

Head 190 — UNIVERSITY GRANTS COMMITTEE

Controlling officer: the Secretary-General, University Grants Committee will account for expenditure under this Head.

Estimate 2005–06..... **\$11,407.0m**

Establishment ceiling 2005–06 (notional annual mid-point salary value) representing an estimated 45 non-directorate posts as at 31 March 2005 and as at 31 March 2006 **\$17.1m**

In addition, there will be an estimated three directorate posts as at 31 March 2005 and as at 31 March 2006.

Commitment balance **\$54.8m**

Controlling Officer's Report

Programme

University Grants Committee

This programme contributes to Policy Area 16: Education (Secretary for Education and Manpower).

Detail

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	13,912.1	12,042.5	12,012.0 (–0.3%)	11,407.0 (–5.0%)
				(or –5.3% on 2004–05 Original)

Aim

2 The aim is to service the University Grants Committee (UGC) which advises the Government on the development and funding of higher education in Hong Kong, to administer government grants to the UGC-funded higher education institutions, and to support the UGC's objectives of maintaining and improving the quality of teaching, learning and research in the UGC-funded institutions and monitoring the efficiency and cost-effectiveness of the institutions' UGC-funded activities.

Brief Description

3 The UGC Secretariat is specifically tasked with:

- providing support to the UGC and its sub-committees, and the Research Grants Council (RGC) and its sub-committees and panels;
- facilitating communication and understanding among the Government, the UGC and the higher education institutions; and
- disbursing approved grants to the UGC-funded institutions and monitoring their financial activities.

4 Various reviews and quality assurance exercises have progressed as planned. Research activities are on-going and developing. Further language enhancement projects are being carried out by the UGC-funded institutions.

5 The key performance measures are:

Achievements of the UGC in the 2003/04 and 2004/05 academic years

Higher Education Review and following up

- The UGC worked vigorously in 2003 to outline a more detailed roadmap to take forward several key recommendations of the Review. The UGC believes each of its funded institutions should fulfil a unique role based on its strengths and an interlocking but differentiated system should be developed. The ultimate aim is to make Hong Kong “the education hub of the region”. The UGC subsequently initiated, with the institutions, a review of the institutions' role statements and published in January 2004 a roadmap document “Hong Kong Higher Education — To Make a Difference, To Move with the Times”. The UGC is also of the view that institutions should undertake deep collaboration with other local and international institutions to achieve excellence and efficiency in deploying resources. The UGC elucidated the notion on institutional integration and deep collaboration through the publication of the document “Hong Kong Higher Education — Integration Matters” in March 2004.

Triennial Planning for the 2005/06 to 2007/08 triennium

- The planning cycle for the 2005/06 to 2007/08 triennium started in early 2004. The UGC carefully considered the Academic Development Proposals received from the institutions and submitted in late 2004 specific recommendations to the Chief Executive regarding the distribution of indicative student number targets and the recurrent funding requirements of institutions for the 2005/06 to 2007/08 triennium.

Grants for Restructuring and Collaboration Activities

- The UGC earmarked in the 2004/05 academic year a total initial sum of \$203 million as Grants for Restructuring and Collaboration Activities, the core objective of which is to provide one-off assistance to institutions to support their initiatives aimed at achieving greater value and quality for money in the use of UGC resources. The first-round proposals of the institutions were considered by the UGC in August 2004. The UGC plans to consider the institutions' second-round proposals in April 2005.

Performance and Role-related Funding Scheme (PRFS)

- The UGC successfully completed a PRFS assessment in 2004. The purposes of the PRFS are: to strengthen role differentiation among the institutions to promote diversity and excellence; to assist the institutions to reflect on their roles and find constructive ways further to improve; to provide assurance that the institutions are adhering to their roles and that they have been performing well in those roles; as well as to encourage and recognise performance according to role. The exercise sharpens the funding mechanism by tying together funding allocation, performance and performance against role more rigorously than in the past.

