

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2009–10 **\$11,645.8m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 45 non-directorate posts as at 31 March 2009 rising by four posts to 49 posts as at 31 March 2010..... **\$21.8m**

In addition, there will be an estimated three directorate posts as at 31 March 2009 and as at 31 March 2010.

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	12,188.5	11,926.4	30,373.4 (+154.7%)	11,645.8 (–61.7%)
				(or –2.4% on 2008–09 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 2007/08 and 2008/09 academic years

Funding for the 2008/09 “roll-over” year and the 2009/10 to 2011/12 triennium

- 2008/09 is 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 (LegCo) Finance Committee (FC) approved a total recurrent grant of \$10,596.8 million for the 2008/09 academic year.
- In January 2009, the FC also accepted the total recurrent grant of \$33,992.0 million for the UGC-funded institutions for the 2009/10 to 2011/12 triennium.

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

- The UGC and its funded institutions are already well down the track in terms of preparing for the change to a four-year normative undergraduate programme. While much remains to be done, much work has already been achieved on issues such as drawing up of new curricula, as well as planning and implementation of the necessary capital works projects for buildings and facilities for the additional students. All institutions have established working groups or committees specifically for the “3+3+4” reform and they are heavily involved in planning for the new curricula. Institutions are also reaching out to share their experiences and enhance understanding, with a major symposium involving the school sector held in December 2008. Progress is being made in respect of taking forward individual capital works projects needed. Most of them will be put to the LegCo Public Works Sub-committee and FC for funding approval during the 2008–09 legislative session. For its part, 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 has brought forward its plan on senior year articulation and a total of 3 854 senior year articulation places will be in place in the 2009/10 academic year.

Research Endowment Fund (REF)

- In January 2009, the FC approved a one-off grant of \$18 billion to UGC for the setting up of a REF - as first announced in the 2008–09 Budget Speech. From the 2010/11 academic year onwards, the REF will replace, as a source of funding, the existing \$506 million annual funding for earmarked research grants, thus providing greater funding stability and certainty. Investment income generated from up to \$4 billion of the REF will be used to support theme-based research, thus allowing the institutions to work on research proposals on themes of a more long-term nature and strategically beneficial to the development of Hong Kong.

Work of RGC

- The RGC funded about 850 and 970 grant applications in the 2007/08 and 2008/09 academic years respectively. To promote public policy research, the Government has agreed to extend the Public Policy Research Funding Scheme for four years up to 2011–12. To support longer-term public policy research and to focus on specific areas, a Strategic Public Policy Research Funding Scheme was launched alongside the Public Policy Research Funding Scheme starting from the 2008/09 academic year. Both schemes invite applications once a year.

Equipment Grant for Research

- The UGC set up a Special Equipment Grant Working Group to assess applications under the one-off grant of \$200 million approved by the FC in January 2008 for the acquisition, replacement, establishment or upgrading of research equipment. The Grant was allocated in full to 32 successful applications in June 2008.

Research Assessment Exercise

- The UGC is considering the future methods of assessing research quality and impact in consultation with the UGC sector.

Areas of Excellence Scheme (AoE)

- As at October 2008, there were eight on-going AoE projects. The Scheme has proved its worth and the UGC has embarked on the fifth round. Initial applications for the new round will be submitted by institutions for UGC's evaluation in 2009.

Knowledge Transfer

- Recognising the importance of “knowledge transfer” and its implications on the international competitiveness of the local higher education sector, the UGC has continued to take 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. Additional provision of \$50 million per annum will be provided to institutions starting from the 2009/10 academic year, to help institutions pursue knowledge transfer strategies appropriate to their roles.

Hong Kong Institute of Education's Development Blueprint

- In response to the Government's invitation for expert advice, the UGC has reviewed in detail the Development Blueprint of the Hong Kong Institute of Education, having regard to the future development of the Institute and the overall strategic development of the UGC-funded sector, and submitted a report of its findings and recommendations to the Government.

Matching Grant Scheme

- The Fourth Matching Grant Scheme, with an approved commitment of \$1,000 million, was opened for application from January 2008 to February 2009. 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 \$1,000 million commitment has been fully utilised.

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. With effect from the 2008/09 academic year, the UGC-funded institutions are allowed to increase in phases the non-local student quota for publicly-funded programmes from ten per cent to 20 per cent of the approved student number targets. A key constraining factor is hostel places and the UGC is working to have these in place as quickly as possible.

Quality Assurance

- The QAC is tasked to assist the UGC in discharging its role in quality-related matters in respect of programmes offered at degree and above levels at the UGC-funded institutions. The QAC 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, of the Chinese University of Hong Kong, successfully took place in April 2008 and the audit report was published in September 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. A symposium on "outcomes" was held in June 2008 to promote outcome-based approaches to front line teaching staff through the sharing of experience with renowned international and local academics.

