

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2000–01 **\$12,720.6m**

Establishment ceiling 2000–01 (notional annual mid-point salary value) representing an estimated 44 non-directorate posts at 31 March 2000 and at 31 March 2001 **\$16.2m**

In addition there will be an estimated three directorate posts at 31 March 2000 and at 31 March 2001.

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	13,271.5	13,265.3 (–0.0%)	13,839.0 (+4.3%)	12,720.6 (–8.1%)

Aim

2 The aim is to service the University Grants Committee (UGC) which advises the Government on the development and funding of tertiary education in Hong Kong, to administer government grants to the UGC-funded tertiary 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' activities.

Brief Description

3 The UGC Secretariat is specifically tasked with:

- providing administrative support to the UGC and its sub-committees, and the Research Grants Council (RGC) and its sub-committees and panels;
- channelling information between the Government, the UGC and the tertiary institutions;
- disbursing approved grants to the UGC-funded institutions and monitoring their financial activities; and
- processing the accreditation of degree courses at the Hong Kong Institute of Education (HKIEd).

4 The policy target for providing undergraduate places for 18% of the relevant age group has been achieved. Various reviews and quality assurance exercises have progressed as planned, research activities are on-going and developing and further language enhancement projects and teaching development projects are being carried out by the UGC-funded institutions. The first round of the Areas of Excellence (AoE) scheme was successfully carried out, with three proposals selected for funding in August 1999. Despite the increase in activities and workload of the UGC and its Secretariat, the cost of administration has been held at 0.3% of the recurrent and capital grants administered. The overall performance of the programme in 1999 reflects a year of considerable achievement.

5 The key performance measures are:

Targets and Indicators

- Achievements of the UGC in the 1998/99 academic year:

Triennial Recurrent Funding Assessment for 1998/99–2000/01:

Recurrent grants for the eight UGC-funded institutions for the 1998/99–2000/01 triennium were finalised and allocated following Finance Committee's approval. The target of 10% point-to-point reduction in student unit costs is being implemented, while maintaining the quality of higher education in the UGC-funded institutions. Half of the resultant savings were returned to the UGC-sector for development of AoE, and other new and/or quality-related initiatives.

AoE:

The institutions used the \$50 million allocated by the UGC as seed money to develop further their existing strengths, and prepared formal proposals to bid for funding under the AoE scheme. The UGC received a total of 41 formal proposals from all the institutions and shortlisted eight of them for further consideration. Three proposals were finally selected for funding in the first round.

Review of Teaching and Learning Quality Process Reviews (TLQPRs):

The UGC appointed the Centre for Higher Education Policy Studies of the University of Twente in the Netherlands to conduct a review on the TLQPRs. The consultants completed the review and the UGC accepted the review report in August 1999.

Language:

The UGC continued to urge institutions to strictly enforce their minimum language requirements for the admission of first-year-first-degree students (i.e. passes in Hong Kong Advanced Level Use of English and Chinese Language and Culture examinations). To assist institutions in strengthening the general language proficiency of their students, the UGC continued to allocate language enhancement grants to the institutions.

Research Assessment Exercise (RAE) 1999:

Following wide consultation, the RAE 1999 Guidance Notes which set out the framework for the RAE were finalised and issued to the institutions in January 1999. Subject panels were formed to conduct the exercise.

RGC Review:

All UGC-funded institutions and other relevant bodies/organisations were consulted on the preliminary conclusions reached by the RGC in respect of the review of its role and terms of reference. The feedback generally re-affirmed the role of the RGC in supporting research on the basis of merit. In line with part of its existing Terms of Reference, the RGC started to consider how best it could tender its advice to the Government, through the UGC, on research priority areas.

Space and Accommodation Review:

The UGC, on the advice of its Working Group on Space and Accommodation, appointed a consultant in August 1998 to support a review of space and accommodation provision and utilisation in the eight UGC-funded institutions with a view to devising more up-to-date and locally relevant space standards/norms. The consultancy focussed on the specified tasks of recommending a methodology with which to assess, at a macroscopic level, the adequacy of the UGC-funded institutions' current and approved planned space and accommodation; and carrying out the assessment using that methodology. The consultant started work in November 1998 and produced his Final Report by the end of December 1999.

