifications irrespective of age. Candidates in the permanent employment of a local authority with not less than five years service are permitted to sit for the Village Committee Grade I Examination irrespective of age or educational qualification.

1135. We do not dispute the soundness of these provisions. **We are of the view that, as many of the older Village Committee employees might not be able to satisfy the basic requirements of prescribed educational qualifications, but yet have the intelligence, knowledge and experience to undertake tasks they might be called upon to do if they were in the Local Government Clerical Service proper, a small proportion (not exceeding 20 per cent) of merit promotions from the Village Committee Clerical service to the Local Government Clerical Service, should be reserved for them and recommend accordingly. In like manner, a small proportion (not exceeding 10 per cent) of vacancies in the Local Government Clerical Service should be reserved for assistant clerks.**

Efficiency Bars

1136. We find that promotions over the Efficiency Bars are generally not made as a result of an examination test. We take note of the fact that Efficiency Bar Examinations have recently been introduced for Secretaries of Grade IV of Urban Councils, and Secretaries of Grade I of Town Councils, and for officers of Grade I of the Local Government Clerical Service. **We recommend that the use of examination tests for promotions over the Efficiency Bars be extended in the generality of cases, whenever there are Efficiency Bars prescribed as part of the conditions of service.**

Section 3—Reserve Pool of Officers to fill Temporary Vacancies

1137. One of the practical difficulties which arise in the making of appointments or promotions is that for one reason or another, sometimes a local authority is left without a key officer. For instance, the Secretary of a Town Council goes on promotion to another Council, but his successor to the Town Council, in which he was working, does not assume duties, perhaps for medical or other equally cogent reasons for quite some time.

1138. As practical difficulties of this type are always there, **we recommend that the Local Government Service Commission should have a small pool of Secretarial and Technical Grade Officers (such as for example Secretaries, Superintendents of Works, and Electrical Superintendents), who could be used to fill posts in a local authority, where for some valid reasons a temporary vacancy of a casual nature exists, and the local authority is not able to make its own arrangements, nor is the Local Government Service Commission in a position immediately to transfer another officer to that local authority without causing considerable inconvenience to or dislocation in yet another local authority.**

1139. **Officers from this Reserve Pool should be loaned to local authorities as stop-gaps. The salaries of these officers would be paid in the first instance from the Votes of the Local Government Service Commission, but the Commission should be reimbursed the salaries of those officers by the various local authorities whom they serve from time to time.** We gather from inquiries instituted by us that there would be virtually no time when these officers would have no work to do, since stop-gap arrangements are necessary in practice almost throughout the year. On any rare occasions when any of them are not away on temporary duty, they could, we are informed, be usefully employed in the office of the Local Government Service Commission itself, and add to their own experience, whilst at the same time relieve the pressure of work in the office of that Commission where there always is so much to be done. Any extra expense, which Government may be put to by having to pay any officers in this Pool, who may not be employed as stop-gaps for occasional periods, will be more than met by the elimination of a source of irritation and all the evils attendant on dislocation, caused by officers appointed—perhaps already after much delay—to fill a vacancy, being unable to enter upon their new duties immediately upon appointment.

1140. This Pool of Officers could also be drawn upon in other exceptional situations than those referred to by us, where considerable delay is anticipated in the filling of a post, or vacancy ; but, obviously, the Pool is not meant to be utilized to fill in the time that would normally elapse as a result of the routine that has to be gone through in making appointments or filling vacancies.

Section 4—Grading

1141. Representations were made to us, particularly by Technical Staffs, that the present grading of employees in local authorities was unsatisfactory. With the formulation of the Local Government Service Salary Schemes in 1947, a number of posts in the local authorities too were graded. This grading was done bearing in mind, mainly, the factors of the revenue, the degree of development, and the posts then in existence, in the local authorities. The point of dissatisfaction is that, though the **stations** were graded, there was no grading of the **officers** themselves, and an officer, who fortuitously happened to be in a high grade of station, at the time of grading, was automatically absorbed into that grade, although in point of service he might have been quite junior to his colleagues. That grading seems to have caused the greatest hardship and heart-burning in relation to the grading of officers in the Electricity Schemes. This apparently occurred, because there were no Seniority Lists drawn up for Electricity Superintendents. These anomalies are still there.

1142. Another difficulty, which has been pointed out to us in relation to grading of posts in local authorities, is that the local authorities do not generally desire to have their posts up-graded, in view of the fact that they would be called upon to pay higher salaries to the staff. We were told particularly in relation

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to Village Committees that often, even though a Village Committee should properly employ a Grade I Clerk—considering the revenue and work in that Village Committee,—yet the Committee preferred to continue with the lower grade officer getting him to do work of a quality and class that should be done by a higher grade officer, but paying him the lower salary attached to the lower grade.

1143. The Local Government Service Commission maintains that posts in all local authorities have been graded in the Local Government Service Commission Salary Scheme " where practicable ". The Commission has made out that grading has to go hand-in-hand with revision of salaries, and since 1947 there has been no complete and comprehensive revision of salaries of local authority employees ; as a result no re-grading has been done.

1144. While theoretically, it would be possible to have re-grading without salary revision, the most equitable form of re-grading requires that salaries too should be linked with grading. **It is most desirable, and we recommend that the two aspects of grading and salary revision be dealt with as early as possible to remove the cause of the discontent that there is at present as a result of these two aspects not having been taken up over a period of years. We understand, however, that the revision of salaries has been undertaken by a Committee of the Local Government Service Commission. It should, therefore, now be feasible for the Commission to take in hand the revision of the grading of posts also. To make the grading effective and operative we further recommend that the law be amended to make it obligatory on local authorities to accept the cadre and grading of officers as settled by the Commission and employ them accordingly, so as to overcome the anomalous or unjust situation of a local authority continuing to employ a lower grade officer and getting him to do work which should legitimately be done by a higher grade officer, whilst yet paying him the lower grade salary.**

1145. If the drawing up of the Seniority Lists, (upon which we have made a recommendation in Paragraph No. 1124) is also taken up, then these anomalies can be eliminated. The completion of these three tasks, though onerous and laborious, will help very largely to introduce into the service the sense of satisfaction that comes from wrongs being righted and anomalies being rectified, whilst at the same time enhancing the confidence that the Service entertains in the Commission.

Section 5—Confidential Reports

1146. The Mayor or Chairman of a local authority is required by Local Government Service Regulation No. 65 to forward Confidential Reports on monthly paid members of the Service, to the Commission under confidential cover not later than the end of February each year. The Mayor of a Municipal Council may authorise an " Executive Officer " to exercise the functions vested in him by this Regulation. When an adverse report is made by an officer in the Confidential Report, or in the History Sheet or Personal File of any

member of the Service, it has to be communicated in writing to the officer concerned by the officer who makes the comment and the acknowledgment of the officer concerned is required in proof of the despatch to him of the adverse comments on him.

1147. According to Circular instructions issued by the Local Government Service Commission, the object of these Confidential Reports are :

" (*a*) to keep a current record of the quality of service of each officer, in order that the Commission may have at its disposal complete and accurate information about every individual in the service ;

" (*b*) to provide a ready indication of officers who are fit for more responsible duties than those in which they are employed at present ; and

" (*c*) to enable the Commission to consider whether any officer should be noted for transfer to other stations.".

1148. We have been told—and it is natural to expect—that standards of assessments between Mayors and Mayors, and Chairmen and Chairmen when reporting on their staffs, vary considerably. Bearing in mind that these Confidential Reports serve as a basis for future promotions of these officers, it is of extreme importance that the reports should reflect as accurate a picture as possible of the officer's capabilities and attainments in the particular office he holds. It seems to us that a more accurate estimate of an officer's real worth would be formed in the mind of the whole-time executive head, under whom he works from day to day than would be formed in the mind of the Mayor or Chairman who, whilst he is in law the Chief Executive Officer of the local authority concerned, is not brought into such close direct and constant touch with every officer's work as is the Commissioner or Secretary who, for all practical purposes, is the superior officer under whom the others work. The Commissioner or Secretary is himself one who has been through the processes at work in a public office and, as a result, has a better background against which to form a judgment of a more junior officer's true worth and value in the framework and milieu in which he discharges his duties.

1149. Except in Municipalities, where the power may be delegated by the Mayor, the writing of these Reports is made the duty of the Chairman by the relevant Regulations, and it would be fair both to the Mayor or Chairman and also the officers on whom reports are being prepared, that the Mayor or Chairman should have the benefit of the views of the Commissioner or Secretary. The Mayor or Chairman may or may not agree with the assessment, and he would therefore be perfectly free to express his own assessment of the worth and work of the officer concerned. But it would be a distinct advantage to the Local Government Service Commission to have the views of both the Head of the Permanent Staff and of the Mayor or Chairman (as the case may be).

1150. It would not be out of place to disgress for a moment and see what the procedure is in Government Departments. In Government Service, according to Treasury instructions, the views of two responsible officers are required

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on the work of any member of the Combined Services, namely, that of the Staff Officer under whom the officer concerned directly works, and that of the Head of the Department. Adverse comments on the work of an officer, if any, are communicated to the officer concerned by both reporting officers.

1151. In order that the assessments of the work of officers in the Local Government Service may be of more even standards, and in order, in that way also, to bring about more cohesion between the whole-time working heads of local authorities and the staffs working with and under them, we are of the view that Municipal Commissioners and the Secretaries of the other types of local authorities should respectively be associated with their respective Mayors and Chairmen in the making of Annual Confidential Reports. Not the least of the virtues of such an arrangement will be the resulting need, which will be instilled into the minds of the subordinate staff, of working in the closest co-operation with all those under whom they are more directly placed thereby directly or indirectly assisting the latter to bring about closer and more effective co-ordination between the officers in the various sections that together contribute to the successful discharge of the functions of the local authority in which they all work. The subordinate officers should not have the idea that the only person who counts is the Mayor or Chairman, but should be made to realise more strongly than they do under the existing pattern, that the Commissioner/Secretary too should be satisfied with the quality of their work.

1152. **We recommend, therefore, that the duty of making the Annual Confidential Report on an officer should be the primary responsibility of the Municipal Commissioner or Secretary. The Mayor or Chairman should also be invited to set out his own assessment of the officer's work and usefulness, at the same time, after consideration of the Commissioner's or Secretary's Report (as the case may be). The reports of both should be forwarded to the Local Government Service Commission. Adverse comments on the work of an officer by either or both of the Reporting Officers should be communicated in writing to the officer concerned and acknowledged by him. The Local Government Service Commission should be informed that this has been done, when the reports are forwarded to it. In the case of the Confidential Reports on the Executive Officers themselves, it will necessarily have to be the duty of only the Mayor or Chairman to make these reports.**

Section 6—Abolition of Posts

1153. We find that some local authorities sometimes, when not satisfied for one reason or another with an appointment made by the Local Government Service Commission, seek to obtain their object of rendering the appointment nugatory, by taking the extraordinary step of forthwith abolishing the post, thus displaying a spirit of petulance and irresponsibility. We have seen a schedule of cases from all types of local authorities, where the Local Government Service Commission, for good reasons, could not appoint those

recommended by the Councils, or confirm the appointment of those irregularly appointed by the local authorities themselves, and for whom covering sanction was sought from the Local Government Service Commission. Similarly, some Councils have attempted to change the designation of a Scheduled Post, e.g. in one instance the scheduled designation of Assistant Clerk was changed to Clerical Assistant, in order to contend that the latter was not a Scheduled Post and thus get round the provisions of the Law, which says that only the Local Government Service Commission can make appointments to Scheduled Posts. We feel that these tactics are quite wrong and indefensible both in principle and in spirit. **We therefore recommend that the Law be amended so as to prohibit the abolition or the alteration of the designation of any " Scheduled Post ", (as defined in the Local Government Service Commission Ordinance) by any local authority, without the previous written approval of the Local Government Service Commission.**

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CHAPTER XXV

SALARIES AND INCREMENTS

Section 1—Payment of Increments

1154. Regulation 53 of the Local Government Service Regulations states that "a member whose salary is on an incremental scale is not entitled to receive any increment as of right. The payment of an increment is dependent on a certificate from the Mayor or Chairman that the member has discharged his duties with efficiency, diligence and fidelity, and has earned his increment.". It goes on to add that "the Mayor of a Municipal Council or a Chairman of an Urban Council may authorise an Executive Officer of the local authority to exercise the functions vested in him by this regulation. When such a certificate cannot be granted, order may be made—

(*a*) deferring an increment ;

(*b*) stopping an increment ;

(*c*) reducing the salary ; or

(*d*) suspending an increment.".

From this regulation, it is clear that the payment of an increment ultimately depends upon the Mayor/Chairman. The power may no doubt be delegated to an Executive Officer, and in that case the increment depends on that officer's report.

1155. **We recommend that the certificate which is at present required from the Mayor or Chairman of a Council (and permitted to be delegated) should be issued by the Municipal Commissioner or Secretary as the case may be. If the Municipal Commissioner or Secretary is of opinion that he cannot conscientiously certify that an officer has carried out his duties with efficiency, diligence, and fidelity, he should so report to the Mayor/Chairman, giving his reasons. The Mayor/Chairman should have the right of expressing his own views on the same points and making his own recommendations. (The payment of increments to the Executive Officers themselves should necessarily depend on the certificate of the Mayor or Chairman of the Council). If the Commissioner or Secretary of a Council is given this duty, it will help him to control the staff better and secure a higher level of efficiency and output, than if his views on the relative merits or demerits of the staff have no real weight or effect on increments of their salaries.**

Section 2—Power to enforce Payment of Salaries, pensions, &c.

1156. Cases have been brought to our notice where appointments have been made by the Commission, but as local authorities were not satisfied with these appointments, they either refused to give the officer concerned work or

refused to pay his salary. The classic example of this type of endeavour to thwart the action of the Local Government Service Commission and to refuse to accept an appointment made by that body as the lawfully constituted authority empowered to do so, because it did not coincide with the views or wishes of the local authority, was that of Mr. I. H. Wijesinghe, who was appointed Charity Commissioner in the Municipality of Colombo. The case is an extreme example of the length to which such obstruction could go and we therefore give it from the Review of the work of the Local Government Service Commission, as published in July, 1952—

> "In March, 1948, the Commission after due advertisement of the post of Charity Commissioner, Municipal Council, Colombo, appointed Mr. I. H. Wijesinghe of the Education Department to fill the post. The Colombo Municipal Council, however, did not accept the appointment, and the Mayor refused to allow the Charity Commissioner to assume the duties of his office and perform his functions and duties. Thereupon, an application for a Writ of Mandamus against the Mayor and the Secretary of the Council was filed. The application was allowed with costs and a Writ of Mandamus was issued requiring the Mayor and the Secretary of the Municipal Council to admit Mr. Wijesinghe to the office of Charity Commissioner, and they were ordered and directed to permit him to perform his duties in the exercise of his lawful functions as Charity Commissioner of the Council without let or hindrance. The Supreme Court in its judgment condemned the action of the Mayor and the Council. A sum of Rs. 2,106 was recovered as costs from the Council in respect of this application. In addition to this sum, the Council had to pay Mr. Wijesinghe arrears of salary amounting to nearly Rs. 5,000 for the period during which he did no work. Further, the Auditor-General surcharged the amount spent by the Mayor as legal expenses and the amount was certified as due from the then Mayor personally and expenditure illegally incurred.".

1157. At the moment the law requires that every local authority "shall cause and permit each member of the service, who is appointed by the Commission to any post in the service of that authority to perform and discharge the functions of that post, and shall, out of its funds, pay the salary and allowances of each such member.".[1]

1158. An equally unsatisfactory situation exists in connexion with the contributions which various local authorities have to make monthly towards the pensions payable to retired employees who may have served in more than one local authority prior to their retirement. Each local authority is required to pay to the Local Government Service Commission on or before the 10th of every month the prescribed proportion of the amount to be contributed by that local authority for the payment of the pension of a retired employee who may have served such local authority also in the course of his career and which

[1] Section 21 of the Local Government Service Ordinance, No. 43 of 1945, as amended by Local Government Service (Amendment) Act No. 8 of 1949.

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local authority therefore has to contribute its prescribed proportion towards his pension. The Local Government Service Commission thereafter pays the pensions to those retired employees from the funds which it has thus collected from the various contributing local authorities.

1159. In this connexion we can do no better than quote the following from a communication made by the Auditor-General to the Ministry of Local Government :

> " It cannot be said that the above arrangement works satisfactorily because it is not every Local Authority that pays to the Commission before the prescribed date the amount due. There have also been cases where certain local authorities refused to pay the amounts due from them and finally paid up on the Commission threatening to take legal action against them. Delay on the part of local authorities in remitting to the Commission the amounts due from them results in the delay in the payment of pensions and gratuities to the retired employees. Where pension of one person has to be collected from five or six local authorities, he is not in a position to draw his pension if even one of the local authorities defaults in the payment of its share . . . .
>
> " The Local Government Service employees are subject to transfer from one local authority to another, and in time to come the Commission may have to receive payments from ten to fifteen local authorities in order to pay the pension of one retired employee. The staff of the Local Government Service Commission will also have to be increased to cope with the additional work involved in the collection and maintaining accounts of the monies due from the local authorities.
>
> " In view of these complications and difficulties, and the fact that money paid by the Central Government as grant to the local authorities amounts to more than 40 per cent of their revenue, there appears to be little justification in incurring so much trouble and expenses in recovering small amounts from the local authorities by way of their moiety of the pensions of retired employees. An attempt was made to find out what reasons were urgod in support of the existing arrangements at the time they were introduced, but no papers were available on the subject.".

1160. **We therefore recommend that in a case where a local authority does not pay the salary or other remuneration or emoluments of or does not make its contributions towards the pension of an officer appointed by the Local Government Service Commission for that local authority, the Local Government Service Commission should have the power to certify to the Commissioner of Local Government the facts of the case and the date from which the payment or contribution as the case may be has not been made and the amount which has to be paid or contributed from month to month, according to the appropriate salary scale, pension rules or other terms of his appointment. The Commissioner of Local Government should be empowered to forthwith make the necessary or appropriate payments or contributions and to continue to make payments or contributions in the future until the local authority makes the payments or contributions of itself. Further provision should be made empowering the Commissioner of Local Government to deduct the amount of such payments or contributions from any money, whether by way of grant, or loan, or assigned revenue, refunds, or other payments, from Government, which may be due or payable to the local authority concerned. He should also be empowered to hold back from any such grant, loan fund, assigned revenue, refund, or other payment, a sufficient sum of money, out of which payments or contributions could continue to be made for the future.**

1161. In other words, the Commissioner of Local Government should be legally empowered, upon being notified by the Local Government Service Commission of the facts of the case, and the amount due to such officer, (whether by way of salary or pension or other remuneration) to make the necessary payment or contribution out of monies which may then be payable to such local authority, or which may be payable to such local authority in the future, and also to hold back out of any money due or payable to such a local authority a sufficient sum of money out of which to continue to make the necessary payments or contributions as the case may be.

Section 3—Power to authorise Recoveries from Salaries, &c.

1162. Yet another situation which arises in relation to salaries, &c., is that, sometimes, deductions have to be made out of the salary or the remuneration of an officer, for one reason or another. For instance, the Auditor-General might surcharge an officer and recovery of the sum surcharged has to be made, or there may be some other debt or obligation to be settled by an officer. It has been suggested that it would be easier to deduct these sums administratively rather than through the processes of the law. **We recommend, therefore, that on the directions of the Local Government Service Commission, a local authority should have the power to recover from the salary and/or allowances of any member of the Local Government Service who is employed by that local authority, any money due by that officer either to such local authority or to any other local authority in whose employ that officer had previously been or which may be due by such officer by virtue of any surcharge. This power of making deductions to meet any such debt or liability mentioned earlier, should be extended so as to enable such deductions to be made from any pension, gratuity, or retiring allowance payable to any retired or retiring member of the Local Government Service.**

1163. This recommendation too would require a further amendment of Section 21 of the Local Government Service Ordinance.

Section 4—Central Pool for the Payment of Salaries

1164. A suggestion which was made to us by many interested bodies was for the establishment of some Central Organisation for the payment of salaries, &c., to employees. It was urged that, if this were done, the conditions of service

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

of employees would be even more secure. There would then be no difficulties about the regular and punctual payment of salaries to employees, no difficulties about recoveries of dues from employees, no difficulties about security, and none about computing pensions, &c. Whether there is a real need for the setting up of a new system, such as this will be, has to be considered in relation to the question as to how the present system is worked, the abuses, if any, which it is open to and the problems connected with the proposed new set-up.

1165. With the exception of a few Village Committees, which might have occasionally delayed the payment of salaries to an inconsiderable extent, due more to the parlous state of their finances than to any other reason, and with the exception perhaps of an occasional case here and there of a Chairman who may abuse his powers and stoop to devices and sharp practices in connexion with the payment of the salaries of the employees, there was no such general complaint as to justify such a basic and sweeping change as the creation of a Central Pool for the payment of salaries of employees of local authorities. The present system of the payment of salaries by the local authorities themselves, appears to have worked well in the past in the vast majority of cases. **As the element of abuse—if at all—has been negligible, the setting up of a Central Organization for the payment of salaries with all its consequential problems of additional staff, administrative work, supervision and the collection and tabulation of a vast amount of relevant data and information from 484 local bodies from month to month, should not be undertaken, we think, in the present circumstances.**

CHAPTER XXVI

DISCIPLINARY PROCEDURES

Section 1—Enlargement of the Powers of Local Authorities for Disciplinary Control

1166. Whenever a local authority considers it necessary to frame charges for misconduct, or inefficiency against a member of the Service, who is on a salary scale the maximum of which exceeds Rs. 2,520 per annum in a Municipality or Urban Council, or exceeds Rs. 1,200 in a Town Council or Village Committee, it reports the case for the ruling of the Local Government Service Commission with a full statement of the relevant facts—(Regulation 42). If the Commission considers it necessary to frame charges against the officer, it proceeds to do so according to a certain set procedure—(Regulation 43). This procedure entails inquiries by a Committee of Inquiry of the Commission, which makes its report to the Commission, and the Commission considers the whole matter and then makes its order. We have made certain recommendations regarding these Committees of Inquiry in Paragraph No. 320.

1167. If the local authority considers that a member of the service on a salary scale, the maximum of which does not exceed Rs. 2,520 per annum in a Municipality or Urban Council, or Rs. 1,200 per annum in a Town Council or Village Committee, has committed an act of misconduct and is of opinion that the misconduct alleged is serious enough to warrant dismissal, it reports the matter to the Commission and the Commission follows the usual procedure for dealing with grave offences,—(Regulation 46). Where however, the Mayor/Chairman considers that the act of misconduct is not serious enough to warrant dismissal, he can, after holding a preliminary inquiry, frame charges. At this inquiry, the officer could cross-examine witnesses, and adduce evidence in his defence—(Regulation 47). If as a result of the inquiry, the local authority finds the charges proved, it records its findings on the charges and imposes any one, or more of the following punishments :—

(1) A reprimand.
(2) a fine not exceeding one week's pay.
(3) A suspension, stoppage, reduction or deferment of increment for periods not exceeding one year (Regulation 48).

1168. We find that the number of inquiries intituted and carried out by local authorities themselves, under the provisions of the regulations, which give them the power to do so, are very few. There seems to be some reluctance on the part of local authorities to shoulder their responsibilities and use those powers themselves and take appropriate action thereunder against their employees even in cases where they are empowered to do so. They apparently prefer to leave these unpleasant tasks to be carried out by the Commission rather than by themselves.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1169. In these circumstances, **we see no reason for any widening or enlargement of the powers given to local authorities to deal with their employees in disciplinary matters.**

Section 2—Interdiction of Staff

1170. Under Regulation 51 of the Local Government Service Commission Regulations, the Mayor of a Municipal Council or the Chairman of an Urban Council has the power to interdict a member of the staff, if he considers it necessary in the interests of the local authority and of the Local Government Service to do so. If, however, the officer concerned is on a salary scale the maximum of which exceeds Rs. 2,520 per annum, the Mayor or Chairman of an Urban Council, as the case may be, has to report the interdiction immediately to the Local Government Service Commission for its approval, and also send a statement of the reasons for the interdiction.

1171. One of the representations made to us by employees, particularly in the top executive posts, was that they were in a very vulnerable position, especially after elections, when new Councillors are elected. The employees seem to apprehend that there is or will be a marked tendency on the part of new members to suspect the higher employees particularly of continuing their loyalties to the pervious administration. This the employees say, makes their position a difficult and vulnerable one, and interdiction then becomes a ready weapon to be employed against them.

1172. We have called for the figures of the interdictions of high executives, and find that from 1946 up to the present time, the interdictions of executives have been as follows :—

INTERDICTIONS OF EXECUTIVES SINCE 1946

	Total No. of inter-dictions	*No. inter-dicted primarily by Mayor/ Chairman*	*No. inter-dicted primarily by L.G.S.C.*	*No. of inter-diction not approved by L.G.S.C.*	*No. Punished*[1]	*No. reinstated without any punishment*
Municipal Councils	2[2]	2	—	—	—	2[3]
Urban Councils	3[4]	3	—	1	2	1[5]
Town Councils	3[6]	9	4	—	12	One inquiry pending

Having regard to the fact that there are seven Municipal Councils, thirty-six Urban Councils, and thirty-eight Town Councils functioning at present, it

[1] The punishments varied from a reprimand to compulsory retirement (in the case of three officers).
[2] Municipal Commissioners.
[3] Of these two, a settlement was reached in one instance
[4] & [6] Secretaries of Urban and Town Councils respectively.
[5] The Order of interdiction was withdrawn in view of the transfer of the officer.

cannot be said that interdictions of the higher grade executive officers have been so numerous as to justify our recommending a change in the existing provisions.

1173. These executives have pointed out to us that prior to the constitution of the Local Government Service Commission, their position was safeguarded generally by that provision of the law which requires a two-thirds majority of the Council for initiating any grave disciplinary proceedings against them. It should not be forgotten, however, that they now have the protection of the Local Government Service Commission, because any interdiction of such officers has to be reported to the Local Government Service Commission, with reasons, and the latter has the power to review the interdiction. Moreover, in the case of these officers, the further disciplinary action, if any, has to be taken by the Commission itself. The fact must also not be lost sight of that a Mayor/Chairman will not lightly exercise the power of interdiction preliminary to an inquiry, because he will make the situation most awkward for himself, if the disciplinary inquiry ends in favour of the executive officer. Besides, the statistics of the last ten years, do not seem to show, as stated earlier, any marked tendency on the part of the local authorities to act irresponsibly, or improperly in this matter.

1174. **It will be time enough to consider any change in the existing procedure regulating the interdiction of executives of local authorities, if interdictions increase to such an extent particularly of the higher grade executives, as to justify the inference that this power is being exercised wantonly, or vindictively. We see no reason, in the existing circumstances, to provide for any further protection in the matter of interdictions.**

1175. In respect of the interdiction of other members of the staff, the procedure to be followed has been stated earlier. Briefly, it is that interdictions are made by the Mayor/Chairman with the approval of the Local Government Service Commission in some cases, and on his own, in others. The Commissioner/ Secretary is the officer, who works full-time in an office and has, in practice, to shoulder responsibility for the efficiency of staff and the discharge of the daily routine. It is necessary, therefore, that he should have effective powers for controlling the staff and getting the work done by them. The power of interdiction is a necessary one, and the mere possession of it by an officer, has a wholesome and salutory effect on those who are administratively under his charge. It would assist the Commissioner/Secretary therefore to maintain the efficiency and discipline of the lower members of the staff if he is allowed to exercise a limited power of interdiction under due safeguards. **We recommend therefore, that the Municipal Commissioner/Secretary of an Urban Council/ Town Council, should have the power to interdict an officer in the employ of that local authority, who is on a salary scale the maximum of which does not exceed Rs. 2,520 per annum in a Municipal Council or Urban Council, or Rs. 1,200 per annum in a Town Council. In such a case however, the Commissioner/Secretary should immediately report the interdiction to the Mayor/Chairman of the Council concerned, for his approval, together with a full statement of the reasons for the**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

interdiction. In order to retain the positon and prestige of the Mayor/Chairman in such a case, and also to safeguard the interests of the subordinate staff, we recommend that the Mayor/Chairman should immediately consider the report and either approve or disapprove of the interdiction in writing. If he approves of the interdiction, the Mayor/Chairman should take the further disciplinary proceedings prescribed by the Local Government Service Commission Regulations, in such a case, as expeditiously as possible.

1176. In the case of an officer the maximum of whose salary scale exceeds Rs. 2,520 per annum in a Municipal Council or an Urban Council, or Rs. 1,200 in a Town Council, the power to interdict such an officer should remain, as at present, with the Mayor/Chairman. In these cases too, we recommend that the power should be given to the Municipal Commissioner/Secretary to recommend to the Mayor/Chairman the interdiction of the officer for specified reasons, and it should be left to the discretion of the Mayor/Chairman to decide whether, or not, he would act on the recommendation of the Commissioner/ Secretary.

1177. In regard to Village Committees, the power of interdiction should continue, in all cases as at present, to be exercised by the Chairman.

1178. These recommendations should enable Commissioners/Secretaries in addition to Mayors/Chairmen, to maintain an effective degree of control and supervision over the subordinate staff, while in no way derogating from the powers and dignity of Mayors/Chairmen.

Section 3—Dismissals

1179. Under Section 23 of the Local Government Service Commission Ordinance, no member of the service shall be dismissed except in accordance with the disciplinary regulations made under the Ordinance, and unless an order of dismissal is made by at least three members of the Commission. Therefore, an order of dismissal cannot be made by a local authority and the security of tenure of officers in the Service has been greatly enhanced. Action for the dismissal of an officer, at the instance of the Mayor or Chairman of a local authority, is taken by the Commission after :—

(*a*) A recommendation from the local authority that the charges for alleged misconduct are serious enough to warrant dismissal ;

(*b*) The serving on the officer of a copy of the charges against him ; and

(*c*) An inquiry by the Commission with a full opportunity to the officer to exculpate himself.

The Commission has power to initiate disciplinary proceedings on its own motion too. This is done only where the Commission considers the alleged misconduct is serious enough to warrant dismissal or other punishment.

1180. We have not received any representations about dismissals generally but a point was made that there was no appeal provided from a decision of the Loal Government Service Commission to any other person or body. The appeal, if at all, is permitted only to the Local Government Service Commission itself. In the parallel case of the Public Service too, we find that there too is no appeal from a decision of the Public Service Commission to any other authority except to the Public Service Commission itself. Whilst that instance is merely an example it is useful as shewing that an appeal to the self-same authority that makes the order, is not a singular provision to be found only in the case of the Local Government Service Commission. It would not be unusual, or fruitless, to expect that persons of such high standing as members of the Local Government Service Commission, would be prepared to reconsider their decision, particularly if their attention is drawn to any fact or matter either in the proceedings or in their very order itself, that makes it equitable for a reconsideration of their previous decision, fraught with grave consequences to the unfortunate employee. Further, it is not the case that there have been so many instances of miscarriages of justice as to call for the setting up of another authority above the Local Government Service Commission to review its decisions. We feel that there is no need for any change in the present position.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER XXVII

CONDITIONS OF SERVICE

Section 1—Transfers

1181. The Local Government Service is an unified and transferable service. By virtue of the provisions of Section 11 (i) (*c*) of the Ordinance, the Commission is empowered to transfer members of the service subject to the provisions of Section 22 (1), which states that persons appointed to posts in Part II of the First Schedule, i.e., Clerks, Stenographers, and Typists, shall be subject to transfer only within the area specified in the Second Schedule. These areas are identical with the areas laid down for the recruitment of Divisional Revenue Officers.

1182. The transfer of a member of the Service, involving an increase of salary, or involving promotion to a higher grade or class, or owing to the exigencies of the service, can be dealt with only by the Commission.

1183. By Local Government Service Regulation No. 37, power has been delegated to a Mayor or Chairman of a local authority to make internal transfers of members of the Local Government Service within the office of a local authority, which do not involve an increase of salary or a promotion. Generally, transfers are made on the recommendation of a Mayor or Chairman of a local authority and consideration is always given to the question, whether it would serve the best interests of the Service. In certain cases, which are rare, transfers have to be made for administrative reasons without such recommendations being received.

1184. Applications from members of the Service for transfer, either on health grounds or in order to secure a place close to their residence, are received and are given due consideration. Chairmen of local bodies, we are told, now appreciate the value of the expedient of transfers where an officer, for various reasons, comes into conflict with the Chief Executive Officer or the Council.

1185. We find that transfers are effected now mainly on the following grounds :

(i) Routine transfers.

(ii) Transfers on promotion or to a higher appointment.

(iii) Transfers for disciplinary reasons.

(iv) Transfers on the request of the officer, for instance, to get to his home station or for reasons of health.

(v) Transfers at the request of the Mayor or Chairman or Council.

1186. Transfers of officers, even though they belong to a transferable Service are not popular, and the Local Government Service Commission has many

difficulties to contend with in making them. These difficulties are especially those connected with areas, languages, salaries, and the domestic difficulties, and inconvenience resulting to officers from changes, and other difficulties inherent in transfers. There is also the difficulty of harmonising these factors with the paramount consideration of the needs and exigencies of the Service itself, and of the local authorities themselves. One can readily appreciate the difficulties, that beset the Commission from time to time in endeavouring to reconcile these conflicting factors and the degree of weight or importance to be attached to each of them in arriving at a final decision. The earlier years of the Local Government Service Commission had their own special crop of difficulties due to the introduction of the principle of transferability among employees of local authorities, who previously had continued to serve in their respective local authorities, throughout their careers, unhampered by any prospects of transfers from one district to another. Those had their own particular difficulties which took some years to solve satisfactorily. And they were not such as could have been solved by the application of any general rule or principles, for they had to be dealt with more or less on an individual basis, and having regard to the circumstances of each individual case.

1187. The effecting of transfers is a thorny problem even in the larger Public Service, and the same types of difficulties that have confronted the Local Government Service Commission in more recent years have confronted those responsible for transfers in Government Service. To smooth out some of the major difficulties that arise in the course of transfers, the Treasury has evolved and laid down the following seven principles which would serve as a useful guide in the making of transfers :—

(*a*) The normal period of service of an officer at a station should be about 4 years, except in cases where a transfer is sought by an officer on grounds of ill-health, &c.

(*b*) A minimum period should be laid down in regard to service in particular stations. The period of service in a popular station should ordinarily be about 4 years.

(*c*) Wherever possible, the transfer should be to the station of choice of the officer concerned, as intimated in his last Confidential Report.

(*d*) The transfer of officers from one station to another, should as far as possible, be effected at the end of the calendar year.

(*e*) In cases where husband and wife are both public officers in the same department, work should be provided for both in the same area, or if that is not possible, in close proximity, so that their family life will not be disorganized.

(*f*) Subject to the exigencies of the Service, as long notice as possible should be given in cases of transfers of officers with children.

(*g*) In the case of officers having children of school going age, due regard should be paid to housing accommodation, and educational and medical facilities in the station to which they are to be transferred.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1188. It would be desirable for the Local Government Service Commission also to work on analogous principles and see whether problems and difficulties arising out of transfers cannot be considerably reduced, even though they may not be totally eliminated. Changes and modifications may have to be made to some extent in these principles, in order to suit the need and exigencies of the Local Government Service, and of these the Local Government Service Commission would be best informed. **We recommend therefore that the Local Government Service Commission adopt analogous principles to those enumerated in Treasury Circular No. 61 of 10th February, 1953, (and set out in the previous paragraph) so as to make them applicable to the needs and circumstances of the Local Government Service.**

1189. Lastly, it must not be forgotton that a knowledge on the part of the employees of the principles on which transfers are effected by the Local Government Service Commission as employer is desirable, and makes for a sense of assurance, stability and contentment in the employees themselves.

1190. Local authorities have drawn our attention to another of the difficulties that arises out of transfers. They have stated that frequently although an officer may be transferred away from one station another officer is not simultaneously sent to take his place, with the result that grave inconvenience is caused to the local authority concerned. It would not be inappropriate, in the present context, to recall that we have made a recommendation in Paragraph No. 1138 to overcome certain classes of delays in filling vacancies, particularly when key officers of a local authority are transferred from that station. Whenever the exigencies of the service, or the personal or other circumstances connected with an officer whose transfer is ordered, make it impractical to send him as early as possible to fill a vacancy elsewhere, the recommendation we have made for a small Reserve Pool of officers will, if accepted, help largely to eliminate delays connected with appointments and/or transfers.

