

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2008–09	\$11,926.4m
Establishment ceiling 2008–09 (notional annual mid-point salary value) representing an estimated 45 non-directorate posts as at 31 March 2008 and as at 31 March 2009	\$17.9m
In addition, there will be an estimated three directorate posts as at 31 March 2008 and as at 31 March 2009.	
Commitment balance	\$614.1m

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	12,189.3	11,170.3	12,193.1 (+9.2%)	11,926.4 (–2.2%)
				(or +6.8% on 2007–08 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, the Research Grants Council (RGC) and its sub-committees and panels, and the Quality Assurance Council (QAC) and its audit 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 2006/07 and 2007/08 academic years

Funding for the 2005/06 to 2007/08 triennium and the 2008/09 "roll-over" year

- Stable funding for the 2005/06 to 2007/08 triennium was secured in May 2006 when the Legislative Council Finance Committee agreed that the total recurrent grant should be \$31,266.7 million, reflecting a 0-0-0 funding arrangement for the triennium (i.e. no funding cut for the 2007/08 academic year).
- 2008/09 will be a "roll-over" year to allow institutions more time to prepare for introducing, within the 2009/10 to 2011/12 triennium, elements of the new curricula being prepared for the four-year normative undergraduate programme starting in the 2012/13 academic year. In January 2008, the Legislative Council Finance Committee approved a total recurrent grant of \$10,596.8 million for the 2008/09 academic year.

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 have set up various working groups or committees specifically for the “3+3+4” reform and they are heavily involved in planning for the new curricula. Reasonable progress is being made in respect of taking forward individual capital works projects needed and several will be put to the Legislative Council Public Works Subcommittee for funding approval during 2008–09. The UGC has formed a Group specifically to consider and monitor developments related to the “3+3+4” reform.

Senior Year Articulation Opportunities

- Recognising the growing number of sub-degree graduates and their desire to obtain a degree, the UGC will double the number of Year 2 senior year articulation places available in the 2008/09 academic year from 967 to 1 927.

Matching Grant Scheme

- In view of the very encouraging response to the first three rounds of Matching Grant Scheme, the UGC introduced the Fourth Matching Grant Scheme with a commitment of \$1,000 million approved by the Legislative Council Finance Committee in November 2007. Apart from the eight UGC-funded institutions, the Scheme also covers, for the first time, the Open University of Hong Kong and the Hong Kong Shue Yan University. One of the Scheme’s main aims is to further strengthen the higher education institutions’ fund-raising capabilities and to encourage the growth of a philanthropic culture in the community. The Fourth Matching Grant Scheme was opened for application from January 2008 and will end in February 2009.

Internationalisation and Non-local Students

- Internationalisation continues to be a priority for the UGC, both in terms of having more non-local students studying in Hong Kong and more local students being able to go on exchange programmes. In February 2006, the Government agreed to provide 1 840 additional hostel places to facilitate both. Starting from the 2008/09 academic year, the UGC-funded institutions will be allowed to increase in phases the non-local student quota for publicly-funded programmes at the sub-degree, degree and taught postgraduate levels from ten per cent to 20 per cent of the approved student number targets. The UGC will work with the institutions to ensure successful implementation of the new policy.

Funding of Research

- The RGC funded about 900 and 860 grant applications in the 2006/07 and 2007/08 academic years respectively. For promoting public policy research in higher education institutions, the Government has agreed to extend the Public Policy Research Funding Scheme for four years up to 2011–12. So far, the Central Policy Unit has allocated \$60 million since 2005–06, and five rounds of exercises have been completed as at December 2007. The grants for the third, fourth and fifth rounds of the scheme supported 10, 12 and 11 projects respectively.

Equipment Grant for Research

- In January 2008, the Legislative Council Finance Committee approved a one-off grant of \$200 million to provide resources to UGC-funded institutions for acquisition and replacement of research equipment. With the assistance of the RGC, the UGC will form a working group in 2008 to take charge of the assessment of applications from institutions.