Funding of Research

- The RGC funded more than 860 and about 800 grant applications in the 2003/04 and 2004/05 academic years respectively. To cater for projects with a research objective which can only be achieved in a time span of four to five years, the RGC launched a template for longer-term research grant on a pilot basis starting from the 2003/04 exercise. In 2003, the UGC also provided \$12 million from its Central Allocation Vote to the RGC to launch a special scheme to fund urgent research work in the fight against Severe Acute Respiratory Syndrome.

Research Assessment Exercise (RAE) 2006

- The UGC has begun the preparation work for the 2006 RAE and has informed the institutions of UGC's decision on the framework of the 2006 exercise.

Areas of Excellence (AoE) Scheme

- As at December 2004, there were eight on-going AoE projects. Two of the eight projects are scheduled to complete in 2005. The AoE Specialist Group is considering the issue of sustainability of completed AoE projects.

Language

- The UGC continued to attach importance to enhancing the language proficiency of local university students. In addition to the allocation of Language Enhancement Grants, the UGC, in collaboration with the institutions, introduced the Common English Proficiency Assessment Scheme which aims to assess the language proficiency of graduating students and to heighten students' awareness of the importance of language proficiency. The first and second rounds of the Scheme have been successfully completed. About 7 300 and 8 700 students participated in the first two rounds respectively. Registration for the third round has just been completed and about 8 700 students have registered.

Teacher Education

- The Hong Kong Institute of Education achieved self-accrediting status on 1 May 2004.
- The UGC continued to administer earmarked grants to support compulsory immersion programmes for full-time language students of teacher education programmes at four institutions.

Internationalisation and Non-local Students

- The UGC continued to facilitate the recruitment of non-local students to study in the UGC-funded institutions. Since the 2002/03 academic year, the UGC has disbursed funds, under a time-limited scheme, to the institutions to support enhanced student exchange programmes. The UGC also took forward initiatives to sensitise the community to the need for internationalisation of the student body.

University Admissions System

- In the 2003/04 and 2004/05 academic years, the UGC continued to facilitate the institutions to recruit students under the Early Admissions Scheme for Secondary Six Students. In addition, the UGC continued to encourage institutions to broaden their admission criteria and implemented the Self-recommendation Scheme as a sub-system under the Joint University Programme Admission System in 2004.

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Matching Grants

- The UGC encouraged the institutions to diversify their funding base by strengthening their fund raising capabilities. The Finance Committee approved in June 2003 a commitment of \$1,000 million to award matching grants to institutions which succeeded in securing private donations. The Scheme was formally launched in July 2003 and by mid-2004, the institutions had altogether secured about \$1,300 million of donations of which \$1,000 million was matched.

Space Requirements of UGC-funded Institutions

- In 2000, the UGC concluded a space and accommodation review which recommended a methodology based on room use and a range of related formulae and standards to assess the institutions' space requirements. The UGC will carry out a consultancy study in 2005 to review, inter-alia, the appropriateness and applicability of the existing formulae and standards in the light of recent developments in the higher education sector.

Indicators

Recurrent subventions

	<i>Academic Year</i>		2005/06 (Estimate)
	2003/04 (Actual)	2004/05 (Revised Estimate)	
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	12,899	11,478	11,327
language enhancement grants amount of grants (\$m)	88	77	77@
teaching development grants teaching development projects	38	—@	N.A.@
amount of grants (\$m)	38	—@	33@
research grants			
competitive earmarked research grant applications dealt with	1 878	1 874	1 947
other research grant applications dealt with	303	312	310
amount of earmarked research grant (\$m)	578	506	506
on-going funded earmarked research grant projects monitored (including new projects funded in the year)	3 872	3 929	4 080
on-going funded AoE projects monitored	8	8	7
grants for restructuring and collaboration activities			
restructuring and collaboration projects endorsed	—	12	10
amount of grants (\$m)	—	126^	124
grants for research development activities amount of grants (including grants for AoE projects) (\$m)	—	—	124

@ No provision was made for teaching development grants in the 2004/05 roll-over year because these grants have been allocated on a triennial basis. Starting from the 2005/06 to 2007/08 triennium, language enhancement grants and teaching development grants will be subsumed under the block grants to the institutions.

