

caused by our being only paid up to 30th June of this year, instead of 31st December, as in 1864, owing to the Postal Commission being in session, in the interim, to determine on the new rates. These are now advised to be six cents per train mile each way for mixed trains, of speed not exceeding 15 miles per hour. On this basis our account for the last half of 1865, amounting to \$1,511.16, has been calculated and sent in, which, when paid, will make the difference \$1,170.17 in favor of 1865.

6. Under the head of present "Revenue," may be appropriately considered, the question of future earnings. In order to stimulate and encourage travel and traffic as much as possible, our tariff-rates have been arranged with the view to realize only a fair working profit upon the business done, and it is difficult to see where any present reduction could be advantageously made. Neither is it deemed expedient to advance our rates in the present undeveloped condition of the country from which our Revenue is chiefly derived.

During the past year the condition of this section of the country has been unusually prosperous. Although in certain limited localities the harvest has been deficient, owing to the severe summer drought, yet in general, it has been abundant. For this abundance an eager market has been found in the U.S., at very remunerative prices. All the lumber, live stock, butter, eggs, &c., carried over this road have, with barely an exception, passed to the U. S. It therefore becomes impossible to regard otherwise than with anxiety and regret, the fact, that the 17th March next will terminate the Reciprocity Treaty, which has worked with so much benefit throughout this portion of Canada. However legitimate our hopes may be that some equitable compromise may be reached, by which may be averted the heavy loss which must otherwise ensue to a large industry on both sides, there is too much reason to fear that the initiatory action of the U. S. Government will be to impose duties, in general, prohibitory. With this prospect before us, it becomes difficult, however desirable, to indulge sanguine anticipations respecting the business and revenue of 1866. Fortunately our staple, lumber, can be less readily dispensed with than