Language and Teaching

- The UGC continues to attach importance to enhancing teaching methods and the language proficiency of local university students. The annual provision of Teaching Development Grants and Language Enhancement Grants to the UGC-funded institutions will be increased to \$37.6 million and \$112.4 million respectively in the 2009/10 academic year, to enable institutions to step up their efforts in these areas. In addition, the UGC 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. The number of participating students has been on the rise, from 8 700 students in the 2003/04 academic year to around 11 800 in the 2008/09 academic year.

Indicators

Recurrent subventions

	<i>Academic Year</i>		
	2007/08 (Actual)	2008/09 (Revised Estimate)	2009/10 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m).....	11,477.0	11,584.3	11,653.7
language enhancement grants@ amount of grants (\$m)	100.0	101.2	112.4
teaching development grants@ amount of grants (\$m)	33.4	33.8	37.6
research grants			
general research fund (formerly known as competitive earmarked research grant) applications dealt with	2 081	2 168	2 303
other research grant applications dealt with	323	391	357
amount of earmarked research grant (\$m)	612.1	656.0	606.0
on-going funded earmarked research grant projects monitored (including new projects funded in the year)	4 300	4 450	4 603

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	2007/08 (Actual)	Academic Year 2008/09 (Revised Estimate)	2009/10 (Estimate)
grants for restructuring and collaboration activities			
restructuring and collaboration projects endorsed	2	—	—
amount of grants (\$m)	19.5 [^]	31.7 [^]	—
grants for research development activities (i.e. AoE)§			
on-going funded AoE projects monitored	8	8	13
amount of grants (\$m)	55.5	49.2	125.0

@ Language enhancement grants and teaching development grants have been included in the block grants to the institutions.

β Apart from the \$606.0 million, it is expected that top-up funding will be deployed to earmarked research grants from the investment income of the REF.

[^] The grants for restructuring and collaboration activities have been concluded by the 2007/08 academic year. The figures reflect the cash flow requirement of the projects which have been endorsed up to the 2007/08 academic year.

§ Grants for research development activities exclude the 450 “marginally-funded” research postgraduate places, which from 2009/10 onwards are provided with normal funding and included under recurrent subventions.

Capital subventions

	2007–08 (Actual)	Financial Year 2008–09 (Revised Estimate)	2009–10 (Estimate)
capital grants			
capital works project applications processed	10	11	5
capital works projects approved by FC	6	7	15
amount of capital commitments approved by FC (\$m) ..	1,464.0	1,882.5	9,503.2
capital projects monitored	18	20	29
cost of capital projects monitored (\$m)	5,837.5	7,259.7	14,107.2
capital subventions in terms of cash flow requirement for the year (\$m)	267.0	307.8	1,230.9

Administration costs of UGC Secretariat

cost of administration as percentage of recurrent and capital grants administered (%)	0.4	0.5	0.5
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Student numbers of UGC-funded programmes

	2007/08 (Actual)	Academic Year 2008/09 (Revised Estimate)	2009/10 (Estimate)
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate#	52 315	49 788	50 836
taught postgraduate	2 890	2 434	2 201
research postgraduate	5 627	4 765	5 135
sub-degree	5 353	5 484	5 592
totalΔ	66 184	62 471	63 763
First-Year-First-Degree (FYFD) places (FTE)	15 427	14 500	14 500
FYFD places as a percentage of average population in each of relevant age group (17-20) (%)	18.5	17.2	17.1
senior year undergraduate intakes (FTE)	1 069	1 927	1 927

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	<i>Academic Year</i>		
	2007/08	2008/09	2009/10
	(Actual)	(Revised Estimate)	(Estimate)
FYFD and senior year undergraduate intakes as a percentage of average population in each of relevant age group (17-20) (%).....	19.8	19.4	19.3

Include senior year undergraduate places.

Δ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2009–10

6 During 2009–10, the UGC will:

- 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 and for provision of more student hostels;
- consider with UGC-funded institutions gradual and sustainable ways to increase the number of non-local students up to the 20 per cent target;
- undertake, via the QAC, quality audits of three UGC-funded institutions;
- continue to take measures to encourage the UGC-funded institutions to adopt outcome-based approaches in student learning;
- continue to review, with the UGC-funded institutions, future methods of assessing and rewarding research quality and impact;
- continue to engage and stimulate institutions to move forward on knowledge transfer; and
- provide guidance and advice to the Permanent Secretary for Education Incorporated as the trustee of the REF, on the disbursement of research funds and the management of the endowment.