^ The figure reflects the cash flow requirement for an estimated number of 12 projects. The total sum earmarked for grants for restructuring and collaboration activities in the 2004/05 academic year is \$203 million.

Capital subvention

	<i>Financial Year</i>		2005–06 (Estimate)
	2003–04 (Actual)	2004–05 (Revised Estimate)	
capital grants			
capital works project applications processed	9	9	10
capital works projects approved by Finance Committee. amount of capital commitments approved by Finance Committee (\$m)	1	1	1
capital projects monitored	106	205	75
cost of capital projects monitored (\$m)	22	16	15
	8,469	6,125	5,754

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	<i>Financial Year</i>		2005–06 (Estimate)
	2003–04 (Actual)	2004–05 (Revised Estimate)	
capital subventions in terms of cash flow requirement for the year (\$m).....	621.8	422.3	595.1
cost of administration as percentage of recurrent and capital grants administered	0.4%	0.4%	0.4%

Student numbers of UGC-funded programmes

	<i>Academic Year</i>		2005/06 (Estimate)
	2003/04 (Actual)	2004/05 (Revised Estimate)	
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate	48 094	47 235	48 203
taught postgraduate.....	6 291	5 153	3 851
research postgraduate.....	4 994	4 315	4 316
sub-degree.....	11 405	10 612	9 330
Total.....	70 784	67 315	65 700
First-Year-First-Degree (FYFD) places (FTE).....	14 639	14 500	14 500
FYFD places as percentage of relevant age group (17-20).....	17%	17%	18%

Matters Requiring Special Attention in 2005–06

6 During 2005–06, the UGC will:

- continue to take forward the final recommendations of the Higher Education Review;
- implement initiatives in the direction set out in the UGC document “To Make a Difference, To Move with the Times”, in particular role differentiation and deep collaboration;
- work closely with the UGC-funded institutions and relevant parties to take forward the proposed reform of the academic structure for senior secondary education and higher education;
- further encourage UGC-funded institutions to internationalise themselves through various means; and
- keep in view follow-up action taken by concerned institutions in respect of specific areas identified in the PRFS exercise.

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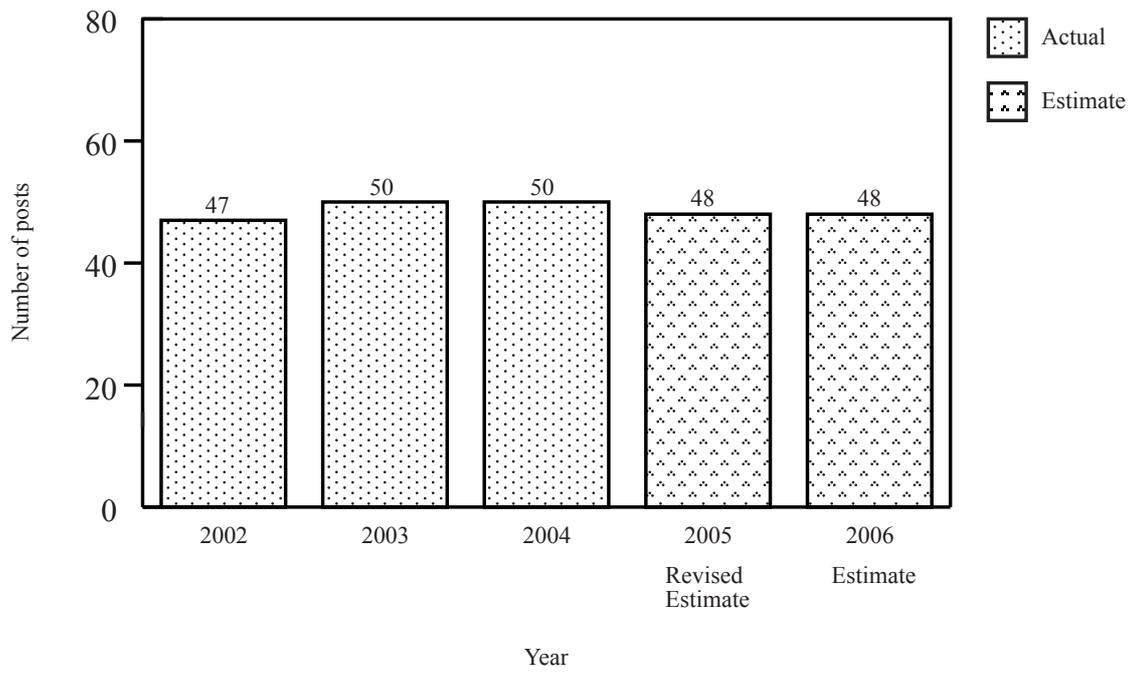
ANALYSIS OF FINANCIAL PROVISION