Section 2—Leave

1191. The Colombo, Kandy, and Galle Municipal Councils have their own by-laws governing leave. They are virtually adaptations of the Government Leave Regulations. Urban Councils and Town Councils have adopted the Government Regulations. Village Committee employees are allowed leave according to the Village Committee Leave Rules—(Part IX—Officers and Servants). These Leave Rules we find are more or less on a par with Government Leave Regulations. As local authority employees appear by and large to be enjoying leave on terms comparable with their colleagues in the Government Service, we see no reason for any further changes.

1192. **The distinction between "New Entrant" and "Non-New Entrant" has been referred to and criticised rather sharply. This classification exists, however, both in Government Service as well as in the Local Government Service.**

We suggest that it be left to the effluxion of time to resolve this difference; that is how it is working itself out in the larger Public Service too. In the course of time there will be none but "New Entrants".

Section 3—Allowances

Payment of Travelling Allowances

1193. A number of Associations of Employees, particularly, the Colombo Municipal Employees Union, have suggested that the payment of these allowances be left to the discretion of the local authorities and that reference to (and approval by) the Local Government Service Commission (which is presently required) need not be made. **We find that travelling allowances fixed by the local authorities have led to very wide differences for very similar tasks, sometimes even to the sanction of allowances for travelling, when travelling was hardly necessary, or on a scale which was not commensurate with the travelling involved. In order to effect standardisation and maintain a wholesome control over a source of what can be rather elastic expenditure, we recommend that the review of travelling allowances, (which can sometimes almost attain the description of hidden emoluments), should continue to be made, as at pesent, by the Local Government Service Commission, which, with its wide knowledge of conditions all over the Island, can find appropriate guiding principles for determining the travelling allowances for the respective officers of various grades, doing similar types of work in the different local authorities.**

1194. One point which was made before us in this connexion was the delay in obtaining sanction from the Local Government Service Commission for the payment of these allowances. This is perhaps because the sanctioning of the allowances has to be done by the Commission itself. To eradicate delays we suggest that the consideration and sanction of these travelling allowances should be one of the duties delegated by the Commission to the Deputy Chairman—vide Paragraph No. 302.

Payment of Special Allowances

1195. In like manner, the Commission is called upon to approve the payment of special allowances to officers, who have to perform various tasks, which are not considered a part of their normal duties. For instance, allowances have to be paid for checking entertainment tax collections at Cinemas after office hours; allowances to Electrical and Works Superintendents for supervising the work of contractors in respect of housing schemes, electricity extensions, &c.—generally for performing special work. We are informed that the incidence of special allowances of this nature is very much higher in the Local Government Service than in the Government Service. **It is desirable —and we recommend—that the sanctioning of Special Allowances for work outside or beyond the normal duties of the Local Government Service**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

Employees, should continue to be done by the Local Government Service Commission in order to achieve uniformity and standardisation, as far as possible, and keep these allowances within reasonable limits.

Section 4—Free Holiday Warrants

1196. The Colombo, Kandy, and Galle Municipal Councils allowed Railway Warrants to their employees before the constitution of the Local Government Service Commission in 1946. Urban and Town Councils had no uniform scheme in regard to this matter. Some Urban Councils issued holiday warrants whilst others paid a holiday ticket allowance (on no uniform scales) to their employees. The scales and standards adopted by each Urban Council generally depended on the strength of each local authority's finances. The same position prevailed in the case of Town Councils.

1197. We learn that the practice in this matter has now been standardized among the higher grades of local authorities and that all Municipal Councils, Urban Councils and Town Councils, grant Holiday Railway Warrants to their employees in accordance with the scheme applicable to Government Servants. This concession has not been extended to employees in Village Committees, probably because their condition does not permit of it. Some Village Committees, however, grant to their employees an annual holiday ticket allowance, not exceeding in amount forty per cent of the officer's salary for the month of January of each year, on the recommendation of the Committee, and in consultation with the Commissioner of Local Government.

1198. **As uniformity in the conditions for the issue of Railway Warrants has been attained among Municipal Councils, Urban Councils and Town Councils, by their bringing themselves into line with the practice in Government Departments, and as the financial position of the Village Committees will improve substantially, if our recommendations in that connexion are accepted, we recommend that the concession of the grant of Holiday Warrants should be extended to employees of Village Committees too and be put on the same basis as prevails in the other types of local authorities. In any event, we wish to add that we do not favour the payment of holiday ticket allowances in lieu of warrants and recommend the abolition of such a practice.**

1199. Connected with the subject of Holiday Warrants is the practice, which at present prevails, by which local authorities have to pay Government for the Railway Warrants issued by them to members of their staff. This is in marked contrast with the practice which prevails in Government Departments where payments are only book entries for Railway warrants issued to officers working in Government Departments, who are eligible for Railway Warrants. It seeks to perpetuate an undesirable antithesis that has remained unaltered over a long period of time, namely that Public Servants in Government Departments are in a different class from members of the Local Government Service. Whilst this may be administratively correct it has come to be more

and more recognized that such a sharp distinction between these two classes of public servants should be eliminated because members of the Local Government Service, while employed by local authorities are merely discharging some of the functions which rightly appertain to Government itself, but which for reasons of convenience are delegated to legally constituted bodies, which are grouped together under the name of local authorities. In a broad sense local authorities are mere agencies of the Central Government, executing at the circumference duties and functions which Government itself would otherwise have to carry out through its agents at the periphery. Local authorities have been brought into existence, in order to associate increasing numbers of the public with the business of Government, and though they may be functioning in humbler spheres and in smaller areas, they are as much a limb of the Government as the Public Service itself. In order to eliminate, as far as possible, this undesirable distinction between the Public Service and the Local Government Service and—what is more important—in order to standardize and equalize as far as possible the terms and conditions of service prevailing in the two spheres of the Public Service and the Local Government Service, **we recommend that administrative arrangements should be made which will eliminate the necessity for local authorities having to pay for Holiday Warrants issued by them so that they may be given free of charge to their employees.**

Section 5—Security from Officers

1200. Many of the officers recruited by the Local Government Service Commission are required to give security in connexion with the work they do. This security is generally furnished either in cash or by way of a fidelity bond entered into in respect of the services a particular officer would perform in that particular local authority. In Village Committees similarly, where the Village Committee by resolution decides that security should be taken, the security takes the form either of a fidelity bond, or of cash which is held by the Assistant Commissioner of Local Government in charge of the Region. In practice, this causes great inconvenience to the employees, because when they are transferred, they have to enter into a fresh bond, or where they have given cash security, they find it difficult sometimes to get their securities refunded by the last local authority in which they served. It would eliminate this inconvenience and simplify procedure if the furnishing and taking of security is centralized. **We accordingly recommend that the Local Government Service Commission office be made responsible for holding the security which a local authority requires any of its employees to furnish.**

1201. We find too that the amounts of security demanded by local authorities vary. This again can cause unnecessary hardship. **We recommend that the Local Government Service Commission should standardize and fix the amounts of security to be given by the holders of the various posts, for which security is considered necessary, having regard to the different types of local authorities and the various types and grades of posts in them and their varying responsibilities.**

14—H. 18040 (10/68)

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1202. Incidentally, we would like to mention that the field of Insurance—not only the guaranteeing of Local Government staff but also of buildings, property and other risks—which is comparatively well developed in other parts of the world—is one which could be developed here too. The matter is for experts, but it may well be worthwhile considering whether some organisation should be set up for centralising and standardizing all types of insurance and fidelity guarantee in connexion with the activities, funds, and property of local authorities.

CHAPTER XXVIII

WELFARE FACILITIES

Section 1—Study Leave and Scholarships

1203. More opportunities now exist than ever before for officers to obtain study leave and scholarships offered by the various "Aid Agencies" for educational and specialised training. Officers, who are selected by the Local Government Service Commission for these scholarships abroad, are given full pay leave, and other concessions as are allowed to Government Servants. The local authorities we find, however, have been rather lukewarm in their support of these schemes, because they have to bear the cost of the salaries, &c., of the absentee employee and also pay the substitute employee, whilst the absentee officer is acquiring the benefits of his scholarships and adding to his experience. There is no guarantee that upon his return his services would be available to the same local authority which he served immediately prior to his departure and which had to bear the extra expense meanwhile. One can quite understand their point of view. It is but right that the local authority which bore the additional burden, should be the first to benefit from any particular experience, knowledge and training that this officer has acquired as a result of his sojourn abroad. **We, therefore, recommend that it should be a condition in the bond, which is signed by the officer before going abroad, that such officer should, on his return, serve that local authority in which he was employed immediately prior to his departure for a period of, say, not less than three years after his return. The local authority should have the option of waiving this condition, if it so chooses, after the officer has returned, but such waiver should only be with the previous approval of the Local Government Service Commission, which should have the right of viewing the waiver in all its bearings before approving of it.**

Section 2—Provision of Medical Facilities

1204. Government Officers are granted the following concessions in terms of Governent Financial Regulations Nos. 1755–1766 :—

(*a*) On first appointment a free medical examination, and report as to whether the officer is physically fit for service in any part of Ceylon.

(*b*) Free issue of medical certificates, in support of illness, for purposes of leave.

(*c*) Free examination and issue of certificates by Medical Boards for purposes of leave, retirement, or other special purposes.

(*d*) Free treatment in any Government Hospital for injury, whilst on duty as a result of an accident, not caused by default.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(*e*) Free treatment in Government Hospitals, for Tuberculosis, up to a period of nine months.

(*j*) Free medical attendance by Government Medical Officers on Government Servants drawing less than Rs. 4,320 per annum and their families at their homes at concession rates in terms of Financial Regulation No. 1756.

(*g*) Concession rates of charges for officers and their families for indoor treatment in paying wards of Government Hsopitals and for special outdoor treatment and examination such as Deep-Ray Treatment.

(*h*) Medical attendance by Government Medical Officers on Government Servants drawing not less than Rs. 4,320 per annum and their families at their homes at concession rates in terms of Financial Regulation No. 1756.

(*i*) Recovery of hospital charges by instalments.

1205. We find that the Local Government Service Commission is pursuing all these matters with Government and has succeeded in obtaining various concessions from the Government, and where concessions have not been generally approved of, recoveries, &c., from employees, or the payment of difference between the concession rates and the normal charges, by the local authority in such manner as to cause the least hardship to the employees, and has, in this way provided real benefits to officers in the Local Government Service.

1206. On his selection by the Commission, a candidate for an appointment has to produce a medical certificate of physical fitness from a qualified medical practitioner, not necessarily a Government Medical Officer. The Commission has arranged with the Department of Health Services that a nominal fee of Rupees Five only to be charged in these cases, if the selected candidate is examined by a Government Medical Officer. There is no real principle, on which this charge should be levied, and a distinction be thereby made between a Government Servant on his first appointment, and an entrant into the Local Government Service.

1207. **We recommend that all new appointees of the Local Government Service should be examined by a Government Medical Officer, or a Doctor employed by the local authority, and a report on his physical fitness issued, for both of which no charge whatever should be made to the appointee on his first admission to the Local Government Service.**

1208. As regards medical certificates in support of illness, we find that Government has agreed that Government Medical Officers should issue medical certificates free of charge to members of the Local Government Service in Urban Councils, Town Councils, and Village Committees, who present themselves at Government Hospitals and Dispensaries. Municipal employees are expected to be issued medical certificates free of charge by Municipal Medical Officers.

1209. Similarly, Government has agreed that the examination by Medical Boards should be attended to free of charge.

1210. Concession rates and charges for treatment in paying wards in Government Hospitals have not been permitted to Local Government Service employees. The Local Government Service Commission meets the situation by always approving the payment by the local authorities of the difference between the concessionary rate, allowed to Government Servants, and the normal charges to members of the Local Government Service whenever applications are made by the local authorities.

1211. In regard to treatment at Government Hospitals for injury whilst on duty, the position has been maintained by Government that treatment free of charge in paying wards could not be granted to members of the Local Government Service, although Government Servants are given treatment at Government Hospitals free of charge in similar cases. The Local Government Service Commission has generally approved the reimbursement by the local authority of expenses incurred by a member of the Local Government Service in a Government Medical Institution, when applications are made by such officers. Whilst the position is, therefore, quite satisfactory from the point of view of the employees of local authorities, it cannot be said that the position of the local authorities is as satisfactory from their point of view. **As we have earlier recommended that differences which emphasize a supposed distinction between Government as an employer and local authorities as employers in the sense that they pay the salaries of their own officers should not be perpetuated, we recommend that in this instance too there should be no charge levied from Local Government Service employees, who require treatment at Government Hospitals for injury, whilst on duty, and that they too should be treated in those circumstances, free of charge, just as their more fortunate brethren in Government Service. This will eliminate the practice, which prevails at present, of local authorities reimbursing their employees the expenses they had incurred for receiving treatment at Government Hospitals for injury whilst on duty. This will also relieve the Commission of constantly having to go into and approve of applications for such reimbursements.**

1212. **We make a similar recommendation in regard to treatment of Local Government Service employees in paying wards in Government Hospitals, namely that Local Government Service employees who receive treatment in paying wards in Government Hospitals should, like Government Servants, be allowed concessionary rates and charges, and that the present practice of Government recovering the full rates and charges from these employees and the local authorities reimbursing the employees the difference between the concessionary rate allowed to Government Servants and the normal charges be abolished. Alternatively, we recommend that the existing practice by which a local authority makes the refund to its employee (with the approval of the Local Government Service Commission) be made obligatory in every instance, and not be made dependent upon the employee having to apply to the local authority for a refund and the local authority only thereupon in its turn making a refund with the approval of the Commission.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1213. Indoor treatment for Tuberculosis is only available in Sanatoria, and this is free to all persons irrespective of whether they are Government Servants or not. The concession of nine months' special Tuberculosis leave, which is allowed to Government Servants is already allowed by the Commission to members of the Local Government Service.

1214. **The concession of free medical attendance by Government Medical Officers on Government Officers drawing less than Rupees four thousand three-hundred and twenty per annum is, we are told, in practice, a concession virtually on paper, since it is extremely difficult for Government Medical Officers, who are responsible for regular duties at hospitals, &c., to take this on. It would therefore serve no useful purpose to extend this so-called concession to Local Government Service employees. The employees in local authorities, which have Medical Officers and Apothecaries on their staffs, generally can get free treatment at the local authority's dispensary. We recommend that this practice be continued.**

1215. In regard to the recovery of hospital charges in instalments, the Government has agreed to the granting of this concession, provided that the local authorities concerned undertake to guarantee the payment of the hospital charges incurred. We understand that the members of the Local Government Service are now being allowed this concession on application being made by them.

1216. By and large, therefore, it would be evident that the Local Government Service Commission has done much for giving the local authority employees, hospital and medical facilities virtually on a par with their fellows in the Government Service proper. If our recommendations are adopted, these employees will have terms, and conditions of employment which approximate still more closely to those of Government Servants, thus making for greater uniformity in the treatment of all those engaged in the common tasks of serving the public.

Section 3—Provision of Quarters for Employees

1217. Housing at the moment is a National problem, and it would be invidious to make out a special case for any particular section of the community. However, in view of the fact that the provision of housing is one of the responsibilities of local authorities, it seems only fair and reasonable that more effective measures and steps should be taken by the local authorities to see that quarters for their staffs are provided. It is the staff of a local authority that assists it in giving practical effect to its plans for solving the housing problem in its area, but, by a strange irony of fate, the staff is the last to be served in this respect—if at all.

1218. The difficulties, that are being experienced by local authority personnel, when transferred is very real, as most local authorities are situated not in towns, but in distant and scattered villages all over the Island, and transfers can, and

do mean tremendous inconvenience to the officers concerned. We were told in evidence, for instance, that one Village Committee Clerk had nowhere to sleep except on the floor of the Village Committee Office for the period of a whole month, obtaining his meals from a nearby boutique, as he had found it impossible to obtain any kind of accommodation whatsoever, try as he might. **It is essential that officers in key-posts (such as Municipal Commissioners, Secretaries, Electrical Superintendents and Works Superintendents) should have quarters. Such provision will help to eliminate delays in such keymen being transferred from one station to another, as the assurance of suitable quarters facilitates mobility in a service, one of whose main features is transferability.** In Paragraph No. 375 where we deal with housing, we have suggested that priority, and assistance be obtained from the Commissioner of National Housing for a solution of this problem.

1219. **It should be possible for local authorities more readily than for individuals to come to arrangements with the Commissioner of National Housing to obtain high priority for applications of local authorities for loans for Housing Projects, especially those for the housing of their staffs.** It seems to be reasonable to expect that an Urban Council town for instance, should be able, with such facilities and assistance, to provide quarters for, say, the Secretary, the Electrical Superintendent, the Works Superintendent, and one or two quarters for the married Clerical staff within a short space of time. It is up to local authorities to **explore, and avail themselves of the facilities that have now been provided by Government for the solution of this very acute problem.**

Section 4—Debt Redemption Schemes

1220. All the members of the Local Government Service have been afforded an opportunity of disclosing their debts to the Lady Lochore Loan Fund, incorporated by the Lady Lochore Loan Fund (Board of Trustees) Act No. 38 of 1951, and the members of the Local Government Service get all facilities on the same terms and conditions as are available at present to Government Servants.

1221. We find too that provision exists in the Municipal Councils Ordinance for relief, and assistance to Municipal officers from the Muncipal Fund, "out of contributions voted by the Council towards the cost of . . . . any fund, or scheme constituted, or established for the purpose of granting relief, or assistance to officers or servants of the Council in case of sickness, indebtedness or distress."[1]

1222. Whilst there has been a suggestion, that this power is liable to abuse by way of acts of discrimination, or by diversion of monies of this fund, we have not had any evidence that there has in fact been any such abuse, or mismanagement, or other improper, or illegitimate exercise of this power so as to justify our making any recommendation to place any curb or control on this

[1] Section 188 (i) (*k*) of the Municipal Councils Ordinance, No. 29 of 1947.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

power of Municipal Councils to contribute to and administer such funds for the benefit of their employees, as there is an increasing consciousness that it is the duty of employers to make provisions for the welfare and relief of their employees, and that the employers' obligations do not begin and end with the mere payment of a wage in return for work.

1223. **Whilst, no doubt, caution has to be exercised and constant vigilance maintained, to see that such funds are properly administered and legitimately employed, the provision of such welfare services should be encouraged and expanded,** and we look forward to the day, when the increasing revenues of other local authorities from the more intensive exercise of their functions in their legitimate fields, will enable them also to open out similar funds for the relief of their employees too.

CHAPTER XXIX

NON-SCHEDULED EMPLOYEES

The Position of Non-Scheduled Employees[1]

1224. There are roughly seven thousand "Non-Scheduled" employees, (i.e. those not appointed by and consequently not under the protection of the Local Government Service Commission) employed in local authorities, of whom about two thousand are on a monthly salary. Representations have been made to us by these employees, both in written memoranda, and whenever they met us in deputation in the various parts of the Island, requesting that they too be included in the Local Government Service and be placed under the protection of the Local Government Service Commission.

1225. Whilst appreciating this request for protection, we have to bear in mind, on the one hand, the strong demand by local authorities for more power of appointments, &c., in relation to their employees, and on the other, the increase in the problems of administration which the Local Government Service Commission will have to cope with, if it has to take over responsibility for all the functions it now exercises over the "Scheduled" employees, in respect of the "Non-Scheduled" employees too. We might quote here from the Administration Report of the Local Government Service Commission, Sessional Paper XII of 1952 :

> "In view of the representations made by local authorities and practical difficulties in administration encountered by the Commission, it was decided to exclude from the Service all daily paid employees in local authorities and those on a monthly salary, the maximum of which did not exceed Rs. 1,200 per annum in a Municipal or Urban Council and Rs. 480 per annum in a Town Council, Road Committee or Village Committee. This exclusion took place with effect from July 15, 1947, by Ordinance No. 37 of 1947, (thereby bringing the total members of the Local Government Service Commission employees down from thirteen thousand five hundred to about seven thousand.".

1226. Had we been satisfied by material placed before us, or obtained by ourselves from available sources, that there have been many instances in which Non-Scheduled employees have been dealt with unreasonably or unjustly by the heads of the local authorities it would have been necessary for us to consider ways and means of dealing with the problem. As it is, we are satisfied

[1] "Scheduled Posts" are posts in local authorities appearing in the Schedules of the Local Government Service Ordinance. These posts can be filled only by the Local Government Service Commission. "Non-Scheduled Posts" are other posts in local authorities which do not appear in the Schedules of the Local Government Service Ordinance. These posts are filled by the local authorities themselves.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

that there has not been any appreciable misuse by local authorities of the power over Non-Scheduled employees (which has been delegated to local authorities from July 1947) ; and while there may have been stray cases where such employees have either been chosen on other considerations than merit, or been discontinued for inadequate or, may be, even improper reasons, or indirect motives, it cannot be said that there has been such misuse of this power as to justify its being taken away or otherwise controlled.

1227. There would have to be very cogent reasons before a power which has been delegated to local authorities is either controlled or taken away from them. Moreover, the general principle has to be kept in mind that local authorities must have their functions and powers enlarged from time to time, if Local Government is to make any real progress in this country, and contribute increasingly towards its welfare. We are not satisfied that such reasons exist as would justify the deprivation of this power, or the imposition of any measure of control over it. There is the further practical difficulty of evolving any intermediate means of controlling this power of employing and dismissing Non-Scheduled employees other than placing the Non-Scheduled employees (or any particular categories of them) under the complete control of the Local Government Service Commission as is the case with Scheduled employees.

1228. Suggestions have been thrown out, that a power of appeal to the Local Government Service Commission should be given to some classes, if not all, of the Non-Scheduled employees, against orders of dismissal by heads of local authorities, and that such dismissal orders should not be operative immediately, but should be suspended pending appeal. It seems to us that such a right of appeal will not be as effective a measure of protection as it may appear on the face of it, for it is possible that any local authority that desires to work round and nullify the power of appeal to the Local Government Service Commission against a dismissal, can effectively do so by merely terminating the services of such employee with an adequate period of notice, instead of instantly dismissing an employee. It may well be that the period of notice will generally prove to be a shorter period than the time which will elapse before the Local Government Service Commission holds an inquiry and decides the appeal, and so it may serve the purposes of the local authority better to give the usual notice of termination (with no consequential appeal and inquiry on an appeal) than to dismiss an employee instantly and court an investigation. Such a right of appeal therefore, may in some cases prove to be more illusory than real.

1229. There is also the other aspect of the matter to be considered and that is the point of view of the local authority. It may well be that after investigation upon an appeal, the Local Government Service Commission may find that in many cases the right of the employer to dismiss an employee has been equitably and fairly exercised, but the time that must inevitably elapse before the Local Government Service Commission is able to complete its investigations and arrive at a decision will certainly be a month or two. In such a case the local authority will find itself in the unenviable position of keeping on its roll

and having on its precincts perhaps, an employee who should have been got rid of instantly, but who has been able to utilize the procedure provided by a right of appeal to stay on for a longer period than he ought to be allowed to stay, and, perhaps work more mischief in the meantime. No doubt that difficulty might be met by the Chairman being allowed the exercise the right of interdiction of the employee concerned, pending the investigation of his appeal. This will raise other connected problems such as the payment of remuneration to the employee during the period of his interdiction, and the finding of some suitable substitute to take his place in the meantime, &c.

1230. Even if all these difficulties could be met, the procedure involved in such a situation is bound to be cumbrous, expensive, and productive of additional difficulties which will have to be met, but as we have stated earlier, there is not enough material to provide a basic reason for altering the existing procedure and bringing all Non-Scheduled employees under the protection of the Local Government Service Commission.

1231. **In these circumstances we feel that we will not be justified in recommending that all the Non-Scheduled employees, or even about the two thousand of them who are monthly paid, should be brought back and placed under the Local Government Service Commission.**

Promotion of Non-Scheduled Employees

1232. The representatives of the Local Government Workers Union when giving evidence before us, brought up the difficulty that arises when, in any Graded Service, the making of appointments to the lower grade is the responsibility of the local authority, and the appointments to the higher grade is the responsibility of the Local Government Service Commission, in view of the fact that the initial salary of the higher grade made that post a " Scheduled Post ". The point they urged was that despite the skill, long experience, and good record, of the employee in the lower grade, he was not automatically chosen and appointed when it came to an appointment having to be made to the higher grade, but he had to compete with others from other departments with the result that his chances of filling the post in the higher grade after service in the immediately lower grade were correspondingly reduced. The deputation urged that in such cases those of the lower grade should be given promotions to the higher grade just as was the case when the local authority itself made the appointments. Under that state of affairs promotions from one grade to the other was virtually automatic in that the most senior and efficient employees were promoted without competition.

1233. One of the reasons for bringing the Local Government Service into existence was to see that posts in the Local Government Service are manned by the best men available. In pursuit of that aim the Local Government Service Commission adopts the principle of advertising in order to secure the best man for the particular post which may be vacant. The suggestion made by the Local Government Workers Union would be a departure from

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

this principle. We can appreciate their point of view, and understand their desire to obtain easier opportunities of promotion for those who have done work of a type which would qualify a worker to fill a higher post and which the Union feels should necessarily be given to him. **We are unable, however, to recommend a variation of the principle followed by the Local Government Service Commission but have no doubt that the Commission, in making appointments such as these, would always give weighty consideration to the service records of the employees already in the service, in the lower grades, before even considering an appointment of any others.**

General conditions of service of Non-Scheduled Employees

1234. **The provisions contained in this part of our Report and particularly those in relation to the Payment of Increments (Chapter XXV), Leave, Allowances, Free Holiday Warrants (Chapter XXVII), Medical Facilities and Debt Redemption Schemes (Chapter XXVIII), should wherever possible, be made applicable, mutatis mutandis, to Non-Scheduled employees, particularly those of them who are monthly paid, so that they also may share in these benefits.**

General

1235. **We wish to add that as compared with the almost chaotic state of affairs that existed before April, 1946, considerably more attention has been given to the basic needs and requirements of members of so important a section of public servants as the members of the Local Government Service, and their convenience seen to, and facilities provided for them. A set of more or less standardised principles, which are capable of uniform and graded application through all branches and sections of the service, has been evolved in regard to many matters touching the welfare of its members and whilst there are yet directions in which progress can be made and improvements effected, it cannot be said that the position in regard to their conditions of service is unsatisfactory or shows a disregard of their problems. On the contrary, a broader and more human approach towards relieving them of the hardships they encounter in their lives is plainly visible, and the almost callous indifference to the lot of the underdog, which had been a characteristic feature of the old order of things, is rapidly receding into the past, and a more enlightened outlook towards those filling the humbler positions in life has now dawned.**

1236. We agree with Prof. Robson when he says that " the need for efficient administration in local government is so obvious that its attainment may be regarded as an end universally acknowledged to be desirable. The achievement of efficiency in administration depends upon a combination of four distinct factors ; first, an enlightened electorate ; second, councillors possessing wisdom, public spirit, integrity, and imagination ; third, a scientific constitutional structure ; and fourth, a local government service of high mental ability and good moral calibre.".

PART VII—ADDITIONAL AMENDMENTS TO LOCAL GOVERNMENT ORDINANCES

INTRODUCTORY

1237. The Recommendations made in the previous Parts of this Report will, if accepted, necessarily entail amendments of the law. In this Part of our Report, we deal with various other amendments to the Municipal Councils, Urban and Town Councils, and Village Communities Ordinances on which representations have also been made to us.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

CHAPTER XXX

AMENDMENTS TO THE MUNICIPAL COUNCILS ORDINANCE, No. 29 OF 1947

First General Meeting of the Council (Sections 14, 20 and 27)

1238. Our attention has been drawn to the provisions of Section 14 under which it is the Municipal Commissioner who by written notice summons the Councillors to " the first general meeting of the Council " notwithstanding the provisions of Section 20 under which it is the Mayor who is authorised to summon every general or special meeting of the Council and give notice of the business to be transacted at such meeting. Section 14 further specifies that the first business at such meeting shall be the election of a Mayor and Deputy Mayor, and until those two elections have been completed the Commissioner has to be the Chairman of the meeting. This is provided for as an exception to the general rule laid down in Section 23 which requires the Mayor, or in his absence the Deputy Mayor, to preside at all meetings of the Council.

1239. Section 27 provides that every Municipal Council should elect a Standing Committee on Finance and not less than two other Standing Committees " at its first general meeting in each year ". A doubt has been raised as to whether the Commissioner can include in the notice summoning the Councillors to the first general meeting of the Council any business other than election of the Mayor and Deputy Mayor, having regard to the fact that under Section 20 it is the Mayor who has to give notice of the business to be transacted at every general or special meeting of the Council. It is no doubt true that the opening words of Section 14 (2) implies that the meeting summoned by the Commissioner may have other items of business to transact because it states " that the first business at such meeting has to be the election of a Mayor and Deputy Mayor.". As the matter is not free from doubt the request that the position should be clarified is a reasonable one.

1240. **We would recommend that the clarification be effected by amending Section 27 and providing for the election of the Standing Committees nowithstanding the fact that the first meeting is not called by the Mayor but by the Commissioner. Section 14 should also be amended so as to empower the Commissioner to include**

in the notice of the meeting which he summons not only the business of the election of the Mayor and Deputy Mayor, but also the election of the Standing Committee on Finance and any other Standing Committees that the Councillors may at that meeting decide to elect. Provision may also be made authorising the Commissioner to state in the notice that any other business (though not appearing on the Agenda) may also be transacted with the consent of the Council.

Powers of Deputy Mayors

1241. Under Sections 19 and 20, it is the Mayor who is empowered to issue notices convening meetings of the Municipal Council and of the business to be transacted at such meetings. This creates a difficulty and disables the members from even requisitioning for a meeting if the Mayor for any sufficient reason be either unable to act or be absent beyond the Island. Under the existing provisions of the Municipal Councils Ordinance, the Deputy Mayor's powers are restricted to presiding at meetings of the Council in the absence of the Mayor (Section 23). Also the Municipal Council may, by resolution, delegate generally or specially to the Mayor or Deputy Mayor or Commissioner or to any one or more of its Officers or Committees any of the powers, duties or functions vested in it. Apart from these provisions the Municipal Councils Ordinance does not enable the Deputy Mayor to act in place of the Mayor even if the latter should for good reasons be unable to exercise his office or be absent abroad.

1242. There are provisions in the Urban Councils Ordinance, No. 61 of 1939 (Section 35) and in the Town Councils Ordinance, No. 3 of 1946 (Section 37) under which the Vice-Chairman can " exercise any power or perform any duty of the Chairman on being authorised by writing under the hand of the Chairman to exercise such power or perform such duty on behalf of the Chairman, or in the event of the death or resignation of the Chairman until the election of a new Chairman " The Municipal Councils Ordinance does not contain any corresponding provision. Section 20 (3) of the English Local Government Act, 1933, enables a Deputy Mayor to discharge all functions which the Mayor as such might discharge " if for any reason the Mayor is unable to act or the office of Mayor is vacant." If the Chairman of an Urban Council is given the power to delegate any of his duties there seems no reason why the Mayor of a Municipal Council should equally not have the same power.

1243. **We therefore recommend that the Municipal Councils Ordinance be amended so as to enable the Deputy Mayor, during his term of office, to exercise any power or perform any duty or discharge any function of the Mayor, on being authorised, in writing under the hand of the Mayor, to exercise such power or perform such duty on behalf of the Mayor, or, in the event of the physical or mental incapacity or inability of the Mayor to act and discharge his functions and duties as such, or in the event of the death, resignation, or removal of the Mayor, to discharge any of the functions and perform any of the duties and exercise any of the powers of a Mayor until the election of a new Mayor.**

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

1244. The analogous provisions of the Urban Councils and Town Councils Ordinances should also be amended enlarging them to bring them into line with the provisions which we have recommended should be made in the Municipal Councils Ordinance in regard to the Deputy Mayor.

Place of meeting of Committees of a Municipal Council

1245. We agree to the suggestion and recommend that **Section 30 should be amended by the addition of the words " or a Special Committee " after the words " a Sub-Committee " in line 1 in Section 30 of the Ordinance.**

Running of Resthouses by Local Authorities

1246. Some of the local authorities in whose areas there are no Resthouses and where they have felt that there is scope for the rendering of this type of service to the travelling public in particular, have asked that they should be permitted to establish and maintain Resthouses under their own control and within their respective areas. Two Municipalities had taken up this question with the Commissioner of Local Government but were unable to give effect to their intentions because they were informed that they had not the power in law to establish Resthouses despite even the provisions introduced into Section 41 (1) (*u*) by the Enlargement of Powers Act, No. 8 of 1952. There were earlier provisions in the Municipal Councils Ordinance as well as the Urban Councils Ordinance and the Town Councils Ordinance, enabling these three types of local authorities to establish and maintain a number of specifically enumerated public services and also " any other form of public service which the Council (Committee) may be specifically authorised to establish, maintain or provide by the Minister. " These provisions had been revised by another formula under which local authorities can establish and maintain " any other form of public service subject to such prohibition or restriction on the establishment and maintenance of that service as may be imposed by any other law.". Apart from being a service to the public, and to the travelling public especially, by which food and shelter would be provided at rates within the reach of many more persons than is presently the case, the running of Resthouses could too provide local authorities with an additional source of income. We do not approve of an unrestricted right, particularly as this will be a new type of venture for all Municipalities and most Urban Councils. The Resthouses Act, No. 12 of 1951, merely vested in a Municipal Council or Urban Council control of any Resthouse which is already situated within its administrative limits. It also enables the Minister by Order published in the *Gazette* to " transfer the control of any Resthouse to, and vest such control in a local authority or any public officer (whether the Government Agent or not) or any other corporate body or persons.". As this Act contemplates the control of any Resthouse being vested in a local authority by Order of the Minister, it would be but one step further if local authorities were now authorised to establish and maintain Resthouses themselves. We do not, however, approve of local authorities having an unfettered and uncontrolled power in this

direction. **We recommend that any Municipal or Urban Council should be entitled to establish and maintain a Resthouse within its administrative limits provided the proposal itself and the plans and specifications and the estimates receive the previous approval and sanction of the Minister. The Minister should also have the power to determine whether or not the local authority should spend its own funds in connexion with any such project.**

1247. This will prevent the diversion of funds from perhaps more urgent and important needs which require the finances of a local authority and place a curb on the desire to launch out on very ambitious schemes to the deteriment of the more important and immediate needs of the area and its inhabitants. If the funds are to be derived from loans from the Central Government, the provisions of financial control which we have recommended will also automatically come into operation and enable the Minister to watch the progress of any Resthouse opened by a Municipal or Urban Council. The Minister should also have power to give directions for the closing down or the transfer of the control of that Resthouse, if its financial management shows recurrent losses—say over a continuous period of three years—and no prospects of rehabilitation.