Research Assessment Exercise (RAE) 2006

- The UGC received about 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 208 local, Mainland and overseas members were formed to undertake the assessment. The assessment results were endorsed by the UGC at its January 2007 meeting. The results were announced to the eight UGC-funded institutions in March 2007.

Areas of Excellence Scheme (AoE)

- As at October 2007, there were seven on-going AoE projects which include three sustained funding projects and two new projects awarded in the fourth round AoE in September 2007.

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. A symposium on knowledge transfer involving representatives from UGC-funded institutions, businesses and other related public bodies was held in November 2007 to raise awareness and inspire follow-up action.

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 decided to set up a 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 was formed in May 2007 and has two primary roles: to undertake quality audits of the student learning experience at each of the eight UGC-funded institutions; and to promote quality assurance and enhancement, and the spread of good practice. The first audit will take place in April 2008.

Promoting Outcome-based Approaches in Student Learning

- The UGC believes outcome-based approaches in student learning are important and that there is a trend in many jurisdictions in adopting these approaches. In order to facilitate the institutions to weave “outcomes” into their academic curricula and to build up their capacities, the UGC is providing total additional funds of about \$65 million to its funded institutions for the 2006/07 to 2008/09 academic years.

Language and Teaching

- The UGC continued to attach importance to enhancing teaching methods and the language proficiency of local university students. In addition to providing \$33.4 million of Teaching Development Grants for each academic year, starting from the 2006/07 academic year, the UGC has increased the annual provision of Language Enhancement Grants to the UGC-funded institutions from \$76.6 million to \$100 million to enable institutions to step up their efforts in these areas. In addition, since the 2002/03 academic year, the UGC has been running a Scheme i.e. the Common English Proficiency Assessment Scheme (CEPAS), which aims to assess the English language proficiency of graduating students and to heighten students’ awareness of the importance of language proficiency. The number of participating students has been on the rise, from 8 700 students in the 2003/04 academic year to around 11 000 in the 2007/08 academic year.

Hong Kong Institute of Education’s Development Blueprint

- In response to the Government’s invitation for expert advice, the UGC has set up a Review Group to consider the Hong Kong Institute of Education’s Development Blueprint. Its membership comprises experienced UGC members and local educators. The Review Group will consider the Development Blueprint in detail having regard to the future development of the Institute and the overall strategic development of the UGC-funded sector.

Indicators

Recurrent subventions

	2006/07 (Actual)	<i>Academic Year</i> 2007/08 (Revised Estimate)	2008/09 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	11,325.5	11,500.0	11,054.0
language enhancement grants@ amount of grants (\$m).....	100.0	100.0	101.2
teaching development grants@ amount of grants (\$m).....	33.4	33.4	33.8
research grants			
competitive earmarked research grant applications dealt with.....	1 969	2 081	2 168
other research grant applications dealt with.....	291	322	322
amount of earmarked research grant (\$m)	605.9	612.1	656.0
on-going funded earmarked research grant projects monitored (including new projects funded in the year)	4 203	4 297	4 367
on-going funded AoE projects monitored.....	7	8	8
grants for restructuring and collaboration activities			
restructuring and collaboration projects endorsed	2	1	—
amount of grants (\$m).....	28.3 [^]	63.8 [^]	—

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	2006/07 (Actual)	<i>Academic Year</i> 2007/08 (Revised Estimate)	2008/09 (Estimate)
grants for research development activities			
amount of grants (including AoE) (\$m).....	140.5	169.5	161.3ϕ

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

^ The figures reflect the actual cash flow of an accumulative total of 15 projects endorsed since the 2004/05 academic year and for an estimated number of one additional project in the 2007/08 academic year. Thereafter, the grants will be concluded.

ϕ Grants for research development activities include a scheme to fund the creation of 450 additional research postgraduate places. In the 2008/09 academic year, an amount of \$116.0 million has already been earmarked for distribution to the relevant institutions.