Management Reviews:

Management Reviews of all the UGC-funded institutions were completed in April 1999. An overarching report together with a list of good management practices was prepared to facilitate sharing of these practices among the institutions. The Management Review of the UGC Secretariat was completed and the Final Report issued in June 1999. An action plan was drawn up to follow up on the consultant's recommendations.

Teacher Education:

In accordance with the Policy Objectives stated in the Chief Executive's 1998 Policy Address, about 1 800 sub-degree training places for pre-service primary and secondary school teachers at the HKIEd will be upgraded to degree or above levels in the 1998/99–2000/01 triennium.

Awarding of university status to Lingnan College:

Following the commencement of the Lingnan University Ordinance, Lingnan became an university since 30 July 1999.

Triennial Planning for the 2001/02–2003/04 triennium:

The planning cycle for the 2001/02–2003/04 triennium started in the 1998/99 academic year. Provisional 'start' letters to the institutions were issued in July 1999. The institutions were requested to submit their Academic Development Proposals in late 1999 for the UGC's consideration in December 1999.

• **Statistical indicators:**

	<i>Academic Year</i>		
	1998/99 (Actual)	1999/2000 (Estimate)	2000/01 (Estimate)
Recurrent grants (\$m)	13,617	13,562	12,458
Language enhancement grants			
No. of language enhancement projects.....	180	180	180
Amount of grants (\$m).....	88	88	88
Teaching development grants			
No. of teaching development projects.....	170	34	42
Amount of grants for teaching development projects (\$m).....	58	55	60
Research grants			
No. of competitive earmarked research grant applications processed	1 496	1 570	1 650
No. of other research grant applications processed.....	472	440	420
Amount of Earmarked Research Grant (\$m).....	423	423	423

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	<i>Academic Year</i>		
	1998/99 (Actual)	1999/2000 (Estimate)	2000/01 (Estimate)
Other earmarked research grants allocated (\$m) ...	23	27	27
No. of on-going funded research projects monitored.....	2 661	3 085	3 465
	<i>Financial Year</i>		
	1998–99 (Actual)	1999–2000 (Estimate)	2000–01 (Estimate)
Capital grants			
No. of capital works project applications processed	40	24	22
No. of capital works projects approved by Finance Committee.....	2	1	2
Amount of capital commitments approved by Finance Committee (\$m).....	617	53	371
No. of capital projects monitored	43	43	36
Cost of capital projects monitored (\$m).....	8,536	10,831	11,328
Cost of administration as % of recurrent and capital grants administered.....	0.3	0.3	0.3

Student numbers, in terms of Full-Time Equivalent (FTE) students and First-Year-First-Degree (FYFD) places, at the UGC-funded institutions:

	<i>Academic Year</i>		
	1998/99 (Actual)	1999/2000 (Estimate)	2000/01 (Estimate)
Student numbers (FTE)			
Undergraduate	45 523	45 258	45 550
Taught Postgraduate	6 062	5 510	5 915
Research Postgraduate.....	3 607	3 595	3 595
Sub-degree.....	14 848	14 144	13 374
Total	70 040	68 507	68 434
FYFD places.....	14 488	14 500	14 500
No. of FYFD places as percentage of relevant age group (17–20).....	18.6%	18%	18%

Grants assessed and administered by the UGC covering the bulk of the institutions' capital, recurrent and research funding requirements:

	<i>Financial Year</i>		
	1998–99 (Actual)	1999–2000 (Estimate)	2000–01 (Estimate)
Recurrent Grants (\$m).....	13,188.5	13,765.6	12,673.6
Earmarked Research Grants (\$m).....	423.3	423.3	423.3
Capital Grants (\$m).....	886.8	1,045.8	1,316.2

Matters Requiring Special Attention in 2000–01

6 The institutions will each be required to submit progress reports two years after their Management Review reports were finalised. The UGC expects to receive the first round of these progress reports for consideration in August 2000. The UGC will follow up on the recommendations in the final report of the Management Review of the UGC Secretariat.