Power to exchange, purchase or take land on lease

1248. Section 41 (1) (*f*) as amended by Act No. 8 of 1952 does not authorise a Municipal Council to exchange any land. We recommend that every Municipal Council should be given the power to exchange land (with or without building thereon) with the previous approval in writing of the Minister. **We recommend that Municipalities also be given power to take on lease or purchase any land or building or other property. Urban Councils already have this power—Vide Section 48 (d) of the Urban Councils Ordinance.**

Penalties for continuing offences

1249. As the punishments provided for violations of some of the provision of the Municipal Councils Ordinance are inadequate particularly where ths offence is what is called a continuing one, **we recommend that provision be made in the following sections, among others, for the imposition of an additional fine not exceeding rupees fifty for each day during which the offence is continued after a conviction therefor. Sections 108 (2), 109 (3), 110 (11), 111 (7), 113 (6), 119 (2), 120 (3) and 121 (2).**

Provisions regarding Markets

1250. There is a provision enabling Urban Councils and Town Councils to declare a " market area " within their limits, but there is no corresponding provision in Section 156 of the Municipal Councils Ordinance, which deals only with the establishment of public markets. The advantage of giving a local authority power to declare an area as a "market area" is that the local authority is able to regulate and control the sale of articles of food in public or private markets within such areas only in accordance with licences issued by the proper

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

authority on appropriate terms and conditions. **We recommend that the Municipal Councils be given similar powers and that Chapter VII, sections 156 to 161 be suitably amended so as to bring it into line with corresponding provisions in the Urban Councils and Town Councils Ordinances and enable Municipal Councils also to declare "market areas" and either prohibit, or regulate the sale of articles of food in either public or private markets within such areas, according to the terms and conditions of licences which the proper authority should be empowered to issue, as is the case at present with Urban Councils and Town Councils. In the latter types of local authorities, itinerant vendors of poultry, fruit and vegetables are allowed to ply their trade without any such licences ; they should be allowed the same freedom within Municipal areas too.**

1251. Our attention has also been drawn to the insufficiency of the power given to Municipal Councils for regulating the prices of articles sold in markets or fairs, public or private. Under Section 272 (8), amongst other by-law making powers they are given the power to prepare and publish a list of current prices of articles of food under the general heading of " Markets, bakeries and provisions ". It is of very little use being able to merely publish a list of current prices but have no power to regulate prices of articles of food and provision sold in markets. As against this our attention has been drawn to the provisions of Section 170 (11) (*b*) of the Urban Councils Ordinance, and to the provisions of Section 170 (11) (*b*) of the Town Councils Ordinance, under which these two types of local authorities have got powers to make by-laws for the " regulation, supervision, inspection and control, including regulation of the prices of articles " sold in markets and fairs, public and private. As this power represents an increase in the authority of these local bodies for the benefit of the public, we do not think that the claims of Municipalities to have the same powers in regard to the same matters is anything but reasonable. **We therefore recommend that the Municipal Councils Ordinance be amended so as to give Municipal Councils also the same power to make by-laws for the " regulation, supervision, inspection and control, including the regulation of the prices of articles sold " in markets and fairs, public and private, such as is presently the case with Urban and Town Councils.**

Offences triable by Municipal Magistrates (Section 164)

1252. **On representations made to us we recommend the inclusion of offences triable under the following Ordinances :—**

(1) Quarantine and Prevention of Diseases Ordinance ;
(2) Entertainment Tax Ordinance ;
(3) Housing and Town Improvement Ordinance ;
(4) Pawn Brokers Ordinance ;
(5) Food and Drugs Act.

1253. A *Gazette* notification of February 12, 1915, extended the jurisdiction of the Magistrate's Court to offences under the Quarantine and Prevention of Diseases Ordinance, but that Ordinance is not included in the Schedule

appended to Section 164 of the Municipal Councils Ordinance. It will facilitate reference if that Ordinance is now specifically included in Section 164. Similarly the jurisdiction of Municipal Magistrates was extended to offences under the Housing and Town Improvement Ordinance, but that Ordinance too is not included in the Schedule to Section 164. **We recommend its inclusion in the same Schedule for the same reasons.**

Executive Posts and Executive Officers (Sections 176 & 41 (3))

1254. We have been asked to consider the re-introduction of provisions similar to those that existed in Sections 68 and 69 of the Colombo Municipal Council (Constitution) Ordinance (Chapter 194), now repealed. These sections declared certain posts to be Executive posts and enacted that those who filled those posts, together with the Commissioner, were to be " deemed Executive Officers of the Council ". They further provided that no Executive Officer should be removed or dismissed from his office, except for misconduct or for neglect of, or incapacity for, his duties, and except on a resolution passed, in the case of the Commissioner, by not less than two-thirds of the total number of Councillors and confirmed by a resolution similarly passed not less than a month later and, in the case of the other Executive Officers by not less than two-thirds the total number of Councillors. In the latter case no further confirmatory resolution at the end of one month was required.

1255. Further provision was made for preventing the suspension or reduction in status, &c., of any Executive Officer for carelessness, incompetence, neglect of duty or other misconduct except on a resolution passed by not less than two-thirds of the total number of Councillors.

1256. Those provisions were not reproduced in the new Municipal Councils Ordinance, No. 29 of 1947. Section 176 of the new Municipal Councils Ordinance in a way enlarges the powers of Municipal Councils by leaving it open to them to declare by resolution which posts or offices in the service of the Council were to be deemed to be Executive Posts.

1257. **Having considered the matter we do not recommend the reintroduction of sections in the Municipal Councils Ordinance similar to those which existed in the old Constitution Ordinance declaring certain posts definitely to be Executive Posts because—**

(*a*) those who hold Executive Posts under the existing procedure are protected by the Local Government Service Commission, which was not in existence at the date of the Colombo Municipal Council (Constitution) Ordinance, No. 60 of 1935, as amended by Ordinance No. 14 of 1938.

(*b*) the abolition of any "Scheduled Post" will not be possible in the future without the sanction of the Local Government Service Commission if our recommendations are given effect to.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

(*c*) it would be unwise to specify certain offices as being Executive Posts and the inclusion of such offices in Section 41 (3), because such a course would prevent the abolition of such posts as may be considered to be necessary or desirable to be abolished in the interests of any particular Council.

(*d*) it would fetter the freedom which Municipalities now enjoy of deciding for themselves which posts are to be deemed to be Executive. The present provisions in Section 176 are an enlargement of the powers created by Section 68 of the Constitution Ordinance in that the latter provision fixes the Executive Posts and left no room or option to the Councils themselves to decide in the matter.

Exclusion of properties used for Religious, Educational or Charitable purposes from Rates

1258. The proviso to Section 230 of the Municipal Councils Ordinance, No. 29 of 1947, exempts from rates buildings wholly or mainly used as school buildings or for religious purposes or as public libraries, burial and cremation grounds, but does not include lands and buildings purely or mainly used for charitable purposes, as is the case with the Urban Councils Ordinance—vide Section 174 (*a*).

1259. **We recommend that Section 230 of the Municipal Councils Ordinance be amended so as to bring it into line with Section 174 (*a*) of the Urban Councils Ordinance and thus exclude from assessment not only lands and buildings wholly or mainly used for religious and educational purposes but also for purposes of public charities.**

Remission of Rates in cases of Non-Tenancy

1260. Our attention has been invited to a practice which has prevailed for some years past owing to the shortage of houses and the preparedness of people to pay black market rents or key money in order to get premises for their occupation. When premises fall vacant, some landlords do not rent them out at all but keep them vacant until they are able to get their price either by way of black market rents or key money. They prefer to forgo the controlled rent and bide their time. The total remission of rates which is allowed in cases of non-tenancy reduces their loss and encourages such conduct, whereas the intention of the provision for the remission of rates was to give relief to landlords in the days past when premises could not be let over long periods of time because of the availability of accommodation in those days. This remission now puts a premium on the wholly unjustifiable practice of keeping premises untenanted with a view to securing black market rents. It has therefore been suggested that this provision for remission should be modified.

1261. **We accordingly recommend that Section 240 (1) be amended so as to provide for proportionate remission of the rates and taxes payable in respect of a building which may be untenanted, and therefore vacant, for a period not exceeding two months from the date on which the Municipal Council receives a written notice of the premises being untenanted. No remission beyond that period should be allowed unless reasons are adduced to the satisfaction of the Municipal Council—generally it will be the officer to whom these powers have been delegated—that there are valid and sufficient grounds for the premises remaining vacant, as for example, due to structural alterations or repairs of an extensive character. In such event the Municipal Council should have the power to allow a proportionate remission of the rates and taxes in respect of the premises for such further period exceeding two months as the Municipal Council considers would be sufficient to enable the premises to be brought to a tenantable condition, but in any event not exceeding a maximum period of six months in all from the date of the receipt of the written notice of non-tenancy.**

1262. **These provisions should be made applicable to other types of local authorities as well to secure uniformity.**

Termination of Tenancy of Tenants of the Council

1263. **To put it beyond doubt that a Municipal Council can exercise this power to require its tenants to quit its property in the event of their being in arrears of rent, we recommend that the words " notwithstanding the provisions of any other law " be inserted at the very commencement of Section 266 (1).**

1264. **A further clause may be added to Section 266 (1) to enable a Municipal Council to eject persons who are in occupation of any property of the Council without its sanction or authority, perhaps along the following lines :—The council may cause any person who is in possession or occupation of any property or premises of the Council, without the previous written consent of the Council, notwithstanding such person may be willing to pay for such occupation or possession or may have deposited with or paid to the Council any sum or sums by way of rent or by way of occupation charges for such possession or occupation, to be served with notice, substantially in the form appearing in the schedule, requiring such person to quit on or before the expiry of one month from the date of the service of such notice.**

1265. Section 266 (3) could be amended so as to empower a Municipal Council to eject from its premises not only a tenant who fails to quit in accordance with a notice served under the existing provisions, but also to empower the Council to eject any person in unauthorised possession or occupation of the Council's property. **To effect this we suggest the addition, after the words " (3) where a tenant " the following words " or such other person in unauthorised possession or occupation of the Councils' property or premises as aforesaid ".** A further amendment will have to be effected so as to enable the officer

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

authorised by the Council to eject not only a tenant from rented premises but also an unauthorised occupant, from any property or premises of which he is in occupation, without the previous authority of the Council.

Abatement of Nuisances on Private Premises

1266. We have been told that there exist cases in which nuisances are committed on private premies which affect people in the neighbourhood. It is not clear whether a Municipal Council can in those circumstances take steps to abate the nuisance. It seems desirable that the Council should have power to intervene in such a case because although the nuisance is committed on a private property, it affects the ratepayers and others having occasion to frequent that neighbourhood. **We recommend that Section 272 (5) (*a*) be amended so as to empower a Municipal Council to make by-laws for the prevention, removal, or abatement, of any nuisances within its area (even if it is committed on private premises) if it tends in any way to affect the health, safety, comfort or convenience of, or cause discomfort, distrubance or annoyance to, the public generally or of persons resident or in occupation of property or premises in the neighbourhood. This power may be extended to other local authorities as well by appropriate amendments in the Acts or Ordinances giving them power to make by-laws in respect of their areas.**

CHAPTER XXXI

AMENDMENTS TO THE URBAN AND TOWN COUNCILS ORDINANCES, No. 61 OF 1939 AND No. 3 OF 1946, RESPECTIVELY

Approval of Salaries, Allowances, &c., of Non-Local Government Service Commission Employees

1267. By Section 48 (*a*) of the Urban Councils Ordinance, the previous approval of the Commissioner of Local Government is required in the case of every officer or servant appointed by an Urban Council where the salary, allowances, or remuneration attached to that post either separately or in the aggregate exceeds Rs. 100 per month. The Commissioner of Local Government has hitherto acted upon the view that it is permissable to an Urban Council when making an appointment under this section, to attach to the post not only a fixed salary, but even a salary scale, and that the Commissioner of Local Government's approval is needed in such a case as well, even though the intial salary, whether with or without any allowances or other remuneration, does not exceed Rs. 100 per month to start with, but which in the course of his rise my exceed Rs. 100. A doubt has been cast as to whether the word "salary" in this connexion includes a salary scale. Such a view tends to introduce complications in the working of this section. Therefore to remove all doubts **we recommend that the word "salary" in the two places in which it occurs in Section 48 (*a*) be deleted and that the words "fixed salary or salary on an incremental scale" be substituted for it.**

1268. **The same amendment should be made in Section 50 (*b*) of the Town Councils Ordinance which presently has the same provisions as Section 48 (*a*) of the Urban Councils Ordinance.**

Sale of Land. (Section 48 (*e*))

1269. Neither an Urban Council nor a Municipal Council were originally in a position to sell any land or building belonging to or vested in them except with the previous sanction of the Minister. By Acts No. 8 of 1952 and No. 7 of 1954 these provisions were varied. The present position is that any Municipal Council can sell by public auction or lease out any land or building vested in or belonging to it without any such sanction, except that if a Municipal Council desires to sell any property otherwise than by public auction, the sanction of the Minister is required since Act No. 7 of 1954 was passed. The Urban Councils Ordinance does not draw a distinction between a sale by public auction and any other form of sale. Both in the interest of uniformity of legislation and in keeping with the policy and intention of the legislature a sale by a local authority should generally be by way of public auction. **We recommend that Section 48 (*e*) of the Urban Councils Ordinance be amended by the deletion of**

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the words " to sell " and the substitution therefor of the words " to sell by public auction, or, with the prior approval in writing of the Minister, to sell otherwise than by public auction or to . . . . ".

1270. **We further recommend that Section 50 (*f*) (i) of the Town Councils Ordinance be amended in the same manner.**

Demarcation of Building Limits. (Section 87)

1271. It has been found in practice that very few Urban Councils discharge the duty which is placed on them by Sub-section (2) of this section of demarcating by permanent marks the building limits prescribed by Section 87 (1) on every road which is used or intended for vehicular traffic within any town and in respect of which street lines providing for a roadway exceeding 50 feet in width have not been defined under the Housing Ordinance. Such of them as have fulfilled that duty have been very slow to set about it. The omission to discharge this duty in the majority of cases will result in Urban Councils having to pay out larger sums by way of compensation if the duty is postponed longer. Once a building limit has been demarcated, it becomes the further duty of the Urban Council " to authorise and record the value of each building, boundary wall or gateway or part thereof situate or existing within such limits.". Such value has to be determined in accordance with the principles laid down by the section as at the date or time of the demarcation of the building limit. It will, therefore, be apparent that it is in the interests of Urban Councils to demarcate building limits as speedily as possible and ascertain and fix the value of any building, boundary wall or gateway or part thereof falling within such building limits. The section requires every Urban Council to discharge this function within three years of the date of its constitution " or within such further period as may in the special circumstances of any case be allowed by the Minister.". In most cases no extension of time even has been asked for. The omission of this duty is not in the interest of the general development of urban areas nor in the interest of the individual Urban Councils themselves.

1272. In the general interest of planning and development, it is desirable that this work should be undertaken without much further delay. **We therefore recommend that Section 87 (2) be amended by the addition after the words " as may in the special circumstances of any case be allowed by the Minister " of the words " or upon the directions of the Minister and within such period of time, if any, which he may allow ".**

1273. **Similar amendment should be made in Section 87 (2) of the Town Councils Ordinance.**

Proper Authority under the Nuisances Ordinance. (Section 116)

1274. In view of the provisions of the Local Government Administrative Regions Ordinance, No. 57 of 1946, there is some doubt whether the proper authority for administering the Nuisances Ordinance in an Urban or Town

Council is the Assistant Commissioner of Local Government or the Urban or Town Council. For the clarification of doubts, **we recommend that appropriate amendments be made in the Urban and Town Councils Ordinances, Section 116 in each case, and if need be in the Administrative Regions Ordinance, to make it clear that an Urban or Town Council is the proper authority within its limits for exercising all such powers vested in it by the Nuisances Ordinance.**

Recovery of expenses in executing any works on Private Property. (Section 224)

1275. Under this section, the expenses incurred by any Urban Council in executing any works or doing any acts which under the law the owner of any house, building or land is required to execute or perform are recoverable either as provided in Section 222 or alternatively it can accept any undertaking given by the owner for payment of such sum by instalments with interest at nine per cent per annum within a period which may extend up to five years. If action is taken under Section 222, then the amount payable is determined by a Magistrate's Court if the amount claimed does not exceed Rs. 100. In default of payment the same is recoverable as if it were a fine imposed by that Magistrate. Where the amount exceeds Rs. 100 but does not exceed Rs. 300 an action has to be filed in the appropriate Court of Requests ; where the amount claimed exceeds Rs. 300, in the District Court having jurisdiction. In all three cases there is an appeal to the Supreme Court. If action was taken in a Court of Requests or a District Court under Section 222, the Urban Council would not be entitled to interest at a rate exceeding five per cent. It does not seem just or fair therefore that if an arrangement is entered into by the owner, to pay the amount of instalments, without putting the Council to the expense and delay of a law suit, the owner should be required to pay interest at nine per cent per annum. Section 224 does not even prescribe nine per cent as the maximum rate. To remove this anomaly, and to bring the rate down to the present day ruling rate of legal interest **we recommend that the section be amended by the substitution of " five per centum per annum " for the words " nine per centum per annum ".**

1276. **Identical amendments, we recommend, should be made in Section 224 of the Town Councils Ordinance and the Municipal Councils Ordinance, Section 300. Incidentally, the word " hereinbefore " in the section should be altered to " hereinafter " in the Municipal Councils Ordinance.**

Raising of limit of rates in Town Councils

1277. Under Section 173 a Town Council can impose and levy a maximum rate up to only nine per cent. of the annual value of any immovable property situated within the town. With the passage of time, provision will have to be

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made for increased funds to enable the expansion and development of Town Councils. **We therefore recommend that the maximum assessment rate which could be imposed by a Town Council be raised to twelve per centum.**

Offences under the Town Councils Ordinance. (Section 229)

1278. Under the existing provisions all offences under this Ordinance and any by-laws made or deemed to be made thereunder are triable only by the Magistrate having local jurisdiction. This entails considerable hardship and expenditure to the ratepayers and also to the Town Councils as Magistrates' Courts in almost all cases are situated far away from town areas. According to information before us the distances vary from as much as one mile to twenty-eight miles in the case of Kalpitiya in the Puttalam District. In view of this and also having regard to the fact that certain offences under the Urban Councils Ordinance are already made triable by Rural Courts, we see no objection to accepting the suggestion made to us that all breaches of the by-laws under the Town Councils Ordinance and certain specified offences be made triable by the Rural Courts. **We accordingly recommend that Section 10 of the Rural Courts Ordinance, No. 12 of 1945, be amended in clause (*a*) by the addition of the words " or of the Town Councils Ordinance, No. 3 of 1946 " after the words " Urban Councils Ordinance'" in sub-section (*a*).**

1279. **The Second Schedule to that Ordinance should also be amended by the substitution in column one for the heading " The Urban Councils Ordinance, No. 61 of 1939 " the words and figures " The Urban Councils Ordinance, No. 61 of 1939, and the Town Councils Ordinance, No. 3 of 1946.".**

CHAPTER XXXII

AMENDMENTS TO THE VILLAGE COMMUNITIES ORDINANCE (CHAPTER 198)

1280. In relation to the functions, powers and duties of Village Committees generally, there has been a strong request made that the provisions of the Bill presented to Parliament in June, 1951, by the then Minister of Health and Local Government be implemented. This Bill contains many provisions for changes in Village Committee administration.

Village Communities (Amendment) Bill of June, 1951—Provisions recommended for adoption

1281. **We would recommend the adoption of the following suggestions contained in that Bill, as being some of the more important changes that may usefully be incorporated into the Village Communities Ordinance, with appropriate consequential amendments, to introduce and implement them :**

(1) *Nomination of a Chairman by the Minister.*—The provisions of the new Section 30B enabling the Minister to nominate one of the members of a Village Committee to be the Chairman, where for any reason the members of that Village Committee have failed to elect a Chairman in accordance with the provisions of the Village Communities Ordinance.

(2) *Acceptance of Properties subject to Trusts.*—The new Section 39A which makes provision for the vesting in every Village Committee of land and buildings acquired by or otherwise transferred to a Village Committee (and all erections, structures thereon and equipment thereon) subject to the terms or conditions of any Trusts or other conditions imposed by the instrument by which any such property may have been transferred to the Committee.

We would add that further provision should be made so that the terms of any Trusts or Conditions of the instrument should have been approved of by the Assistant Commissioner of Local Government before the execution of the instrument in the Village Committee's favour. Further none of its provisions should be inconsistent with, or contrary to, any of the provisions of the Village Communities Ordinance or contrary to or inconsistent with, or ultra vires the powers, functions and duties of Village Committees.

(3) *Additional Powers given to Village Committees.*—The proposed replacement of Section 43 by a new section which introduces many provisions bringing the Village Communities Ordinance into line with the provisions contained in the Urban Councils Ordinance. This results in the conferment of many additional powers on Village Committees which they have not hitherto enjoyed **We would, however, recommend that the functions or powers contemplated in**

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Sub-sections (a), (b), (c), (d), (e), (h), (i), (j), (k), (s (iii)) and (s (iv)) should be exercised with the sanction of either the Minister, or of the Assistant Commissioner of Local Government, as is required by Section 53 of the Village Communities Ordinance, and in cases not covered by the provisions of Section 53, with the approval of the Assistant Commissioner of Local Government. Sub-section (a) of Section 43 should be enlarged and should include the qualifications for the posts or offices. In regard, however, to the payment of subsistence and travelling allowances, to officers and servants of the Committee (Section 43 (s) (iv)) we recommend that the existing provisions of Financial Rules or Regulations (including the Local Government Service Ordinance and/or its Regulations) should not be departed from. If any case is not covered by any such Ordinances or Rules or Regulations the approval of the Assistant Commissioner of Local Government should be obtained. Section 43 of the Draft Bill appears as Appendix XIV.

(4) The provisions of the following sections of the above Bill are also to be included in our general recommendation for adoption :—

44—Relating to the seizure of stray cattle ;

47A—Giving power to Village Committees to establish and maintain public utility services for :—

(*a*) Water Supply ;

(*b*) Lighting of streets, public places and public buildings ;

(*c*) Supply of electric light or power ;

(*d*) Establishment and maintenance of markets ;

(*e*) Public baths and bathing places ;

(*f*) Manufacture and supply at cost price of squatting plates for latrines ;

(*g*) Provision of housing accommodation for the poorer classes ;

(*h*) Any other form of public service which the Committee may be specially authorised by the Minister to establish, maintain or provide ;

(*i*) Any other form of public service which the Committee is authorised to establish, maintain or provide, under any other written law.

47B—As to the manner of defraying expenses of public utility services ;

47C—Limiting water rates and conservancy rates ;

47D—Liability of the occupants for rates in respect of Crown properties occupied or held by any person under any lease or permit granted by the Crown ;

47E—The recovery of rates levied for defraying the expenses of establishing and maintaining of any public utility services ;

47F—Exempting the owner of property from the payment of rates on the ground of his poverty ;

47G—Regarding the extension of any public utility services to premises in adjacent Village Committee areas ;

47H—Giving powers to Village Committees to enter into contracts and to do all necessary work for the establishment or maintenance of any public utility service ;

47I & 47J—Conferring rights on ratepayers to free water supply from public stand-pipes ;

47K—Enabling Village Committees to supply water for other than domestic purposes ;

47L—Enabling Village Committees to establish and maintain Village Fairs ;

47M—For the licensing of private Fairs ;

47N—Providing for compensation for discontinuance of private Fairs;

49 (1)—Supplying the deficiency in the existing Ordinance and thus giving Village Commitees power to amend, vary or rescind any by-law made by it.

49 (2)—Giving power to Village Committees to frame by-laws for a number of matters not included in the present by-law making powers of Village Committees ;

53—Introducing amendments to the existing Section 53 consequential upon amendments proposed to be made by some of the newer sections, the adoption of which we have recommended.

This new section also raises the limit of permitted expenditure, in the event of the control of expenditure being reimposed (under the existing provisions of the law) from rupees one hundred to rupees three hundred so that in the event of control of expenditure being reimposed the Village Committee can nevertheless spend up to rupees three hundred (and not rupees one hundred only as at present) without the sanction of the Assistant Commissioner of Local Government. The limit of uncontrolled expenditure, we suggest, should be raised from rupees three hundred to rupees five hundred. We would here draw attention also to the fact that under our recommendations relative to controls we have recommended that, when the necessity arises to reimpose control, not only should the Expenditure above rupees five hundred be controlled, but that the whole of the Budget should be controlled—vide Paragraph No. 796.

54 (1) (*a*) to (*f*) and 54 (2) Relating to inspection and examination of accounts in addition to the annual Audit. We have made recommendations regarding more frequent inspections and examinations of accounts and this proposed new section is in line with the recommendations which we have already made.

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

55 (3) to 55 (6) May all be adopted as they relate to the authorities of expenditure either generally, or by specific resolution of the Committee, and as they make provision for the resolution of any doubts as to the legality of any item of expenditure, authorised by a resolution of the Committee by obtaining the Commissioner of Local Government's ruling on the matter.

56A—Which authorises a Village Committee to waive any money due to the Committee if it is satisfied that the amount is either inconsiderable or irrecoverable or on the ground of the poverty of the person liable, but subject to the approval of the Minister in the event of the amount to be waived exceeding Rupees Fifty.

(5) The amendments to Section 59 may all be adopted as they empower the Minister to make rules in regard to certain new matters sought to be introduced by the Amending Bill of June, 1951.

(6) The amendment to Section 63 (numbered as section 63G in the draft of the Amending Bill) authorising the delegation—subject to limitations—of the Commissioner of Local Government's Powers to Assistant Commissioners of Local Government may well be adopted

(7) The amendments proposed to Section 129 of the Village Communities Ordinance which defines various terms used in the Ordinance, may be adopted.

(8) Village Committees may be made the proper authority under the Dog Registration Ordinance as is contemplated under Section 29 of the Amending Bill of June, 1951.

(9) We are not dealing with the provisions of Section 30A, 45, 50, 54 (i) (g), 55 (1) and (2), 61 and 63, as we have ourselves made our recommendations on the matters which these sections deal with in other parts of our Report which relate to the provisions contained in these sections.

PART VIII—CONCLUSIONS

CHAPTER XXXIII

SUMMARY OF RECOMMENDATIONS

1282. Our recommendations, summarized in the order in which they appear in the Report, are as follows :

CHAPTER III

Regional Committees

If the business of Government is always to continue to remain in the hands of officials, controlled from the Centre, then the gap that has existed in the past between those who are governing and the governed will remain as wide as it has been.

It is essential that local authorities should be increasingly associated and become more familiar with the needs of the larger areas (rather than be confined to their own small divisions) so that they may feel that what are presently termed " Governmental Activities " are not in any way hostile to, or divorced from, the purely local activities. The ideal would be that in Independent Ceylon, the Kachcheries, which are admittedly anachronistic, should cease to function.

It is not proposed, however, to immediately set up an independent autonomous set of local organisations, in the form of Regional Councils, to take over the multifarious functions and duties performed through and by the groups of officials attached to the Kachcheries. Most local authorities have not had the opportunity of reaching that level of efficiency in administration, and in the use of their existing powers, functions and duties, as to be able to carry on the administration at a higher level of efficiency than at present, and to take on and administer wider functions affecting wider areas than their own. (Paragraph 127).

Reconstruction of District Co-ordinating Committees

The existing District Co-ordinating Committees in the Kachcheries should be re-constituted into Regional Committees so as to provide for an unofficial majority. The existing executive and administrative set up, personnel and machinery of Kachcheries should be made available to the reconstituted Co-ordinating Committees, at least over the period of the next five years. Implicit in this proposal is the gradual, not the immediate, transfer of the

NATIONAL LIBRARY OF SRI LANKA 12/07/2023 12:04:03

various powers, functions and duties presently exercised by Kachcheries, to local authorities themselves. (Paragraphs 138, 139 et. seq.)

Constitution of Regional Committees

The Area of Authority of the Regional Committee can generally be a Revenue Officer's District. There would be about twenty Regional Committees. (Paragraph 143).

Each should be composed of local Heads of Departments (exclusive of the Judiciary), and unofficials. One representative for each Municipal, Urban and Town Council, elected by each of those local authorities, and one representative for each of several groups of Village Committees, should also be members Every member of Parliament would be an ex-officio member of the Regional Committees in his electorate. In no case should the total number of officials, including the Chairman, exceed the total number of unofficials. There can be no objection to the official members also being given the right to vote in these circumstances. (Paragraphs 144 et. seq.)

During the transition period of five years, the Chairman, who should be the Chief Executive Officer, should be the Government Agent. (Paragraph 147).

The life of the Regional Committee should be co-terminous with that of the constituent local authorities whose members are on the Committee. To achieve this the term of office of the members of all Village Committees should end in December of an year. (Paragraph 149).

Functions

Regional Committees should have two types of functions. (1) Those taken over from the Kachcheries, and (2) Co-ordinating functions. Amongst those taken over from the Kachcheries would be Social Welfare and the Relief of Distress, the settlement of people on peasant and middle-class allotments, organisation and supervision of Rural Development, Resthouses, Land Acquisition, Co-ordination of Agricultural Activity (now done by District Agricultural Committees), Minor Irrigation and Food Production works, Public Performances. (Paragraph 152).

They would also act as co-ordinating bodies in relation to co-ordination of any scheme or schemes for the development of the area. Other fields of development in which co-ordination could be usefully exercised would be in relation to all problems connected with water resources, sewerage disposal schemes, electricity schemes, road development, libraries and recreational facilities, reports on the redefinition of areas and kindred questions, regional planning schemes. (Paragraph 153 et. seq.).

Regional Committees should meet as often as conveniently possible. say not less than once a quarter. As Regional Committees would be large in composition, it would be essential to work through Standing Committees. Powers and duties of the Regional Committees would be delegated to these

Standing Committees, which should also have the power of co-opting persons who, though not members, could usefully serve on Standing Committees for special purposes. (Paragraph 161).

Regional Committees should not have the power to levy any contributions from local authorities within their region. They would be provided with funds by Government. Any financial provision needed for staff and establishment should be met by Government. (Paragraph 164). The members would give their services to the Regional Committee on an honorary basis, but would be entitled to draw allowances for travelling. (Paragraph 165).

This set-up is experimental, as a means of testing how local authorities and their representatives re-act in the handling of wider responsibilities. In five years the position should be reviewed again by Government with a view to seeing whether wider responsibilities on a broader basis should not be given to Regional Committees. (Paragraphs 166 et seq).

CHAPTER IV

A Central Water and Drainage Board

Evidence and personal observation has made it quite clear that the need for wholesome water transcends all other needs, and demands the highest priority of attention.

Of the seven Municipal councils only five have pipe born water supply schemes, but even where they do exist their adequacy and purity are questionable. Only fourteen of the thirty-six Urban Councils and nine of the thirty-eight Town Councils have some schemes. In Village Committee areas conditions are infinitely worse. In some areas of the Dry Zone the obtaining of any water at all is a perennial problem.

The utter inadequacy of the financial assistance given by Government to local authorities is one of the reasons for slow progress in this essential service. The capital cost of water schemes is so high that local authorities cannot possibly bear it themselves. (Paragraphs 175 et seq.).

The endemicity of diseases due to unsafe water supply and soil pollution too should shock the country into action. In 1952, of the communicable diseases, bowel diseases accounted for the greatest number of deaths. (Paragraph 178 et. seq.)

Need of a Central Authority

The only effective means of ensuring that all reasonable needs of water in the future are met speedily without avoidable wasteful overlap, and of a standard of purity and reliability which have long been established in other civilised countries, is through the creation of a Central Water and Drainage Board. It should have executive powers and not be merely an advisory body. It

15—H. 18040 (10/68)

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should be autonomous and be vested with sufficient powers and supplied with sufficient funds, technical personnel, and material, to be an effective instrument. It should have the power to utilize the existing sources and schemes of any local authority for the purpose of either supplying the local authorities nearby, or of augmenting their supplies. (Paragraph 186 et seq.).

Separate Regional Water Boards are not necessary. The Regional Committees could function as Regional Water and Drainage Boards. (Paragraph 189).

Sewerage and Surface Drainage

Sewerage disposal schemes are beyond the means, capacity and range of local authorities which cannot even command the technical skill required for such specialised work. The Central Board suggested should therefore be a Board not only for water, but also for sewerage and surface drainage throughout the whole Island. (Paragraph 193). Of these three services, however, water must be given the highest priority of attention and that too immediately (Paragraph 194).

This Board should be answerable to the Minister of Local Government. The Board should consist of five members to be appointed by the Governor-General (on the recommendation of the Minister of Local Government) who will appoint one of them as Chairman. (Paragraph 197). It should be composed of men of public standing and integrity. The Board should hold office for a period of five years and members could be re-appointed. The members should be remunerated. The Board will have the advice and assistance of a Consultative Committee composed of Heads of Departments concerned with questions of Water. (Paragraph 200). The Board should have the power to appoint its own staff. Most of its technical staff could be drawn from the Waterworks Section of the Public Works Department, and the Chief Public Health Engineer's Department, by way of secondment. It should have amongst its employees an officer of high standing and administrative capacity—status comparable to the Resident Manager of the Gal Oya Board—for supervising and overlooking the work on the administrative side. (Paragraphs 203 et seq.). For details of functions and powers of this Board see Paragraph 209.

There should be a right of appeal to the Minister on the decisions of the Board in the event of a dispute. The Board should have a fund of its own, which should be initiated with a substantial first grant from Government followed by annual grants. (Paragraphs 213, 214).

Division of Expenditure on Water and Drainage Schemes

The existing basis of the division of expenditure in regard to water schemes should be carried on, namely that Government should meet the entire capital cost of new schemes, and fifty per cent of augmentation schemes. The cost of Distribution Schemes would be the responsibility of the local authority. In

Town Councils, however, twenty-five per cent of the cost of distribution should be met by Government. In Village Committee areas, Distribution Schemes should be at the expense of Government. (Paragrahps 216 et seq.)

Regarding surface drainage schemes too the present basis should apply, namely that two-thirds the cost of the scheme should be met by Government and one-third by local authorities. In Village Committee areas, the full cost should be met by Government. More money than is given at present should be earmarked for Surface Drainage Schemes. (Paragraph 222).

As the cost of sewerage disposal schemes is very high, the cost of schemes and plants should be met by Government. The maintenance should be by the local authority. Even in maintenance, occasions might arise where Government assistance would be necessary. In regard to Colombo, fifty per cent of the cost of additions and improvements to the present sewerage disposal system should be met by Government. (Paragraphs 227, 228).

CHAPTER V

Rural Development and Local Government

The idea of self-help generated and fostered by the Rural Development Movement is an excellent one and should continue to be harnessed for the benefit of the village. There is no gainsaying the fact, however, that the legally constituted democratic institution of the village, namely the Village Committee, quite rightly feels that it is being supplanted and atrophied and is losing its appointed place in village society. There is strong and persistent feeling that as a result of the Rural Development Movement, diarchy is being created in the villages and its corporate life split in two. (Paragraph 250).

Public utility works undertaken by Rural Development Societies, like construction of roads, public wells, bridges, culverts, public latrines, &c., should not in future be an activity of Rural Development Societies at all. (Paragraph 254). These works should be done through the Village Committees and such finances as Government is presently releasing for the execution of these projects, through the Department of Rural Development, should be transferred to the Ministry of Local Government for the implementation of these projects through the Village Committees. There is no reason why Village Committees themselves should not harness the beneficial aspects of self-help which will thus help to reduce th cost of village works. If they do so, one of the strongest arguments urged in favour of Rural Development will be ranged on the side of Village Committees.

The taking away of public utility functions from Rural Development Societies will not kill the movement for there is an impressive array of other activities which Rural Development Societies could continue to foster. (Pargraphs 256).

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The proper co-ordination of Rural Development activities in an area could be attained through the Standing Committee on Rural Development which will be set up by the Regional Committees proposed.

The adoption of these proposals would mean that it would not be necessary to transfer the subject of Rural Development from the Minister of Home Affairs to the Minister of Local Government. (Paragraph 257).

CHAPTER VI

The Local Government Service Commission

Although there were varying proposals for the re-constitution of the Local Government Service Commission, there was virtually no demand for its abolition. (Paragraph 278).

The Local Government Service Commission should consist of only seven members, with the Commissioner of Local Government (who is to be one of the seven) as ex-officio Chairman, three members to represent the local authorities and three members to represent the public. These nominations should be made by the Governor-General on the Minister's advice. In the case of local authorities, nominees should be selected and recommended by the Minister of Local Government from names put up to him by the Municipalities, Urban Councils, and Town Councils, and Village Committees. There is no need for continuing a special member to represent the Colombo Municipality. (Paragraphs 288 to 300).

A post of full-time Official Deputy Chairman should be created. He should be a public officer of the highest administrative ability and integrity, who would be responsible for the day-to-day work. Much of the work which is now attended to by the Chairman and routine matters which come up before the Commission for approval can be delegated to him. (Paragraph 303)

The staff of the Local Government Service Commission Office should be made a transferable one. (Paragraph 307).

Committees of Inquiry of the Local Government Service Commission should be reconstituted so that it will no longer be necessary for two members of the Con mission to form a Committee of Inquiry in all cases. For the purpose of disciplinary inquiries in respect of officers drawing salaries less than the initial of Class II of the Local Government Clerical Service, the Committee of Inquiry could consist of one member of the Commission assisted by a public officer of staff grade (other than Judicial Officers) resident in the area where the inquiry is to be held. He could be nominated, with the formal approval of the Head of the Department, by the Commission, to act as a member of that Committee of Inquiry. (Paragraph 320).

CHAPTER VII

Aspects of Public Health

Medical Officers of Health and Local Authoritues

In view of the increased finances that Municipalities will receive, the four newer Municipalities of Jaffna, Kurunegala, Nuwara Eliya, and Negombo, should appoint their own Medical Officers of Health, and other health staff, and pay them from their own funds. (Paragraph 326).

