

## Head 190 — UNIVERSITY GRANTS COMMITTEE

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

<b>Estimate 2004–05</b> .....	<b>\$12,042.5m</b>
<b>Establishment ceiling 2004–05</b> (notional annual mid-point salary value) representing an estimated 46 non-directorate posts as at 31 March 2004 and as at 31 March 2005 .....	<b>\$18.3m</b>
In addition there will be an estimated three directorate posts as at 31 March 2004 and as at 31 March 2005.	
<b>Commitment balance</b> .....	<b>\$175.2m</b>

### Controlling Officer's Report

#### Programme

##### University Grants Committee

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

#### Detail

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	13,281.0	13,152.3	13,947.1 (+6.0%)	12,042.5 (-13.7%)
				(or -8.4% on 2003–04 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' 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 between the Government, the UGC and the higher education 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 Various reviews and quality assurance exercises have progressed as planned. Research activities are on-going and developing. Further language enhancement projects and teaching development projects are being carried out by the UGC-funded institutions.

5 The key performance measures are:

##### *Achievements of the UGC in the 2002/03 and 2003/04 academic years*

##### Higher Education Review

- Following the public consultation on the review, the UGC finalised its recommendations, which were accepted almost completely by the Administration in November 2002. In April 2003, the Finance Committee agreed to the delinking of salary scales of institutions from those of the civil service.

##### Matching Grants

- We encourage 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.

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### Areas of Excellence Scheme

- A total of 41 initial proposals were received in the third round. After preliminary assessment, ten proposals were short-listed for further evaluation. Peer-review of the short-listed proposals had been conducted and a final decision to fund two projects was made in early 2004.

### Teaching and Learning Quality Process Reviews (TLQPRs)

- Built on the success of the first round of TLQPRs, the UGC launched the second round of the exercise in late 2001 to assist the institutions in their efforts to continuously improve the quality of teaching and learning. By mid-2003, the UGC completed site visits to all the eight UGC-funded institutions under review. By December 2003, all the reports had been made public.

### 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 institutions, introduced the Common English Proficiency Assessment Scheme which aimed to assess the language proficiency of graduating students and to heighten university students' awareness of the importance of language proficiency. The first round of the Scheme was successfully completed in May 2003 with over 7 300 graduating students participating in it. The second round of the Scheme for the 2003/04 academic year is being conducted. Some 8 700 students have indicated they will participate.

### Funding of Research

- The RGC continued to see an increasing number of good research proposals and funded more than 750 grant applications in the 2002/03 academic year. In the interests of better utilisation of limited resources, the RGC reviewed and revised the eligibility criteria for applications of research grants to concentrate support on core academic staff at the degree or higher degree level.

### Academic Development Planning

- In early 2003, the UGC carefully examined Academic Development Proposals submitted by the institutions for the 2004/05 academic year. Feedback in respect of tentatively approved programmes and student numbers was conveyed to the institutions by way of allocation letters. This was followed by the institutions' preparation of the student load matrices based on which the UGC worked out the recurrent grant estimates for the academic year.

### University Admissions System

- The UGC agrees that there should be diversified channels for admission into the UGC-sector. In the 2002/03 academic year, the UGC acted as a co-ordinating agent and facilitated the institutions to introduce common rules and admission criteria under the Early Admissions Scheme for Secondary Six Students for the 2003 entry.

### Teacher Education

- To enhance the language proficiency of language teachers, the UGC has begun to disburse earmarked grant to support compulsory immersion programmes under full-time language students of teacher education programmes starting with the 2002/03 cohort.

### Indicators

	2002/03 (Actual)	<i>Academic Year</i> 2003/04 (Revised Estimate)	<b>2004/05 (Estimate)</b>
Recurrent subventions (\$m).....	13,068	12,897	<b>11,507</b>
Language enhancement grants			
No. of language enhancement projects.....	140	140	<b>140</b>
Amount of grants (\$m) .....	88	88	<b>77</b>
Teaching development grants			
No. of teaching development projects .....	38	38	<b>0</b>
Amount of grants for teaching development projects (\$m).....	38	38	<b>0</b>
Research grants			
No. of competitive earmarked research grant applications dealt with .....	1 698	1 878	<b>1 873</b>
No. of other research grant applications dealt with .....	221	302	<b>263</b>

