

be applied to the improvement of the property covered by that mortgage. Since the passing of that resolution it has been considered more expedient to apply the proceeds towards the satisfaction of an encumbrance prior to the said mortgage, and an Act has been passed permitting them to be so applied; you will therefore be asked for authority to carry out the said sale, and to have the proceeds applied as last above mentioned.

A contract with the Imperial Government was concluded in July, providing for a mail subsidy of £60,000 sterling per annum for the Company's proposed line of steamships between Vancouver and China and Japan. Three twin-screw steamships of the highest class are being built for this line at the yards of the Naval Construction and Armaments Company, Limited, of Barrow in Furness; and it is expected that they will be in service early next year. Your authority will be asked for the creation and issue of the necessary securities to provide for their cost.

LANDS.

The sales of Canadian Pacific lands last year were 142,661 acres for \$494,402, at an average price of \$3.46½ per acre, as against 138,001 acres for \$443,526 in 1888, at an average price of \$3.21½ per acre.

The sales of Manitoba South-Western Railway lands for 1889 were 52,499 acres for \$236,792, at an average price of \$4.51 per acre; as against 24,309 acres for \$110,384 in 1888, at an average price of \$4.54 per acre.

Taking the Canadian Pacific and Manitoba South-