In Urban Councils the present practice of loaning these officers should continue. The Council should be the authoirity responsible for deciding the policy in relation to public health within its area, but the execution of that policy, once decided upon, should be the sole responsiblity of the Medical Officer of Health. For the purpose of carrying out public health policies efficiently, he should have the direction, supervision, and control, of all members of the Public Health Staff. (Paragraph 331).

In any matter of importance, however, if there is a strong difference of opinion between the local authority and the Medical Officer of Health, regarding the policy to be followed, it should be within the power and competence of the Medical Officer of Health to place his views before the Commissioner of Local Government, who, in consultation with the Director of Health Services, would arrive at a decision which should be final and binding on both parties. (Paragraph 332).

The same position and procedure should apply in Town Council areas.

Village Committees at present carry out public health functions under the provisions of the by-laws they can make, not as statutory duties. It is necessary, however, that public health functions in Village Committee areas should be enlarged, particularly where there are " built-up " areas. Village Committees should be made the chief administrative authorities for the purpose of promoting and securing public health within declared built-up areas. Staff for attending to this work should be loaned by the Government. (Paragraphs 336 et seq.)

Maternity and Child Welfare Clinics

The maintenance of Maternity and Child Welfare Clinics should be made a statutory duty of Urban and Town Councils. Government should pay fifty per cent of the cost of these clinics in Urban and Town Councils which are certified as functioning efficiently. In Village Committees the cost of running such clinics should be met fully by Government. (Paragraph 343).

In view of the fact that local authorities already have an organisation set up to look after Maternity and Child Welfare, the need to continue a whole

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Government Department to look after Milk-Feeding Centres requires very careful re-consideration. (Paragraph 346).

Markets and Fairs

Local authorities should place the observance of more hygenic conditions in markets, slaughter-houses, &c., and a cleaner handling of food as one of their highest priorities. (Paragraph 353).

Provision of Latrines

Local authorities, with the increased finances that they would have in the future, should enter with greater earnestness upon this duty. No building applications should be approved which do not provide for latrines. Needy citizens should be assisted in providing latrines by more assistance under aided-latrine schemes. (Paragraph 359).

In view of the difficulties which can be anticipated where conservancy labour is concerned, local authorities, wherever possible, should encourage the construction of water-sealed latrines. (Paragraph 362).

Local authorities should also see to it that conservancy rates, rather than conservancy fees, are charged over areas benefitted by a conservancy service. (Paragraph 363).

CHAPTER VIII

Services of Local Authorities

Roads

At present there are two main Road Authorities, the Public Works Department and the local authorities. There is however no proper co-ordination of road policies. Co-ordination of road policy could be obtained through the proposed Regional Committees.

The policy of the Public Works Department of taking over 50 miles of road every year, should be revived. For this purpose the Public Works Department should obtain the recommendations of the various Regional Committees. (Paragraph 370).

In Village Committee areas, grants should be given for the maintenance of Village Committee roads as Village Committees have no funds to spend on road maintenance at present. These grants should be channelled through the Regional Committees.

Housing

The Ministry of Housing should wherever possible utilize the local authorities as agents for the solution of the Islandwide problem of housing. Full use could be made of their organisation, personnel and staff for housing projects.

Slum Clearance should continue to be a special function of the local authorities. A bigger drive (with more liberal grants from Government) for clearing slums is essential in the interest of public health. (Paragraph 378).

Electricity and its Distribution in Colombo

Every encouragement should be given to local authorities to take on the distribution of electricity as a measure of public service. (Paragraph 383).

The distribution of electrical energy throughout the City of Colombo should be handed over to the Municipality (just as is the case with practically all other local authorities) subject to the adjustment of the administrative questions involved. Government would not be a loser for it would continue to make substantial profits by the sale of bulk supply of current, for distribution. It will make at least 27 lakhs profit from the mere bulk supply of current to the Colombo Municipality. ((Paragraphs 392 et seq.)

The Electricity Act should also be amended to make it clear that once a local authority is given a licence to act as distributor, the Department itself should not be entitled to step in and itself supply current to any particular consumer, except in very extraordinary circumstances, when it should be with Ministerial approval. (Paragraph 399).

If and when the demand for considerable power for schemes of development arises in rural areas, the question of the need for an Islandwide Electricity Board will have to be considered. (Paragraph 408).

New Public Services

Local authorities should be encouraged to enter more into the fields of public utility services where both service to the public and reasonable profit to the local authority could be obtained by proper management. (Paragraph 414).

The distribution of milk, running of cinemas, laundries, taxi services, are some of the fields into which local authorities could venture. (Paragraph 417).

Before entering upon any service, its full implications should be carefully considered if necessary with expert aid. Trading accounts of these ventures should be kept separately. Local authorities should not enter into these fields mainly with a profit motive. (Paragraphs 420, 421).

Municipalisation of Passenger Transport in Colombo

Transport is a legitimate field for Municipal enterprise, provided the local authority is financially, technically, and administratively competent to run it.

The Colombo Municipality, which has the necessary organisation, staff and experience should be permitted to run a transport service (whether a Trolley Bus or a Diesel Bus Service is a purely technical question for experts) not only on the existing tramway routes, but also on some or all of the additional

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routes which the Council has proposed in Paragraph 430. The Municipality should be allowed to operate on these roads, not on a monopolistic basis, but in competition with existing private bus companies which now enjoy a monopoly on them. (Paragraph 442). The accounts of such a service should be kept separately and the service should be run as a commercial undertaking. It should be run with the object of making the service as cheap and efficient as possible to the travelling public with a sufficient residual margin of profit to provide for replacement reserves. (Paragraph 444).

Resthouses

Grants have been given by Government to local authority resthouses for the provision of lights, water service, and drainage. These have been provided in most of them now. It only remains for local authorities to raise their level of maintenance. Inspections and insistence on high standards both by the local authorities themselves and the Local Government Department should assist in improving standards. A higher standard should be insisted on from resthouses on the "tourist line". If local authorities fall short in their management of resthouses, the Minister should have power to reduce their grants. (Paragraphs 467, 468).

Town Planning and Zoning

The balanced allocation of land to satisfy all the land needs resulting from, and incidental to, the execution of a planned programme of economic development is a matter of considerable national importance. Results have shown that local authorities do not take a real or sufficient interest in this matter.

The preparation and bringing into operation of planning schemes in local authority areas should be attended to early. This should be done by making Regional Committees responsible for Regional Planning Schemes. The execution of any approved Regional Planning Scheme would be the responsibility of the local authority concerned. (Paragraph 478).

Recreational Facilities

Local authorities here too should take considerably more interest in this sphere of activities in the future. With more finances now, they should be able to do it. Crown land, wherever suitable sites are available, should be given to local authorities for this purpose. Loan facilities for these purposes should also be given more readily to local authorities. (Paragraph 486).

Libraries, Reading Rooms, and Community Centres

The provision of libraries in central spots is a service which should be accelerated for the general benefit of the community. A chain of libraries could be the first step in building up a National Library Service. In order to encourage local authorities to do so, they should be assisted by grants up to fifty per cent.

of the cost of capital equipment and books in towns (other than Municipalities) where these services are started and carried on by the local authorities. In rural areas the amounts given for the provision of reading rooms should be increased considerably. The aim should be to finally convert these libraries into cultural centres. (Paragraphs 494, 495).

Public Assistance

Public Assistance should be organised on a regional basis, all the assistance given by Government being channelled through the Standing Committees of Regional Committees, so that the principle that there should be a local basis for Poor Relief would be observed. On to the Standing Committees could be co-opted interested public citizens and social workers. (Paragraphs 510, 511)

Fire Services

All the Municipalities and larger local authorities where there are large concentrations of population, say over 25,000 or more, especially those in the neighbourhood of Colombo, should start Fire Protection Services. Joint Services should be possible. (Paragraph 514).

Municipalities should find the money required by way of loans from Government. In the case of other local authorities, if the scheme is approved, fifty per cent of the initial cost of buildings and equipment should be made available to the local authority by way of grant. Loan facilities should be made available for the balance. (Paragraph 515).

CHAPTER IX

The Constitution of Local Authorities and Membership

Constitution of Local Authorities and the Redefinition of Areas

A definite procedure should be laid down when proposals relating to the redefinition of areas, creation of new local authorities, elevation of status of local authorities, are being considered. The public should be given every opportunity of making representations on such matters. The Commissioner of Local Government, before he makes a recommendation to the Minister on such a question, should obtain a full report from the Regional Committee of the area. The Regional Committee will examine the proposal fully by a public inquiry if necessary. (Paragraph 522).

Composition of Urban Councils

The maximum number of members who should be elected to constitute an Urban Council should be raised to fifteen. (Paragraph 526).

Composition of Town Councils

Town Councils should not be created for very small areas in future, unless there is a strong density of population and possibilities of large potential

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development. The minimum number of members of a Town Council should be raised to five, and the maximum to ten. (Paragraph 528).

Boundaries of Village Committee Areas

As in the case of other local authorities whose limits and boundaries are specifically defined, generally by natural landmarks, the limits of Village Committees, and of the wards of Village Committees, should likewise be specifically defined, preferably by metes and bounds, and not in relation to Divisional Revenue Officers' Divisions or Village Headmen's Divisions. (Paragraph 530).

The names of Village Committees too should not be the names of the Village Headmen's Divisions, but they should take their names from amongst the ancient names of the Villages which constitute the village Committee area. (Paragraph 535).

Village Committees to be called Village Councils

The name " Village Committee " should also be changed and these local authorities should be called " Village Councils " in future. (Paragraph 536).

Qualifications of Voters and Members

VOTERS

There should be no narrowing of the franchise at this stage. (Paragraph 542)

MEMBERS

Likewise there should be no limitations placed on the qualifications for membership. (Paragraph 545).

Where surcharges on members of Rs. 500 in Village Committees, Rs. 2,000 in Urban and Town Councils, and Rs. 3,000 in Municipal Councils, are made by the Auditor-General and upheld by the Minister, such members should be disqualified from membership for five years. (Paragraph 546).

Members who continue to be in arrears of rates or other dues to the Council, for a period of three months after a special demand has been served on them, should also be disqualified from membership, after due inquiry by the Elections Officer. (Paragraph 547).

Vacation of Office by Absence without leave

An Elections Officer should be statutorily authorised to satisfy himself by due inquiry that members have in fact been absent from more than three consecutive meetings without leave of the Council/Committee before he proceeds to take steps to have the vacancy filled. (Paragraph 519).

Removal of Mayor/Chairman from Office by Resolution of Council/Committee

An uniform procedure should be followed for all types of local authorities. Removal of a Mayor/Chairman should be by a written requisition made to the

Municipal Commissioner/Assistant Commissioner of Local Government, by not less than one half of the total number of members of the local authority, where the membership does not exceed 16 ; where it exceeds 16 by not less than two-fifths. A resolution for the removal, to be effective, would have to be passed by not less than half the total number of members of the Council/ Committee, at two successive special meetings. If such a resolution is defeated a similar one cannot be brought up again for six months. (paragraph 552).

Election Deposits

Election deposits should be raised as follows :—

Municipal Councils, Rs. 500.

Urban and Town Councils, Rs. 200.

Village Committees, Rs. 50 (Paragraph 553).

Term of Office

There should be no change in the Term of Office of members of local authorities, which is at present three years. Village Committees, however, should commence their term of office in January and not in July. (Paragraph 554, 555).

Payment of Allowances to Members

The payment of salaries or fixed allowances to members of local authoritles is not recommended. In Village Committee areas a member who lives beyond a radius of two miles of a Village Committee Office should be entitled to draw a small travelling allowance, if he so desires, in respect of each attendance (Paragraph 557).

Chairmen as Justice of the Peace

Chairmen of Town Councils and Village Committees should be made ex-officio Justices of the Peace for the period of their tenure of office as Chairmen. (Paragraph 559)

CHAPTER X

Administration in Local Authorities

Chief Executive of Local Authorities

The Mayor/Chairmen should continue to be the Chief Executive, but certain powers, duties, and responsibilities, such as—

(1) the issue of licences, sanction of applications under various Ordinances (other than those which require the exercise of a discretion), the disposal

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of building applications, inquiries into assessments, and the taking of proceedings for breaches of or the enforcement of the law in relation to any of these matters ; and

(2) generally, responsibility for proper financial and administrative arrangements and supervision ;

should ordinarily be delegated by the Council, Mayor/Chairman, to the Chief of the paid staff or any other appropriate officer. (Paragraph 570).

These powers are to be " ordinarily delegated ". This leaves the Council free, if it so desires, to carry out these duties through its Chief Executive, the Mayor/Chairman. If, however, either on representations made or otherwise, the Minister is of opinion that either the Mayor/Chairman or any members or the local authority as a whole or any Committee of such body, dealing with matters which should ordinarily be delegated, have so conducted or discharged such administrative or executive functions as to make it necessary or desirable in the public interest that should be investigated, he could refer it for investigation to a Tribunal of Inquiry with a view to that Tribunal deciding whether these powers, functions and duties should by Order of the Minister be compulsorily delegated to any Executive Officer, and if so, what the period of such delegation should be. (Paragraph 572).

Rating and its Administration

Quinquennial revisions of local authority assessments by the Chief Valuer and the adoption of such revisions should be made statutorily obligatory. (Paragraph 579).

The hearing of Objections to Assessments should not as far as possible be a function of elected members. It should be a duty which should ordinarily be delegated to the officials ; in Municipalities, to a Board of three Executives. As the staff of Urban and Town Councils are too small to form Boards of Executives the present practice of the Chairman disposing of objections assisted by a officer of the Valuation Department can continue. (Paragraphs 584, 585). The signing of Distress Warrants can however be generally done by the Municipal Commissioner/Secretary. (Paragraph 586).

Standing Committees

There should be power to co-opt members of the public into Standing Committees provided that at least two-thirds of the members of every Standing Committee should be members of the local authority. (Paragraph 588).

Subjects of Discussion at Local Authority Meetings

Local authorities are neither Parliaments for the discussion and settlement of questions of National policy nor dimunitive Assembles of Nations of the World to settle International problems. They should confine their activities

to the less pretentious but locally more important tasks of attending to the needs of the community they have been elected to serve. (Paragraph 593).

The Need for One Local Government Act

The four Local Authority Ordinances and the Local Authorities Elections Ordinance should be consolidated into one Act for convenience. (Paragraph 595).

Swabasha in Local Authority Administration

This is linked up with Government policy. Each local authority would undoubtedly make its decision withint he limits of Government policy, which would be made known to it by the Ministry of Local Government. (Paragraph 596).

CHAPTER XI

The Crown and Local Authorities

Land Acquisition for Local Authorities

Local authorities have complained that most of their development works are held up because of the long delays in compulsory acquisition by the Crown. To eliminate these delays, the decision whether a purpose is a public purpose or not, and the decision on the acquisition of any particular site or sites (after a hearing of objections), should be delegated to the Minister of Local Government. His decision on these questions could be then formally conveyed to the Minister of Lands and Land Development who would use the acquisition machinery to give effect to them. (Paragraph 601).

Present procedural delays can be eliminated by Regional Committees being utilized to do the routine work that at present is done through the medium of the Kachcheries and various Government Departments. (Paragraph 602).

The staff of the Surveyor-General too should be sufficiently increased so that delays attributed to slowness of surveys can be eliminated.

Crown Buildings in Local Authority Areas

Although Government Departments are requested by circular instructions, as an act of courtesy, to inform local authorities before the erection of buildings, local authorities complain that this is not observed. When the erection of any building has been decided upon therefore, it should be made the duty of the Head of the Department concerned to transmit to the local authority of the area, as early as possible, copies of the plans with sufficient detailed information to enable the local authority to understand the nature and purpose of the building and to examine it in relation to its regulations, and zoning and town planning schemes, if any. The Department should not be required to obtain any formal " sanction ". Should any question be raised, the local authority and the Government Department concerned should endeavour to settle it

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among themselves. In any difficulty, the matter should be referred to the Minister of Local Government, who after consultation with the Minister in charge, should arrive at a decision which should be final (Paragraph 608).

Vesting of Crown Lands

Government requires lands for its purposes from time to time. All Crown land cannot be vested in local authorities as requested by the latter. The present procedure could continue, but should be speeded up in the matter of survey and the actual preparation of vesting documents. (Paragraph 613, 614).

Village Committees should be given an extended period of time, at least two years, under the Crown Lands Ordinance, to transmit to the Kachcheries lists of those lands which they claim to be vested in them. (Paragraph 616).

Free Legal Advice

As local authorities are independent bodies, free to advise themselves, the present practice of being free to seek their own legal advice should continue. (Paragraph 620).

CHAPTER XII

General Topics

Ad Hoc Boards for Special Purposes

For the proper development of areas where national, religious, or archaeological interests or other considerations which affect the country as a whole, preponderate over the purely parochial needs, there should be constituted ad hoc authorities charged with the administration of the area and with the regulation, control and direction of all matters relating to the comfort, convenience and welfare of the residents. (Paragraph 624).

Boards of this nature can be setup for colonisation areas, for periods of five years after the schemes are completed. At the end of this period, appropriate local authorities could be created to take their place. (Paragraph 627).

The three Boards of Health that remain today should be abolished. The Board of Health for the Harbour Villages and Kinniya, in the Trincomalee District, and the Board of Health for Minneriya, should be abolished. These areas should be administered by Village Committees. (Paragraph 629). The Board of Health for Diyatalawa, which looks after an area small in population, can properly form part of a Defence Station to be constituted under the Defence Station Act, No. 38 of 1954. Provision should be made for increasing the number of members to represent civilian interests. ((Paragraph 630).

Special Areas (Colombo) Development Board

This Board was set up in 1948 for the main purpose of compulsorily acquiring and redeveloping the " Fire Gaps ". Rent compensation is still being paid.

It is essential that the work of this Board should be expedited, completed and handed over to the Colombo Municipal Council as early as possible, (well before 1960), as its functions, road making, slum clearance, conservancy and scavenging, &c., are Municipal functions. (Paragraph 632).

Sea Eroison

Central Government should take full responsibility for the planning and provision of defences against the sea or inland waters whether the area to be protected belongs to or is vested in a local authority. The Ministry of Lands seems to be the appropriate Ministry to take action. When local authority areas are affected, this Minister should act in consultation and concurrence with the Minister of Local Government. The execution of measures decided upon for prevention of erosion should be the business of the appropriate departments of Government. Primarily the financial responsibility should be that of the Central Government. (Paragraphs 639 to 641).

Rent Control

This is a subject of such wide scope and importance as to justify special investigation, by itself, as a whole. (Paragraph 642).

Supply of Stores to Local Authoritues

The set up of a completely new and independent organisation for this purpose is not recommended. (Paragraph 665).

Local Authorities and Level Crossings

An Official Committee should examine and decide the degree, measure and priority required in the protection at level crossings where railway lines and roads intersect. The division of the cost will also be settled by this Committee. In the event of a dispute, the matter should be referred to the Minister of Transport and Works who will decide the question with the concurrence of the Minister of Local Government. The execution of the work after decision will be the responsibility of the Railway. (Paragraph 673).

Local Authorities and the Prevention of Cruelty to Animals

Prevention of cruelty to animals should be a permissive function which could be undertaken by local authorities. A local authority should use special

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Standing Committees including interested members of the public for the purpose. (Paragraph 682).

The Need for Ratepayers Association

Far more Ratepayers Associations should be formed, by residents of the areas, to develop an intelligent, critical interest of the working of their local authorities. (Paragraph 686).

Education

In fields which, it is generally accepted, should be developed by local authorities, they have yet much to do. Participation in educational activities cannot therefore be recommended as yet. (Paragraph 688).

The Shop and Office Employees Act, No. 19 of 1954

The enforcement of the provisions relating to Closing Orders and Sanitation respectively in the Shop and Office Employees Act should be handed over for enforcement to the local authorities (other than Village Committees for present) which are willing and capable of enforcing those provisions. (Paragraph 689).

CHAPTER XIV

Audit

Appeal to the Supreme Court against surcharges should be provided for all types of local authorities. At the moment Municipal Councils and Village Committees have an appeal only to the Minister. (Paragraph 747).

The recovery of Audit Surcharges should be made the duty of the Auditor-General. (Paragraph 748).

Provision should be introduced making a person surcharged of sums exceeding the following amounts to be ineligible for membership in any type of local authority for five years :

Village Committees	...	Surcharges exceeding Rs. 500
Urban and Town Councils	...	Surcharges exceeding Rs. 2,000
Municipal Councils	...	Surcharges exceeding Rs. 3,000

They should however not be disqualified from voting. (Paragraph 751).

Local authorities should not be charged any fees for the Auditor-General's services. (Paragraph 757).

There is an immediate need for strengthening the Auditor-General's Office by staff having a good knowledge of Local Government accounts and audit procedure. A Regional Audit Service should be created. Power to surcharge,

however, should remain with the Auditor-General alone, and not with the Regional Representative. If the creation of a Regional Audit Service cannot be presently implemented, the alternative suggested is a strengthened separate section within the Auditor-General's Department, virtually autonomous, with an officer of the status of a Deputy Auditor-General at its head and an adequate, qualified staff. (Paragraphs 767, 769).

More use should also be made of the services of Investigating Officers of the Local Government Department in the field of investigations and inspections. Travelling allowances will necessarily have to be reviewed. (Paragraph 772).

CHAPTER XV

Standardized Financial and Other Procedures

The preparation of an uniform standardized set of financial rules for Municipalities should be undertaken immediately by a Departmental Committee. These rules should be made legal after consulting the Municipal Councils. These rules should include provision for the forms of the Budget, internal financial procedures to be followed, forms in which accounts, returns and statements should be rendered, the provision for publication of audited statements of accounts and Balance Sheets. (Paragraph 776).

Urban Council Financial Rules too should be brought up to date.

Village Committee Financial Procedure should provide for all Payment Orders to be signed by two persons, the Chairman or Vice-Chairman on the one hand, and the Secretary or Chief Clerk on the other. Monies should be deposited in the Kachcheries at least once in fifteen days. Village Committees should be given free Service Money Orders for this purpose. Every Payment Order should have a reference to the number and date of the resolution of the Committee relative to the payment. (Paragraph 794).

Tender Procedure

If a local authority for any special and definite reasons feels that it should depart from the general practice of accepting the highest or lowest tender, as the case may be, such a resolution should be passed by three-fourths of the total number of members of the Council and should be forwarded to the Auditor-General too. In the case of a contract which may be partly financed by the Government, the acceptance of anything but the highest or the lowest tender should be only after the written sanction of the Commissioner of Local Government has been obtained. (Pargraphs 800 to 802).

Control through Publicity and Inspection of Audited Reports and Accounts

The law should be amended so as to require the Auditor-General to submit an annual audit report on the working of each local authority to that local authority. The local authority should be required to table and consider it at the first meeting after its receipt. It should be available for inspection to any voter without the payment of a fee. (Paragraph 805).

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The statement of accounts and balance sheets published by local authorities should be **audited** statements of accounts and balance sheets. (Paragraph 806).

The requirement that the Commissioner of Local Government should write an annual report containing a general survey of the work of each local authority, could be discontinued. (Paragraph 823). Chairmen of Village Committees should be required to write detailed reports of the administration of their Committees during the financial year, and to this report should be attached a statement of the receipts and disbursements. (Paragraph 824).

Ratepayers should have the right to inspect these reports. (Paragraph 826).

CHAPTER XVI

Ministerial Controls

Dissolution of Councils and Tribunals of Inquiry

A Tribunal of Inquiry should be set up with wide powers of investigation, unencumbered by the rigidities of procedure or formalities of a Court of Law, to deal with matters like the dissolution of councils, removal of Chairmen or members, inquiry into abuse as a result of non-delegation of duties.

It should consist of a panel of nine members of whom three could form each Tribunal of Inquiry. Three of the nine members of this Tribunal should be appointed by the Minister on the recommendation of the Judicial Services Commission from amongst the members of the Judiciary, retired Judges, and of practising lawyers. The remaining six should be from members of the public chosen by the Minister. None of them should be in the Public Service or be Members of Parliament. The Chairman of each Tribunal should always be selected from the category of members recommended by the Judicial Services Commission. The Tribunal's proceedings should generally be in public. The findings of the Tribunal and its recommendations should be final and binding on the local authority and on the Minister. (Paragraph 832). The matters for investigation are set out fully in Paragraph 833.

Some of the recommendations that a Tribunal should have the power to make as a result of its investigations are the compulsory delegation of functions to officers of a local authority, the suspension of any member or members, or of the local authority itself, the reduction of status of a local authority, the removal of a Mayor/Chairman from office, the removal of any member, the dissolution of a local authority. (Paragraph 834).

Rule Making Powers

The Minister's powers to make Rules should be enlarged. Matters on which he could do so are suggested in Paragraph 838.

Other Powers to the Ministry

There should be power under all the Local Authority Ordinances to enable the Minister or Commissioner of Local Government to obtain any statistics,

reports or data or other information (Paragraph 841) ; to inspect any building or immovable property or premises or works in progress (Paragraph 843) ; to institute inquiries in relation to any matter touching the exercise of any of the functions, powers and duties of any local authority generally or any particular project or activity (Paragraph 844). Power should also be given to recommend and direct measures to be taken for the promotion or protection of public health or safety, or the amenities of the local area or for its due or proper administration or for the fulfilment or discharge of any financial obligation of the local authority. (Paragraph 846). The Minister should also have power to take action to make good defaults of duty. (Paragraph 847).

Ministerial Control of Grants and other Payments

Rather than use the extreme powers given to the Minister, he should ordinarily, administratively, supervise and control the work of local authorities by controlling grants given to them. (Paragraph 848). Details of the situation in which this provision could be used are set out in Paragraph 850.

Before reducing or stopping a grant or any other payment to a Municipal Council, the Minister should make a report to the House stating the amount of the proposed reduction and the reason therefor. This would be effective in a month unless the House otherwise decides. (Paragraph 850).

In regard to Councils other than Municipalities, the Minister need only report the amount of the stoppage or reduction of the grant, to the House. (Paragraph 850).

CHAPTER XVII

Administrative Controls

Use of Statistics

The post of Statistician of the Local Government Department should be filled early so that statistics could be collected and scientifically studied and used for the benefit of the local authorities. (Paragraphs 852, 853).

Supervision by the Local Government Department

Through the exercise of more administrative controls, the use of many of the more drastic powers could be prevented. (Paragraph 858). There should be more inspections of various types by various grades of officers of the field staff of the Local Government Department. Their travelling allowances will necessarily have to be increased. (Paragraph 859). The Assistant Commissioners of Local Government should be used for purposes of contact with all local athorities in an area, not Village Committees only. (Paragraph 871).

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CHAPTER XIX

The Need for More Finance

We are satisfied that without a considerable increase of the present sources of revenue and assistance from Government, no local authority could properly discharge its present functions quite apart from any question of extension of functions. (Paragraph 904).

CHAPTER XX

Sources to be Developed by Local Authorities

Local Income Tax

The imposition of a Local Income Tax is not recommended. (Paragraph 915).

Sales Tax

Sales Tax has not even been tried out by the Government in Ceylon. Thus there is no data or information regarding its incidence, cost of operations, &c. It is not recommended for introduction in local authority areas. If the Central Government were to adopt this form of taxation and were it to prove successful, the Government should consider passing on to the local authorities some proportion or percentage of the nett revenue derived from this source having regard to the fact that revenue would be derived from sales effected in local authority areas. (Paragraph 919).

Trades and Professions Tax

There should be two lists of Trades which could be taxed by local authorities. The first should be a list of trades and businesses which can properly be deemed to be " offensive and/or dangerous " and therefore need be controlled. There should also be another list of selected trades and businesses, which are to be taxed simpliciter, when carried on in any premises which are rated above a fixed minimum annual income. The types of trades and businesses, and the minimum annual values of the premises in which they are carried on to become taxable should be fixed by the local authority and approved by the Minister. The maximum tax payable should also be subject to approval by the Minister. (Paragraph 923).

This tax on specified trades and businesses should also be extended to certain specified professions, subject to relief in certain instances. (Paragraph 929).

Taxes on Un-developed and Under-developed Land

The power of raising revenue in respect of undeveloped as well as under-developed land may be allowed to local authorities as a permissive power which they may exercise having regard to various factors. The scheme of taxation however should be approved by the Minister. (Paragraph 938).

Only 2½ per cent of the capital site value of the land shall be fixed as the " annual value " of those un-developed and under-developed lands which are to be taxed. The rate of tax should vary in urban areas between 2½ per cent and 7½ per cent of the " annual value " as defined above, and between 2 per cent and 4 per cent in Village Committee areas. In Village Committee areas this tax should be leviable only in proclaimed built-up areas. Extents of land below 15 perches in urban areas, or below 20 perches in Village Committee areas, which for good reasons cannot be built on, should be exempted. The extension of this principle to agricultural lands in village areas is not recommended. (Paragraphs 939 et seq.)

Acreage Tax

The minimum taxable extent of land should be reduced from five acres to one acre, and the maximum rate of tax per acre should be raised from 50 cents to Rs. 2 per acre. When any proposed increase of Acreage Tax is submitted to the Minister for his approval, it should be considered by him whether the extent of the proposed increase is justifiable having regard to the nature and quality of the services or amentities provided by the particular local authority. (Paragraph 951).

Paddy lands too should be taxable. (Paragraph 953).

Assessment Tax in Village Committees

Before Government assistance is given to a Village Committee for the purpose of any proposed electricity scheme, it should first declare the area to which the supply of power is contemplated to be a built-up area and levy a rate of not less than 3 per cent, in such an area. A similar rate of 3 per cent should be imposed in built-up areas in Village Committees where electricity schemes have already commenced, but where no rates are being levied. (Paragraph 963). The limit of Assessment Tax should be raised from six per centum to nine per centum. (Paragraph 965).

Graded Property Rates

What precisely was meant by a system of graded taxation was not quite evident. Rates are generally paid by landlords, not tenants, in Ceylon. Therefore if the intention is to give relief on the principle of the ability to pay, taxing larger properties at a higher rate than the smaller properties would bring relief to the smaller landlords but not to tenants.

If a local authority, however, desires to adopt graded property rates, the full financial implications of any such scheme must be examined and reported on first. (Paragraph 970).

Betterment

Neither a betterment levy nor any method whereby the State takes over the increase in land values due to development of an area, are adoptable in Ceylon

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at present. This is however a potential source of revenue which has to be kept in mind. It should be reviewed in five years. (Paragraph 986).

Vehicles and Animals Tax

The scope of this tax should be enlarged to take in Cattle and Buffaloes, Race-horses, Elephants, and Goats. (Paragraph 988 et seq.).

CHAPTER XXI

Assistance from Government

Stamp Duties on Land Transactions

The stamp duty on sales, donations, mortgages, and leases of land situated within the area of a local authority should be given to that local authority. Tresury Estimates (1951) of the yield from this source was Rs. 2·5 million. (Paragraph 993).

Arrack and Toddy Rents, Tree Tax, and Profits from the supply of Arrack by Government

Ten per cent of the Arrack and Toddy Rents, ten per cent of the Tree Tax Licences in the Jaffna District, and ten per cent. of the profits from the sale of arrack by Government to renters should be distributed proportionately amongst those local authorities where taverns are situated according to the revenue derived by Government from those areas. This is estimated to yield about Rs. 6·5 million to the local authorities. (Paragraph 998).

Revenue from Petrol

Local authorities should be empowered to receive or recover from those running Petrol Sales Depots in their areas a sum of two and one half cents per gallon of petrol sold in the depots within their limits. Likewise each local authority should receive from Government an equivalent sum, *i.e.*, two and one half cents, from the Customs Duty which is imposed on petrol. This is estimted to yield about Rs. 1·86 million to the local authorities.

A local authority should use the whole or prescribed portion of this revenue for its road needs. The accounts of the local authority should be so maintained as to reflect to Audit the fulfilment of this condtion.

No part of this tax which a local authority will receive, should be passed on to the consumer by way of an increase in the Customs Duty or an increase in the retail price of petrol, as revenue from the importation of petrol and allied products is likely to increase from year to year. (Paragraph 1001).

Fines, Penalties and Stamp Duties

Local authorities should be given the following additional fines, penalties and stamp duties :

(1) A refund of fines under the Excise Ordinance—presently given only to Municipalities.

(2) Fines under the Street Collections Ordinance.
(3) Fines under the Poisons, Opium and Dangerous Drugs Ordinance.
(4) Fines under the Pure Foods and Drugs Ordinance.
(5) Refund of levies, fines and penalties under the Pawn Brokers Ordinance, and, in the case of Village Committees, the Public Performances Ordinance.
(6) Fines under the Elections Ordinance.
(7) Fines under the Prevention of Cruelty to Animals Ordinance.
(8) Refund of half the total licence duties on motor vehicles.

Motor Car Licence Duties are not repayable at the moment to Village Committees. Village Committees too should be included. The refund should be made to all local authorities on the basis of the number of vehicles licensed in the previous year, which are garaged within the limits of the respective local authorities. In the Minister of Finance's Budget Proposals for 1955–56, the increased licence duties are expected to bring in about Rs. 5·5 million more to Revenue. (Paragraph 1004).

Grant in lieu of Capitation Tax

No variation of the present basis is suggested. (Paragraph 1005).

Block Grant or General Purposes Grant

Block Grants should be paid to all types of local authorities on the basis of population and revenue. The revenue should be that of the three years immediately preceding and it should be linked with the latest population figures available. (Paragraph 1011).

The population factor should be included in the calculation of the Block Grant for Village Committees too. If, however, Village Committees obtain a large amount of revenue from the extension of the Acreage Tax, the Block or General Purposes Grant paid to them could be reduced by the Minister. No Village Committee should receive a Block Grant of less than Rs. 3,000 per year. On the new basis Block Grants will amount to about Rs. 4·68 million as compared with Rs. 2·1 million paid out at present. (Paragraph 1012).

All urban authorities should, however, collect a certain minimum percentage of their total revenue by way of rates in order to qualify for a full Block Grant—see Tables in Paragraph 1020.

CHAPTER XXII

Specific and Conditional Grants ; Division of expenditure on certain Services ; Loan Facilities

Grants for Village Works, Village Wells, Conservancy and Scavenging Services

These grants should be continued, but the quantum of assistance should be larger. (Paragraph 1025).

Maintenance grants for Village Committee Roads

Road maintenance grants for Village Committees up to a limit of Rs. 100 per annum per mile of road constructed by Village Committees should be given

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to the Village Committees for maintenance. This grant should be given through the Regional Committees which should lay down requisite standards and pay against reports certifying measurements, quantities and compliance with standards. (Paragraph 1026).

Housing

The Ministry of Housing should use the local authorities as their agents for housing schemes. Slum clearance should continue to be done more intensively by local authorities. Larger grants should be given to them for the purpose. (Paragraph 1030).

Water

Recommendations regarding division of cost appear in the Chapter dealing with Central Water and Drainage Board.

Grants towards the payment of Cost of Living Allowances and Special Living Allowances

Local authorities will not have money enough to meet the payment of Cost of Living Allowances and Special Living Allowances to their employees even after their source of revenue are increased. These payments should continue to be made by Government under the restrictions and limitations which operate at present. The full Living Allowances (not 50 per cent as at present) should be refunded in respect of Local Government Service pensioners. (Paragraph 1040).

Maternity and Child Welfare Clinics

The basis of the division of expenditure on this service has been dealt with in the chapter on Aspects of Public Health.

Assessment of Crown Properies

The Crown should not be liable for rates, but payments which are being made by the Crown in lieu of rates should be speeded up. (Paragraph 1047).

Rating of Public Utilities

Rating of public utilities such as the Harbour, Railway, Government Electrical Undertakings, Oil Facilities, should be based on the analysis of the accounts of the five preceding years. (Paragraph 1049).

Rating of the Harbour

The Municipality of Colombo appears to have a justifiable claim for the continuation by Government of the payment in lieu of rates for the Harbour

as in the past. The quantum of such rates will have to be worked out. (Paragraph 1058).

Fire

The basis of the financial arrangements in respect of this service has been dealt with in the section on Fire Services.

Public Assistance

The financial aspect has been dealt with earlier in the chapter on Services of Local Authorities.

Floods, Disaster and Widespread Distress

Financial responsibility should continue to be that of the Central Government, but local authorities should be associated with the allocation and distribution of this relief over areas of distress by the funds being paid out by the Regional Committees. (Paragraph 1064).

