

when it may be deemed advisable by the Minister of the Interior to offer the lands leased for sale at public auction, in the interests of the school endowment or for any other reason. The lessee in such case is to receive one year's notice of the intention of the Minister to terminate the lease, but is not entitled to compensation for any improvements made by him on the land. The rental is fixed at four cents an acre per annum, except where there is more than one applicant for any one tract, in which case the lease shall be put up to tender at the upset price of four cents an acre per annum. The lessee is not permitted to break up or cultivate the land included in the lease, nor to place upon it any structures other than such fences or corrals as may be required for the keeping of his cattle, or temporary stables necessary for their shelter.

So far seven tracts have been authorized to be leased under this plan, and four of them are now actually under lease. A list of the names of the lessees and the area of each leasehold will be found in the annual report of the clerk in charge of the timber, mineral and grazing lands branch.

Mr. Pearce, the superintendent of mines at Calgary, states that during the past winter and spring the profits of the cattle industry were good, as very little loss was sustained, probably as small a percentage as in any winter in the history of the country; that the sheep are doing remarkably well so far as improvement in quality of wool and size of carcass is concerned, but that the owners complain of low prices; that he is unable to say whether there is any cause for this complaint; but that judging from the prices paid by the consumer there should be a gold mine in the business.

I mentioned in my last report that all lessees holding under the old form of grazing lease, which does not provide for the withdrawal of lands for homestead and railway purposes, had been notified that their leases would be terminated on and after the 31st of December, 1896, but that they would in the meantime be given the privilege of purchasing ten per cent of their leaseholds at the rate of \$1.25 per acre. The lessees referred to have all selected the tracts they desire to purchase, and satisfactory progress has been made in winding up holdings of this class.

#### HAY LANDS.

The dues received from the 1st November, 1893, to the 1st November, 1894, were for hay \$6,502.93, being a decrease of \$497.20 as compared with the previous year. The revenue from the same source for the calendar year 1894 was \$6,804.37.

Last year under the heading of the "Hay Permit System," I gave the reasons for the permit regulations having been abolished, and I stated that I had no doubt that with a few trifling amendments it would be found to be in the public interest to re-enact them and make them operative during the then coming season. As expected, numerous representations were made to the department that it was detrimental to the interests of the farmers not to be able as in past years to have land reserved for them from which to obtain a yearly supply of hay for their cattle, and the requests that permits be issued as formerly came so unanimously from those most directly interested that it was decided to resume the previously existing practice, with some unimportant modifications.