

our other products, hence it is hoped lumber may escape the imposition of prohibitory duties, and trade therein be prosecuted with activity and advantage.

7. The business and revenue of this road, as it now stands, will be ever primarily dependent upon a close river connection with the upper Ottawa districts ; until such connection be perfected they must remain only partially developed. Negotiations are now pending which it is hoped may result satisfactorily in this respect. It is a suggestive fact, that the small steamer sent from here over the rails, and launched at Sand Point in September last, has more than paid her way, though compelled by diminutive size to work at the greatest disadvantage. Unable to carry freight, she had to tow it in a barge. Heavy freight she had to lose from absence of adequate handling facilities, and she dare not carry a *single passenger* because unable to comply with the requirements of the Steamboat Act. Hence there is no doubt, a steamer of sufficient size and power, in connection with this road, would prove a success.

8. The details of "Operating Expenses" are given in Abstract B. In the increased "General Superintendence" are included \$400, allowed by the Board to the Hon. George Sherwood as President in 1864, and therefore more correctly belonging to that year ; also \$230.13 charged by and paid to same for balance of salary from 1st January, to 12th February, 1864: the date at which the Board passed the resolution that his compensation should be determined at the end of the year ; also \$333.33 salary paid to the retiring Secretary, Mr. French.

"Wages," for obvious reasons, are increased in amount, but are actually lower in proportion to the nature and additional number of the force employed. For the same reasons of increased mileage, &c., "Maintenance of Way" must show increase ; but the apparent disproportion is accounted for by the cost of extra repairs to the bridge at Smith's Falls, and tunnel-wall at Brockville, both of these having been in a dangerous condition, now remedied. The apparent great increase in expense for wood is accounted for partly by the extra consumption by additional engine, train, and station service, arising from greater mileage, also by the much