Welfare of the Blind

No immediate participation in this activity can be anticipated by local authorities. If however a local authority does start an institution and the work is up to accepted standards, Government should provide 50 per cent of the cost. (Paragraph 1066).

Tuberculosis

Tuberculosis control should continue to be a Central Government responsibility. (Paragraph 1067).

Infectious Diseases Hospitals

Local authorities should provide the site. The erection of buildings should be the responsibility of Government. Maintenance and running costs should be divided between the local authority and the Central Government except in cases where patients residing outside the area are brought in. (Paragraph 1070).

Epidemics

Epidemics should be a Government responsibility. In the case of demolition of any temporary buildings, up to three-fourths of the cost should be met by Government. No contribution should be expected from Town Councils and Village Committees. The cost of, or compensation for, demolition of permanent buildings should be borne by the Central Government. (Paragraph 1072).

Filaria

The measures for the prevention and control of Filaria should be met by Government and not by local authorities. (Paragraph 1074).

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Festivals and Pilgrims

Government presently makes arrangements for water and sanitation, where large concourses of pilgrims are expected. This should continue. (Paragraph 1076).

Side Drains

Central Government and local authorities should, as in the past, bear in equal shares the cost of construction of drains along roads ; maintenance should be by the Public Works Department. (Paragraph 1077).

Maintenance of Trunk Roads

This has been accepted as a Government responsibility. (Paragraph 1078).

Lighting

This should remain a local authority responsibility. (Paragraph 1079).

Policemen's Shelter

On trunk roads shelters should be a Central Government responsibility. (Paragraph 1080).

Roundabouts

Where local and trunk roads cross, the cost should be shared equally. (Paragraph 1081).

Automatic Signals

The installation and maintenance of these signals should be the responsibility of the Govenment. (Paragraph 1082).

Pavements

The cost of construction should be borne by the Central Government ; maintenance by the local authority. (Paragraph 1083).

Curb Walls

If curb walls are required to support the road platforms the cost should be met by Government. (Paragraph 1084).

Pedestrian Crossings

This responsibility should be that of the local authorities. (Paragraph 1085).

Traffic Signs

These should be provided and maintained by local authorities. (Paragraph 1086).

Water

(*a*) TO SHIPPING

The Colombo Municipality has stressed that it is losing revenue as a result of the fact that though it sells water at the rate of Rs. 5 per 1,000 gallons to the distributors, the latter then retail it to ships at a high rate within the Port.

It is a matter for the Municipal Council to consider whether it is worthwhile incurring the capital outlay required for equipment, &c., to enter into competition with the existing distributors and undertake this service, if it is permitted by the Port Commissioner, in view of the fact that the Port Commissioner's own pipelines will supply water to ships once the alongside berths have been constructed. (Paragraph 1087).

(*b*) TO QUEEN'S HOUSE

Water supplied to Queen's House, in excess of 100,000 gallons per quarter, is now charged at the rate of Re. 1 per 1,000 gallons. This can continue. (Paragraph 1088).

(*c*) TO THE RAILWAY

The rate of 50 cents per 1,000 gallons should be paid to the Colombo Municipality for all water supplied to the Railway. (Paragraph 1089).

(*d*) TO THE MEDICAL RESEARCH INSTITUTE

Government has agreed to pay the Colombo Municipality for the whole of the supply of water at the rate of 80 cents per 1,000 gallons. This arrangement should continue. (Paragraph 1090).

Free Postage Facilities

If the local authorities get the increased finances recommended, all local authorities should pay for postage. (Paragraph 1092).

Refund of Radio Licence Fees

This suggestion is not accepted. (Paragraph 1094).

Municipal Trading

The financial aspects of this has been dealt with in the section dealing with New Public Services.

Loan Facilities

The loan policy of Government should be liberalized. There should be made available to local authorities through the Local Loans and Development Fund about 15 to 20 million rupees every year, for the next ten years.

Loans are now given mainly for revenue earning ventures. Activities of a capital nature which local authorities wish to undertake, whether they be revenue earning or not, should be sympathetically considered for loan facilities.

Period of repayment should be extended, from 40 to 60 years.

The rate of interest should be reduced from four to a maximum of two per cent.

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Local authorities should seek financial assistance only from the Government, and should not enter the field of private borrowing. (Paragraph 1098).

General

The increased assistance from Government (excluding specific grants) would amount to about Rs. 19·86 million, i.e., an increase of about Rs. 15·76 million. (Paragraph 1101).

If for any reason the Government does not agree to making over to the local authorities any of the sources of revenue recommended, a sum approximating to the amount those specific sources would have yielded should be made over by increasing the amount of the Block or General Purposes Grant adequately. (Paragraph 1102).

Need for Periodical Review of Financial Relations

Financial relations should be reviewed periodically, if not by a full Commission, at least by a Departmental Committee. Such a review should be made again in another five years. (Paragraph 1103).

CHAPTER XXIII

The Training of Employees of Local Authorities

Emphasis should be placed on proper training schemes, and, in the not distant future, a "School of Local Government" should be established. The facilities already available for theoretical and practical training, in Institutions like the Ceylon Technical College, the offices of the Regional Assistant Commissioners of Local Government, and the offices of local authorities, should be used as the main avenues for the training of employees.

Short intensive refresher courses for those already in service should be organized, through the Technical College, in subjects such as Book-keeping and Accountancy, Local Government Law and Procedure. For Village Committee clerks, similar courses should be given under the supervision and guidance of the Assistant Commissioners of Local Government at the latters' offices. Attendance at these courses should count for promotions. (Paragraphs 1106 et seq.)

To improve the quality of future recruits, a full Local Government Course—for a Diploma in Local Government—should be organised. This course should be recognized as a qualification for direct appointment to the higher grades in the Local Government Service. (Paragraph 1110).

Technical grades have already got recognized courses of instruction arranged for them. The obtaining of qualifications on the administrative or technical sides by employees should be recognized financially. (Paragraph 1115).

Not only theoretical pre-entry training, but post-entry training too—to learn the day-to-day work—is necessary. "Job Instruction" should be given by senior officers familiar with the routine. (Paragraph 1116).

Training for new Village Committee appointees, upon selection, can be essentially practical. Courses could be organised at the offices of the Assistant Commissioners of Local Government, followed by a short period of attachment to the nearest local authority office for practical work. The salary for the period of training (about a month's training should do) should be paid by the local authority to which the recruit is being appointed. (Paragraph 1117).

Generally to improve the quality of the staff there should be some proportion of recruitment to top posts, from among graduates or professionally qualified men, perhaps in the proportion of one from these fields to every three from the service. (Paragraph 1119).

CHAPTER XXIV

The Selection, Promotion and Grading of Employees

Appointments

As a general rule in making of appointments in a Graded Service, recruitment should be to the lowest grade. Higher appointments should be by promotion from the lower grades on the basis of merit and seniority. Many Seniority Lists have not been prepared by the Local Government Service Commission. This should be given priority by the Commission. Once Seniority Lists are prepared, the need for advertisement can be minimized, in a Graded Service. (Paragraph 1124).

More emphasis should also be placed on written examinations for the selection of candidates. There are more posts in which examination could be used. (Paragraph 1125).

The position is accepted that appointments should generally be made from within the service, but in order to get more talent into the service, it will be necessary in certain types of posts, to widen the field of recruitment and make appointments from outside. (Paragraph 1127).

Delegation of Powers to Local Authorities to make appointments

Although delegation of further powers in regard to the making of appointments is desirable, until more even standards of administration are built-up throughout the country, the present field of appointments given to local authorities should not be widened. (Paragraph 1131).

Promotions

Even where examinations are prescribed, a certain proportion from a lower to a higher grade should be reserved for merit promotions.

There should be some proportion (not exceeding 20 per cent) of merit promotions for the Village Committee Clerical Service to the Local Government Clerical Service. Likewise a small proportion of vacancies in the Local

Government Clerical Service should be reserved for Assistant Clerks. (Paragraph 1135).

Efficiency Bars

The use of examination tests should be further extended for promotion over efficiency bars. (Paragraph 1136).

Reserve Pool of Officer to fill Temporary Vacancies

To counter practical difficulties in filling vacancies caused by transfers, &c. the Local Government Service Commission should have a small pool of Secretarial and Technical Grade officers who could be used to fill posts temporarily in a local authority. (Paragraph 1138).

Grading of Employees

The two aspects of grading and salary revision should be dealt with as early as possible by the Local Government Service Commission.

To make grading effective and operative, the law should be amended to make it obligatory on a local authority to accept the cadre and grading of officers as settled by the Commission, and to employ them accordingly, so as to get over the anomaly or unjust situation of a local authority continuing to employ a lower grade officer and getting him to do work which should legitimately be done by a higher grade officer, whilst yet paying him the lower grade salary. (Paragraph 1144).

Confidential Reports

The duty of making annual Confidential Reports should be the responsibility of the Municipal Commissioner or Secretary. The Mayor/Chairman should also be invited to set out his own assessment of the officer's work and usefulness. Both reports should be forwarded by the Commissioner/Secretary to the Local Government Service Commission. Adverse comments by either should be communicated in writing to the officer concerned.

In the case of Confidential Reports on Executive Officers, these will necessarily have to be the duty of the Mayor/Chairman. (Paragraph 1152).

Abolition of Posts

The law should be amended so as to prohibit the abolition, or the alteration of the designation, of any Scheduled Post of any local authority without the previous written approval of the Local Government Service Commission. (Paragraph 1153).

CHAPTER XXV

Salaries and Increments

The Payment of Increments

The certificates which are at present required from the Mayor/Chairman of a Council (or other officer to whom the duty may be delegated) should be issued

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by the Municipal Commissioner/Secretary, as the case may be. If the Municipal Commissioner/Secretary cannot certify that an officer has earned his increment, he should so report to the Mayor/Chairman. The Mayor/Chairman should have the right of expressing his own views and making his recommendations. The payment of increments to Executive Officers themselves would necessarily depend on the certificates of the Mayor/Chairman. (Paragraph 1155).

Powers to enforce payment of Salaries, Pensions, &c.

Where a local authority does not pay the salary or pension contribution or other emoluments due to an officer, the Local Government Service Commission should have the power to certify to the Commissioner of Local Government the facts of the case. The Commissioner of Local Government should be empowered to forthwith make the necessary or appropriate payments and to continue to do so. He should also be given the power to deduct these amounts from any money whether from any grant, loan, or assigned revenue, or other payment, which becomes due to the local authority concerned. (Paragraph 1160).

Power to authorise recoveries

On the directions of the Local Government Service Commission a local authority should have the power to recover from the salary or allowances or other payment due to a member of the Service, any money due from that officer either to such local authority or to any other local authority. (Paragraph 1162).

Central Pool of Payment of Salaries

The set up of a central organisation for the payment of salaries, with all its consequential problems of administrative work, is not recommended. (Paragraph 1165).

CHAPTER XXVI

Disciplinary Procedures

Enlargement of Powers of Local Authorities for Disciplinary Control

No widening or enlargement of the powers given to local authorities to deal with their employees in disciplinary matters is considered necessary, especially as local authorities generally do not take action under the powers they already have, but prefer to get the Local Government Service Commission to do so. (Paragraph 1169).

Interdictions

No change in the existing procedure relating to interdictions of Executive Officers is considered necessary. If interdictions increase to such an extent, particularly of the higher grade Executives, so as to justify the inference that this power is being exercised irresponsibly or improperly, a change could then be considered. (Paragraph 1174).

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The Municipal Commissioner/Secretary of Urban and Town Councils should have the power to interdict an officer who is on a salary scale the maximum of which does not exceed Rs. 2,520 in a Municipal or Urban Council, or Rs. 1,200 in a Town Council, with the written approval of the Mayor/Chairman. (Paragraph 1175).

In the case of officers whose maximum exceeds Rs. 2,520 per annum in a Municipal or Urban Council, or Rs. 1,200 in a Town Council, the power to interdict should remain with the Mayor/Chairman. The Municipal Commissioner/Secretary should also have the power to make recommendations for interdiction. (Paragraph 1176).

In Village Committees the power of interdiction should continue in all cases to be exercised by the Chairman. (Paragraph 1177).

Dismissals

No variation, in the procedure of appeals against dismissals, to any person or body other than the Local Government Service Commission is suggested. (Paragraph 1180).

CHAPTER XXVII

Conditions of Service

Transfers

The principles recently enunciated by the Treasury in relation to the transfer of Government employees should generally be followed in the transfer of local authority employees too. These are that the normal period of service in a station should be about four years, particularly for popular stations. Transfers should generally be at at the end of a year and with the longest possible notice. (Paragraph 1188).

Leave

The distinction between New Entrants and Non-New Entrants will cease to exist in course of time. (Paragraph 1192).

Allowances

In order to effect standardisation and the maintenance of wholesome control over travelling, the review of travelling allowances should continue to be made by the Local Government Service Commission. (Paragraph 1193).

The sanctioning of special allowances for other than the normal duties of employees should also continue to be done by the Local Government Service Commission. (Paragraph 1195).

Free Holiday Warrants

As the financial position of Village Committees will improve substantially, the concession of the granting of free holiday warrants should be extended

to the employees of Village Committees too who would thus be put on the same basis as employees in the other types of local authorities. In any event the payment of holiday ticket-allowances in lieu of warrants should be abolished. (Paragraph 1198).

Administrative arrangements should be made which will eliminate the necessity for local authorities having to pay Government for holiday warrants issued by them to the employees. (Paragraph 1199).

Security from Officers

To eliminate fresh security having to be tendered on every transfer, the Local Government Service Commission Office should be made responsible for holding the securities furnished by employees. The amounts of security should be standardized. (Paragraph 1201).

CHAPTER XXVIII

Welfare Facilities

Study Leave and Scholarships

It should be a condition in the Bond which is signed by the officer before going abroad, that such officer should on his return serve that local authority in which he was employed immediately prior to his departure for a period of, say, not less than three years after his return. The local authority should have the option of waiving this condition if it so desires. The waiver, however, should be with the previous written approval of the Local Government Service Commission. (Paragraph 1203).

Medical Facilities

All new appointees to the Local Government Service Commission should be examined free of charge, by a Government Medical Officer or a doctor employed by the local authority to test their physical fitness. (Paragraph 1207).

Differences which emphasize the supposed distinctions between Government as employer, and local authorities as employers, should not be perpetuated. There should be no charge levied from Local Government Service employees who require treatment at Government hospitals for injury whilst on duty. (Paragraph 1211).

Local Government Service employees who receive treatment in paying wards of hospitals should, like Government Servants, be allowed concessionary rates and charges. Alternatively the existing practice by which local authorities make a refund to their employees, with the approval of the Local Government Service Commission, should be made obligatory in every instance. (Paragraph 1212).

Provision of Quarters for Employees

Officers in key posts like Municipal Commissioners, Secretaries, Electrical Superintendents, Superintendents of Works, should have quarters. (Paragraph 1218).

16—H. 18040 (10/68)

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It should be possible for local authorities to arrange with the Commissioner of National Housing to obtain high priority for applications of the local authorities for loans for the housing of their staffs. (Paragraph 1219).

Debt Redemption Schemes

Whilst vigilance has to be maintained to see that Debt Redemption Schemes are properly administered and legitimately employed, the provision of such welfare schemes should be encouraged and extended. (Paragraph 1223).

CHAPTER XXIX

Non-Scheduled Employees

There is no justification for bringing back all Non-Scheduled employees, or even the 2,000 of them who are on monthly pay, completely under the Local Government Service Commission. (Paragraph 1231).

Promotions of Non-Scheduled Employees

No variation of the principle followed by the Local Government Service Commission in making promotions is considered necessary in the case of promotions of Non-Scheduled employees to Scheduled Posts. The Commission would no doubt always give consideration to the service records of the employees already in the service in the lower "Non-Scheduled" Grades before even considering an appointment to the higher "Scheduled" Grades from amongst others. (Paragraph 1233).

General conditions of Service of Non-Scheduled Employees

Wherever possible, the principles recommended in relation to the conditions of service of "Scheduled Employees" should be made applicable to "Non-Scheduled Employees" too. (Paragraph 1234).

CHAPTER XXX

Municipal Councils Ordinance, No. 29 of 1947

Election of Standing Committees

The law should be amended to make it clear that notwithstanding the fact that the first meeting is called by the Commissioner and not by the Mayor, Standing Committees could be elected at that meeting. (Paragraph 1240).

Powers of Deputy Mayor

The Deputy Mayor during his term of office should be given authority to exercise any power or perform any duty or discharge any function of the Mayor on

being authorised in witing to do so ; or in the event of the Mayor's incapacity, &c. (Paragraph 1243).

Running of Resthouses

Municipalities and Urban Councils should be given authority to establish and maintain resthouses within their limits, provided Ministerial sanction is obtained. (Paragraph 1246).

Power to exchange, purchase or take land on lease

Municipalities should be given power to take on lease, exchange or purchase any land or building or other property. (Paragraph 1248).

Penalties for Continuing Offences

Provision should be made for continuing fines not exceeding Rs. 50 per day for certain offences. (Paragraph 1249).

Procisions regarding Markets

Municipalities should have the power to declare market areas and to prohibit and regulate the sale of articles of food in either private or public markets within such areas. Municipalities should also have power to regulate, supervise inspect, control any markets or fairs and make regulations for the price of articles sold in markets or fairs within their limits. (Paragraph 1250).

Offences triable by Municipal Magistrates

The list of offences triable by a Municipal Magistrate should be enlarged to include offences under those Ordinances mentioned in Paragraph 1252.

Execitive Posts and Execitive Officers

There is no need to re-introduce a section into the Municipal Councils Ordinance similar to that which existed under the old Municipal Councils (Constitution) Ordinance declaring certain posts definitely to be "Executive Posts" in view of the powers of the Local Government Service Commission and the recommendation that no post can be abolished without the approval of the Local Government Service Commission. (Paragraph 1257).

Exemption from Rates

The section embodying the exemptions permitted from rates should be enlarged to include buildings wholly or partly used for public charitable purposes. (Paragraph 1259).

Remission of Rates

There should be proportionate remission of rates and taxes payable in respect of buildings which may be untenanted and therefore vacant, for a period not

exceeding two months. No remission beyond that period should be allowed unless reasons are adduced to the satisfaction of the Municipal Council. The maximum period of remission should be six months in all.

These provisions should be made to apply to other types of local authorities too. (Paragraph 1261).

Termination of Tenancy

The law should be amended to put beyond doubt that the Municipal Council can ask its tenants to quit its property in the event of their being in arrears of rent, "notwithstanding the provisions of any other law". (Paragraphs 1263 et seq.)

Abatement of Nuisances on Private Premises

A Municipal Council should have the power to make by-laws for the prevention, removal or abatement of any nuisance within its area, even if it is committed on private premises, if it tends to affect in any way the public health or convenience. Similar powers should be given to the other types of local authorities too. (Paragraph 1266).

CHAPTER XXXI

Amendments to the Urban and Town Council Ordinance

Approval of Salaries, Allowances, &c, of Non-Local Government Service Employees

The relevant section of the Urban and Town Councils Ordinances should be amended to make it clear that it is not only a fixed salary, but a salary on an incremental scale which can be approved by the Commissioner of Local Government. (Paragraph 1267).

Sale of Land

The law should be amended to make it clear that sales of lands should generally be by public auction, except in exceptional circumstances when, with the prior approval in writing of the Minister, such lands could otherwise be disposed of. (Paragraph 1269).

Demarcation of Building Limits

The period for the demarcation of building limits should be extended. (Paragraph 1272).

Proper authority under the Nuisance Ordinance

The law should be amended to make it clear that the proper authority under the Nusisances Ordinance in Urban and Town Council areas is the local authority. (Paragraph 1274).

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Recovery of expenses for executing private works

The rate of interest for works done for ratepayers should be reduced from nine to five per centum in respect of all types of local authorities. (Paragraph 1275)

Raising of limits of Rates in Town Council Areas

The maximum assessment rate which could be imposed by a Town Council should be raised to twelve per cent. (Paragraph 1277)

Offences triable under the Town Councils Ordinance

Section 10 of the Rural Courts Ordinance, No. 12 of 1945, should be amended so as to permit of certain offences committed in Town Council areas being tried by the Rural Courts as is permitted under the Urban Councils Ordinance. (Paragraph 1278)

CHAPTER XXXII

Amendments to the Village Communities Ordinance (Chapter 198)

The more important amendments to this Ordinance are the following :

1. Nomination of Chairman

There should be power in the Minister to nominate a Chairman in certain circumstances.

2. Holding of Properties in Trust

Village Committees should have the power to hold properties in trust for public purposes.

3. Additional Powers to Village Committees

General powers of a Village Committee should be widened to include amongst other things the power to create all such posts or offices as it may deem necessary, the assigning of salaries to posts other than Scheduled Posts, the power to abolish a post, the power to pay compensation, the power to spend out of the Communal Fund on Maternity and Child Welfare Services, &c., power to sell, exchange, let or give out on lease any land or building deemed to be vested in the Committee.

The power to spend out of the Communal Fund for travelling allowances whether of members or officers, subject to the approval of the Minister or Assistant Commissioner of Local Government in certain cases, should be given.

In addition, the powers of Village Committees should be enlarged to deal with stray cattle nuisances, to increase the rates of assessment tax (where levied) to a maximum of nine per cent. ; their fields of public utility services too should be enlarged to include water supply, the lighting of streets, the supply of electric light or power, provision of markets, public baths and bathing places, provision

of housing for the poorer classes, and any other form of approved public service. For the carrying out of these services certain necessary consequential amendments will be required.

Village Committees should also be given the power to establish and maintain village fairs.

Their by-law making powers too should be enlarged considerably.

Where control of budgets is re-imposed, the limit which a Committee should be able to spend without sanction should be raised from Rs. 100 to Rs. 500. The control (if re-imposed) should be of both sides of the Budget, Income and Expenditure. (Paragraph 1281).

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ACKNOWLEDGEMENTS

1283. We cannot conclude our Report without placing on record our deep appreciation of the invaluable help and assistance we have received from every quarter. We must mention the Permanent Secretaries of the various Ministries, the Heads of various Departments of Government, and their respective Staffs. In particular, our thanks are due to the Commissioner of Local Government, his Assistant Commissioners, and other Staff all over the Island. On this Department has fallen the heaviest burden of meeting the numerous demands we have had to make for Reports, Memoranda, Statistics and other information, in an almost un-ending stream of inquiries right through the period during which we have functioned. Through the ready and willing co-operation of the Commissioner and his Staff at the Head Office, and of the Assistant Commissioners and their staffs in the Regions, our requests were always efficiently and cheerfully complied with.

1284. The task of our Secretary, Mr. E. F. Dias Abeyesinghe, has been the heaviest of all, for on him fell the burden of organising the office, arranging the numerous public and private sessions we have held, programmes for our itineraries to different parts of the Island, and for all the arrangements made for us, and the facilities with which we were provided, at each of the various stations, for obtaining information, for visiting different centres of activity, and detailing our programmes in such an orderly and efficient manner that we were able to make the fullest use of the opportunities provided. He has also had the burden of supplying us with material for the preparation of the Questionnaires, and for the collection and classification of the large volume of information that came in to us, either in the shape of replies to our Questionnaires or of Memoranda sent in response to our initial advertisement calling for representations from all the local authorities and also from members of the public. In addition to that, his was the laborious task of collecting from many varied sources, which readily suggested themselves to him out of his experience, valuable and detailed information such as would not appear on general Memoranda or answers to set questions.

1285. His choice as our Secretary has been a particularly happy and fortunate one for us, in that the vast amount of knowledge he has gathered and the many sources of information at his disposal, as a result of his being the Deputy Commissioner of Local Government, has been of immense and very ready assistance to us on every branch or topic relative to Local Government. That expert knowledge has facilitated very greatly our task, and has been of immeasurable service to us when it came to the compilation of this Report, which, if it has touched upon most branches and topics of Local Government, has been due mostly to the personal resources of knowledge and experience

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which he has gleaned by his very close association with Local Government, and local authorities and every phase of their work, in the course of his career in the Local Government Department itself, for the last eleven years.

1286. We have been provided with a staff whose loyalty and ready co-operation with us in our very difficult task, has been one of the happiest features of our engagement on the duties of this Commission. On them has fallen a vast amount of irksome and detailed work, the exact extent and scope of which we cannot estimate to thank them for, sufficiently. But we do know that they have not spared themselves in and beyond office hours, and even for long hours on Saturdays, Sundays, and Public Holidays as well, in order to enable us to carry our task through. It is invidous to give special thanks, but whilst warmly thanking them all, we would like to make special mention of Mr. D. A. Jayasinghe, Chief Clerk of our office, whose efficiency—silent and unostentatious—assisted our Secretary considerably in the organising of the office. He saw to the summarising, sorting and filing of papers and making them available to us almost instantaneously and took charge of the carrying on of the day-to-day work of the Commission when the Secretary accompanied us on our journeys. Mr. K. B. Wijesinghe, our sole full-time Stenographer, has never spared himself; he has, with uniform cheerfulness combined with thoroughness, efficiency and unflagging energy done all the heavy stenography with accuracy, dispatch and to our entire satisfaction. Mr. K. S. Seneviratne, Translator, helped us efficiently not only in his duties as Translator and Interpreter, but also in making a special study and obtaining material for us for the compilation of the section of our chapter dealing with Ancient Local Government Institutions. Mr. A. R. B. Ferdinand, Typist, did all the routine typing very well indeed. The enthusiasm and devotion to duty of our entire staff more than made up for the smallness of their numbers. We should include in this expression of our thanks Mr. C. W. de Silva, Investigating Officer, Local Government Department, who, though not attached to this office, yet devoted a considerable amount of time, labour and skill to the collecting and collating of the statistics for presentation in this Report and its Appendices.

1287. We cannot omit to mention the light thrown on some aspects of Local Government in Ceylon, in ancient times, by the studies and researches of Mr. C. W. Nicholas, (Warden of the Wild Life Department), which were very readily placed at our disposal by him. His talents along an infrequented avenue of knowledge are growing in recognition.

1288. A full measure of our thanks have also to be given to Local Authorities, their Associations, and the Mayors/Chairmen, and members of all of them, who have given us information on matters pertaining to the whole field of Local Government in general, as well as in relation to their own particular local bodies. The Chairmen and Members of many local authorities within whose areas we made inspections of any particular works or activities, gave us their

ready assistance and co-operation, and gladly made available to us every facility to see whatever we wished to see, and to question those from whom we wished to seek information.

1289. We are beholden to those members of the public who sent us Memoranda or other helpful data, in order to invite our particular attention to matters on which they were able to speak from personal knowledge. Many of them even took the trouble of appearing before us—sometimes at much personal inconvenience to themselves—and giving us further assistance through oral evidence. Although we tendered our thanks to each of them at the time, yet we do not fail to recall their help, at the conclusion of our labours.

1290. It may be that many of the views or suggestions expressed in the vast amount of material which we have had to go through and sort out, have not necessarily proved acceptable to us, but that does not in any way detract from the fact that we are obliged to those who placed before us for our consideration, various points of view which it was right we should consider, and against which we were at least able to test our conclusions. Even those which have not found acceptance at our hands have not been made in vain for they have proved most useful to us in guiding our deliberations and conclusions.

1291. The recommendations which we have made have emerged as a result of the assistance and co-operation which we have received from all those interested in the various phases of Local Government, and we trust that these recommendations will be found to be in the best interests of Local Government in Ceylon and its future progress and welfare in our country. It is solely from that point of view that we have considered all the representations and material at our disposal and drafted our Report, which we now formally present to Your Excellency.

We are,
Your Excellency's Obedient Servants,

N. K. CHOKSY,
Chairman.

D. S. JAYAWICKREMA,
Commissioner.

E. F. DIAS ABEYESINGHE,
Secretary.

Colombo, September 23, 1955.

His Excellency Sir Oliver Goonetilleke, G.C.M.G., K.C.V.O., K.B.E.
Governor-General,
Ceylon.

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APPENDIX I

LIST OF PERSONS AND ORGANIZATIONS FROM WHOM WRITTEN MEMORANDA WERE RECEIVED

Abeyasekara, Mr. W. S. M.
Adikari, Mr. R. and other L. G. S. Employees of the Makandura Village Committee
Ahangama, Chairman Village Committee
Akkaraipattu South, Chairman Village Committee
Allaipiddi, Chairman Village Committee
Ambagamuwa (U. B.) Chairman Village Committee
Ambalangoda, Chairman Urban Council
Amabanganga Korale, Chairman Village Committee
Angunubadulla Community Centre
Anthonipillai, Mr. Rajasooriar G.
Appuhamy, Mr. A. D. H. A.
Arumugam, Mr. C.
Athukorale, Mr. S.
Attanayaka, Mr. S. R.
Auditor-General

Balasingham, Mr. C.
Batticaloa District Village Committees Association
Beliatta, Chairman Village Committee
Buttala-Wedirata, Chairman Village Committee

Chavakachcheri, Chairman Village Committee
Chemianpattu, Chairman Village Committee
Chief Valuer
Chilaw, Chairman Urban Council
Chinniah, Mr. A. V.
Christoffelsz, Mr. A. E., C.M.G.
Colombo Municipal Employees Union
Coomaraswamy, Mr. V.
Croos Raj Chandra, Mr. A. L. J.

Dahanayake, Mr. W., M.P.
Dambadeniya, Mr. V. A., Chairman Village Committee
De Alwis, Mr. Earle
De Alwis, Mr. Neil, M.P.
Dehiwela-Mt. Lavinia Urban Council
Delft, Chairman Village Committee
De Mel, Mr. J. M.
De Silva, Mr. W. B. K. S. and others
De Zylva, Mr. Terrence N.
Dharmasena, Mr. Richmond
Dimbula, Chairman Village Committee
Dissanayaka, Mr. D. D. R.
Dissanayaka, Mr. K. B.
Dissanayaka, Mr. R. B.
Dissanayaka, Mr. S.
Diyapotagam Pattu, Chairman Village Committee
Dodanduwa Rural Reconstruction Society

Dodangaslanda, Chairman Village Committee
Dompe, Chairman Village Committee
Dondra, Chairman Village Committee

Electrical Undertakings, Chief Engineer and Manager
Engineers Association of Ceylon, Local Government
Epakanda, Model Rural Development Society
Eppawala Korale, Chairman Village Committee

Fonseka, Mr. M. E.
Fernando, Mr. Felix
Fernando, Mr. K. Edmond
Fernando, Mr. T. A.
Fernando, Mr. W. W. Mathew

Galasiyapattu, Chairman Village Committee
Galle District Village Committees Association
Gampaha, Chairman Urban Council
Gampahasiyapattu, Chairman Village Committee
Ganatapalata, Chairman Village Committee
Gangaboda Pattu, Chairman Village Committee
Gangala Udasiyapattu, Chairman Village Committee
Gokaralla, Chairman Village Committee
Gooneratna, Major L. V.
Goonetilleka, Mr. A. P.
Goonewardena, Mr. W. H. S.
Gopallawa, Mr. W. and others

Hambantota District Village Committee Employees' Union
Hambantota Ratepayers' Association
Hanwella Peruwa, Chairman Village Committee
Hatton-Dickoya, Chairman Urban Council
Health Services, Director of
Herat, Dr. A. E.
Herath, Mr. S. B.
Hettipola, Chairman Village Committee
Hewawissa, Mr. L. B.
Hewawissa Korale (P. H.) Chairman Village Committee
Hiniduma, Chairman Village Committee
Hiripitiya, Chairman Village Committee
Home Affairs, Permanent Secretary, Ministry of
Horana, Chairman Urban Council
Horawala-Dodangoda-Matugama, Chairman Village Committee

Inamaluwa Korale, Chairman Village Committee

Jaffna District Association of Village Committees
Jaffna District Village Committees' Local Government Staff Union
Jayasekera, Mr. G. P.
Jayasinghe, Mr. A. M. and others
Jayasinghe, Mr. D. A.
Jayawardena, Mr. D. A.
Jema, Mr. K. T. and others
Jennings, Sir Ivor, Q.C.

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Kachchai, Chairman Village Committee
Kadugannawa, Chairman Urban Council
Kaduwela, Chairman Village Committee
Kalmunai, Chairman Town Council
Kalpe Korale, Chairman Village Committee
Kammal Pattu, Chairman Village Committee
Kandy District Village Committee Chairmen's Association
Kandy District, Village Committee Employees' Association
Kanogama, Chairman Village Committee
Kanthiah, Mr. S.
Kanuwana, Chairman Village Committee
Karunaratna, Mr. S.
Karunasena, Mr. R. M.
Kegalle, Chairman Urban Council
Kegalle District, Village Committee Chairmen's Association
Kekanadura, Chairman Village Committee
Kitalagama Community Centre
Koralai North, Chairman Village Committee
Korale Central, Chairman Village Committee
Kotte, Chairman Urban Council
Kotte Urban Council Employees' Union
Kotte-Galkissa, Chairman Village Committee
Krishnarajah, Mr. C. A.
Kumaraperuma, Mr. A.
Kumbalatara, Mr. A. S.
Kunchuttu Korale, Chairman Village Committee
Kurunegala District Non-Scheduled Village Committee Employees' Association
Kurunegala District Village Committee Employees' Association
Kurunegala Municipal Council
Kuruppu, Mr. L. W., M.B.E.

Laggala Pallesiya Pattu, Chairman Village Committee
Lappen, Mr. D. G.
Local Government, Commissioner of
Local Government Secretarial and Clerical Services' Union
Local Government Service Commission, Chairman
Local Government Service Commission Officers' Association
Local Government Workers' Union, All-Ceylon

Madampe, Chairman Village Committee
Madiha-Godagama, Chairman Village Committee
Mahagama Mahajana Sangamaya, President
Mahara, Chairman Village Committee
Mahatantila, Mr. W. D. V.
Manipay, Chairman Town Council
Manmunai North-East (S. P.) Chairman Village Committee
Manmunai South-East and Eruvil, Chairman Village Committee
Manmunai South West, Chairman Village Committee
Mannar, Chairman Town Council
Mantai North, Chairman Village Committee
Matale, Chairman Urban Council
Matale Udasiya Pattu, Chairman Village Committee
Matale District Village Committee Employees' Association
Medical Officers of Health, Association of Government
Meda Pattu (Kuruwiti Korale) Chairman Village Committee
Medasiyapattuwa, U. D., Chairman Village Committee

Mendis, Mr. M. C. L.
Minuwangoda, V. A., Chairman Village Committee
Molodduwe, Chairman Village Committee
Mullaitivu, Chairman Town Council
Municipal Commissioners, Colombo, Jaffna and Galle
Munneswaram Pattu, Chairman Village Committee

Nagahawatta, Mr. E. D.
Nainativu, Chairman Village Committee
Narammala, Chairman Village Committee
Navaratnam, Mr. E.
Navimana-Makawita, Chairman Village Committee
Nelluwa-Dellewa, Chairman Village Committee
Nilaweli, Chairman Village Committee
Nimalasuriya, Mr. N.
Noon, Mr. T. V. M.
North-Central Province, Village Committees' Conference
North-Western Province, Assoication and Central Board of Community Centres
Nuwara Eliya District Village Committee Chairmen's Association
Nuwara Eliya District Village Committee Employees' Conference
Nuwara Eliya, Mayor

Obeysekera, Mr. D. G.
Otara and Gandolaha Pattus, Chairman Village Committee
Oyapalata, Chairman Village Committee

Padukka-Waga, Chairman Village Committee
Paiyagala and Maggon Baddas, Chairman Village Committee
Pallegampaha, Chairman Village Committee
Palle Pattu (Nawadun Korale) Chairman Village Committee
Panadura Totamuna Rural Development Union
Pannala, Chairman Village Committee
Parameswara, Mr. N.
Pathinayaka, Mr. H. D. and others
Perera, Mr. J. E., J.P.
Perera, Mr. K. Wilson
Perera, Mr. M. S. V.
Perera, Mr. Tudor V.
Piduma, Chairman Village Committee
Pinto, Mr. J. Henry, J.P.
Piyadasa, Mr. H. K.
Planters Assoiation of Ceylon
Polgahawela, Chairman Village Committee
Polpitigama, Chairman Village Committee
Pomparippupattu, Chairman Village Committee
Pothuhera, Chairman Village Committee
Pottuvil, Chairman Village Committee
Public Works, Director of
Puloli, Chairman Village Committee
Puttur, Chairman Village Committee

Rajaratnam, Mr. V.
Rajavarothiam, Mr. N. R., M.P.
Rajendran, Mr. S.
Rambukwella, H. B., Dissawa, M.P.
Ranasinghe, Mr. B.

