To His Excellency Sir Francis Bond Head, Knight, Commander of the Royal Hanoverian Guelphic Order, and of the Prussian Order of Merit, Lieutenant Governor of the Province of Upper Canada, Sc. &c.

The Commissioners for the improvement of the navigation of the River St. Lawrence, Respectfully Report,

That, the difficulties, which in the course of the season of 1835, operated against the progress of the works on the St. Lawrence Canal, have, throughout the past season, been seriously felt; and although it was deemed advisable to obviate their effect as much as possible by affording an advance upon the contract prices, nearly equivalent to the rise in the value of labour and provisions at the time, (being ten per cent. upon the amount of work performed in 1835, and thirty per cent. on that done and to be performed in 1836,) the remedy has but in part produced the desired effect: the prices of provisions and the value of labour having continued to advance, and at this moment averaging an increase of about one hundred per cent. upon the rates in 1834.

Notwithstanding a very considerable increase in the amount of emigration this season, and the application of every possible means to secure a supply of labourers for the works, both through the agency of persons engaged in the Emigrant Trade in England, Scotland, and Ireland, and their consignees in Quebec and Montreal, the average number of workmen employed through the season has been very inadequate. The unlimited demand for labour in the United States, and the inducement offered in the much higher rates of wages on the public works in that country, than could be afforded on this Canal, have caused a continual drain upon the supply of workmen, and the increasent change of labour which is thus produced has operated against the Contractors as respects the quantity of work performed.

Circumstances which the Reports, Letters and Resolutions connected with the case in the appended copy of the Minutes of the proceedings of this Board will explain, induced Mr. J. B. Mills to tender his resignation of the office of Resident Engineer, in charge of the works. Captain Phillpotts, of the Royal Engineers, having offered his services, they were accepted, and the works have since proceeded under his direction and superintendence.

No material alteration has been made in the plan of the Canal in the course of the past season otherwise than where it was necessary for the greater security of the work. The principal change has been on Section No. One, where the excavation has been carried farther into the bank, opposite the most rapid part of the current at the Long Sault A stone protection is also being constructed on the outside of a part of the embankment at Section No. Six, to prevent sliding, of which the soil has shown some indications.

To expedite the completion of Section No. One, (the most difficult and important part of the Canaf) it was considered necessary to relieve the Contractors of a portion of the section, so as to enable them to direct their force to the excavation of the section below water level, for which, with the exception of the work in question, they were otherwise prepared. That part taken off their hands has been divided into six sub-sections; and has been re-let to different contractors. In the progress of excavation below water level, some difficulty has presented itself in the way of strata of quick-sand, through which the water from the river has been found to force itself upon the works. The Resident Engineer expresses confidence (in which he has informed the Board that he was supported by the opinion of the Consulting Engineer) that by the construction of "Puddle Banks," this difficulty can be effectually overcome, and he has accordingly commenced the adoption of this remedy.

A very considerable portion of the season best adapted to mason-work was unavoidably suffered to pass by, in consequence of the quality of the cement provided not being approved of by the Resident Engineer: Every exertion has since been used to remove this difficulty, and at length a material is now supplied, which meets his approval, and its manufacture being carried on in the vicinity of the Canal, will secure a regularity of supply in future. Sefar as the work on the Locks has been carried on, it presents a very satisfactory appearance. Some of the culverts are finished, and others in a state of considerable forwardness. That at Mille Roches is now used as a communication between that village and the adjacent country, and is reported to be perfectly applicable to that use.

the line of the Canal from Long Sault to Cornwall may be opened for use in the autumn of