

Senator REID: Is that from interest or capital?

Dr. TRUEMAN: That is entirely from the capital fund. This is, as you know, an expendable fund. As a matter of fact, I think this information might be helpful at the moment: By the end of March 31, 1960 we had authorized out of this original fund of \$50 million total expenditures of approximately \$22 million. Now, if the difficulty which has hitherto existed in relation to the expenditure of this fund in the province of Quebec were got around, their share being something like \$16 million—I am quoting roughly here—you would see then that \$22 million having been authorized and \$16 million being available for the province of Quebec, making a total of \$38 million, there is only \$12 million in this Capital Fund left, exclusive of interest and profits, that is, of course, spreading it out across the rest of the country outside Quebec. Since we are expending \$8,730,000 of the \$50,000,000 a year, it would not be an absurd prediction to say that in a year, or a year and a half or two years, the capital fund might become exhausted.

Senator BURCHILL: How did that amount compare with the amount spent this year?

Dr. TRUEMAN: Just about the same. I have not the audited figure here, Senator. About \$9,300,000, or very close to it.

Senator MACDONALD: Would this be an appropriate place to ask why there was such a drop in the last year in the amount allowed for the building of university residences?

Dr. TRUEMAN: It is a good question, but I am afraid unanswerable. It did not result from any overt action taken by the Canada Council. In the other house this question was raised, too, and discussed, and we took no action except to go back to the university organization, which was the National Conference of Canadian Universities and Colleges, and to say to them, "The question has been raised before us about the validity of using part of these funds for the erection of halls of residence. Do you still hold to the view you took before? Do you suggest that the Council in any way modify its operation or allocate a smaller percentage of this fund for the building of halls of residence?" And the answer we got unanimously from the governing council was, "No, we have not changed our mind; we feel this is a demonstrable and legitimate thing to do in the service of education." Well, the Council continued as before; the percentage is reduced because—to use the slang phrase—that is "the way the ball bounced this year". The application for halls of residence has dropped to almost nothing, and instead of spending something like 40 per cent, we spent seven percent. Whether that is a trend or not, it is not possible for me to say.

Senator MACDONALD: In any event, it was not as a result of a change in policy on the part of the Canada Council?

Dr. TRUEMAN: No. We took a careful look at it and asked, "Are we right?" and the answer was a confirmation of the policy we were following. You will notice of the \$8,732,000 spent by the end of this fiscal year, 1958-59, actually only this much had been paid out in grants—\$3 million. This is of course because the universities receive these grants in the form of progress payments; that is to say, we gave them one-quarter of the grant when the foundation is dug, one-quarter when the walls are up and the roof is on, one-quarter when the interior plaster is finished, and the final payment when the contractor and the university certify that the building is completed and ready for occupancy. So, while the authorization may take place in one fiscal year, actually payment of a lot of that sum may not take place until the next year.

Senator REID: Is that income of \$2,151,000 entirely from the amount of money you have in hand? Does that income come from interest on bonds?

Dr. TRUEMAN: That comes from interest and realized profits. That is to say, the investment committee reinvests from time to time, and you have two things to deal with: the interest that you receive and the increase in the value of the funds.