7 The UGC will evaluate the first round of the AoE scheme and, in the light of the findings, undertake a second round.

8 The UGC will consult all its funded institutions on the Final Report of the Space and Accommodation Review which was received by the end of December 1999. It will conduct further consultation with the Government to seek the latter's endorsement of the review findings and implementation of the recommendations.

9 As announced in the Chief Executive's 1998 Policy Address, the HKIED will develop into a degree-awarding teacher education institution. All sub-degree pre-service training for primary and secondary school teachers will be upgraded to degree or above levels by the end of the 2001/02–2003/04 triennium. Subject to the approval of Finance Committee of the Legislative Council, the common (university) salary scales will be introduced gradually at the HKIED for staff who are primarily engaged in degree-level work to ensure that they are remunerated on par with their counterparts in the UGC-funded sector.

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10 The UGC will continue to oversee the operation of the Home Financing Scheme for eligible staff of UGC-funded institutions, and with the Administration, monitor and advise on the use of surplus staff quarters arising from the implementation of the Scheme.

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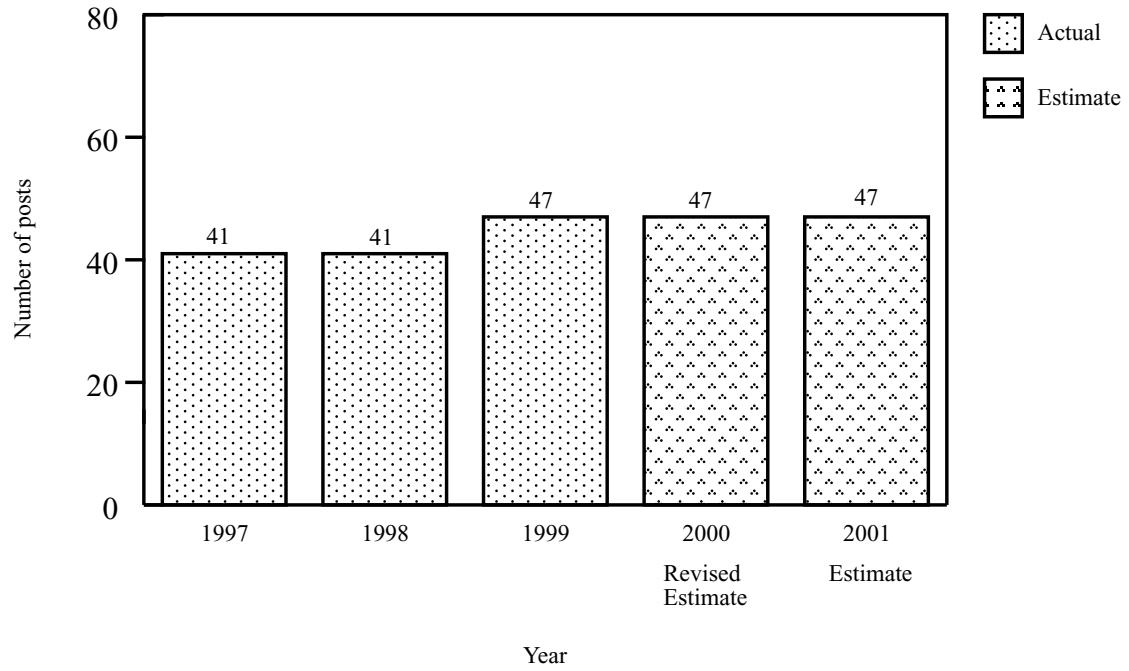
ANALYSIS OF FINANCIAL PROVISION

Programme	1998-99 (Actual) (\$m)	1999-2000 (Approved) (\$m)	1999-2000 (Revised) (\$m)	2000-01 (Estimate) (\$m)
University Grants Committee.....	13,271.5	13,265.3 (-0.0%)	13,839.0 (+4.3%)	12,720.6 (-8.1%)