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	<i>Academic Year</i>		<b>2004/05 (Estimate)</b>
	2002/03 (Actual)	2003/04 (Revised Estimate)	
Amount of Earmarked Research Grant (\$m) .....	543	578	<b>506</b>
No. of on-going funded research projects monitored (including new projects funded in the year) .....	3 582	3 400	<b>3 800</b>
Grants for restructuring and collaboration activities Amount of grants (\$m) .....	—	—	<b>203.1</b>
	<i>Financial Year</i>		<b>2004–05 (Estimate)</b>
	2002–03 (Actual)	2003–04 (Revised Estimate)	
Capital grants			
No. of capital works project applications processed .....	10	9	<b>12</b>
No. of capital works projects approved by Finance Committee .....	6	1	<b>2</b>
Amount of capital commitments approved by Finance Committee (\$m) .....	1,248	106	<b>702</b>
No. of capital projects monitored .....	27	23	<b>20</b>
Cost of capital projects monitored (\$m) .....	9,095	8,478	<b>7,520</b>
Cost of administration as % of recurrent and capital grants administered .....	0.4	0.4	<b>0.4</b>

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>		<b>2004/05 (Estimate)</b>
	2002/03 (Actual)	2003/04 (Revised Estimate)	
Student numbers (FTE) of UGC-funded programmes			
Undergraduate .....	47 201	47 157	<b>47 235</b>
Taught Postgraduate .....	6 371	6 107	<b>5 359</b>
Research Postgraduate .....	4 207	4 315	<b>4 315</b>
Sub-degree .....	11 046	11 453	<b>10 612</b>
Total .....	68 825	69 032	<b>67 521</b>
FYFD places .....	14 829	14 500	<b>14 500</b>
No. of FYFD places as percentage of relevant age group (17-20) .....	18%	17%	<b>17%</b>

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

	<i>Financial Year</i>		<b>2004–05 (Estimate)</b>
	2002–03 (Actual)	2003–04 (Revised Estimate)	
Recurrent Subventions (including Earmarked Research Grants) (\$m) .....	13,188.7	12,900.2	<b>11,868.4</b>
Earmarked Research Grants (\$m) .....	539.1	570.3	<b>523.9</b>
Capital Subventions (\$m) .....	824.9	636.5	<b>682.4</b>

### ***Matters Requiring Special Attention in 2004–05***

6 During 2004–05, the UGC will:

- 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;
- continue to work closely with the UGC-funded institutions to take forward the Education Commission’s education reform proposals which are relevant to the sector;
- initiate a rigorous process to consider the institutions’ Academic Development Proposals for the 2005/06–2007/08 triennium;

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- develop Performance- and Role-related Funding to recognise performance against the respective roles of UGC-funded institutions;
- finalise the allocation of student numbers and recurrent grants to the institutions for the 2005/06–2007/08 triennium; and
- continue to monitor the utilisation of funding under the scholarship scheme for outstanding Mainland students to pursue undergraduate studies in Hong Kong.

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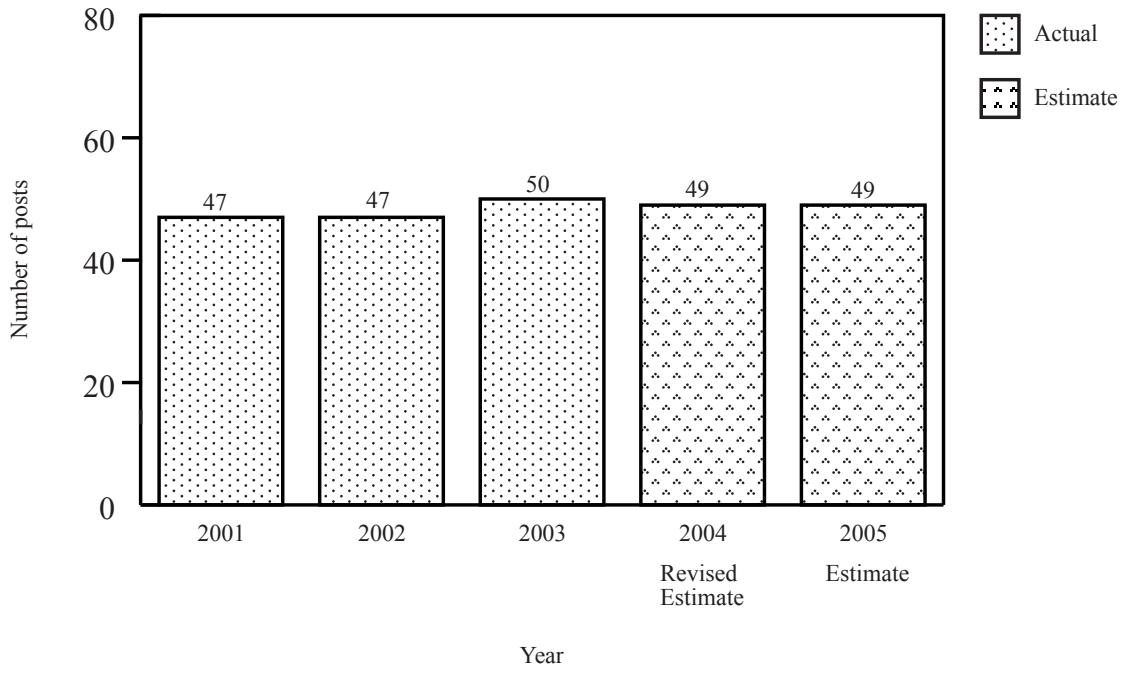
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	<b>2004-05 (Estimate) (\$m)</b>
University Grants Committee .....	13,281.0	13,152.3	13,947.1 (+6.0%)	<b>12,042.5</b> <b>(-13.7%)</b>
				<b>(or -8.4% on 2003-04 Original)</b>

