

## Head 190 — UNIVERSITY GRANTS COMMITTEE

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

**Estimate 2007–08** ..... **\$11,170.3m**

**Establishment ceiling 2007–08** (notional annual mid-point salary value) representing an estimated 45 non-directorate posts as at 31 March 2007 and as at 31 March 2008 ..... **\$17.0m**

In addition, there will be an estimated three directorate posts as at 31 March 2007 and as at 31 March 2008.

**Commitment balance** ..... **\$18.7m**

### Controlling Officer's Report

#### Programme

**University Grants Committee**

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

#### Detail

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	<b>2007–08 (Estimate)</b>
Financial provision (\$m)	12,394.8	11,320.1	12,201.5 (+7.8%)	<b>11,170.3</b> (–8.5%)
				(or –1.3% on 2006–07 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 advancing the quality of teaching and learning, research and knowledge transfer at 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 taken place as planned. Research activities are on-going and developing. UGC-funded institutions are carrying out language enhancement activities, which are supported by their block grants and Language Enhancement Grants.

5 The key performance measures are:

*Achievements of the UGC in the 2005/06 and 2006/07 academic years*

Funding for the 2005/06 to 2007/08 triennium

- The Legislative Council Finance Committee approved at its meeting on 25 February 2005 a total recurrent grant of \$30,762.4 million to the UGC-funded institutions for the 2005/06 to 2007/08 triennium, based on the planning assumption that the institutions would achieve 5% efficiency savings starting from the 2007/08 academic year. Having reviewed the situation, the Administration considered that there were economic and financial grounds for adopting a 0-0-0 funding model (i.e. no funding cut for the 2007/08 academic year), and approval was given by the Legislative Council Finance Committee in May 2006 to increase the total recurrent grant to \$31,266.7 million, reflecting a 0-0-0 funding arrangement for the triennium.

Preparation for the New Academic Structure for Senior Secondary Education and Higher Education

- The UGC and its funded institutions have already embarked on several exercises to prepare for the change to a four-year normative undergraduate programme. Much work is required on issues such as distribution of student numbers, drawing up of new curricula, as well as planning and implementation of the necessary capital works

for buildings and facilities for the additional students. All institutions are heavily involved in thinking and planning for the new curricula — and all the implications that follow. Good progress is being made in respect of taking forward individual capital projects needed. In July 2006, the Heads of Universities Committee announced the general admission requirements and programme specific requirements of the UGC-funded undergraduate programmes under the new academic structure. The announcement will facilitate the secondary schools in planning for the introduction of the New Senior Secondary curriculum.

### Matching Grant Schemes

- In view of the very encouraging response to the First and Second Matching Grant Schemes, the UGC introduced the Third Matching Grant Scheme with a commitment of \$1,000 million approved by the Legislative Council Finance Committee in May 2006. The purposes of the Schemes are to further strengthen the UGC-funded institutions' fund-raising capabilities and to encourage the growth of a philanthropic culture in the community. The Third Matching Grant Scheme was opened for application from June 2006 to February 2007.

### Promoting outcome-based approaches in student learning

- The UGC is aware of the importance of outcome-based approaches in student learning and that there is a trend in many jurisdictions in adopting these approaches. In order to facilitate the institutions to adopt outcome-based approaches to assess better whether the process and deployment of teaching and other resources are effective in enabling students to achieve the intended learning outcomes, and to build up their capacities, the UGC has completed a study on applying outcome-based approaches in Hong Kong and has shared the results with the institutions. To move forward, additional funds will be provided by the UGC to its funded institutions to facilitate them to weave “outcomes” into their academic curricula.

### Grants for Restructuring and Collaboration Activities

- The UGC introduced the Grants for Restructuring and Collaboration Activities in the 2004/05 academic year. The core objective 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. Three rounds of application exercises have been successfully completed since the introduction of the grants. The UGC planned to consider the institutions' fourth-round proposals in early 2007.

