

2°. I am happy to be able to inform you that the general commerce of Nova Scotia, injuriously affected by the civil war in 1861, rapidly recovered its healthy activity in 1862, and that, throughout the year, that activity has been maintained; that our merchants have found new markets, our shipwrights profitable employment, and our vessels remunerative freights in all parts of the world. A bountiful harvest, a moderately successful fishery, a yield of fruit almost unexampled, an expanding coal trade, and the fair results of our experiments in gold mining, have supplied the materials for commerce, and it is satisfactory to know that among all classes of the people, the happy results of a year of profitable exertion have been very generally diffused.

*Mr. Speaker, and Gentlemen of the House of Assembly:*

3°. The Public Accounts shall be laid before you without delay. The increase of revenue has been most satisfactory. The ordinary services have been met, the interest on our debentures, and the sums borrowed under the act of last session, have been paid, leaving at the close of the year, a considerable surplus in the treasury.

4°. The income from the Provincial Railways has rapidly increased. Four years ago it was necessary to draw a large amount from the Treasury to pay their working expenses. During the last year the income has not only met the outlay, but yielded besides, a sum nearly equal to one sixth of the interest on the cost of construction.

*Mr. President, and Honorable Gentlemen of the Legislative Council:*

*Mr. Speaker, and Gentlemen of the House of Assembly:*

5°. It affords me much satisfaction to inform you that the Volunteer Corps throughout the province still maintain their organization and efficiency. The period which has elapsed since the passing of the Militia bill last session, has not been neglected. Active measures have been taken for the re-organization of the militia; and although much difficulty and some delay were unavoidable in this re-construction of a force utterly disorganized by long neglect, the result has proved that the loyal inhabitants of this province are not unwilling to assume the responsibility of contributing to their own defence. In forty one, out of forty eight battalions, the enrolment has been completed, shewing an aggregate of more than 43,000 men, and measures are now in progress for their thorough re-organization. Eight hundred officers and applicants for commissions, are at present under instruction, while nearly two hundred have passed for their commissions.

6°. The report of the Adjutant General of Militia will be laid before you, and will shew in detail the steps which have been taken. Much has been done; much still remains to be accomplished—but by steady perseverance I doubt not that the militia will shortly attain an amount of discipline sufficient for the present requirements of the province.

To pay and maintain the militia, as that force is maintained in England, would be difficult if not impossible; but by a constant and efficient enrolment, by maintaining a thorough system of regimental organization, by careful training of the officers, and by occasionally mustering and training the men in their own districts, a force may be secured without pressing unduly on the resources or industry of the country, at all times available for active service in the event of war. I confidently rely on you to make such provision for this branch of the public service as its importance demands.

7°. A despatch was received after the close of the session, from the Secretary of State for the Colonies, conveying a proposition from Her Majesty's Government with a view to the construction of the Inter-colonial Railroad; and that proposition has, throughout the year, formed the subject of anxious deliberation to the Governments of the three provinces concerned. A conference was held at Quebec in September, and the great interests involved were subsequently discussed with Her Majesty's Government by delegates despatched to England. All the paper connected with these negotiations will be promptly laid before you, and I shall rejoice if a common measure can be matured for the early realization of the hope entertained from the completion of this great enterprize.