Capital subventions

	2006–07 (Actual)	<i>Financial Year</i> 2007–08 (Revised Estimate)	2008–09 (Estimate)
capital grants			
capital works project applications processed.....	12	7	7
capital works projects approved by Finance Committee.....	0	7	15
amount of capital commitments approved by Finance Committee (\$m).....	0	1,767.0	5,414.2
capital projects monitored.....	12	15	16
cost of capital projects monitored (\$m).....	4,796.9	5,234.7	3,616.3
capital subventions in terms of cash flow requirement for the year (\$m).....	306.8	267.0	366.1
cost of administration as percentage of recurrent and capital grants administered (%).....	0.4	0.5	0.5

Student numbers of UGC-funded programmes

	2006/07 (Actual)	<i>Academic Year</i> 2007/08 (Revised Estimate)	2008/09 (Estimate)
student numbers in terms of Full-Time Equivalent (FTE) students.....			
undergraduate#.....	51 221	49 073	49 788
taught postgraduate.....	2 946	2 626	2 434
research postgraduate.....	5 465	4 765	4 765
sub-degree.....	6 925	5 596	5 484
total Δ	66 558	62 060	62 471
First-Year-First-Degree (FYFD) places (FTE).....	15 405	14 500	14 500
FYFD places as average percentage of people in each of relevant age group (17-20) (%).....	18.7	17.4	17.1
undergraduate senior year intakes (FTE).....	1 076	967	1 927
FYFD and undergraduate senior year intakes as average percentage of people in each of relevant age group (17-20) (%).....	20.0	18.6	19.4

Include undergraduate senior year places.

Δ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2008–09

6 During 2008–09, 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;
- work closely with institutions and relevant government departments to implement the capital works projects necessary for the “3+3+4” reform;

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- consider the Academic Development Proposals of the eight UGC-funded institutions for the 2009/10 to 2011/12 triennium and make funding recommendations to the Government;
- liaise with the UGC-funded institutions regarding the phasing timetable to recruit non-local students to up to 20 per cent of their student number targets of the publicly-funded sub-degree, undergraduate and taught postgraduate programmes;
- review the Hong Kong Institute of Education's Development Blueprint;
- undertake, via the QAC, quality audits of two UGC-funded institutions;
- continue to take measures 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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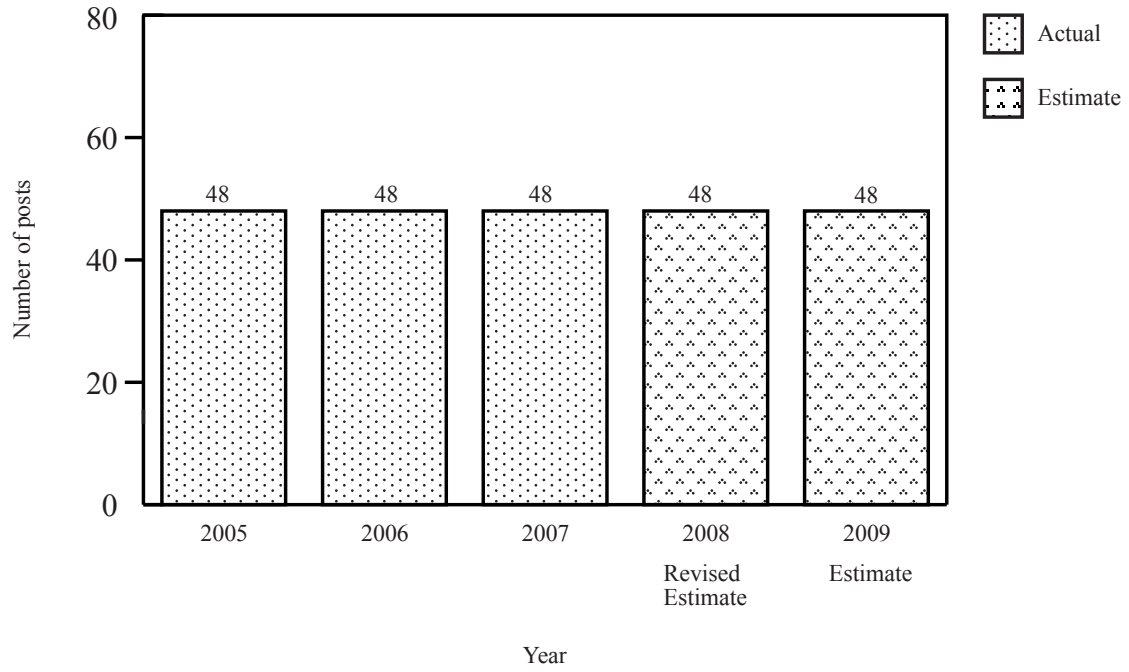
ANALYSIS OF FINANCIAL PROVISION