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Ranasinghe, Mr. S.
Ratnapura District Village Committee Chairmen's Assoication
Ratnavibhusena, Mr. F. T.
Ratnavira, Mr. I. H.
Rest House Keepers' Union, All Ceylon
Revenue Inspectors of the Local Government Service, Association of
Richard, Mr. D. L. D. and other residents of Palatota, Kalutara
Rilpola, Chairman Village Committee
Roberts, Mr. T. W.
Rodrigo, Mr. B. J. J.
Rural Development, The Director

Sabaragamuwa Region Village Committee Local Government Service Employees' Union
Sammanturai, Chairman Town Council
Samarakkody, Mr. Edmund, M.P.
Samy, Mr. A. H. A.
Senaratna, Mr. D. A. S.
Seneviratne, Mr. J. P.
Shanmugam, Mr. K.
Silva, Mr. A. H. T. A.
Silva, Mr. K. A.
Silva, Mr. S. D.
Silva, Mr. W. S. P. Charles
Siriwardena, Mr. L. G.
Soranatota, Chairman Village Committee
Subramaniam, Mr. C.
Sudasinghe, Mr. D. W. and other employees of the Kalutara Badda Village Committee

Talapitagam Pattu, Chairman Village Committee
Talawakele-Lindula, Chairman Urban Council
Telikada-Majuwana, Vice-Chairman, Village Committee
Toppur, Chairman Village Committee
Town Councils Association, All Ceylon
Town Planner, The Government
Trincomalee, Chairman Urban Council
Tyagarajah, Mr. J.

Udagaha Pattuwa, Chairman Village Committee
Udagampaha, Chairman Village Committee
Udahewaheta, Local Government Employees' Association
Udapalata East (Tumpane) Chairman Village Committee
Udispattu North, Chairman Village Committee
Udisapttu South, Chairman Village Committee
Urban Councils of Ceylon, The Association of
Uva Union of Community Centres
Uva Village Committee Chairmen's Conference
Uva Village Committee Employees' Association

Valvettiturai, Chairman Town Council
Valvettiturai Youth League
Vankalai, Chairman Village Committee
Veerasingham, Mr. V., M.P.
Veyangoda, Chairman Town Council
Village Committees' Conference, All Ceylon
Village Committee Staff Union, (Western Region)

Walasmulla, Chairman Village Committee
Warnasooriya, Mr. D. S.
Wattala, Chairman Village Committee
Weerasooria, Mr. N. E., Q.C.
Wegampattu-Nilgala, Chairman Village Committee
Weligama, Chairman Village Committee
Wellawa, Chairman Village Committee
Wendaruwa, Chairman Village Committee
Weragoda, Chairman Village Committee
Wickramarachchi, Mr. P. A.
Wickramaratne, Mr. G.
Wickramaratne, Gate Mudaliyar N.
Wickramasinghe, Mr. W. F.
Wickramasinghe, Dr. W. G.
Wijesinghe, Mr. C.
Wijetilaka, Mr. A. P.
Wilakatupotha, Mr. D. B.
Wilmot, Mr. T. W. K.

Yatakalan Pattu, Chairman Village Committee
Yatigaha, Chairman Village Committee
Yatinuwara Medapalata Ratepayers' Association

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APPENDIX II

QUESTIONAIRE*

Funtions, Powers and Duties

1. Please state specifically and in detail what powers, functions and duties your Council/ Committee and its officers are exercising ?

2. What are the powers, functions, and duties which your Council/Committee and its officers are empowered to exercise, but are not exercising ? (Give details)

3. In relation to the powers, functions and duties which your Council/Committee, and its officers are not exercising, please state :—

(*a*) Why these powers, duties and functions are not being exercised ?

(*b*) Are these powers, duties and functions being exercised by any other authority, department, organisation, or person ; and if so—

(i) by whom ?

(ii) how ? and

(iii) under what provision of law ?

(*c*) What are your Council's/Committee's views on the continuance of the exercise of these functions, powers, and duties by such other body or person ?

(*d*) If in your Council's/Committee's view, they should, or could more properly be exercised by your Council/Committee, what are the conditions required for their effective exercise by your Council/Committee ?

4. In relation to powers, functions, and duties exercised by your Council/Committee—

(*a*) Are there any other bodies, or persons, &c., exercising the same, or similar powers or duties in your area ?

(*b*) If so, by whom are they being exercised, and under what authority ?

(*c*) What are your views about the continuance of the exercise of those functions, &c., by those other authorities, or persons in your area ?

5. Are there any powers, duties, or functions not exercisable by your Council/Committee, which are presently being exercised by any other authority, or person, which in your opinion should be exercised by your Council/Committee as the local authority of the area ? If so :—

(*a*) What are these powers, duties and functions ? (Give details)

(*b*) By whom are they being exercised now, and under what authority ?

(*c*) Why in your opinion should they be exercised preferably by your Council/Committee in the public interest ?

(*d*) What conditions (in detail) would be required for your Council/Committee to exercise them properly, (assuming that they are to be brought within the competence and powers of your Council/Committee) ?

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* This circular was issued on 25·1·54 to all the Local Authorities in the Island.

6. Are there any powers, functions, or duties which are at present exercisable by the Council/ Committee (whether they are being in fact exercised, or not, by your Council/Committee) which, in your Council's/Committee's view, may with greater advantage to the public be exercised by some other authority, or person independently of your Council ? If so, for what reasons, and to whom should they be entrusted ?

Supervision and Control by Central Government

7. What are the ways, and means at present being employed by the Central Government in exercising—

(*a*) Supervision

(*b*) Control.

over your Council/Committee, and its activities in the discharge of its functions, powers and duties ?

8. Is this (*a*) supervision, (*b*) control, necessary ?

9. If necessary, is it—

(*a*) Adequate ?

(*b*) Effective ?

10. If inadequate—

(*a*) for what reasons do you consider it to be so ?

(*b*) what suggestions have you to make for making it more adequate and effective ?

11. If unnecessary, why do you consider it so, giving reasons in detail ?

Revenue

12. From what sources does your Council/Committee obtain its revenue ? Give details of sources, and what percentage of the total revenue for each of the years 1950, 1951, 1952 these sources represent. (The total revenue for each year too should be stated).

13. Are these sources of revenue found to be adequate ?

14. If inadequate, for what detailed reasons are they considered so ?

15. (*a*) What other existing sources of revenue do you consider should be made available to your type of local authority ? (Give details).

(*b*) Does any other authority, department, or person enjoy these sources now ? If so, specify, who they are, and state under what provision of law ?

(*c*) Do you suggest—

(i) A complete transfer of these sources of revenue to you, *or*

(ii) A division of these sources between the authorities concerned ? If so, give the proposed basis, and your detailed reasons for the same.

16. (*a*) What other new and additional sources of revenue can you suggest as being suitable for local authorities of your type ?

(*b*) What machinery do you suggest should be employed for the collection of the revenue from such new sources ?

(*c*) Should revenue from such new sources be collected and distributed by the Central Government, or should the collection of such revenue be by your type of local authority ?

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(*d*) If the collection, and distribution is to be done by the Central Government, on what basis, and in what proportion or how otherwise, should the distribution of such new revenue be made to authorities of your type ?

(*c*) if the suggestion is that such additional revenue from new sources should be collected by the local authority concerned, will not additional staff be required ? If so, please specify in detail the additional staff which will be required.

Employees

17. How many —(*a*) L. G. S. Employees
(*b*) Local Authority Employees
are there in your Council/Committee.

18. In regard to **L. G. S. Employees**—

(*a*) What are the Council's/Committee's specific powers and duties in relation to—
(i) their appointment
(ii)*their conditions of service (See Note below)
(iii) their transfers
(iv) their dismissal
(v) their disciplinary control

(*b*) Do you consider that the powers, duties and control which you now enjoy are adequate and/or effective for the proper discharge of your functions ?

(*c*) If inadequate, and/or unsatisfactory, for what reasons and in what respect is it considered so ? Is it in respect of all, or some of the Headings in Question 18 (*a*). (Give details and reasons).

(*d*) If considered inadequate and/or unsatisfactory, what changes do you suggest ? (Give details and reasons).

19. In regard to *Local Authority Employees*—

(*a*) What are the Council's/Committee's specific powers and duties in realation to—
(i) their appointment
(ii)*their conditions of service (See Note below)
(iii) their dismissal
(iv) their disciplinary control.

(*b*) Do you consider that the powers, duties and control which you now enjoy, are adequate and/or effective for the proper discharge of your functions ?

(*c*) If inadequate, and/or unsatisfactory, for what reasons or in what respects is it considered so ? Is it in respect of all, or some of the headings in Quetion 19 (*a*) ? (Give details)

(*d*) If considered inadequate. and/or unsatisfactory, what changes do you suggest ? (Give details and reasons).

By Direction,

E. F. DIAS ABEYESINGHE,

Secretary,

Commission of Inquiry on Local Government.

Colombo, January 25, 1954.

* *Note.*—The expression " Conditions of Service " does not include questions of salary, or the salary scales of employees of local authorities.

APPENDIX III

My No. CI/LG. 37
Office of the Commission of Inquiry on Local Government,
Post Office Box No. 582,
54, Lotus Road, Colombo 1
8th April, 1954.

The Mayor, M. C./The Chairman, U. C.,

The President,

Supplementary Questionnaire

In the Memoranda received, in the answers to the Preliminary Questionnaire, and in the oral evidence given so far, representations have been made to the Commission on the following among other matters :—

Regional Councils
Central Control of Local Authorities
Composition, Powers and Functions of L. G. S. C.
Public Health and Local Authorities
Public Utility Services of Local Authorities
Audit
Revenue
Employees, &c.,

The Commission desires to have your point of view too on the various suggestions offered on these matters.

I am directed therefore to invite your attention to the detailed questions annexed, which set out some of the points of view expressed so far, and to request you to send in the views of your Council/ Association, as early as possible, **and not later than 15th May next**, on these questions.

A few of the broader aspects of some of the questions included in the present questions have been touched upon in the earlier Questionnaire. In view, however, of the representations it has now received, the Commission thinks it desirable that you should be made acquainted with some of the more important points in the representations made to them and your point of view on them made available to the Commission. Your assistance, therefore, in the form of **detailed answers to these questions (with full reasons)** will be much appreciated by the Commission.

By Direction,

(Sgd.) E. F. DIAS ABEYESINGHE,

Secretary,

Commission of Inquiry on Local Government.

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SUPPLEMENTARY QUESTIONNAIRE

Regional Councils

Constitution and Membership

1. Do you consider it necessary to have a system of Regional Councils as part of the Local Government structure of the country ? If so.—

2. What should be the area of authority of a Regional Council—Province, Revenue District or A. C. L. G.'s Region ?

3. Should every type of local authority within the area of authority of a Regional Council be represented on the Regional Council ?

4. Should the Regional Council be composed entirely of elected members *or* partly of elected members, partly of nominated members (if so by whom) and partly of the local Heads of Government Departments functioning within the area of authority ?

5. Should members of Regional Councils be drawn from amongst the members of the various local authorities constituting the Regional Councils *or* should they be taken from the general electorate of the area of authority ?

6. Should the Chairman be elected, *or* nominated, from amongst the members of the Regional Council ? If the latter, by whom should such nomination be made ?

Functions, Powers and Duties

7. What should the powers, functions and duties of a Regional Council be ?

8. (*a*) Which of the following functions, if any, should be taken over by Regional Councils ?

(1) Water Supply Schemes
(2) Electricity Schemes
(3) Housing Schemes
(4) Drainage Schemes
(5) Transport Services (Tramways, Trolley Bus Services, Omnibus Services)
(6) Health Services (Preventive and/or Curative ?)
(7) Public Thoroughfares
(8) Town and Country Planning of the area
(9) Resthouses
(10) Libraries
(11) Recreational Services
(12) Framing of By-laws for Local Authorities within its area
(13) Education (Primary and/or Secondary ?)
(14) Social Services (Poor Relief, Homes for the Aged).
(15) Land Acquisition—

(1) Should decisions as to the necessity for acquiring be taken by the Regional Council ?

(2) Should the Chief Executive Officers of Regional Councils be acquiring officers for all acquisitions on behalf of the various local authorities in their regions ?

(16) Sanctioning the acceptance by Local Authorities of tenders other than the highest (or the lowest as the case may be) in cases where a local authority does not deem it desirable to accept the highest tender (or the lowest tender as the case may be).

(17) Acting as Banker to V.CC.

(*b*) Should any of the above functions be shared with the constituent local authorities ; if so on what basis ?

9. In regard to such powers and functions as may be taken over by Regional Councils what should be the Regional Council's relations with the various types of local authorities within its area ?

10. Should any of the functions, powers and duties presently exercised by Kachcheries be taken over by Regional Councils and if any, which of them ?

Staff

11. Should the staff of a Regional Council be recruited from amongst the members of the Public Service, *or* from amongst the members of the L. G. S. C., *or* by direct recruitment, *or* from an these fields ?

12. Should the technical officers, such as the Health, Civil Engineering, Electrical Engineering staffs be loaned by Government or be the Regional Councils own employees ?

13. Who should be the Chief Executive Officer of a Regional Council ? The Chairman or the Chief of its Executive staff ?

Finance

14. (*a*) What should be the sources of revenue of a Regional Council ?

(*b*) Should its revenue be derived by direct levies made by the Regional Council over its area or should it be by contributions made by the various local authorities constituting each Regional Council ?

15. (*a*) Should provision be made for (1) Block Grants, (2) Specific Grants, for Regional Councils ?

(*b*) Should Regional Councils have borrowing facilities ; if so of what types ?

16. Should each Regional Council be the Rating Authority for all local authorities in its area ?

Controls

17. Should controls be exercised by the Central Government over Regional Councils ; and if so what forms should they take ? (Some suggested forms are powers of dissolution, powers of suspension of Regional Councils, removal of Chairman and/or members, witholding of grants).

18. Should Regional Councils exercise controls over local authorities in their region ? If so what forms should these controls take ?

Chief Executives of Local Authorities

1. Should the Mayor/Chairman and Council be responsible only for taking decisions on policy, the execution of decisions on policy being left to the paid staff with the Municipal Commissioner/Secretary as the Chief Executive Officer.

2. If it is suggested that the Chief Executive of a Council be the Municipal Commissioner Secretary, should such officer possess any particular qualifications, professional or otherwise. If so, what qualifications are suggested ?

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3. (*a*) Should Municipal Commissioners/Secretaries be placed in **full** control of staff and be responsible for disciplinary control (subject however to the overriding control of the L. G. S. C.)

(*b*) Consequent on such an arrangement, should the power of interdiction presently vested in the Mayor/Chairman be exercisable only by a specified majority vote (2/3) of the Council ?

Qualifications of Voters and Members

1. What are your views on the existing qualifications of Voters and Members ?

2. Is there need for change in either of these ? If so, in what respects ?

Term of Office

1. Should there be any change in the present terms of office of Mayors/Chairmen and Members ? Should they be elected for longer periods, shorter periods *or* is the present period of three years satisfactory ?

Composition, Powers and Functions of the L. G. S. C.

1. Do you consider that any change is necessary—

(*a*) in the composition of tle L. G. S. C.
(*b*) in the number of its members
(*c*) in the present method of appointment of its members—

(1) in regard to the person or body responsible for appointment ;
(2) in regard to the fields from which the selection is made.

2. Who should be the Chairman of the L. G. S. C. ?

3. Do you consider that the powers and functions of the L. G. S. C.—conferred by the present Ordinance—need to be changed ; if so in what respects ?

Rural Development and Local Authorities

1. Are there any clashes or conflicts between local authorities and Rural Development Societies ?

2. If they exist what forms do these take and what steps do you think are necessary to resolve these conflicts and eliminate their recurrence ?

Resthouses

1. How does the present system of running Resthouses by local authorities work ?

2. Is there need for any change ? If so, along what lines ?

Public Health and Local Authorities

1. What are your views on the present methods of dealing with Public Health problems in the areas of local authorities ?

2. How does the present system of administrative control by the Chairman, and technical and disciplinary control by the D. H. S. of the Public Health staff, work ?

3. What are your views on the suggestion that provision should be made in law to make it compulsory for local authorities to provide the various technical personnel for Public Health work ?

What are your views on the following suggestions ?

(*a*) That it be made legally necessary for local authorities with populations of over 50,000 to appoint their own M. O. HH. Below 50,000 Government to provide them.

(*b*) That Municipali ies, Urban Councils, and Town Councils with populations of over 10,000 should appoint their own Public Health Inspectors and Public Health Nurses on the basi of one P. H. I., P. H. N. to every 10,000 ?

(*c*) That each local authority (other than V. CC.) be also required to appoint trained Midwives on the basis of one to every 4/5,000.

4. Should the M. O. H. of a local authority be made solely responsible to it in all matters relating to Public Health ? If there is disagreement with the Chairman would the best solution be to refer the matter to the C. L. G. who should in consultation with the D. H. S. arrive at a final decision.

5. Should all recommendations made by the M. O. H. in all matters relating to Public Health be accepted by the Chairman of a local authority ? If not, what types or classes of recommendations should be accepted ?

6. Should any changes be made in the present system in regard to anti-malaria and anti-filaria work ? If so on what lines ?

Public Utility Services of Local Authorities

Electricity

1. Are there any difficulties experienced by local authorities in the working of the new Electricity Act ?

2. As a result of the provisions of the Act, do any conflicts arise between local authorities and the C. E. and M. E. U. ? If so, what are they and what remedial suggestions are offered ?

Water Supplies

1. What defects or short-comings, if any, are there in the present policy in regard to Water Supply to local authorities, and its execution ?

2. Should local authorities continue to be Water Authorities, or should Government set up some *ad hoc* authority for solving the water problem ?

3. If so, should the ad hoc authority be Islandwide or should there be several such *ad hoc* authorities throughout the Island ?

Drainage or Sewage

1. How does the present arrangement work ? Are any changes necessary ? If so what are they ?

Housing

1. What should be the local authorities functions in regard to Housing ?

2. What should be the relations of the local authorities with the Housing Ministry, considering the urgency of housing as a National problem today ?

General

1. Should Boards comprised of some members of a local authority and some members of the public be made responsible for administration, within their respective areas, of Public Utilities of the types such as Tramways, Trolley Bus Services, Omnibus Services, Electricity Schemes, Water Supply Schemes, Housing Schemes ?

2. Should local authorities enter into new fields of Public Utility Services ? If so, what should they be ?

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3. Should Public Utility Services be run on a profit motive so that profits can be used in relief of rates ? *Or* should local authorities provide these services as cheaply as possible without provision for any profits ?

Public Thoroughfares and Local Authorities

1. (*a*) Should Government subsidize Local Authority Road Programmes ?

(*b*) If so, should there or should there not be Government control of their activities in regard to road development ?

(*c*) If control is considered necessary in what respects and to what extent should it be exercised ?

2. What suggestions are offered for clarifying the position regarding village roads whose control should, in the public interest, be vested in the Village Committee.

Town Planning and Local Authorities

1. Should there be an amendment of the Town and Country Planning Ordinance to make it obligatory for every Municipal and Urban Town to prepare and bring into operation a Planning Scheme for its area within a prescribed period ?

2. Should it be made obligatory for Government Departments to consult the local authority and the Government Town Planner in the selection of sites and in the observance of zones in connexion with any Government projects ?

Housing and Town Improment Ordinance

1. Would it facilitate the despatch of public business and relieve Mayors/Chairmen and Members from being placed in situations of embarassment if the Municipal Commissioner/ Secretary be made responsible for the approval of building applications and of other sanctions and decisions required to be made from time to time in the administration of the Housing and Town Improvement Ordinance ?

2. Should the Municipal Commissioner/Secretary be guided and be bound by the recommendations of the various technical officers and staff who are concerned with questions which may arise in the course of the administration of the Housing and Town Improvement Ordinance and the application of its specific provisions to every case where approval or sanction is required by the Ordinance ?

Land Acquisition for Local Authorities

1. Under which Ministry should the acquisition of lands for the purposes of local authorities be ?

2. Who should decide the question whether a " purpose " which is claimed to be a " public purpose " is or is not a " public purpose " ?

3. Who should be the acquiring officer once the decision to acquire for a " public purpose " has been made—should it be the G. A. as at present or any other officer, and if so who should it be ?

4. (*a*) Are there undue delays in the acquisition of lands under the present procedure ?

(*b*) If so at which particular point or points of the process is there this delay ?

(*c*) What suggestions, if any, can you make for the elimination of these delays ?

Crown Lands in Local Authorities' Areas

1. Should all Crown land within the area of each local authority which has not so far been vested in such local authority be vested immediately in that local authority ? If so, what

provision do you suggest should be made for making available to the Government any land which may thereafter be required by the Government for its purposes or for any public purposes of a National character ?

Donation of Lands

1. What suggestions are offered for making it easy for local authority (especially V. CC.) to accept donations of land for road widening, construction of local authority buildings and other public purposes ?

Central Control

1. What are your views on the present system of Central Control of local authorities exercised by the Minister of Local Government, Commissioner and Assistant Commissioners of Local Government, Director of Health Services, Auditor-General and other Departments ?

2. Are any changes necessary ?

3. Should these changes, if any, be to increase or lessen control ?

4. Should the grounds on which the Minister is at present empowered to dissolve Councils or remove Chairmen or members be enlarged or be restricted ? If the former, what should be the additional grounds empowering dissolution or removal or which of the existing grounds should be eliminated ?

5. Should there be any other types of control, *e.g.*, suspension of Councils and/or Members, withholding of grants, initiation of Mandamus proceedings by the Crown against local authorities ?

6. Should there be sanction, other than that of a local authority, where local authorities do not wish to accept the highest or lowest tender or contract, as the case may be ? If so, by whom ?

7. (*a*) Do you consider it desirable that there should be greater control by Government over works executed by local authorities with grants from Government ?

(*b*) If so would it be effectively achieved by statutory p ovision that such works be inspected by Central Government Officers from time to time before payments are made and that such payments should be sanctioned by Government Officers ?

8. Should it be made a statutory obligation—

(*a*) for all Minutes of meetings to be sent to the C. L. G. and the Auditor-General, say within 10 days of the holding of the meeting.

(*b*) for all minutes to be posted on the Notice Boards of the local authority and be readily available for the information of the public.

9. Should the scope of the power of investigation given to the C. L. G. under the various Ordinances be enlarged ?

10. (*a*) Will the enactment of more detailed regulations regarding the publicity to be given to proceedings of local authorities and of their Committees assist in making the public more conscious of and take a greater interest in the work of their respective local authorities ?

(*b*) Will more detailed regulations regarding the keeping of Minutes, giving them publicity issuing of copies thereof to the public, the ensuring of members receiving notices of all meetings whether of the local authority or of the Committees, and the reporting of members for non-attendance, help towards the more efficient and satisfactory functioning of such Local Authorities ?

11. (*a*) Should there be provision for giving wide publicity within their respective areas to the contents of the Budgets of all V.CC. ?

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(*b*) Should there be provision for the control by A.C.L.GG. of Budgets of V.CCivover which Central Control has been reimposed for defaults or lapses under the existing provisions of the law ?

12. Should provision be made for grants being kept in an account separate from the Communal Fund Account maintained by each V.CC. in the Kachcheries ?

13. Should statutory provision be made for the removal of Charimen of V.CC. by the votes of 2/3rds of the total number of members of the V.C. concerned ?

14. Should the law be amended so as to make it obligatory for any specified officer of a V. C. to deposit all collections periodically twice a month at least, instead of within 15 days of the receipt of each amount as is the case under the existing law ?

15. Should the deposit of these collections be entrusted by law to the Secretary of the V. C. and not to the Chairman as at present ?

16. Will it assist in the better administration of the finances of V.CC. and the following up of payments and financial transactions, if payment orders are signed by two office bearers of the V. C., namely the Chairman (or Vice Chairman) and the Secretary ?

17. If Mayors/Chairmen are to be legally responsible for the finances and financial management of local authorities, should they be asked to furnish security during their terms of office ?

Audit

1. Will it help the public to keep closer touch with and follow and understand better the working of local authorities in their respective areas if an *audited* statement of accounts and balance sheet of each local authority be published annually in the *Gazette* (free of cost to the local authority) within a specified time from the close of the financial year, and also be posted up in the office of the local authority of each area ?

2. Should it be a legal requirement that Annual Audit Reports be made, and that such Reports should be tabled at the first meeting of the Council thereafter, for the information of the members ?

3. There has been criticism that letters and queries of the Auditor-General remain unanswered for long periods. This results in Audit not being as effective as it might be. How can these delays be minimized ?

4. What are your views—

(*a*) on the creation of an Audit service under the Auditor-General exclusively for the audit of local authorities' accounts ?

(*b*) on making the officers of this closed Audit Service eligible along with officers of the L. G. S. for selection to Accounting and higher administrative posts in various local authorities ?

5. Would you be in favour of a set of Financial Rules to be applicable to all M.CC. so as to introduce uniformity of procedure and principles, to regulate Municipal finance

6. Do you consider it advisable to have a set of Stores Regulations for M.CC. for the more effective regulation and control of Municipal Stores ?

Revenue

Grants

1. (*a*) Should the basis on which block grants are at present allocated continue to remain or should it be altered ?

(*b*) If it is to be altered, what new basis is suggested ?

(*c*) What are your views on the new basis and formula for block grants suggested in the Report of the Official Committee on Local Government Finance ?

2. (*a*) Should block grants be discontinued and should any other form of general grant be introduced ? If so what forms should it take and on what basis or formula should it be allocated.

(*b*) What are your views on "Equalisation Grants" ? If you are in favour, on what basis should they be worked out and allocated ?

3. (*a*) Are the present specific grants for housing, drainage, water, &c., satisfactory ?
(*b*) If not what grounds exist for their being changed ?
(*c*) If they need to be changed, what new basis of allocation would you suggest ?

4. (*a*) Should any new additional specific grants be given ?
(*b*) If so for what purposes ?
(*c*) On what basis should they be allocated ?

New Sources

1. What are your views on the following new sources of revenue which have been suggested for local authorities ?
(*a*) Sales Tax
(*b*) Trades and Professions Tax
(*c*) Local Income Tax
(*d*) Arrack Rents
(*e*) Tree Tax
(*f*) Refund of stamp duties on land transactions relating to lands within the area.
(*g*) Refund of Radio Licence fees.
(*h*) Refund of Motor Car Licence fees to all types of local authorities ?
(*i*) Refund of a percentage of the tax on petrol and diesel oil sold in local authority areas.

2. If you recommend the adoption of any of the above, on what basis (such as population, percentage, proportion or otherwise) should the amount of the tax be allocated to each local authority.

3. In addition to the above sources, are there any other new sources of revenue which you would suggest ? If so, give details of the method and/or machinery of collections and basis of allocations ?

Borrowing

1. Should borrowing facilities be enlarged ? If so, what new sources are suggested ?

2. Should periods of loans be increased and if so to what lengths of time having regard to the specific purposes for which funds are borrowed ?

3. (*a*) In your view is there a need for the creation of a separate Loan Fund for Local Authorities ?
(*b*) If so how is it to be constituted and who is to be responsible for its administration ?
(*c*) What monies collected or received by local authorities should be credited to that Fund so as to make available funds for lending out to local authorities ?
(*d*) On what terms as to—

(1) Security

(2) Interest

(3) Period of Loan

(4) Method of repayment

should such Loan Fund be operated.

Employees

1. (*a*) Are the present arrangements (under which Chairmen are consulted by the L. G. S. C.) satisfactory and sufficient for enabling the views of local authorities on questions relative to

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appointments, transfers, dismissals, conditions of service and disciplinary control to be considered by the L. G. S. C.

(*b*) If inadequate in what respects are they inadequate, and

(*c*) what suggestions have you to offer to improve the existing procedure ?

2. (*a*) Should there be more delegation of powers by the L. G. S. C. to local authorities ?

(*b*) If so in regard to what matters and subject to what limitations ?

3. (*a*) Should the local authorities be given more direct powers of appointment, &c., the L. G. S. C. functioning mainly as an Appellate Body ?

(*b*) If this is recommended, how precisely is it suggested that it be worked ?

4. (*a*) Would it contribute to the more efficient working of local government if salaries of the staff of all local authorities were collected and paid out of a Central Pool or should the present system be continued ?

(*b*) If a Central Pool is recommended, on what basis should each local authority contribute to the Pool, who is to administer and control such a fund and how is it to be worked ?

Conditions of Service

1. Should there be standardisation of leave facilities, free Railway Warrants, Uniforms, &c., in respect of each type of local authority ?

2. Should there be more pre-entry training of employees ? Who should be responsible for this and how should this be carried out ?

Grading

What suggestions, if any, have you to offer about the grading of officers and how it should be done ?

Promotion

1. Should promotions be made after interview by the L. G. S. C. or only on Confidential Reports, &c. ?

2. (*a*) Is there a need for Promotion Boards to be established within the framework of the L. G. S. C. ?

(*b*) If so how should they be constituted and what should be their powers and duties ?

Transfers

1. After what period of years of service should routine transfers be made ?

2. Should local authorities (as a uniform practice) be consulted by the L. G. S. C. prior to transfers, routine or otherwise being made ?

Welfare

1. What facilities should be afforded to employees of local authorities ?

2. Are these facilities to be the same for all grades of employees ?

3. (*a*) Would local authorities meet the full cost of affording these facilities *or* should they contribute only a proportion ?

(*b*) If it is a proportion, what is the proposed basis of contribution ?

E. F. DIAS ABEYESINGHE,
Secretary,
Commission of Inquiry on Local Government.

APPENDIX IV

COLOMBO SESSIONS

List of those who gave evidence before the Commission on Local Government in Colombo at the Office of the Commission at 54, Lotus Road

Date	*Evidence heard*
17· 3·54	**Deputation from the All-Ceylon Town Councils Association** J. C. MUNASINGHE, Esq., (President) Gate Mudaliyar M. S. M. KARIAPPAR (Vice-President) S. E. ALOYSIUS SILVA, Esq. H. KIRTISINGHE, Esq. V. T. G. KARUNARATNE, Esq. A. R. MOHAMED, Esq. A. M. GUNASEKERA, Esq.
19· 3·54	**Deputation from the Negombo Municipal Council** A. N. D. A. ABEYSINGHE, Esq., M.B.E., J.P., U.M., M.P. (Mayor) K. E. A. GILBERT FERNANDO, Esq., J.P., U.M. (Deputy Mayor) Muhandiram E. CHELLARAJAH (Municipal Commissioner)
17· 6·54	**Deputation from the Colombo Municipal Council** BERNARD SOYSA, Esq. PIETER KEUNEMAN, Esq. M. P. S. SELLAMUTTU, Esq. R. PREMADASA, Esq. OSMUND JAYARATNE, Esq. S. B. A. HAMID, Esq.
24· 6·54	**Deputation from the All Ceylon Village Committees' Conference** S. W. R. D. BANDARANAIKE, Esq., M.P. (President) D. H. S. NANAYAKKARA, Esq. (Secretary) E. WANIGASEKERA, Esq. N. SITTAMPALAM, Esq. A. H. M. KIRIHAMY, Esq. K. KAILASAPILLAI, Esq. B. D. W. GUNAPALA, Esq. D. J. SENARATNE, Esq.
29· 6·54	**Deputation from the Colombo Municipal Council** (*contd.*) T. RUDRA, Esq. (Mayor) BERNARD SOYSA, Esq. S. SELLAMUTTU, Esq.
9· 7·54	**Deputation from the Colombo Municipal Council** (*contd.*) T. RUDRA, Esq. (Mayor) BERNARD SOYSA, Esq.