### Funding of Research

- The RGC funded about 790 and 900 grant applications in the 2005/06 and 2006/07 academic years respectively. To enhance the processing of research grant applications, the Electronic Information System has been extended to all four RGC subject panels starting from July 2006. For promoting public policy research in higher education institutions, the Government agreed to provide an annual allocation of \$20 million to the RGC for three consecutive years from 2005–06 to 2007–08 for this purpose. With this funding, the RGC launched a new Public Policy Research Funding Scheme in 2005. The grants for the first and second round of the scheme supported 12 and 16 projects respectively. As an initiative to encourage more education research in support of the education reform and at the request of Quality Education Fund (QEF), the RGC has assisted QEF to vet education research proposals undertaken by tertiary institutions starting from 2005.

### Research Assessment Exercise (RAE) 2006

- The UGC received some 18 800 research output items from staff members of the eight UGC-funded institutions for assessment under the RAE 2006. A total of 13 subject panels comprising local, Mainland and overseas members were formed to undertake the assessment. Panel meetings were convened between August and November 2006.

### Areas of Excellence Scheme (AoE)

- As at November 2006, there were seven on-going AoE projects. The UGC has embarked on a fourth round of AoE. The assessment process started in December 2006 on receipt of applications and the funding results will be announced in the second half of 2007.

### Language

- The UGC continued to attach importance to enhancing the language proficiency of local university students. Starting from the 2006/07 academic year, the UGC has increased the provision of Language Enhancement Grants to the UGC-funded institutions from \$76.6 million to \$100 million for each academic year in the triennium to enable institutions to put even more effort into language enhancement. The UGC is also supporting institutions to enhance their student language teaching and learning environment. In addition, the UGC, in collaboration with its funded institutions, runs the Common English Proficiency Assessment Scheme which aims to assess the English language proficiency of graduating students and to heighten students' awareness of the importance of language proficiency. Four rounds of the Scheme have been successfully completed. The number of participating students has been on the rise, from 8 700 students in each of the second (2003/04 academic year), and third (2004/05 academic year) rounds to about 9 500 students in the fourth round (2005/06 academic year). The number increased further to almost 10 000 for the latest round (2006/07 academic year).

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### Internationalisation and Non-local Students

- The UGC continued to facilitate the recruitment of non-local students to study in the UGC-funded institutions. Starting from the 2005/06 academic year, the UGC-funded institutions are allowed to recruit non-local students to up to 10% of their student number targets of the publicly-funded sub-degree, undergraduate, and taught postgraduate programmes. The UGC also provided \$5 million to each institution on a matching basis to enable them to build up their institutional capacities to promote internationalisation.

### Knowledge Transfer

- The UGC recognises the importance of “knowledge transfer” and its implications on the international competitiveness of the local higher education sector. The UGC is taking steps to encourage its funded institutions to interact with the community effectively in as wide an array of areas as possible, and to encourage them to give strategic focus to this area.

### University Admissions System

- In the 2005/06 and 2006/07 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.

### Quality Assurance

- The UGC has been performing an important role in assuring the quality of higher education provision at the UGC-funded institutions through the conduct of various reviews in the past. Taking into account these valuable experiences, together with the changing higher education landscape, the UGC has decided to set up a Quality Assurance Council (QAC) under its aegis with a view to discharging a larger role in quality-related matters in respect of programmes offered at degree and above levels at the UGC-funded institutions. The new body is expected to be formed in mid 2007.

### Indicators

#### Recurrent subventions

	2005/06 (Actual)	Academic Year 2006/07 (Revised Estimate)	2007/08 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m).....	11,297.0	11,208.3	<b>11,072.3</b>
language enhancement grants@ amount of grants (\$m) .....	76.6	100.0	<b>100.0</b>
teaching development grants@ amount of grants (\$m) .....	33.4	33.4	<b>33.4</b>
research grants			
competitive earmarked research grant applications dealt with .....	1 947	1 969	<b>2 081</b>
other research grant applications dealt with .....	352	293	<b>323</b>
amount of earmarked research grant (\$m).....	505.9	605.9	<b>612.1</b>
on-going funded earmarked research grant projects monitored (including new projects funded in the year).....	4 137	4 200	<b>4 230</b>
on-going funded AoE projects monitored .....	8	7	<b>9</b>
grants for restructuring and collaboration activities			
restructuring and collaboration projects endorsed.....	5	5	<b>5</b>
amount of grants (\$m) .....	62.0 <sup>^</sup>	53.3 <sup>^</sup>	<b>78.8</b>
grants for research development activities amount of grants (including AoE) (\$m) .....	65.9	160.4	<b>200.0</b>

@ Starting from the 2005/06 to 2007/08 triennium, language enhancement grants and teaching development grants are subsumed under the block grants to the institutions.