Programme	2006-07 (Actual) (\$m)	2007-08 (Original) (\$m)	2007-08 (Revised) (\$m)	2008-09 (Estimate) (\$m)
University Grants Committee	12,189.3	11,170.3	12,193.1 (+9.2%)	11,926.4 (-2.2%)
				(or +6.8% on 2007-08 Original)

Analysis of Financial and Staffing Provision

Provision for 2008-09 is \$266.7 million (2.2%) lower than the revised estimate for 2007-08. This is mainly due to less recurrent grants to UGC-funded institutions resulting from higher anticipated other assumed income to be earned by institutions, an estimated drop of Home Financing Scheme expenditure after the expiry of 10-year entitlement, 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 2006-07	Approved estimate 2007-08	Revised estimate 2007-08	Estimate 2008-09	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	11,289,912	11,165,325	11,588,197	11,325,628
	Total, Recurrent.....	<u>11,289,912</u>	<u>11,165,325</u>	<u>11,588,197</u>	<u>11,325,628</u>
Non-Recurrent					
700	General non-recurrent	899,363	4,925	604,925	600,775
	Total, Non-Recurrent.....	<u>899,363</u>	<u>4,925</u>	<u>604,925</u>	<u>600,775</u>
	Total, Operating Account	<u>12,189,275</u>	<u>11,170,250</u>	<u>12,193,122</u>	<u>11,926,403</u>
<hr/>					
	Total Expenditure	<u><u>12,189,275</u></u>	<u><u>11,170,250</u></u>	<u><u>12,193,122</u></u>	<u><u>11,926,403</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$11,926,403,000. This represents a decrease of \$266,719,000 against the revised estimate for 2007–08 and of \$262,872,000 against actual expenditure in 2006–07.

Operating Account

Recurrent

2 Provision of \$11,325,628,000 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 2008 will be 48 permanent posts. No change in establishment is expected in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed \$17,872,000.

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

	2006–07 (Actual) (\$'000)	2007–08 (Original) (\$'000)	2007–08 (Revised) (\$'000)	2008–09 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	21,380	21,847	22,400	22,700
- Allowances	772	1,121	763	985
Personnel Related Expenses				
- Mandatory Provident Fund contribution	9	12	36	39
- Civil Service Provident Fund contribution	—	—	—	33
Departmental Expenses				
- General departmental expenses	17,243	25,011	20,015	22,400
Other Charges				
- Honoraria for overseas members	3,804	2,947	3,054	3,632
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	6,694	8,797	7,329	9,850
Subventions				
- Grants to UGC-funded institutions	9,812,140	9,689,335	10,112,478	9,984,933
- Refund of rates and government rent - UGC-funded institutions	153,615	142,000	147,867	152,800
- Home Financing Scheme	1,213,299	1,213,299	1,213,299	1,067,300
- Housing-related expenses other than Home Financing Scheme	60,956	60,956	60,956	60,956
	11,289,912	11,165,325	11,588,197	11,325,628

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007–08	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	71,000	4,925	14,075
	911	One-off Special Equipment Grant for UGC-funded Institutions	200,000	—	—	200,000
	999	Fourth matching grant scheme for UGC-funded institutions and self-financing local universities.....	1,000,000	—	600,000	400,000
		Total	<u>1,290,000</u>	<u>71,000</u>	<u>604,925</u>	<u>614,075</u>