#### **Analysis of Financial and Staffing Provision**

Provision for 2004-05 is \$1,904.6 million (13.7%) lower than the revised estimate for 2003-04. This reflects the reduced provision for recurrent grants to UGC-funded institutions in the 2004/05 academic year and reduced cashflow requirements of the Matching Grant Scheme in 2004-05.

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



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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	<b>Estimate 2004-05</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	—	13,089,117	12,948,855	<b>11,916,375</b>
	Salaries .....	21,960	—	—	—
	Allowances .....	1,786	—	—	—
	General departmental expenses .....	16,369	—	—	—
	Honoraria for overseas members .....	3,471	—	—	—
	Visitation .....	7,313	—	—	—
	Grants to UGC-funded institutions .....	11,741,025	—	—	—
	Refund of rates and Government rents - UGC- funded institutions.....	135,917	—	—	—
	Home Financing Scheme.....	1,235,580	—	—	—
	Housing-related expenses other than Home Financing Scheme .....	76,181	—	—	—
	Total, Recurrent .....	<u>13,239,602</u>	<u>13,089,117</u>	<u>12,948,855</u>	<u><b>11,916,375</b></u>
Non-Recurrent					
700	General non-recurrent.....	40,000	55,000	994,800	<b>120,600</b>
728	Validation of courses at UGC-funded institutions (block vote) .....	1,389	8,232	3,427	<b>5,557</b>
	Total, Non-Recurrent .....	<u>41,389</u>	<u>63,232</u>	<u>998,227</u>	<u><b>126,157</b></u>
	Total, Operating Account.....	<u>13,280,991</u>	<u>13,152,349</u>	<u>13,947,082</u>	<u><b>12,042,532</b></u>
Total Expenditure.....					
		<u><u>13,280,991</u></u>	<u><u>13,152,349</u></u>	<u><u>13,947,082</u></u>	<u><u><b>12,042,532</b></u></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$12,042,532,000. This represents a decrease of \$1,904,550,000 against the revised estimate for 2003–04 and of \$1,238,459,000 against actual expenditure in 2002–03.

#### Operating Account

##### Recurrent

**2** Provision of \$11,916,375,000 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. The decrease of \$1,032,480,000 (8.0%) against the revised estimates for 2003–04 reflects the reduced provision for recurrent grants to UGC-funded institutions in the 2004/05 academic year.

**3** The establishment as at 31 March 2004 will be 49 permanent posts. No change in establishment is expected by 31 March 2005. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$18,274,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	<b>2004–05 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	21,960	23,194	22,055	<b>23,013</b>
- Allowances.....	1,786	1,825	1,634	<b>1,427</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	24	24	<b>24</b>
Departmental Expenses				
- General departmental expenses.....	16,369	15,989	14,616	<b>14,758</b>
Other Charges				
- Honoraria for overseas members .....	3,471	3,247	3,220	<b>2,847</b>
- Visitation.....	7,313	7,879	7,109	<b>5,879</b>
Subventions				
- Grants to UGC-funded institutions.....	11,741,025	11,563,197	11,486,008	<b>10,450,457</b>
- Refund of rates and Government rents - UGC-funded institutions .....	135,917	141,715	142,962	<b>143,715</b>
- Home Financing Scheme .....	1,235,580	1,252,699	1,208,250	<b>1,213,299</b>
- Housing-related expenses other than Home Financing Scheme .....	76,181	79,348	62,977	<b>60,956</b>
	13,239,602	13,089,117	12,948,855	<b>11,916,375</b>

##### Non-Recurrent

**5** Provision of \$5,557,000 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 increase of \$2,130,000 (62.2%) over the revised estimate for 2003–04 is mainly due to the increase in the number of courses to be validated in 2004–05.



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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	215	Student exchange programmes for undergraduate students of the UGC- funded institutions.....	120,000	40,000	30,000	50,000
	216	Scholarship scheme for outstanding Mainland students to attend undergraduate programmes at the UGC-funded institutions .....	90,000	—	14,800	75,200
	217	Matching grant scheme for UGC-funded institutions.....	1,000,000	—	950,000	50,000
		Total.....	<u>1,210,000</u>	<u>40,000</u>	<u>994,800</u>	<u>175,200</u>