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Date	*Evidence heard*
10· 7·54	**Deputation from the Association of Urban Councils** ANTHONY J. M. DE SILVA, Esq. (President) Muhandiram A. LLOYD SENEVIRATNE (Secretary and Treasurer) TERRENCE N. de ZYLVA, Esq. P. D. PELPOLA, Esq. E. WANIGASEKERA, Esq. D. F. M. KULATUNGE, Esq. J. P. FERNANDO, Esq. T. AHAMBARAM, Esq.
24· 8·54	**Deputation from the Village Committee Staff Union, Western Region** EDMUND RANATUNGA, Esq. (President) M. D. A. KARUNARATNE, Esq. H. BASTIAN, Esq. D. W. S. WIJESURIYA, Esq. B. CHANDRAJASA, Esq. S. D. M. JAYAWARDENA, Esq.
24· 8·54	**Deputation from the All Ceylon Rest House Keepers' Union** B. J. M. RODRIGO, Esq. (President) J. MARIAMPILLAI, Esq. T. H. SUDAR, Esq. W. D. CHARLES, Esq. L. G. D. ALBERT, Esq. S. D. SAYAKKARA, Esq. (Secretary)
28· 8·54	**Deputation from the Local Government Service Commission Officers' Association** S. SANMUGASUNDERAM, Esq. W. M. BANDARATILLEKE, Esq. U. D. D. DHARMASENA, Esq. M. ARULANANTHAN, Esq. A. E. GUNAWARDENA, Esq. (in Camera)
28· 8·54	**Deputation from the Colombo Municipal Employees' Union** G. A. P. EDIRIWEERA, Esq. (President) N. NESADURAI, Esq. J. A. V. RODRIGO, Esq. K. A. NAGOOR, Esq. M. D. DE A. WIJESEKERA, Esq. WILFRED PEREIRA, Esq. D. ARIYARATNE, Esq.
30· 8·54	**Deputation from the Local Government Secretarial and Clerical Services Union** KIRTHIE ABEYSEKERA, Esq. G. KANDASWAMY, Esq. L. R. ALAGARATNAM, Esq. P. SAMANAWADU, Esq. D. R. SENDANAYAKE, Esq. M. C. A. CADER, Esq.
30· 8·54	**Deputation from the Association of Revenue Inspectors** T. E. HERAT, Esq. (Vice-President) M. C. F. JAYAWARDENA, Esq. (Vice-President) R. N. SENARATNE, Esq. (Treasurer) P. E. J. A. de ALMEIDA, Esq. (Secretary)

Date	*Evidence heard*
30· 8·54	**Deputation from the Local Government Engineers' Association** S. NAGENDRAN, Esq. (President) A. D. N. PERERA, Esq. P. NAGALINGAM, Esq. T. R. YUSOOF, Esq.
2· 9·54	EDMUND SAMARAKKODY, Esq., M.P.
2· 9·54	**Deputation from the Dehiwela-Mt. Lavinia Urban Council** EDMUND SAMARAKKODY, Esq., M.P. (Chairman) ANDREW FERNANDO, Esq. Major L. V. GOONERATNE CHANDRA GUNASEKERA, Esq.
4· 9·54	**Deputation from the All Ceylon Local Government Workers' Union** Mrs. VIVIENNE GUNAWARDENA OSMUND JAYARATNE, Esq. A. D. SUGATHAPALA, Esq. P. L. P. PERERA, Esq. V. ANTHONY, Esq.
4· 9·54	TUDOR V. PERERA, Esq.
9· 9·54	L. W. KURUPPU, Esq., M.B.E. (in Camera)
9· 9·54	**Deputation from the Planters' Association of Ceylon** R. SINGLETON SALMON, Esq., C.B.E., M.P. KENNETH MORFORD, Esq. W. DULLING, Esq. (in Camera)
9· 9·54	**Deputation from the Kotte Urban Council** D. W. RUPASINGHE, Esq., J.P., U.M. (Chairman) P. D. D. ATTYGALA, Esq. WALTER GUNASEKERA, Esq. U. E. PERERA, Esq.
21· 9·54	A. E. CHRISTOFFELSZ, Esq., C.M.G. (in Camera)
21· 9·54	V. VEERASINGHAM, Esq., M.P.
21· 9·54	**Deputation from the Horana Urban Council** W. M. FONSEKA, Esq. (Chairman) D. A. Colonne, Esq. (Secretary)
23· 9·54	H. B. RAMBUKWELLA DISSAWE, M.P. (in Camera)
23· 9·54	C. BALASINGHAM, Esq., C.C.S. (in Camera)
12·10·54	**Deputation from the Executive Officers of the Colombo Municipal Council** W. GOPALLAWA, Esq. (Municipal Commissioner) L. L. ATTYGALA, Esq. (Municipal Treasurer) D. W. E. MEEGAMA, Esq. (Municipal Engineer) R. CANAGARAYER, Esq. (Transport Manager) (in Camera)

Date	*Evidence heard*
12·10·54	**Special Commissioners of Dissolved Urban Councils** W. J. FERNANDO, Esq. P. D. UDUWELA, Esq. B. A. JAYASINGHE, Esq. S. W. GUNAWARDENA, Esq. (in Camera)
15·10·54	**Deputation from the Executive Officers of the Colombo Municipal Council** (*contd.*) W. GOPALLAWA, Esq. (Municipal Commissioner) D. W. E. MEEGAMA, Esq. (Municipal Engineer) R. CANAGARAYER, Esq. (Transport Manager)
6·11·54	Major L. V. GOONERATNE (in Camera),
6·11·54	D. A. JAYASINGHE, Esq.
12·11·54	R. E. JAYATILLEKE, Esq., M.P.
15·11·54	**The Commissioner of Local Government** V. C. JAYASUIYA, Esq. (in Camera)
20·11·54	**The Commissioner of Local Government** (*contd.*) V. C. JAYASURIYA, Esq. (in Camera)
23·11·54	**The Commissioner of Local Government** (*contd.*) V. C. JAYASURIYA, Esq. (in Camera)
27·11·54	**The Auditor-General** A. WEERASINGHE, Esq. (Auditor-General) D. S. DE SILVA, Esq. (Deputy Auditor-General) A. PONNIAH, Esq. (Senior Assistant Auditor) (in Camera)
27·11·54	**Deputation from the Assistant Commissioners of Local Government** D. RAJENDRA, Esq. C. SURIYAKUMARAN, Esq. W. A. WIJESINGHE, Esq. S. W. GOONEWARDENA, Esq. (in Camera)
29·11·54	**The Commissioner of Local Government** (*contd.*) V. C. JAYASURIYA Esq. (in Camera)
30·11·54	**The Permanent Secretary to the Ministry of Home Affairs and Rural Development** B. F. PERERA, Esq., and The Director of Rural Development D. G. DAYARATNE, Esq. (in Camera)
30·11·54	**The Permanent Secretary to the Ministry of Home Affairs and Rural Development** B. F. PERRA, Esq., and Government Agents— A. ARULPIRAGASAM, Esq. (Government Agent, North-Western Province) H. C. GUNAWARDENA, Esq. (Government Agent, North-Central Province) V. S. M. DE MEL, Esq. (Government Agent, Western Province) G. V. P. SAMARASINGHE, Esq. (Assistant Government Agent, Kegalle) (inCamera)

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Date	*Evidence heard*
1·12·54	**The Permanent Secretary to the Ministry of Transport and Works** M. F. DE S. JAYARATNE, Esq. Commissioner of Motor Traffic L. S. B. PERERA, Esq. Acting Chief Engineer and Manager of Government Electrical Undertakings E. P. SWAN, Esq. (in Camera)
1·12·54	**The Director Public Works** T. P. DE S. MUNASINGHE, Esq. (Director of Public Works) C. RASIAH, Esq. (Assistant Director of Public Works)
3·12·54	H. E. P. DE MEL, Esq., M.P.
9·12·54	**The Chairman and Members of the Local Government Service Commission** V. C. JAYASURIYA, Esq. (Chairman) T. W. ROBERTS, Esq. N. E. WEERASOORIA, Esq., Q.C. A. E. CHRISTOFFELSZ, Esq. Lt. Col. S. SARAVANAMUTTU (in Camera)
10·12·54	**The Permanent Secretary to the Ministry of Housing, Industries and Social Services** W. H. MOORE, Esq., C. R. W. DE SILVA, Esq. (Assistant Secretary) (in Camera)
10·12·54	**The Director of Social Services** A. S. KOHOBAN-WICKREMA, Esq. (in Camera)
10·12·54	**The Government Town Planner** O. WEERASINGHE, Esq. (in Camera)
15·12·54	**The Chief Valuer** P. H. WICKREMESINGHE, Esq. (in Camera)
16·12·54	W. D. V. MAHATANTILA, Esq. (Assistant Commissioner of Local Government) (in Camera)
16·12·54	**The Permanent Secretary to the Ministry of Health** K. SOMASUNDERAM, Esq., and Dr. D. L. J. KAHAWITA (Director of Health Services) Dr. W. A. Karunaratne (Deputy Director of Health Services) E. B. ANKETELL, Esq. (Chief Public Health Engineer) V. J. EMMANUEL Esq. (Assistant Chief Public Health Engineer) (in Camera)
18·12·54	**The Permanent Secretary to the Ministry of Lands and Land Development** C. B. P. PERERA, Esq., M. RAJENDRA, Esq. (Land Commissioner) N. S. PERERA, Esq. (Surveyor-General) (in Camera)
12· 1·55	**Deputation from the Investigating Officers of the Local Government Department** C. W. DE SILVA, Esq. R. St. S. PERERA, Esq. IDOR P. DE ZOYSA, Esq. OLIVER GURUSUNGHE, Esq. (in Camera)

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Date	*Evidence heard*
12· 1·55	**Deputation from the Superintendents of Village Works** HENRY MAMUHEWA, Esq. S. KANDIAH, Esq. S. G. P. TAMPOE, Esq. G. N. FERNANDO, Esq. (in Camera)
12· 1·55	**Deputation from the Village Committees of the Western Region** J. A. AMARATUNGE, Esq. R. S. PERERA, Esq. S. D. S. GUNAWARDENA, Esq. M. K. D. W. SENANAYAKE, Esq. K. D. J. W. SUMANASEKERA, Esq. K. M. D. DARLIS APPUHAMY, Esq. P. S. MEEPAGALA, Esq. RICHARD TENNEKOON, Esq. P. D. W. WIJEGOONAWARDENE, Esq. W. D. H. DHARMARATNE, Esq. I. HETTIARACHCHI, Esq. S. A. P. SAMARASUNDERA, Esq. K. D. DAVID, Esq. B. A. SIVISENA, Esq. J. R. TIRIMANNE, Esq. S. A. KOTTEGODA, Esq. K. D. CHANDRAPALA, Esq. K. CHARLES, Esq.
15· 1·55	**The Director, Government Tourist Bureau** CEDERIC S. SENARATNE, Esq., Secretary (in Camera)
15· 1·55	**The Director, Government Technical College** Dr. S. L. DE SILVA (in Camera)
29· 1·55	**The General Treasury** (in Camera) R. H. WICKREMASINGHE, Esq. (Deputy Secretary to the Treasury), and G. R. W. DE SILVA, (Controller of Supply and Cadre and Director of Organisation and Methods)
12· 2·55	**Deputation from the Government Medical Officers of Health** Dr. R. RAJENDRAN Dr. T. VISUWALINGAM Dr. M. H. ABDUL CADER Dr. V. T. H. GUNARATNE Dr. C. RAJARATNAM (in Camera)
12· 2·55	**Certain Members of the Law Committee of the Colombo Municipal Council** D. N. W. DE SILVA, Esq. V. A. SUGATHADASA, Esq. M. D. KITCHILAN, Esq. JABIR A. CADER, Esq.

APPENDIX V

OUTSTATION SESSIONS

List of those who gave evidence before the Commission on Local Government outside Colombo

NORTHERN CIRCUIT

Date	*Venue*	*Evidence heard*
15· 7·54	Chilaw Urban Office	**Deputation from Chilaw Urban Council** J. P. FERNANDO, Esq. (Chairman) The Secretary, Urban Council
15· 7·54	Puttalam Urban Council Office	**Deputation from the Puttalam Urban Council** MOHAMED A. CADER, Esq. (Chairman) HUGO W. J. MUTTUKUMARU, Esq. The Secretary, Urban Council
16· 7·54	Anuradhapura Town Hall	**Deputation from the North-Central Province Village Committee Association** H. M. WILLIAM BANDA, Esq. (President) S. M. V. L. MUDALIHAMY, Esq (Vice-President) V. M. P. BANDA, Esq. R. B. RATNAMALALA, Esq. D. B. M. YATAWARA, Esq. U. A. WEERAKONE, Esq. U. G. KIRI BANDA, Esq. K. V. V. AUSADAHAMY, Esq. I. B. HERATH HAMY, Esq. P. M. K. TENNEKOON, Esq. P. B. KIRIHAMY, Esq. A. M. APPUHAMY, Esq. A. SURIYAARACHCHI, Esq. J. M. P. BANDA, Esq. K. MUDIYANSE, Esq.
16· 7·54	Anuradhapura Town Hall	**Deputation from the Central Board of Community Centres North-Central Region** S. M. V. L. MUDALIHAMY, Esq. J. M. P. BANDA, Esq. V. M. P. BANDA, Esq. P. M. K. TENNEKOON, Esq.
16· 7·54	Anuradhapura Town Hall	SUGATHADSA WEERAKKODY, Esq. (Member V. C.)
17· 7·54	Jaffna Town Hall	**The Municipal Commissioner, Jaffna Municipal Council** K. SHANMUGAM, Esq. (in Camera)
17· 7·54	Jaffna Town Hall	SAM SABAPATHY, Esq. (Mayor of Jaffna)
17· 7·54	Jaffna Town Hall	R. C. MANMATHARAYAN, Esq.

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NORTHERN CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
17· 7· 54	Jaffna Town Hall	**Deputation from the Jaffna District Local Government Service Staff Union** K. V. KANAPATHIPILLAI, Esq. V. CHINNAH, Esq. P. SIVAGURU, Esq. (in Camera)
17· 7·54	Jaffna Town Hall	**Deputation from the Jaffna District Village Committee Association** P. ARUMUGAM, Esq. K. SUBRAMANIYAM, Esq. V. MAHESAN, Esq. C. ARULAMPALAM, Esq. S. T. KANAGARATNAM, Esq. K. KAILASAPILLAI, Esq.
17· 7·54	Jaffna Town Hall	**Deputation from the Jaffna District Community Centres Union** Muhandiram E. P. RASIAH K. KAILASAPILLAI, Esq. E. KUMARASAMY, Esq. Muhandiram V. MAHESAN
17· 7·54	Jaffna Town Hall	A. G. RAJASOORIYA, Esq.
18· 7·54	Kankesanturai Guest House	**Deputation from the Manipay Town Council** S. RAJALINGAM, Esq. P. CHINNADURAI, Esq.
18· 7·54	Kankesanturai Guest House	**Deputation from the Valvettiturai Youth League** A. N. VELAYUTHAN, Esq.
18· 7·54	Kaneksanturai Guest House	W. F. RATNAGOPAL, Esq.
19· 7·54	Valvettiturai Town Council Office	**Deputation from the Valvettiturai Town Council** S. SUNTHARALINGAM, Esq. (Chairman) K. SABARATNAM, Esq. A. N. VELAYUTHAN, Esq.
19· 7·54	Valvettiturai Town Council Office	S. NADANASIGAMANI, Esq., (Member, Town Council)
19· 7·54	Valvettiturai Town Council Office	V. M. KANDASAMY, Esq.
19· 7·54	Valvettiturai Town Council Office	S. P. RAJA, Esq.
19· 7·54	Valvettiturai Town Council Office	R. VAITHIYALINGAM, Esq.
19· 7·54	Point Pedro Town Council Office	**Deputation from the Point Pedro Town Council** M. VELUM MAILUM, Esq. (Chairman) R. SUBRAMANIYAM, Esq. M. A. THANGARAJAH, Esq. P. SABARETNAM, Esq. K. SATHASIVAM, Esq.

NORTHERN CIRCUIT—(*contd.*)

Date		*Evidence heard*
19· 7·54	Chavakachcheri Town Council Office	**Deputation from the Chavakachcheri Town Council** N. ARUNACHALAM, Esq. (Chairman) V. VYRAMUTTU, Esq. E. KANDIAH, Esq. R. CANAGASABI, Esq. K. S. SARAVANAMUTTU, Esq.
20· 7·54	Vavuniya Town Hall	**Deputation from the Village Committee Chairmen's Association Vavuniya-Mannar** U. D. DASANAYAKE, Esq. O. K. SEINULABDEEN, Esq. A. SEEMANPILLAI, Esq. K. K. S. HABIEBU MOHAMED, Esq, S. CLEMENT, Esq. S. NADARAJAH, Esq.
20· 7·54	Vavuniya Town Hall	**Deputation from the Mannar Town Council** V. ALBERT ALAGACONE, Esq., J.P., U.M. (Chairman) M. M. IBRAHIM, Esq. M. V. RAMALINGAM, Esq.
20· 7·54	Vavuniya Town Hall	C. ARUMUGAM, Esq.
20· 7·54	Vavuniya Town Hall	P. H. N. SILVA, Esq.
20· 7·54	Vavuniya Town Hall	P. THARMALINGAM, Esq. (Chairman, Town Council, Vavuniya)

KURUNEGALA CIRCUIT

11· 8·54	Kurunegala Town Hall	**Deputation from the Village Committee Chairmen's Association (North-Western Province)** M. A. GUNASEKERA, Esq. A. H. SENANAYAKE, Esq. D. B. HERAT, Esq. P. B. MEDAGODA, Esq. R. B. MALMIWALA, Esq. D. KALUHANDIVELA, Esq. D. R. P. B. ELLEPOLA, Esq.
11· 8·54	Kurunegala Town Hall	**Deputation from the Local Government Service Village Committee Employees. Association (Kurunegala District)** R. B. DISSANAYAKE, Esq. H. B. EMBALAWA, Esq R. ADIKARI, Esq. P. B. DASSANAYAKE, Esq. E. W. S. D. RAJAKARUNA, Esq. F. B. DASANAYAKE, Esq. S. B. SENEVIRATNE, Esq.

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KURUNEGALA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
11· 8·54	Kurunegala Town Hall	**Deputation from the Non-Scheduled Village Committee Employees' Association (Kurunegala District)** M. M. P. RODRIGO, Esq. J. M. P. AHUGODA, Esq. B. V. EUSABIAS, Esq. U. BOYAGODA, Esq. C. B. RATNAYAKE, Esq. P. B. EDIRISINGHE, Esq. K. K. MUTTIAH, Esq. S. W. RANHAMY, Esq. W. M. HEENBANDA, Esq.
11· 8·54	Kurunegala Town Hall	**Municipal Commissioner, Kurunegala** FELIX FERNANDO, Esq. (in Camera)
11· 8·54	Kurunegala Town Hall	**Deputation from the Kurunegala Municipal Council** F. B. MARKUS, Esq. (Mayor) D. A. B. RATNAYAKE, Esq.
11· 8·54	Kurunegala Town Hall	**Deputation from the Central Board of Community Centres (North-Western Province)** LOUIS ARYASINGHE, Esq. P. R. WICKRAMASURIYA, Esq. FRANCIS ARYANANA, Esq.

SOUTHERN AND SABARAGAMUWA CIRCUIT

11· 9·54	Galle Kachcheri	**Deputation from the Galle Municipal Council** A. R. M. THASSIM, Esq. (Mayor) W. B. DHARMADASA, Esq. W. DAHANAYAKE, Esq., M.P. A. J. H. A. WAHAB, Esq. H. K. EDMUND, Esq. L. E. MENDIS, Esq. W. T. WIJEKULASUIYA, Esq.
11· 9·54	Galle Kachcheri	W. DAHANAYAKE, Esq., M.P.
11· 9·54	Galle Kachcheri	**Deputation from the Galle District Village Committees Conference** D. S. GOONESEKERA, Esq. (President) A. D. S. DE SILVA, Esq. (Secretary) ARTHUR SURIYARACHCHI, Esq., J.P. D. J. WICKRAMANAYAKE, Esq. M S. AMARASIRI, Esq. H. U. DE SILVA, Esq. K. M. T. M. DIAS, Esq.
11· 9·54	Galle Kachcheri	P. DAHANAYAKE, Esq.
12· 9·54	Galle Kachcheri	**The Municipal Commissioner, Galle** A. V. CHINNIAH, Esq. (in Camera)
12· 9·54	Galle Kachcheri	**Deputation from the Dodanduwa Rural Development Society** P. H. ABRAHAM SILVA, Esq. A. T. W. GUNARATNE, Esq. G. W. DE SILVA, Esq.

SOUTHERN AND SABARAGAMUWA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
12· 9·54	Galle Kachcheri	D. A. S. P. DAHANAYAKE, Esq.
12· 9·54	Galle Kachcheri	W. T. WIJEKULASURIYA, Esq. (Member, Municipal Council, Galle)
13· 9·54	Galle Kachcheri	E. D. NAGAHAWATTE, Esq. (Member, Municipal Council, Galle)
13· 9·54	Galle Kachcheri	A. H. A. SAMY, Esq. (Municipal Accountant) (in Camera)
13· 9·54	Galle Kachcheri	J. E. PERERA, Esq., J.P.
14· 9·54	Matara Urban Council Office	**Deputation from the Village Committees of Matara District** D. M. WANIGASEKERA, Esq. J. SENEVIRATNE, Esq. D. WIJEWARDENA, Esq. K. .A. SAMARAPALA, Esq. S. .R. YAPA, Esq. S. SAMARAJEEVA, Esq.
14· 9·54	Matara Urban Council Office	**Deputation from the Rural Development Societies of Matara** Gate Mudaliyar M. DE S. JAYASINGHE CHANDRADASA DEWASURENDRA, Esq. H. .D. AGORIS, Esq. D. .A. DAHANAYAKE, Esq. G. B. DON NICHOLAS, Esq.
14· 9· 54	Matara Urban Council Office	E. BALASURIYA, Esq. (Chairman, Urban Council, Matara)
14· 9·54	Matara Urban Council Office	D. A. JAYAWARDENA Esq. (Member, Urban Council, Matara)
14· 9·54	Matara Urban Council Office	W. A. BUYZER, Esq.
14· 9·54	Matara Urban Council Office	**Deputation from the Village Committee Employees' Union, of Matara** A. KUMARAPPERUMA, Esq. (President) C. MALLIKARACHCHI, Esq. (Secretary) W. M. DE SILVA, Esq. S. S. NANAYAKKARA, Esq. S. AMARASINGHE, Esq.
14· 9·54	Matara Urban Council Office	**Deputation from the Village Committees of Kamburupitiya, Akuressa and Godapitiya** PERCY A. WICKREMASINGHE, Esq. K. A. SAMARAPALA, Esq. M. KURUPPU, Esq. H. P. J. CHANDRASENA, Esq.
14· 9·54	Matara Urban Council Office	**Deputation from the Morawaka Village Committee** D. S. ABEYGUNAFARDENA, Esq. (Chairman) R. H. GUNAWARDENA, Esq. C. JAYAWARDRNA, Esq.

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SOUTHERN AND SABARAGAMUWA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
14· 9·54	Matara Urban Council Office	A. W. GUNASEKERA, Esq.
14· 9·54	Matara Urban Council Office	M. M. LENTIS SILVA, Esq. (Ex-Chairman, Dondra V. C.)
14· 9·54	Matara Urban Council Office	**Deputation from the Matara Urban Council** M. SAMARAWEERA, Esq., M.P. B. Y. TUDAWE, Esq.
14· 9·54	Matara Urban Council Office	Rev. WELLATOTA PANNADASSI THERO
14· 9·54	Matara Urban Council Office	**Deputation from the Molodduwa Community Centres Union** S. R. YAPA, Esq. B. P. GUNASEKERA, Esq. Rev. W. PANNADASSI THERO W. G. FRANCIS, Esq. K. B. D. SILVA, Esq. M. R. PIYASENA, Esq.
15· 9·54	Hambantota Rest House	**Deputation from the Hambantota Urban Council** I. D. USUPH, Esq. (Chairman) S. WEERAMANTRY, Esq. R. DEEN, Esq.
15· 9·54	Hambantota Rest House	**Deputation from the Village Committee Chairmen's Union of Hambantota** E. G. WIJESINGHE, Esq. (President) D. P. DISSANAYAKE, Esq. E. D. SENANAYAKE, Esq. D. N. W. DISSANAYAKE, Esq. K. G. A. GUNADASA, Esq. D. E. WIJESURIYA, Esq.
15· 9·54	Hambantota Rest House	I. M. D. DAVITH SINGJO, Esq. D. S. WARNASURIYA, Esq. S. A. NAGASINGHE, Esq.
15· 9·54	Hambantota Rest House	**Deputation of Members from Walasmulla Village Committee** K. L. MANATUNGE, Esq. D. D. S. PATHIRANA, Esq. V. GALAGAMA, Esq. D. N. ABEYWICKREMA, Esq.
15· 9·54	Hambantota Rest House	**Deputation from the Community Centres of Hambantota** E. W. AMARASEKERA, Esq. P. LOKUMARAKKALA, Esq. K. D. DON SAMEL, Esq.

SOUTHERN AND SABARAGAMUWA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
15· 9·54	Hambantota Rest House	**Deputation from the Village Committee Employees' Union of Hambantota District** J. D. P. JAYASEKERA, Esq. (President) K. H. D. SILVA, Esq. (Secretary) S. R. M. D. EDWIN, Esq. M. S. SIRIWARDENA, Esq. W. L. KARUNADASA, Esq. H. J. KUSUMPALA, Esq. D. J. Y. ABEYEWARDENA, Esq. M. P. GEEDRECK. Esq. D. J. MUTUKUMARU, Esq. G. D. SAMARAWICKREMA, Esq. L. P. DAYAPALA, Esq. H. D. PATINAYAKE, Esq. N. P. G. KARUNADASA, Esq. K. T. JEMA, Esq. (in Camera)
15· 9·54	Hambantota Rest House	GEORGE WICKREMARATNE, Esq. (in Camera)
15· 9·54	Hambantota Rest House	Rev. U. MEDHANKARA THERO
15· 9·54	Hambantota Rest House	J. M. F. BANDARA, Esq. (in Camera)
15· 9·54	Hambantota Rest House	P. P. LOKUMARAKKALA, Esq.
15 ·9·54	Hamabantota Rest House	**Deputation from the Ratepayers' Association, Hambantota** J. AMARASINGHE, Esq. T. AMSA, Esq. T. S. DOOLE, Esq. T. J. L. CASSIM, Esq. A. R. L. M. IDROOS, Esq. A. L. M. HASSIM, Esq. T. K. BURAH, Esq.] * A. L. M. RAJEEN, Esq.] * In Association with the deputation from the Ratepayers' Association
17· 9·54	Rakwana Rest House	**Deputation from the Rakwana Town Council** V. T. G. KARUNARATNE, Esq. (Chairman) S. V. SUPPIAH, Esq. G. D. PABILIS PERERA, Esq.
18· 9·54	Ratnapura Wace Memorial Hall	**Deputation from the Ratnapura Urban Council** W. ABEYWARDENA, Esq. (Chairman) D. ATTYGALA, Esq. W. P. JAYASINGHE, Esq.

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SOUTHERN AND SABARAGAMUWA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
18· 9·54	Ratnapura Wace Memorial Hall	**Deputation from the Rural Development Societies of Gilimale and Witanagama** W. A. PERERA, Esq. T. J. JAYAWARDENA, Esq.
18· 9·54	Ratnapura Wace Memorial Hall	**Deputation from the Sabaragamuwa Region Village Committee Employees' Union** G. P. APPUHAMY, Esq. M. P. A. WICKREMASINGHE, Esq. B. M. BEMINIWATTE, Esq.
18· 9·54	Ratnapura Wace Memorial Hall	**Deputation from the Village Committee Chairmen's Association, Ratnapura** E. A. DELGODA, Esq., M.B.E., J.P. (Chairman) D. D. WELLALA, Esq. (Secretary) G. D. B. PUNCHIMAHATMAYA, Esq.

NUWARA ELIYA-BADULLA CIRCUIT

25· 9·54	Nuwara Eliya Municipal Council Office	**Deputation from the Nuwara Eliya Municipal Council** V. A. VIJAYARATNASINGHAM, Esq. (Mayor) M. G. AROKIASAMY, Esq. (Deputy Mayor) D. P. M. WEERASINGHE, Esq. EARLE DE ALWIS Esq. (Municipal Commissioner)
26· 9·54	Nuwara Eliya Municipal Council Office	P. M. M. ZAHIR, Esq.
26· 9·54	Nuwara Eliya Municipal Council Office	A. P. GOONETILLAKE, Esq. (Municipal Accountant)
26· 9·54	Nuwara Eliya Municipal Council Office	**Deputation from the Nuwara Eliya District Village Committee Employees' Association** S. B. MOLAGODA, Esq. (Chairman) W. S. M. TIKIRI BANDA, Esq. K. G. ABEYSINGHE, Esq.
26· 9·54	Nuwara Eliya Municipal Council Office	**Deputation from the Rural Development Societies of Uda-hewaheta-Kotmale-Walapone** P. B. WICKRAMASINGHE, Esq. J. GALAGODA, Esq. U. B. ATTANAYAKE, Esq. L. B. A. JAYASEKERA, Esq. K. G. PUNCHIBANDA, Esq. K. M. MUDALIHAMY, Esq. S. M. MUTUBANDA, Esq. K. P. MANIS, Esq. G. G. TILLEKERATNE, Esq. K. HERAT, Esq. B. M. KARUNARATNE, Esq. Mrs. YASAWATHIE WICKREMASINGHE

NUWARA BLIYA-BADULLA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
26· 9·54	Nuwara Eliya Municipal Council Office	H. PREMATILLAKE, Esq. (Ayurvedic Physician)
26· 9·54	Nuwara Eliya Municipal Council Office	M. C. L. MENDIS, Esq. (in Camera)
27· 9·54	Nuwara Eliya Municipal Council Office	**Deputation from the Village Committee Chairmen's Association of Nuwara Eliya District** S. M. P. BANDA, Esq. DAVID G. S. SOYSA, Esq. W. M. LOKUBANDA, Esq. R. M. D. G. LOKUBANDA, Esq. K. B. A. HENNAYAKE, Esq. L. W. LOKUBANDA, Esq. K. B. TILLEKERATNE, Esq.
27· 9·54	Nuwara Eliya Municipal Council Office	**Deputation from the Members of the Uda Palata Village Committee** K. H. PADMASIRI, Esq. H. W. H. APPUHAMY, Esq. D. U. JAYATILLEKE, Esq. K. H. DENISTER SILVA, Esq.
27· 9·54	Nuwara Eliya Municipal Council Office	P. SUBASINGHE, Esq.
27· 9·54	Bandarawela U. C. Office	**Deputation from the Bandarawela Urban Council** ARON BASANAYAKE, Esq. (Chairman) S. M. NADARAJAH, Esq. (Vice-Chairman) B. JAYAH CARRIM, Esq.
28· 9·54	Bandarawela U. C. Office	K. I. JAMALDEEN, Esq.
29· 9·54	Badulla Town Hall	**Deputation from the Badulla Urban Council** G. W. GUNASEKERA, Esq. (Chairman) W. A. RATWATTE, Esq., M.P. STANLEY H. ABEYSEKERA, Esq. J. C. T. KOTALAWELA, Esq., M.P. L. S. V. PERERA, Esq. D. D. JAYASINGHE, Esq. (Secretary)
29· 9·54	Badulla Town Hall	**Deputation from the Uva Village Committee Chairmen's Conference** S. B. EKANAYAKE, Esq. (Secretary) K. N. M. PUNCHI BANDA, Esq. (Chairman) H. H. N. SILVA, Esq. D. C. GUNASEKERA, Esq. K. B. H. ADIKARITILAKE, Esq. H. G. A. DE SILVA, Esq. Y. G. JAYASINGHE, Esq.

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NUWARA ELIYA-BADULLA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
29· 9·54	Badulla Town Hall	**Deputation from the Uva Village Committee Employees' Union** D. M. DISSANAYAKE, Esq. (President) G. HETTIARACHCHI, Esq. (Secretary) H. M. A. HENNAYAKE, Esq. D. L. BANDARA, Esq. S. B. HERAT, Esq. B. M. U. BANDA, Esq.
29· 9·54	Badulla Town Hall	S. B. HERAT, Esq.
29· 9·54	Badulla Town Hall	W. L. PINTO, Esq.
29· 9·54	Badulla Town Hall	G. K. LIYANAGE, Esq.
29· 9·54	Badulla Town Hall	**Deputation from the Uva Community Centres Union** Rev. AMBEWELA CHANDAJOTI THERO D. L. GORAKAPITIYA, Esq. B. H. BANDARA, Esq.
29· 9·54	Badulla Town Hall	HENRY PINTO, Esq.
29· 9·54	Badulla Town Hall	A. K. MURUGESU, Esq.

BATTICALOA CIRCUIT

8·10·54	Batticaloa Town Hall	**Deputation from the Batticaloa Urban Council** D. VELUPILLAI, Esq. (Chairman) S. M. A. HUSSAIN, Esq. M. SIVANESARAJA, Esq. J. L. TISSAVERASINGHE, Esq. A. THAVARAJAH, Esq. K. KATHIRAVELU, Esq.
8·10·54	Batticaloa Town Hall	**Deputation from the Batticaloa District Village Committee Association** J. S. ELIYATHAMBI, Esq. (President) L. VINAYAGAMOORTHY, Esq. (Secretary) T. S. POOPALARATNAM, Esq. S. H. L. MOHIDEEN, Esq.
8·10·54	Batticaloa Town Hall	S. RASAMANICKAM, Esq., M.P.
8·10·54	Batticaloa Town Hall	**Deputation from the Town Councils of Eravur, Sammanturai and Kalmunai** Gate Mydaliyar M. S. KARIAPPAR S. L. ABDUL CADER, Esq. S. M. A. MADARLEVVAI, Esq. N. SUBRAMANIAM, Esq. E. SEENITAMBI, Esq. A. MOHAMED CASSIM, Esq. V. SATHASIVAM, Esq. M. ABDUL LATIF, Esq. K. KANAPATHIPILLAI, Esq.

BATTICALOA CIRCUIT—(*contd.*)

Date	*Venue*	*Evidence heard*
9·10·54	Amaparai Circuit Bungolow	**Deputation from the Gal Oya Development Board** (in Camera) R. L. BROHIER, Esq. (Acting Chairman) J. A. AMARATUNGE, Esq. (Member) L. B. RATNAYAKE, Esq. (Peasant Settlement Officer)

TRINCOMALEE CIRCUIT

16·10·54	Trincomalee Rest House	N. R. RAJAVAROTHIYAM, Esq., M.P.
16·10·54	Trincomalee Rest House	**Deputation from the Trincomalee Urban Council** T. AHAMBARAM, Esq. (Chairman) Miss S. SWAMINATHAPILLAI V. SIVANANDAM, Esq. V. POOPALAPILLAI, Esq. K. THIRUNAVAKARASU, Esq.
16·10·54	Trincomalee Rest House	**Deputation from the Trincomalee District Village Committee Association** K. PONNAMPALAM, Esq. E. SATHASIVAM, Esq. K. KANAPATHIPILLAI, Esq. N. KANAGASABAI, Esq. S. ABDUL HAMID, Esq.
16·10·54	Trincomalee Rest House	C. ARUMUGAM, Esq.
16·10·54	Trincomalee Rest House	**Deputation from the Board of Health, Trincomalee** C. I. EDWARDS, Esq. (O. A. to A. G. A., Trincomalee) M. Z. MOHIDEEN, Esq. (D. R. O., Tampalakamam) J. M. ZAKARIYA, Esq. (Chairman, V. C., Harbour Villages)
16·10·54	Trincomalee Rest House	S. ARUMUGANATHAN, Esq.

KEGALLE CIRCUIT

22·10·54	Kegalle Town Hall	**Deputation from the Urban Council, Kegalle** Senator W. WICKRAMASINGHE (Chairman) J. KALUARACHCHI, Esq. R. F. PERERA, Esq. T. WILLIAM FERNANDO, Esq. P. RAJAKARUNA, Esq.
22·10·54	Kegalle Town Hall	**Deputation from the Kegalle District Village Committee Association** P. C. IMBULANA, Esq. (President) R. RATNAYAKE, Esq. M. P. HERAT, Esq. Mrs. I. W. KANNANGARA ALEX BASANAYAKE, Esq. D. C. JAYASEKERA, Esq. M. SENEVIRATNE, Esq. M. G. JAYAWARDENA, Esq.

KANDY CIRCUIT

Date	*Venue*	*Evidence heard*
7·11·54	Peradeniya Library of the Agriculture Department	**Deputation from the Kadugannawa Urban Council** S. S. ABEYSUNDERA, Esq. (Chairman) H. D. P. Nissanka, Esq. (Vice-Chairman) T. D. SIRIWARDENA, Esq.
7·11·54	Peradeniya Library of the Agriculture Department	E. NAVARATNAM, Esq.
8·11·54	Kandy Audience Hall	**Deputation from the Kandy Village Committee Association** T. B. S. GODAMUNNE, Esq. L. JINADASA, Esq. M. SIRISENA, Esq. RICHARD RAJAPAKSE, Esq. A. L. M. FAROUK, Esq. P. M. HERATH, Esq. L. B EKANAYAKE, Esq. S. B. RAJAKARUNA, Esq. J. M. RATNAYAKE, Esq. T. B. DISSANAYAKE, Esq.
8·11·54	Kandy Audience Hall	**Deputation from the Matale District Village Committee Association** T. D. GUNARATNE, Esq. P. B. EKANAYAKE, Esq. H. B. ELAKADUWA, Esq. S. M. CASSIM, Esq.
8·11·54	Kandy Audience Hall	**Deputation from the Kandy Municipal Services Union** D. T. RAMANAYAKE, Esq. (President) P. GUNARATNE, Esq. (Vice-President) R. V. CHELLIAH, Esq. C. E. JAYASINGHE, Esq. (Secretary)

The Commission on its various circuits invariably inspected and made inquiries regarding local authority activities and administration. Many local authority offices, works constructed or in progress such as housing schemes, water supply schemes, roads, bridges, causeways, culverts, latrines, public wells, markets community centres, parks and playgrounds were seen. Rural Development Centres and Rural Development Works too were also visited.

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APPENDIX VI

CHART SHOWING TYPICAL KACHCHERI SET-UP [1]

Government Agent or Assistant Government Agent of District

1 *A. G. A.* *(or Additional Assistant Government Agent of District)*	2 *O. A.*	3 *D. L. O.*	4 *Administrative Assistant*	5 *Elections Officer*	6 *Assistant Food Controller*	7 *Extra O. A.*
1. Acquisition	1. Accounts	1. Peasant allotments	1. Public assistance	1. Parliamentary Elections	1. The Rice Rationing Scheme	1. Licensing (i) Motor vehicles—petrol driven (ii) Heavy Motor vehicles (iii) Carts (iv) Boats (v) Firearms (vi) Cattle shooting permits (vii) Explosives (viii) Fireworks (ix) Petroleum (x) Rubber (xi) River and sea sand
2. Requisition	2. Shroff and Vault	2. Middle class allotments (under L. D. O.)	2. Casual relief	2. Local Government Elections	2. The Guaranteed Price Scheme	
3. Colonization Schemes	3. Records, stationery, furniture and equipment	3. Leases of Crown land under C.L.O	3. Relief to Fishermen	3. Revision of Registers		
4. Acquired Estates	4. Excise	4. Forests	4. Relief of widespread distress			
5. Food Production	5. Rest Houses	5. Encroachments	(a) Flood			
6. Minor Irrigation Works	6. Headman System	6. Jak tree permits	(b) Famine			
			(c) Fire			
7. Rural Development	7. Fiscal		(d) Epidemics			

[1] *Source :* Ministry of Home Affairs and Rural Development.

APPENDIX VI—(contd.)

CHART SHOWING TYPICAL KACHCHERI SET-UP [1]

Government Agent or Assistant Government Agent of District

1 *A. G. A.* *(or additional Assistant Government Agent of District)*	2 *O. A.*	3 *D. L. O.*	4 *Administrative Assistant*	5 *Elections Officer*	6 *Assistant Food Controller*	7 *Extra O. A.*
8. District Agricultural Committee	8. Registrarion of Marriages, Births, Deaths, &c.					(xii) Pawn Brokers (xiii) Public Performances carnivals and processions
9. District Co-ordinating Committee	9. Establishments ...					(xiv) Opium (xv) Refunds of Licensing Fees to Village Committees 2. Festivals 3. Destruction of stray dogs 4. Registration of Orphanages 5. Registration of Protected Persons 6. Applications by Government Servants for acquisition of property 7. Assessments of Rents of houses occupied by Government Servants and rents of Government buildings

[1] *Source* : Ministry of Home Affairs and Rural Development.