Analysis of Financial and Staffing Provision

Provision for 2000-01 is \$1,118.4m (8.1%) lower than the revised estimate for 1999-2000. This is mainly due to the 10% phased reduction in student unit costs for UGC-funded institutions (except for HKIEd) by the end of the 1998/99-2000/01 triennium, a higher 1999-2000 revised estimate as a result of the one-off supplementary provision for shortfall in tuition fee income in 1999/2000, the completion of non-works capital projects within 1999-2000, the reduction in recurrent grants to UGC-funded institutions to reflect their contribution of notional rental income to Government in respect of surplus quarters, and reduced provision for non-HFS housing benefits arising from the introduction of UGC HFS. The reduction is partly offset by the increase in requirements for HFS in 2000-01 as compared with 1999-2000.

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



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Sub-head (Code)	Actual expenditure 1998–99	Approved estimate 1999–2000	Revised estimate 1999–2000	Estimate 2000–01	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
I — Personal Emoluments					
001	Salaries	18,909	19,958	20,125	20,800
002	Allowances	1,267	1,446	1,503	1,446
	Total, Personal Emoluments	<u>20,176</u>	<u>21,404</u>	<u>21,628</u>	<u>22,246</u>
III — Departmental Expenses					
149	General departmental expenses	12,085	12,921	12,456	11,338
	Total, Departmental Expenses	<u>12,085</u>	<u>12,921</u>	<u>12,456</u>	<u>11,338</u>
IV — Other Charges					
167	Honoraria for overseas members	2,291	3,230	4,219	3,405
169	Visitation	5,374	8,593	8,786	7,776
	Total, Other Charges	<u>7,665</u>	<u>11,823</u>	<u>13,005</u>	<u>11,181</u>
V — Subventions					
492	Grants to UGC-funded institutions	12,615,584	11,923,238	12,270,357	11,167,652
496	Refund of rates and Government rents— UGC-funded institutions	152,392	208,225	176,476	161,922
529	Home Financing Scheme	174,017	645,000	1,007,229	1,059,961
530	Housing-related expenses other than Home Financing Scheme	246,527	417,000	311,567	284,097
	Total, Subventions	<u>13,188,520</u>	<u>13,193,463</u>	<u>13,765,629</u>	<u>12,673,632</u>
	Total, Recurrent Account	<u>13,228,446</u>	<u>13,239,611</u>	<u>13,812,718</u>	<u>12,718,397</u>
Capital Account					
II — Other Non-Recurrent					
728	Validation of courses at UGC-funded institutions (block vote)	5,145	3,200	3,200	2,200
	General other non-recurrent	37,865	22,520	23,058	—
	Total, Other Non-Recurrent	<u>43,010</u>	<u>25,720</u>	<u>26,258</u>	<u>2,200</u>
	Total, Capital Account	<u>43,010</u>	<u>25,720</u>	<u>26,258</u>	<u>2,200</u>
	Total Expenditure	<u><u>13,271,456</u></u>	<u><u>13,265,331</u></u>	<u><u>13,838,976</u></u>	<u><u>12,720,597</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$12,720,597,000. This represents a decrease of \$1,118,379,000 against the revised estimate for 1999–2000 and of \$550,859,000 against actual expenditure in 1998–99.

Recurrent Account

Personal Emoluments

2 Provision of \$22,246,000 for personal emoluments represents an increase of \$618,000 over the revised estimate for 1999–2000 and takes into account salary increments for existing staff.

3 The establishment at 31 March 2000 will be 47 permanent posts. No change in establishment is expected by 31 March 2001.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$16,222,000.

5 Provision of \$1,446,000 under *Subhead 002 Allowances* is for standard allowances. The decrease of \$57,000 (3.8%) against the revised estimate for 1999–2000 is mainly due to reduced requirement for acting allowance.

Departmental Expenses

6 Provision of \$11,338,000 under *Subhead 149 General departmental expenses* represents a decrease of \$1,118,000 (9.0%) against the revised estimate for 1999–2000. This is mainly due to the reduction in operating expenses and consultation fees following the completion of the Research Assessment Exercise and Management Reviews in 1999–2000.

