

looked upon as certain. The whole should be of this character, but this cannot be while there remains a considerable moiety of the annual income to be derived from the interest upon lands to be sold.

The former will fluctuate annually more or less, until the whole of the principal is collected; the latter must be uncertain, both as to the time when it will be available, and as to the amount.

To remove this uncertainty and secure a large economy in the management, the Commissioners suggest that both these items of endowment should be transferred to the Government, and managed by the Crown Lands Department, the benefit of any excess over the estimated value to accrue to the Government, and that an equivalent for the present value be given in Government Debentures, the annual interest therefrom forming a certain portion of the University Income Fund.

This proposal, it is submitted, is not novel, as a somewhat similar course was pursued upon the settlement of the Clergy Reserve question. The lands composing the University Park would not be included in the proposed transfer.

Such a course would add but little to the expenses of the Crown Lands Department, while its results would be to render certain all the balance of the University Income Fund, and very largely to reduce the annual charge for the management of the Endowment, which would be so condensed and simplified as to require merely the functions of a Cashier or Bursar, without the present staff of assistants.

Upon the supposition that by the adoption of these suggestions, or by some similar process, a *positive* annual result is to be secured, the Commissioners proceed to indicate what amount would be necessary to create a permanent fund sufficient to carry into effect and reasonably to sustain the scheme of affiliation submitted.

1st. Taking the Bursar's valuation of endowment on the 31st December, 1861, [App. No. 47] \$963,557, and from which deducting existing investments in Debentures, Mortgages, Bank Stock, and other properties as shown, \$428,941, there will remain, &c., for the proposed Investment.....	\$534,596
2nd. Cost of building taken by the Government and occupied by the Branch Lunatic Asylum.....	55,000
3rd. Allowance for occupation from 1853 to 1862, inclusive, at 5 per cent. per annum, on cost (repairs having been paid by Government).....	27,500
4th. An equivalent for Legislative aid annually granted to Queen's, Victoria, and Regiopolis Colleges, exclusive of grants to medical schools, \$15 000 per annum; this to be capitalized, and grants from the Legislature to cease.....	250,000
5th. An equivalent sum of \$5000 on behalf of Trinity College, capitalized.....	84,000
	\$971,096
Debentures issued for the amount (\$971,096) at the usual rate of 6 per cent. would produce per annum.....	58,265
Interest on debentures now held, \$354,047.....	21,242
Interest on Mortgages, Bank Stock and other properties (\$74,914).....	4,449
	\$84,356

This calculation does not include any value for University Park, which in the course of a few years may be reasonably expected to add several thousands of dollars per annum to the Income Fund.

The Income thus produced (\$84,356) will provide for the following annual appropriation, viz.: for Queen's, Victoria, Regiopolis and Trinity, \$10,000 each.....	\$40,000
For University or King's College, say.....	28,000
	\$68,000