APPENDIX VII

ANALYSIS OF INCOMES OF ALL LOCAL AUTHORITIES (INCLUDING RECEIPTS FROM GRANTS AND LOANS ON CAPITAL ACCOUNT) FOR 1953

Revenue Account

(Amount in Rupees thousands)

Sources of Revenue	*Municipal Councils* [1]				*Urban Councils*		*Town Councils*		*Village Committees*		*Total*
	Rate Fund	*Electricity*	*Tramways*	*Trolleys*	*Rate Fund*	*Electricity*	*Rate Fund*	*Electricity*	*Rate Fund*	*Electricity*	
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Rates	10,811				1,908		291		786		13,796
Payment in lieu of rates by Crown	1,960				160		32		14		2,166
Vehicles and Animals Tax	138				40		15		350		543
Entertainment Tax	1,223				355		115		186		1,879
Licence Duties	1,148				159		80		484		1,871
Government Grant for licence duties on motor vehicles	1,191				1,209		127		—		2,527
Government Grants [2] and Refunds	9,499	436	135		4,174	650	946	111	4,552	30	20,533
Other Revenue [3]	5,356	3,004	1,907	518 [8]	1,839	5,568	532	773	1,077	181	20,755
	31,326	3,440	2,042	518	9,844	6,218	2,138	884	7,449	211	64,070
Capital Account :											
Loans [4]	1,415 [6]			1,800	469	782	474	509	74	137	5,660
Grants [5]	1,201 [7]				1,875		550		5,516		9,142
	33,942	3,440	2,042	2,318	12,188	7,000	3,162	1,393	13,039	348	78,872

[1] In the case of Colombo Municipal Council the year 1·4·53—31·3·54 has been accepted.
[2] Includes Block Grants, Cost of Living Allowances (Grants) Grants in lieu of Abolished Revenues, Capitation Tax, Maternity and Child Welfare, Conservancy and Scavenging, Ayurvedic Dispensaries, and Refunds of Stamp Duties, Fines and Fees collected by Government and refundable under the various Ordinances.
[3] Includes Rents and Fees.
[4] Loans for Housing Schemes, Electricity Schemes, Tramways, &c.
[5] Grants for Housing Schemes, Unemployment Relief Works, Village Works, Wells, Roads, Drainage Schemes.
[6] Includes Rs. 1,000,000 given as a loan to Colombo Municipal Council for Kalatuwawa.
[7] Does not include grants on Kalatuwawa, which are paid by the Director of Public Works.
[8] Trolley Bus Servıces inaugurated on 22·7·53.

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APPENDIX VIII

ANALYSIS OF EXPENDITURES[1] OF LOCAL AUTHORITIES IN 1953[2]

(Rupees in thousands)

Heads of Expenditure	Municipal Councils			Urban Councils			Town Councils			Village Committees			Expenditures on each of the Four Heads	Percentage of Total Expenditure[8]	Average percentage for all Local Authorities[9]
	Expenditures on Services other than Trading Services	Percentage of Total expenditure on all Heads (excluding Trading Services)	Expenditures on Trading Services	Expenditures on Services other than Trading Services	Percentage of Total Expenditure on all Heads (excluding Trading Services)	Expenditures on Trading Services	Expenditures on Services other than Trading Services	Percentage of Total Expenditure on all Heads (excluding Trading Services)	Expenditures on Trading Services	Expenditures on Services other than Trading Services	Percentage of Total Expenditure on all Heads (excluding Trading Services)	Expenditures on Trading Services			
	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		
Public Health[3]	6,893	22·7		3,862	38·3		795	38·5		1,331	23·3		12,881	20·8	30·7
Thoroughfares[4]	3,787	12·5		2,186	21·6		342	16·5		2,229	39·0		8,544	13·8	22·4
Establishment[5]	8,208	27·0		1,982	19·6		647	31·3		2,033	35·6		12,870	20·8	28·4
Others[6]	11,437	37·8	7,081[7]	2,064	20·5	5,363[7]	282	13·7	914[7]	118	2·1	257[7]	27,516	44·6	18·5
Total Expenditures on all Heads	30,325		7,081	10,094		5,363	2,066		914	5,711		257	61,811	100	100

[1] Does not include expenditure from Loan Funds or Grants for Specific Capital Services.
[2] The year ended 31·3·54 has been taken in the case of Colombo Municipal Council.
[3] Includes Expenditure on Conservancy, Scavenging, Water Supply, Markets, Hospitals and Dispensaries, Maternity and Child Welfare.
[4] Includes Expenditure on Maintenance, Street Lighting, Improvements to Roads and New Works.
[5] Includes salaries, Cost of Living Allowances, Special Living Allowances and other Allowances, &c., of all Staff excluding Staff employed on Electricity Schemes, the Colombo Tramways and Trolley Bus Services.
[6] Includes Loan Repayments and Expenditure on Councils' Lands and Buildings, Slaughter Houses, Cemeteries, Libraries, Recreation, Poor Relief, &c.
[7] All expenditure on Tramways, Trolley Buses and Electricity Schemes including Living Allowances and the Cost of management of the Schemes.
[8] Percentages in this column include expenditure on Trading Services.
[9] This column contains the average of the percentages of the total Expenditure by the four types of local authorities under each of the Heads of Expenditure in the first column (*e.g.*, 30·7 is the average of the percentages under Public Health *i.e.* of 22·7, 38·3, 38·5, 23·3). In calculating these percentages the Expenditures on Trading Services have been excluded.

APPENDIX IX

STATEMENT OF INCREASES OF REVENUE[1] OF CENTRAL GOVERNMENT AND LOCAL AUTHORITIES COMPARED

(Rupees in thousands)

	1938[2,3]	1943[2]	Percentage of increase over 1938	1948[2]	Percentage of increase over 1938	1953[2]	Percentage of increase over 1938
	Rs.	Rs.	Per cent.	Rs.	Per cent.	Rs.	Per cent.
Government	113,348	200,007	76	540,605	377	871,361	659
Municipalities — Number	3	3		3		7	
Municipalities — Revenue	Rs. 7,374	Rs. 8,187	11	Rs. 18,726	154	Rs. 31,326	325
Urban Councils — Number	27	27		39		36	
Urban Councils — Revenue	Rs. 2,239	Rs. 2,620	12	Rs. 8,156	264	Rs. 9,844	340

[1] Excludes Railway and Electricity Revenue in the case of Government and Tramways and Electricity Revenue in the case of local authorities.
[2] The year ended 30th September has been taken in the case of Government and 31st December in the case of local authorities.
[3] 1938 is taken as the basic year for calculating percentage increases.

Source: Statistical Abstract 1954 of Department of Census and Statistics.
Figures for 1953 are from the Treasury and the Local Government Department.

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APPENDIX X

TABLE 1—STATEMENT OF ARRACK TAVERNS AND ARRACK REVENUE[1] OF THE REVENUE DISTRICTS DURING THE RENT YEAR, OCTOBER 1, 1952 TO SEPTEMBER 30, 1953

District	*No. of Taverns and Canteens that functioned during the Rent Year*	*Revenue from rent recoverable according to Kachcheri Books*	*Gross Revenue from sale of arrack according to Kachcheri Books*	*Total Gross Revenue*
		Rs.	*Rs.*	*Rs.*
Colombo Municipality ..	9	1,562,772	16,539,579	18,102,351
Colombo District (excluding Municipality) ..	25	—	—	—
Kalutara	6[2]	361,285	3,268,243	3,629,528
Kandy	12[3]	1,224,671	10,492,694	11,717,365
Matale	—	—	—	—
Nuwara Eliya ..	6[2]	4,538	56,616	61,154
Galle	2	175,289	2,083,941	2,259,230
Matara	—	—	240	240
Hambantota ..	1	62,534	903,907	966,441
Jaffna	9	286,860	3,098,203	3,385,063
Mannar	1	43,815	622,432	666,247
Vavuniya	3	72,650	563,515	636,165
Batticaloa	5	317,570	2,864,541	3,182,111
Trinomalee	6	130,491	1,508,170	1,638,661
Kurunegala	4[2]	71,522	944,348	1,015,870
Puttalam / Chilaw ..	30	108,393	1,734,646	1,843,039
Anuradhapura ..	1	151,060	1,262,148	1,413,208
Badulla	4[2]	353,907	2,517,413	2,871,320
Ratnapura	3[4]	54,779	660,559	715,338
Kegalla	—	33	320	353
	127	4,982,169	49,121,515	54,103,684

[1] Figures obtained from the Administration Report of the Acting Excise Commissioner for 1953.
[2] 1 Estate canteen.
[3] 3 Estate canteens.
[4] 2 Estate canteens.

APPENDIX X

TABLE 2—STATEMENT OF TODDY TAVERNS AND TODDY[1] RENT REVENUE IN EACH OF THE REVENUE DISTRICTS DURING THE RENT YEAR OCTOBER 1, 1952 TO SEPTEMBER 30, 1953

District	*No. of Taverns and Canteens for Rent Year*	*Revenue from Rents recoverable according to Kachcheri Books*	*Revenue recovered from Tree Tax (i) Canteens and Vinegar Manufactories, (ii) Jaffna Tree Tax System*
		Rs.	*Rs.*
Colombo Municipality .. / Colombo District (excluding Municipality)	6 / 28	7,525,251	—
Kalutara	2[2]	25,654	2,968
Kandy	8[3]	782,631	2,266
Matale	—	—	—
Nuwara Eliya ..	5	132,156	—
Galle	—	—	590
Matara	—	—	—
Hambantota ..	1	33,543	—
Jaffna (Tree Tax System) ..	—	—	618,533
Mannar ..	6	295,211	—
Vavuniya	5	103,780	—
Batticaloa	5	361,517	—
Trincomalee	5	295,652	—
Kurunegala	4[3]	18,064	1,580
Puttalam / Chilaw ..	28	1,186,245	—
Anuradhapura	1	116,154	—
Badulla	10[3]	355,788	1,478
Ratnapura	11[4]	125,076	6,720
Kegalla	1[2]	—	1,279
	126	11,356,722	635,414

[1] Figures obtained from the Administration Report of the Acting Excise Commissioner fot 1953.
[2] 1 Canteen.
[3] 3 Canteens.
[4] 8 Canteens.

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APPENDIX XI

DEDUCTIONS ON BLOCK OR GENERAL PURPOSES GRANTS

(Percentage of grant which Urban Authorities will be qualified to receive—on 1953 Statistics)

Local Authority	*Percentage collected by way of Rates*	*Percentage of General Purposes Grant payable*
Municipal Councils—		
Colombo[1]	46	100
Kandy[1]	24	90
Galle[1]	30	100
Jaffna	21	90
Kurunegala[1]	19	60
Nuwara Eliya[1]	28	100
Negombo	14	60
Urban Councils—		
Ambalangoda	26	100
Anuradhapura	19	90
Avissawella[1]	17	80
Badulla[1]	17	80
Balangoda	16	90
Bandarawela[1]	26	100
Batticaloa[2]	15	90
Beruwela	22	100
Chilaw[1]	15	80
Dehiwela-Mt. Lavinia	23	100
Gampaha	20	100
Gampola[1]	28	100
Hambantota	14	80
Haputale	13	80
Hatton-Dickoya[1]	14	80
Horana	17	90
Ja-ela	8	60
Kadugannawa	23	100

[1] Water Supply schemes maintained by the Council.
[2] Water Supply schemes maintained by the Government.

APPENDIX XI—(contd.)

Local Authority	*Percentage collected by by way of rates*	*Percentage of General Purposes Grant payable*
Urban Councils —(*contd.*)		
Kalutara	19	90
Kegalle	18	90
Kolonnawa	28	100
Kotte	28	100
Kuliyapitiya	17	90
Matale[1]	17	80
Matara	20	100
Moratuwa	21	100
Nawalapitiya[1]	26	100
Panadura	20	100
Puttalam	14	80
Ratnapura[1]	18	90
Talawakele-Lindula[1]	21	90
Tangalla	12	80
Trincomalee	27	100
Wattala-Mabole-Peliyagoda	19	90
Wattegama[1]	27	100
Weligama	21	100
Town Councils—		
Alutgama	15	90
Alutgamweediya	21	100
Balapitiya	29	100
Beliatta	12	80
Chavakachcheri	8	60
Dondra	9	60
Dodanduwa	19	90
Eravur	24	100
Hikkaduwa	24	100
Kalmunai	Accounts for 1953 not ready	
Kalpitiya	14	80
Kankesanturai	36	100
Kattankudy	26	100

[1] Water Supply schemes maintained by the Council.

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APPENDIX XI—(contd.)

Local Authority	*Percentage collected by by way of rates*	*Percentage of General Purposes Grant payable*
Town Councils—(*contd.*)		
Kayts [1]	16 ..	90
Kekirawa	23 ..	100
Kochchikade	5 ..	60
Madampe	12 ..	80
Manipay	25 ..	100
Mannar [2]	6 ..	60
Matugama	22 ..	100
Minuwangoda	5 ..	60
Mullaitivu	15 ..	90
Passara [2]	16 ..	80
Piliyandala	12 ..	80
Point Pedro	19 ..	90
Polgahawela	17 ..	90
Pussellawa [2]	28 ..	100
Rakwana [2]	26 ..	100
Rambukkana	24 ..	100
Rattota	18 ..	90
Sammanturai	32 ..	100
Teldeniya [2]	13 ..	80
Valvettiturai	28 ..	100
Vavuniya [1]	19 ..	90
Veyangoda	19 ..	90
Wadduwa	34 ..	100
Watugedera	5 ..	60
Welimada [2]	14 ..	80

[1] Water Supply schemes maintained by the Government.
[2] Water Supply schemes maintained by the Council.

Note.—For purposes of this Table it has been assumed that where a Water Supply Scheme exists, the whole area is benefited. There may be instances however where a variation in the required minimum percentage may have to be made in respect of some of these towns after inquiry by the Commissioner of Local Government—(*vide* Para. No. 1017).

APPENDIX XII

TABLE 1

STATEMENT OF BLOCK OR GENERAL PURPOSES GRANTS—PRESENT AND PROPOSED

Municipal Councils

Municipal Council	*Present basis*				*Proposed basis*				*Analysis of increase*	
	Population 1946 [1]	*Average of Revenue for 1943–1945* [2]	*Percentage of revenue*	*Present Block Grant paid*	*Population 1953* [3]	*Average of Revenue for 1951–1953 i.e. last 3 years*	*Percentage of Revenue*	*Proposed amount of Block Grant*	*Amount of increase over present Grant*	*Percentage of increase over present Grant*
		Rs.		*Rs.*		*Rs.*		*Rs.*	*Rs.*	
1. Colombo ...	... 355,374	... 8,215,937	... 3	... 246,478	... 423,481	... 16,631,214	... 3	... 498,936	... 252,458	... 102
2. Galle ...	... 49,038	... 428,581	... 15	... 64,287	... 55,874	... 978,348	... 12	... 117,396	... 53,109	... 82
3. Jaffna ...	... 62,922	... 219,254	... 12	... 26,310	... 77,218	... 723,114	... 12	... 86,772	... 60,462	... 230
4. Kandy ...	... 50,767	... 845,802	... 12	... 101,496	... 57,359	... 1,927,306	... 12	... 231,276	... 129,780	... 128
5. Kurunegala ...	... 13,510	... 180,814	... 15	... 27,122	... 17,319	... 564,887	... 15	... 84,720	... 57,598	... 212
6. Negombo ...	... 32,632	... 178,413	... 15	... 26,762	... 38,591	... 178,413	... 15	... 66,270	... 39,508	... 148
7. Nuwara Eliya ...	... 9,840	... 204,599	... 15	... 30,689	... 12,778	... 307,898	... 15	... 59,670	... 28,981	... 94
				523,144				1,145,040	621,896	119

[1] 1946 Census figures have been used as a constant figure.
[2] Revenue refers to the normal sources of revenue provided in the general Budget of Council plus the nett income from Trading Activities diminished however by the Grants received by way of Block Grant and Cost of Living and Special Living Allowances.
[3] 1953 Census figures *i.e.* the latest available Census figures.

APPENDIX XII

TABLE 2

STATEMENT OF BLOCK OR GENERAL PURPOSES GRANTS—PRESENT AND PROPOSED

Urban Councils

Urban Council	Present basis				Proposed basis				Analysis of Increase	
	Population 1946 [1]	Average of Revenue for 1943-1945 [2]	Per cent. of Revenue	Present Block Grant paid	Population 1953 [3]	Average of Revenue for 1951-53 i.e. last 3 years	Per cent. of Revenue	Proposed amount of Block Grant	Amount of increase over present Grant	Per cent of increase over present Grant
		Rs.		Rs.		Rs.		Rs.	Rs.	
1. Ambalangoda	9,952	56,736	25	14,184	10,554	132,225	25	33,056	18,872	133
2. Anuradhapura	12,287	79,096	25	19,774	18,431	209,505	20	41,900	22,126	112
3. Avissawella	2,633	35,874	30	10,762	3,195	63,044	30	18,912	8,150	75
4. Badulla	13,213	108,784	25	27,196	17,294	243,513	20	48,703	21,507	80
5. Balangoda	2,142	16,478	30	4,943	2,476	43,095	30	12,927	7,984	162
6. Bandarawela	3,005	50,158	30	15,047	3,469	87,663	30	26,298	11,251	75
7. Batticaloa	12,948	63,962	25	15,991	17,273	183,417	20	36,683	20,692	133
8. Beruwala	11,547	35,847	25	8,962	12,502	65,072	25	16,268	7,306	82
9. Chilaw	9,041	55,602	25	13,900	11,274	185,852	25	46,463	32,563	233
10. Dehiwela-Mt. Lavinia	56,503	298,951	15	44,843	80,086	705,816	15	105,870	61,027	137
11. Gampaha	2,883	32,912	30	9,874	7,526	117,575	25	29,394	19,520	198
12. Gampola	9,194	73,820	25	18,455	10,811	136,376	25	34,094	15,639	85
13. Hambantota	3,966	28,961	30	8,688	4,300	41,870	30	12,561	3,873	45
14. Haputale	1,477	11,521	30	3,456	1,732	28,792	30	8,637	5,181	150
15. Hatton-Dickoya	5,391	65,102	25	16,276	6,383	154,238	25	38,449	22,173	136
16. Horana	3,654	20,524	30	6,157	4,826	87,034	30	26,109	19,952	324
17. Ja-ela	2,032	24,996	30	7,499	3,777	74,856	30	22,440	14,941	200
18. Kadugannawa	1,317	14,697	30	4,409	1,166	32,057	30	9,615	5,206	118
19. Kalutara	18,801	124,903	20	24,981	20,354	255,767	20	51,154	26,173	105
20. Kegalle	4,922	46,768	30	14,031	5,533	132,149	25	33,050	19,019	135
21. Kolonnawa	13,512	117,057	25	29,264	21,385	242,906	20	48,581	19,317	66
22. Kotte	39,281	181,189	15	27,178	53,862	388,603	15	58,290	31,112	115
23. Kuliyapitiya	2,159	15,860	30	4,758	3,005	70,372	30	21,111	16,353	343
24. Matale	14,046	117,443	25	29,361	17,265	263,924	20	52,785	23,424	80
25. Matara	24,434	113,389	20	22,678	27,697	317,713	15	47,655	24,977	110
26. Moratuwa	50,093	234,956	15	22,140	58,160	390,753	15	59,605	37,465	170
27. Nawalapitiya	7,700	62,828	25	15,707	9,740	134,602	25	33,650	17,943	114
28. Panadura	16,562	128,226	20	25,645	20,380	298,523	20	59,705	34,060	133
29. Puttalam	7,764	49,311	25	12,328	10,268	105,346	25	26,339	14,011	114
30. Ratnapura	12,367	108,949	25	27,237	16,002	227,700	25	56,925	29,688	105
31. Talawakela-Lindula	1,800	18,939	30	5,682	3,463	58,359	30	17,505	11,823	208
32. Tangalla	5,815	21,562	25	5,390	6,840	46,421	25	11,605	6,215	115
33. Trincomalee	29,146	128,846	15	19,327	28,236	376,396	15	56,460	37,133	190
34. Wattala-Mabole-Peliyagoda	12,419	60,709	25	15,177	16,044	155,237	20	31,048	15,871	104
35. Wattegama	1,078	20,583	30	6,175	1,162	24,565	30	7,368	1,193	19
36. Weligama	11,916	35,641	25	8,910	12,799	59,131	25	14,783	5,873	66
				566,385				1,255,998	689,613	122

[1] 1946 Census figures have been used as a constant figure.

[2] Revenue refers to the normal sources of revenue provided in the general Budget of Council plus the nett income from Trading Activities diminished however by the Grants received by way of Block Grants and Cost of Living and Special Living Allowances.

[3] 1953 Census figures *i.e.* the latest availalble Census figures.

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TABLE 3

STATEMENT OF BLOCK OR GENERAL PURPOSES GRANTS—PRESENT AND PROPOSED

Town Councils

Town Council	Present basis				Proposed basis				Analysis of Increase	
	Population 1946 [1]	Average of Revenue for 1943–1945 [2]	Per cent of Revenue	Present Block Grant paid	Population 1953 [3]	Average of Revenue for 1951–53, i.e. last 3 years	Per cent of Revenue	Proposed amount of Grant	Amount of increase over present Grant	Per cent. of increase over present Grant
		Rs.		Rs.		Rs.		Rs.	Rs.	
1. Alutgama	3,010	13,228	40	5,291	3,670	39,882	40	15,953	10,662	200
2. Alutgamweediya	—	—	—	949	6,100	35,182	30	10,554	9,605	1,012 [4]
3. Balapitiya	10,077	5,840	30	1,740	6,240	30,423	30	9,127	7,387	424 [4]
4. Beliatta	1,076	10,108	40	4,043	1,590	19,244	40	7,698	3,655	90
5. Chavakachcheri	7,414	15,112	40	6,045	8,070	63,143	30	18,942	12,897	213
6. Dondra	6,143	8,835	40	3,534	8,230	17,341	30	5,202	1,668	47
7. Eravur	8,604	11,031	40	4,412	8,350	35,580	30	10,674	6,262	142
8. Dodanduwa	7,231	21,495	40	4,920	4,980	14,280	40	5,712	792	16
9. Hikkaduwa				3,162	3,580	11,719	40	4,687	1,525	48
10. Kalmunai	10,458	20,420	30	6,126	12,470	67,997	25	17,000	10,874	177
11. Kalpitiya	1,684	4,981	40	1,993	1,550	24,878	40	9,951	7,958	400 [4]
12. Kankesanturai	7,650	3,370	40	1,348	7,350	40,912	30	12,273	10,925	810 [4]
13. Kattankudy	9,621	13,352	40	5,341	9,830	22,724	30	6,817	1,475	28
14. Kayts	2,627	10,045	40	4,018	2,360	17,172	40	6,869	2,851	71
15. Kochchikade	1,685	16,042	40	6,417	1,440	50,154	40	20,061	13,644	212
16. Madampe	2,857	16,104	40	6,441	4,400	36,052	40	14,421	7,980	126
17. Manipay	4,509	2,760	40	1,104	4,820	19,000	40	7,600	6,496	588 [4]
18. Mannar	5,190	15,536	40	6,234	6,330	54,862	30	16,458	10,224	164
19. Matugama	5,000	2,209	40	884	5,330	31,777	30	9,533	8,649	978 [4]
20. Kekirawa	1,975	962	40	385	1,300	26,969	40	10,787	10,402	2,700 [4]
21. Minuwangoda	1,199	16,308	40	6,523	1,960	37,361	40	14,944	8,421	130
22. Mullaitivu	1,600	4,128	40	1,251	1,660	17,859	40	7,143	5,892	475 [4]
23. Passara	3,118	5,462	40	2,185	2,000	20,473	40	8,189	6,004	270
24. Piliyandala	2,722	8,860	40	3,544	2,800	23,197	40	9,278	5,734	160
25. Point Pedro	5,979	24,463	40	9,785	11,160	71,604	25	17,901	8,116	83
26. Polgahawela	3,157	19,761	40	7,904	3,580	40,315	40	16,126	8,222	105
27. Pussellawa	2,000	12,426	40	4,970	1,940	23,233	40	9,293	4,323	87
28. Rakwana	1,470	9,104	40	3,642	1,610	16,923	40	6,769	3,127	86
29. Rambukkana	2,730	10,744	40	4,298	2,850	37,306	40	14,922	10,624	247
30. Rattota	800	6,128	40	2,451	890	15,243	40	6,097	3,646	150
31. Sammanturai	9,738	7,976	40	3,190	2,700	17,180	40	6,872	3,682	115
32. Teldeniya	929	3,748	40	1,499	1,160	16,655	40	6,662	5,163	344
33. Valvettiturai	5,047	12,522	40	5,009	5,360	26,281	30	7,884	2,875	57
34. Vavuniya	2,606	11,730	40	4,692	3,890	41,005	40	16,402	11,710	250
35. Veyangoda	2,363	12,894	40	5,157	3,140	28,868	40	11,547	6,390	124
36. Wadduwa	9,505	15,451	40	6,180	8,570	48,227	30	14,468	8,288	134
37. Welimada	401	7,863	40	3,146	520	24,523	40	9,809	6,663	212
38. Watugedera	—	—	—	395	—	9,876	40	3,951	3,556	900 [4]
				150,208				408,576	258,368	172

[1] 1946 Census figures have been used as a constant figure.

[2] Revenue refers to the normal sources of revenue provided in the general Budget of Council plus the nett income from Trading Activities diminished however by the Grants received by way of Block Grants and Cost of Living and Special Living Allowances.

[3] 1953 Figures as supplied by the Town Councils themselves.

[4] Large increases are due to the low revenues of the Village Committees or Sanitary Boards in 1943-45 which were the predecessors of these Councils and the present high revenues mainly due to rates on properties.

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APPENDIX XII

TABLE 4

STATEMENT OF PROPOSED BLOCK OR GENERAL PURPOSES GRANT

Village Committees

Population Groups and Percentage of Grant		*Revenue below Rs. 3,000*	*Revenue Rs. 3,001 to Rs. 6,000*	*Revenue Rs. 6,001 to Rs. 10,000*	*Revenue Rs. 10,001 to Rs. 20,000*	*Revenue Rs. 20,001 to Rs. 40,000*	*Revenue Rs. 40,001 to Rs. 80,000*	*Total*[3]
Below Rs. 5,000	No. of Village Committees	69	11	—	—	—	—	80
100 per cent. of Revenue[1]	Amount required	Rs. 207,000	49,500					256,500
5,001 to 10,000	No. of Village Committees	26	26	20	4	1	—	77
75 per cent. of Revenue[1]	Amount required	Rs. 78,000	86,750	120,000	45,000	16,000		345,750
10,001 to 20,000	No. of Village Committees	6	25	42	38	3	—	114
50 per cent. of Revenue[1]	Amount required	Rs. 18,000	75,000	168,000	285,000	34,200		580,200
20,001 to 50,000	No. of Village Committees	—	6	23	41	19	2	91
30 per cent. of Revenue[1]	Amount required	Rs.	18,000	69,000	186,500	171,000	31,700	476,200
Over 50,000	No. of Village Committees	—	—	—	2	5	4	11
25 per cent. of Revenue[1]	Amount required	Rs.			7,500	37,500	55,000	100,000
Estimate for 30 Village Committees[2]	No. of Village Committees	—	—	—	—	—	—	30
	Amount required	Rs.						110,000
Totals[3]	No. of Village Committees	101	68	85	85	28	6	403
	Amount required	Rs. 303,000	229,250	357,000	524,000	258,700	86,700	1,868,650

[1] Percentage of the Average Annual Revenue for the years 1951-53 subject to a minimum of Rs. 3,000 for any Village Committee. The definition of Revenue for purposes of this Grant is the same as for other local bodies.

[2] There are 30 Village Committees which have not been classified due to lack of data.

[3] Totals are approximation since accurate population figures are not available. The population figures are those supplied by the Village Committees themselves, as no separate Census figures are available in respect of Village Committees.

APPENDIX XIII

LOANS GRANTED TO LOCAL AUTHORITIES SINCE 1929[1]

Year	*Municipal Councils*	*Urban Councils*	*Town Councils*	*Village Committees*	*Sanitary Boards*	*Local Boards*
	Rs. c.	*Rs. c.*	*Rs. c.*	*Rs. c.*	*Rs. c.*	*Rs. c.*
1928–1929	371,700 0	20,000 0	—	10,000 0	19,500 0	137,500 0
1929–1930	—	791,921 50	—	—	4,300 0	195,000 0
1930–1931	40,000 0	797,200 0	—	14,000 0	100,000 0	115,000 0
1931–1932	35,000 0	235,000 0	—	2,000 0	24.000 0	—
1932–1933	75,000 0	129,200 0	—	11,000 0	—	—
1933–1934	—	—	—	—	—	—
1934–1935	—	—	—	—	—	—
1935–1936	—	—	—	—	—	—
1936–1937	—	810,434 85	—	3,750 0	360,900 0	—
1937–1938	—	912,957 15	—	—	50,315 0	—
1938–1939	45,000 0	349,300 0	—	12,500 0	—	—
1939–1940	130,000 0	299,450 0	—	5,045 0	3,300 0	—
1940–1941	43,000 0	168,000 0	—	—	4,000 0	—

[1] *Source :* Secretary, Local I oans and Development Fund.

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APPENDIX XIII—(contd.)

LOANS GRANTED TO LOCAL AUTHORITIES SINCE 1929 [1]

Year	Municipal Councils	Urban Councils	Town Councils	Village Committees	Sanitary Boards	Local Boards
	Rs. c.	Rs. c.	Rs. c.	Rs. c.	Rs. c.	Rs. c.
1941–1942	50,000 0	90,738 0	—	—	2,750 0	—
1942–1943	50,000 0	19,195 0	—	—	—	—
1943–1944	— 0	65,500 0	—	—	—	—
1944–1945	25,000 0	337,250 0	—	—	—	—
1945–1946	—	181,740 0	—	3,500 0	2,000 0	—
1946–1947	185,000 0	469,167 35	67,500 0	—	—	—
1947–1948	100,000 0	669,114 0	65,550 0	47,500 0	—	—
1948–1949	525,000 0	935,100 0	392,322 0	30,000 0	—	—
1949–1950	696,000 0	869,500 0	399,950 0	112,000 0	—	—
1950–1951	2,321,750 0	2,388,897 0	923,870 95	250,000 0	—	—
1951–1952	4,459,000 0	3,503,983 0	1,405,348 5	799,250 0	—	—
1952–1953	3,495,000 0	1,756,576 0	1,006,563 0	350,560 84	—	—
1953–1954	2,502,500 0	1,183,160 25	867,652 0	81,000 0	—	—
Total	15,148,950 0	16,983,384 10	5,128,756 0	1,732,105 84	571,065 0	477,500 0
Grand Total Rs.						40,011,760 94

[1] *Source:* Secretary, Local Loans and Development Fund.

APPENDIX XIV

SECTION 43 OF THE VILLAGE COMMUNITIES (AMENDMENT) BILL

Presented to Parliament in June, 1951

43. For the purpose of the discharge of its duties under this Ordinance, a Village Committee (without prejudice to any other powers specially conferred upon it) shall, subject to the express provisions of this Ordinance and of any rules made thereunder, have the following powers :—

(*a*) to create all such posts or offices as it may deem necessary ;

(*b*) (i) to assign to any post or office in the service of the Committee, other than a Scheduled Post within the meaning of the Local Government Service Ordinance, such salary, allowances or remuneration as the Committee may think fit ;

(ii) to make, with the prior approval of the Assistant Commissioner, advances of salary to officers and servants of the Committee, for such purposes and subject to such terms and conditions as may be prescribed by rules which the Minister is hereby authorised to make for the purpose under section 59 ;

(*c*) to remove any officer or servant of the Committee, other than a member of the Local, Government Service ;

(*d*) to abolish any post or office in the service of the Commitee which is not a Scheduled Post within the meaning of the Local Government Service Ordinance ;

(*e*) to provide for the payment of compensation by way of contributions to a provident fund to officers and servants of the Committee who are not members of the Local Government Service, on the termination of their services ;

(*f*) to grant leave of absence to officers and servants of the Committee who are not members of the Local Government Service ;

(*g*) to enter into any arrangement with any other Village Committee or other local authority for the joint execution of any work or for the employment and remuneration of any officer or servant, not being a member of the Local Government Service, for the several purposes of each Committee or local authority ;

(*h*) to spend any part of the communal fund on maternity and child-welfare services the training of midwives for the purposes of any maternity service established by the Committee, housing schemes, such charities or such measures for the relief of distress caused by rain, floods, fire, earthquake, famine or epidemics, or such other purpose as may be approved by the Minister ;

(*i*) to establish and maintian (subject to the extent of its resources) any public utility service which it is authorised to maintain under this Ordinance, and which is required for the welfare, comfort or convenience of the public :

(*j*) to purchase or take on lease any land or building ;

(*k*) (i) to sell, exchange or let or give out on lease, any land or building deemed to be vested in the Committee by virtue of section 39 ; or in the case of any land or building vested in the Committee by a vesting order under section 40, to let or give out on lease such land or building to any person subject to the conditions of the vesting order, or to surrender such land or building to the Crown.

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(ii) to sell, exchange or let or give out on lease, any land or building vested in the Committee by section 39A, subject always to such terms and conditions as may be set out in the will, or the deed or the instrument of gift or trust executed by the donor, in respect of such land or building ;

(iii) to receive and hold property in trust for the inhabitants of the village area, or any section of such inhabitants, or for the purposes of any public service administered by the Committee, and to otherwise act as trustee for any public purpose ;

(*l*) to enter into any contract with any person for any work to be done, service to be rendered, or goods or materials to be supplied ;

(*m*) to impose and levy rates and taxes in accordance with the provisions of this Ordinance ;

(*n*) to spend any part of the communal fund for the construction or alteration, improvement or maintenance of village works, and for the purpose of administering any property vested in or acquired by or otherwise transferred to the Committee, or of carrying out the provisions of this Ordinance or any by-law made or deemed by virtue of any written law to have been made thereunder ;

(*o*) to establish ferries, to impose and to levy or to lease the right to collect tolls at any ferry established or maintained by the Committee, and for the protection of such ferry to prohibit or restrict private ferries by by-laws made in that behalf ;

(*p*) in the case of a ferry established or maintained between any place within the village area, and any place within any other village area or within the administrative limits of any other local authority, to distribute the tolls that may be imposed or levied in respect of any such ferry, in such manner or proportion as may be fixed by agreement entered into with the Committee of the other village area or with such local authority, as the case may be, and to spend any part of the communal fund for any work of construction or maintenance to be carried out beyond the limits of the village area in connection with any such ferry ;

(*q*) to spend any part of the communal fund in the conduct of experiments in agriculture and the breeding of domestic animals, and in the maintenance of experimental farms and studs for this purpose ;

(*r*) to make by its officers authorised in that behalf and the servants or workmen accompanying them all such entries into lands and buildings and inspections thereon as may be necessary for the detection and abatement of nuisances, the detection, prevention and abatement of all contraventions of this Ordinance or of by-laws or rules made there under, or for the performance of acts required to be done under this Ordinance in respect of which the owner or occupier is, or may be deemed to be, in default ;

(*s*) (i) by its Chairman or other officer authorised by him, to hold all inquiries which the Chairman may deem necessary for any of the purposes of this Ordinance, and for the purpose of all such inquiries, to administer oaths and summon witnesses ;

(ii) to set apart such contributions from the communal fund as the Minister may approve towards the cost of any association of local authorities for the consideration of matters relating to local administration ;

(iii) to spend any part of the communal fund in the payment of travelling allowances to members or officers of the Committee attending any meetings or conference of members or officers of Village Committees for the consideration of matters relating to local administration ;

(iv) to spend any part of the communal fund in the payment of subsistence and travelling allowances to officers and servants of the Committee by way of reimbursement of expenses insurred in the performance of any duty ;

(*t*) to institute or defend any legal proceedings which the Committee may deem necessary to institute or defend for the purpose of enforcing or protecting the rights of the Committe or of the public or of protecting its officers or members in the execution or intended execution of their duties ;

(*u*) to enforce by-laws made or deemed by virtue of any written law to have been made by it under this Ordinance and to enter prosecutions in the Rural Court for breaches of such by-laws ;

(*v*) generally to do all things necessary for the effective exercise of the powers and duties of the Committee ".