<sup>^</sup> The figures reflect the actual cash flow of an accumulative total of 13 projects endorsed in the three rounds of application exercises since the 2004/05 academic year and for an estimated number of five additional projects in the 2006/07 academic year.

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### *Capital subventions*

	2005–06 (Actual)	<i>Financial Year</i> 2006–07 (Revised Estimate)	<b>2007–08 (Estimate)</b>
capital grants			
capital works project applications processed.....	20	15	7
capital works projects approved by Finance Committee.....	1	0	<b>14</b>
amount of capital commitments approved by Finance Committee (\$m).....	75.5	0.0	<b>3,451.7</b>
capital projects monitored .....	14	12	<b>15</b>
cost of capital projects monitored (\$m).....	5,095.0	4,796.9	<b>5,263.6</b>
capital subventions in terms of cash flow requirement for the year (\$m).....	545.1	310.8	<b>312.8</b>
cost of administration as percentage of recurrent and capital grants administered (%).....	0.4	0.5	<b>0.5</b>

### *Student numbers of UGC-funded programmes*

	2005/06 (Actual)	<i>Academic Year</i> 2006/07 (Revised Estimate)	<b>2007/08 (Estimate)</b>
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate# .....	50 009	48 831	<b>49 073</b>
taught postgraduate.....	3 428	2 996	<b>2 626</b>
research postgraduate .....	5 208	4 724	<b>4 765</b>
sub-degree .....	9 070	7 270	<b>5 596</b>
total.....	67 715	63 821	<b>62 060</b>
First-Year-First-Degree (FYFD) places (FTE).....	14 973	14 500	<b>14 500</b>
FYFD places as average percentage of people in each of relevant age group (17-20) (%).....	18.0	17.1	<b>17.2</b>
undergraduate senior year places (FTE).....	933	1 807	<b>1 934</b>
FYFD and senior year places as average percentage of people in each of relevant age group (17-20) (%)φ .....	19.1	18.2	<b>18.4</b>

# Include undergraduate senior year places.

φ New indicator as from the 2007–08 Estimates.

### ***Matters Requiring Special Attention in 2007–08***

**6** During 2007–08, the UGC will:

- continue to work closely with the UGC-funded institutions and relevant parties to take forward the reform of the new academic structure for senior secondary education and higher education;
- further encourage the UGC-funded institutions to internationalise themselves through various means;
- set up the QAC;
- continue to take measures and provide necessary funding to encourage the UGC-funded institutions to adopt outcome-based approaches in student learning; and
- engage and stimulate institutions to move forward in knowledge transfer.