Programme	2003-04 (Actual) (\$m)	2004-05 (Original) (\$m)	2004-05 (Revised) (\$m)	2005-06 (Estimate) (\$m)
University Grants Committee	13,912.1	12,042.5	12,012.0 (-0.3%)	11,407.0 (-5.0%)
				(or -5.3% on 2004-05 Original)

Analysis of Financial and Staffing Provision

Provision for 2005-06 is \$605.0 million (5.0%) lower than the revised estimate for 2004-05. This is mainly due to the reduced provision for recurrent grants to UGC-funded institutions reflecting primarily the residual effect of the 10% efficiency savings implemented in the 2004/05 academic year and the effect of the 2005 civil service pay cut, and the lapse of non-recurrent schemes in 2005-06.

*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2003–04	Approved estimate 2004–05	Revised estimate 2004–05	Estimate 2005–06	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	12,950,992	11,916,375	11,894,349	11,377,036
	Total, Recurrent	<u>12,950,992</u>	<u>11,916,375</u>	<u>11,894,349</u>	<u>11,377,036</u>
Non-Recurrent					
700	General non-recurrent	957,649	120,600	117,601	30,000
	Validation of courses at UGC-funded institutions (block vote)	3,427	5,557	—	—
	Total, Non-Recurrent	<u>961,076</u>	<u>126,157</u>	<u>117,601</u>	<u>30,000</u>
	Total, Operating Account	<u>13,912,068</u>	<u>12,042,532</u>	<u>12,011,950</u>	<u>11,407,036</u>
<hr/>					
	Total Expenditure	<u><u>13,912,068</u></u>	<u><u>12,042,532</u></u>	<u><u>12,011,950</u></u>	<u><u>11,407,036</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$11,407,036,000. This represents a decrease of \$604,914,000 against the revised estimate for 2004–05 and of \$2,505,032,000 against actual expenditure in 2003–04.

Operating Account

Recurrent

2 Provision of \$11,377,036,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the UGC Secretariat and the payment of recurrent grants to the UGC-funded institutions.

3 The establishment as at 31 March 2005 will be 48 permanent posts. No change in establishment is expected by 31 March 2006. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$17,073,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	22,157	23,013	22,955	22,401
- Allowances	1,516	1,427	1,051	1,032
Personnel Related Expenses				
- Mandatory Provident Fund contribution	14	24	12	12
Departmental Expenses				
- General departmental expenses	14,038	14,758	14,610	18,402
Other Charges				
- Honoraria for overseas members	3,088	2,847	2,300	2,300
- Visitation	6,454	5,879	5,200	5,200
Subventions				
- Grants to UGC-funded institutions	11,490,543	10,450,457	10,423,966	9,903,434
- Refund of rates and Government rents - UGC-funded institutions	144,751	143,715	150,000	150,000
- Home Financing Scheme	1,208,250	1,213,299	1,213,299	1,213,299
- Housing-related expenses other than Home Financing Scheme	60,181	60,956	60,956	60,956
	12,950,992	11,916,375	11,894,349	11,377,036

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2004	Revised estimated expenditure for 2004–05	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	216	Scholarship scheme for outstanding Mainland students to attend undergraduate programmes at the UGC-funded institutions	90,000	14,800	20,450	54,750
		Total	90,000	14,800	20,450	54,750