Other Charges

7 Provision of \$3,405,000 under *Subhead 167 Honoraria for overseas members* is for the payment of honoraria to overseas members of the UGC, its sub-committees, the Research Grants Council (RGC) and its panels. The decrease of \$814,000 (19.3%) against the revised estimate for 1999–2000 is mainly due to the expected reduction in the number of overseas members following the completion of the Research Assessment Exercise in 1999–2000.

8 Provision of \$7,776,000 under *Subhead 169 Visitation* is to meet the cost of passages, hotel accommodation, subsistence allowances, incidental expenses for the Chairman and members of the UGC, its sub-committees, the RGC, its panels and staff of the UGC Secretariat attending meetings in Hong Kong and elsewhere. The decrease of \$1,010,000 (11.5%) against the revised estimate for 1999–2000 is mainly due to the expected reduction in the number of overseas members following the completion of the Research Assessment Exercise in 1999–2000.

Subventions

9 Provision of \$11,167,652,000 under *Subhead 492 Grants to UGC-funded institutions* is to meet expenditure at City University of Hong Kong, Hong Kong Baptist University, Lingnan University, the Chinese University of Hong Kong, the Hong Kong Institute of Education, the Hong Kong Polytechnic University, the Hong Kong University of Science and Technology and the University of Hong Kong in accordance with the approved recurrent grants for the academic years 1999/2000 and 2000/01. The decrease of \$1,102,705,000 (9.0%) against the revised estimate for 1999–2000 is mainly due to the 10% phased reduction in student unit costs for UGC-funded institutions (except for the HKIEd) by the end of the 1998/99–2000/01 triennium, a higher 1999–2000 revised estimate as a result of the one-off supplementary provision for shortfall in tuition fee income in 1999–2000, and reduction in recurrent grant to UGC-funded institutions to reflect their contribution of notional rental income to Government in respect of surplus quarters arising from the introduction of UGC HFS.

10 Provision of \$161,922,000 under *Subhead 496 Refund of rates and Government rents—UGC-funded institutions* is for the refund to UGC-funded institutions for their payments of rates and Government rents to the Government. The decrease of \$14,554,000 (8.2%) against the revised estimate for 1999–2000 is mainly due to the exclusion of rates and government rents in 2000–01 for surplus quarters resulting from the implementation of UGC HFS, which have or will have started to accrue notional rental income.

11 Provision of \$1,059,961,000 under *Subhead 529 Home Financing Scheme* is to meet the expenses under the new Home Financing Scheme (HFS) implemented with effect from 1 October 1998 in the UGC-funded institutions. The increase of \$52,732,000 (5.2%) over the revised estimate for 1999–2000 is mainly due to the need to make additional provision for staff expected to opt for HFS in 2000–01, and full-year provision for staff joining HFS in 1999–2000.

12 Provision of \$284,097,000 under *Subhead 530 Housing-related expenses other than Home Financing Scheme* is to meet expenses for housing-related expenses other than the HFS in the UGC-funded institutions. The provision includes the requirements for Private Tenancy Allowance and quarters and are previously accounted for under *Subhead 492 Grants to UGC-funded institutions*. The controlling officer may under delegated authority vire funds without limit and on a cost-neutral basis, from *Subhead 492 Grants to UGC-funded institutions* to *Subhead 530 Housing-related*

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expenses other than Home Financing Scheme. The decrease of \$27,470,000 (8.8%) against the revised estimate for 1999–2000 is mainly due to the reduced requirement as a result of staff opting for HFS.

Capital Account

Other Non-Recurrent

13 Provision of \$2,200,000 under *Subhead 728 Validation of courses at UGC-funded institutions (block vote)* is for payments to the Hong Kong Council for Academic Accreditation for validating and revalidating degree courses at the Hong Kong Institute of Education. The decrease of \$1,000,000 (31.3%) against the revised estimate for 1999–2000 is mainly due to the decrease in the number of courses to be validated in 2000–01.