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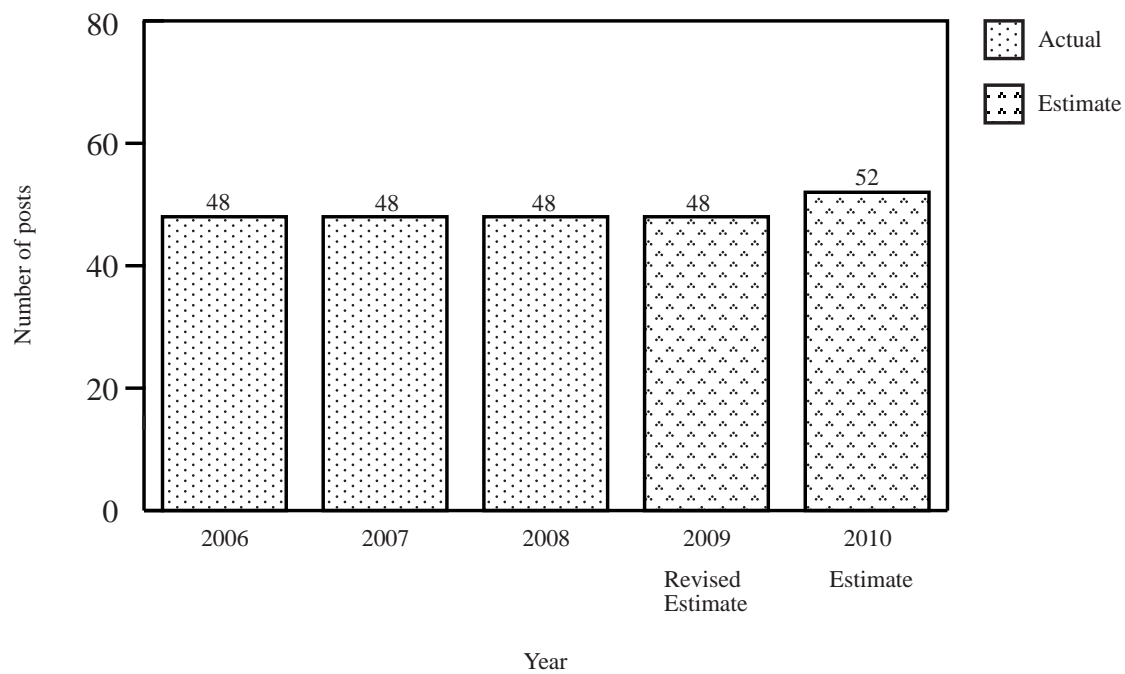
ANALYSIS OF FINANCIAL PROVISION

Programme	2007–08 (Actual) (\$m)	2008–09 (Original) (\$m)	2008–09 (Revised) (\$m)	2009–10 (Estimate) (\$m)
University Grants Committee.....	12,188.5	11,926.4	30,373.4 (+154.7%)	11,645.8 (–61.7%)
				(or –2.4% on 2008–09 Original)

Analysis of Financial and Staffing Provision

Provision for 2009–10 is \$18,727.6 million (61.7%) lower than the revised estimate for 2008–09. This is mainly due to the anticipated completion of the setting up of the REF, the Fourth Matching Grant Scheme and the One-off Special Equipment Grant in 2008–09, and an estimated drop of Home Financing Scheme (HFS) expenditure following the gradual expiry of the ten-year entitlement period of HFS recipients, partly offset by higher recurrent grants to UGC-funded institutions as a result of the 2008 civil service pay rise and price adjustments, and increased funding for additional research postgraduate places and knowledge transfer. In addition, there will be an increase of four posts in 2009–10.

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



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Sub-head (Code)	Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses	11,583,559	11,325,628	11,773,252	11,645,763
Total, Recurrent	11,583,559	11,325,628	11,773,252	11,645,763
Non-Recurrent				
General non-recurrent	604,925	600,775	18,600,175	—
Total, Non-Recurrent	604,925	600,775	18,600,175	—
Total, Operating Account	12,188,484	11,926,403	30,373,427	11,645,763
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Total Expenditure	12,188,484	11,926,403	30,373,427	11,645,763

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Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$11,645,763,000. This represents a decrease of \$18,727,664,000 against the revised estimate for 2008–09 and of \$542,721,000 against actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$11,645,763,000 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 2009 will be 48 permanent posts. It is expected that four permanent posts will be created in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$21,773,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	22,184	22,700	24,000	26,780
- Allowances	701	985	1,172	1,220
Personnel Related Expenses				
- Mandatory Provident Fund contribution	36	39	48	48
- Civil Service Provident Fund contribution	—	33	36	52
Departmental Expenses				
- General departmental expenses	17,322	22,400	19,000	21,350
Other Charges				
- Honoraria for overseas members	2,885	3,632	3,740	4,000
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	6,772	9,850	8,000	9,850
Subventions				
- Grants to UGC-funded institutions	10,102,505	9,984,933	10,643,900	10,942,663
- Refund of rates and government rent - UGC-funded institutions	156,899	152,800	152,800	170,000
- Home Financing Scheme	1,213,299	1,067,300	859,600	417,500
- Housing-related expenses other than Home Financing Scheme	60,956	60,956	60,956	52,300
	<u>11,583,559</u>	<u>11,325,628</u>	<u>11,773,252</u>	<u>11,645,763</u>