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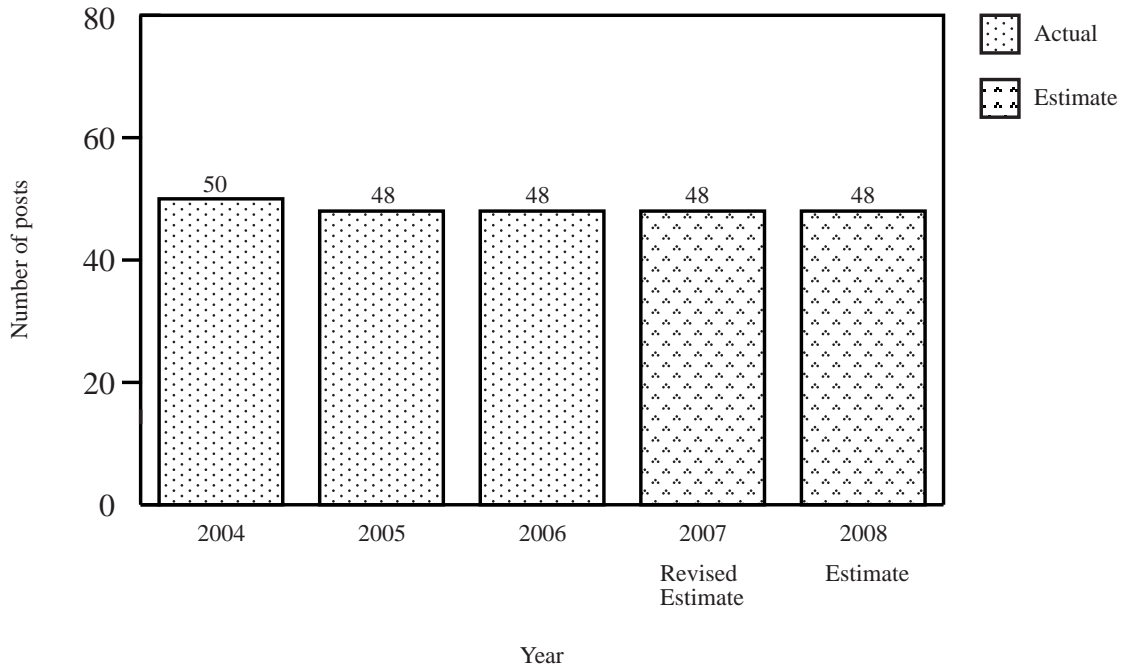
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2005–06 (Actual) (\$m)	2006–07 (Original) (\$m)	2006–07 (Revised) (\$m)	<b>2007–08 (Estimate) (\$m)</b>
University Grants Committee .....	12,394.8	11,320.1	12,201.5 (+7.8%)	<b>11,170.3</b> <b>(–8.5%)</b>
				<b>(or –1.3% on 2006–07 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2007–08 is \$1,031.2 million (8.5%) lower than the revised estimate for 2006–07. This is mainly due to the anticipated completion of the Third Matching Grant Scheme in 2006–07 and the phasing out of UGC-funded sub-degree programmes.

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



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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	<b>Estimate 2007-08</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	11,370,166	11,308,770	11,290,182	<b>11,165,325</b>
	Total, Recurrent .....	<u>11,370,166</u>	<u>11,308,770</u>	<u>11,290,182</u>	<b><u>11,165,325</u></b>
Non-Recurrent					
700	General non-recurrent.....	1,024,600	11,300	911,300	<b>4,925</b>
	Total, Non-Recurrent .....	<u>1,024,600</u>	<u>11,300</u>	<u>911,300</u>	<b><u>4,925</u></b>
	Total, Operating Account.....	<u>12,394,766</u>	<u>11,320,070</u>	<u>12,201,482</u>	<b><u>11,170,250</u></b>
<hr/>					
	Total Expenditure.....	<u><u>12,394,766</u></u>	<u><u>11,320,070</u></u>	<u><u>12,201,482</u></u>	<b><u><u>11,170,250</u></u></b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$11,170,250,000. This represents a decrease of \$1,031,232,000 against the revised estimate for 2006–07 and of \$1,224,516,000 against actual expenditure in 2005–06.

#### *Operating Account*

#### Recurrent

**2** Provision of \$11,165,325,000 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 2007 will be 48 permanent posts. No net change in establishment is expected in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$17,048,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	22,061	21,816	21,592	<b>21,847</b>
- Allowances.....	922	1,163	750	<b>1,121</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	7	<b>12</b>
Departmental Expenses				
- General departmental expenses.....	14,804	21,443	19,398	<b>25,011</b>
Other Charges				
- Honoraria for overseas members .....	2,124	4,079	3,688	<b>2,947</b>
- Meeting expenses of UGC and Research Grants Council.....	3,881	12,155	10,600	<b>8,797</b>
Subventions				
- Grants to UGC-funded institutions.....	9,919,355	9,823,859	9,817,892	<b>9,689,335</b>
- Refund of rates and government rent - UGC-funded institutions .....	132,764	150,000	142,000	<b>142,000</b>
- Home Financing Scheme .....	1,213,299	1,213,299	1,213,299	<b>1,213,299</b>
- Housing-related expenses other than Home Financing Scheme .....	60,956	60,956	60,956	<b>60,956</b>
	11,370,166	11,308,770	11,290,182	<b>11,165,325</b>



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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	216	Scholarship scheme for outstanding Mainland students to attend undergraduate programmes at the UGC-funded institutions .....	90,000	60,000	11,300	18,700
		Total .....	90,000	60,000	11,300	18,700