

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2010–11 **\$10,982.2m**

Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 49 non-directorate posts as at 31 March 2010 rising by two posts to 51 posts as at 31 March 2011 **\$21.6m**

In addition, there will be an estimated three directorate posts as at 31 March 2010 and as at 31 March 2011.

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	30,364.3	11,645.8	11,553.3 (–0.8%)	10,982.2 (–4.9%)
				(or –5.7% on 2009–10 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 2008/09 and 2009/10 academic years

Funding for the 2009/10 to 2011/12 triennium

- The Legislative Council (LegCo) Finance Committee (FC) approved at its meeting on 9 January 2009 a 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 advanced 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 and admissions, 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. Seven symposia, several involving the school sector, have been held. On the capital side, LegCo’s funding approval has been obtained for all the capital works projects necessary for the “3+3+4” reform. While the timeline for some projects is very tight, construction works of most of these projects have commenced and progress is being closely monitored by the institutions. The “3+3+4” Group formed under the UGC continues to consider and monitor developments related to the implementation of the new academic structure in the UGC-funded institutions.

Senior Year Articulation Opportunities

- Recognising the growing number of sub-degree graduates and their desire to obtain a degree, in the 2008/09 academic year the UGC increased the number of Year Two articulation places from 967 to 1 927, and further to 1 987 in the 2010/11 academic year. For the 2010/11 academic year, therefore, a total of 3 914 senior year articulation places will be in place.

Research Endowment Fund (REF)

- In January 2009, the FC approved a one-off grant of \$18 billion to the UGC for the setting up of an REF. From the 2010/11 academic year onwards, the REF will replace, as a source of funding, the existing \$506.0 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 annually. During 2009, the Administration consulted stakeholders on what the themes might be, with a view to announcing them in early 2010.

Work of the RGC

- The RGC funded about 965 and 849 grant applications in the 2008/09 and 2009/10 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. The RGC has established the Hong Kong PhD Fellowship Scheme and plans to award about 135 fellowships each year using research postgraduate places granted by the UGC. The first call for the Scheme closed on 1 December 2009 and about 3 000 applications were received. The results will be announced in March 2010.

Research Assessment Exercise

- The UGC is considering the future methods of assessing research quality and impact in consultation with the UGC sector. In view of the complexity of the issues and divergency of views, a consultant commissioned by the UGC visited the eight UGC-funded institutions in September 2009 to seek their views on future assessment methods. The UGC plans to make decisions on whether, when and how to assess research quality during the course of 2010.

Areas of Excellence (AoE) Scheme

- The UGC successfully concluded a fifth round of the AoE Scheme in August 2009 and announced there would be five newly-funded projects. As at January 2010, there were 13 on-going AoE projects.

Knowledge Transfer

- The UGC recognises the importance of “knowledge transfer” in bringing about socio-economic benefits and impacts to the community and businesses, and has allocated from the 2009/10 academic year onwards a new stream of recurrent funding of around \$50 million per year to its funded institutions to further strengthen and broaden their endeavours in this regard as commensurate with their roles and missions.

Hong Kong Institute of Education’s Institutional Development

- In June 2009, accepting the recommendations of a UGC Review Group, the Government announced its support for Hong Kong Institute of Education (HKIEd) to develop into an education-focused, multidisciplinary institution with strengthened research and research supervision capacity, and agreed to earmark additional student places, at undergraduate and postgraduate levels, to the HKIEd for such purpose - subject to the Institute’s meeting of certain prerequisites set out by the UGC. The UGC evaluated HKIEd’s detailed proposals for introducing new disciplines at undergraduate level and research postgraduate programmes and endorsed allocation of the earmarked places within the 2009/10 to 2011/12 triennium.

Matching Grant Scheme

- The Fourth Matching Grant Scheme was successfully completed in February 2009, with the total commitment of \$1,000 million fully allocated and the institutions having secured \$2,163.9 million in private donations under this round.

Internationalisation and Non-local Students

- The Chief Executive set forth in his 2009–10 Policy Address the initiative to develop education services by enhancing Hong Kong’s status as an education hub, and further internationalise our institutions. In view of this, internationalisation will continue 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. With effect from the 2008/09 academic year, the UGC-funded institutions were 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 with the Government and the institutions to have these in place as quickly as possible. In October 2009, the UGC supported the Heads of Universities Committee in organising a symposium to reflect on the issues related to internationalisation.

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. So far, the QAC has conducted three audits. The first audit was on the Chinese University of Hong Kong which took place in April 2008 with the report published in September in the same year. The second and third audits were on Hong Kong Baptist University (HKBU) and The University of Hong Kong (HKU), which took place in January and April 2009 respectively. The reports of the audits on HKBU and HKU were published in September and November 2009 respectively. The 2009/10 academic year will be a busy one, with three audits due to be conducted - on Lingnan University (LU), The Hong Kong University of Science and Technology (HKUST) and City University of Hong Kong (CityU).

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. The UGC held a symposium on “outcomes” in May 2009 to promote outcome-based approaches to front line teaching staff through the sharing of experience with academics from different disciplines. With the support of the UGC, a “3+3+4” Symposium on Enhancing and Assessing Students’ Learning Outcomes for the New Four-year Curriculum was held in December 2009, which was the sixth symposium under the “3+3+4” series.

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 \$37.6 million and \$112.4 million respectively in the 2010/11 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 12 100 in the 2009/10 academic year.

Higher Education Review

- In 2009, the UGC embarked on an important exercise - the Higher Education Review 2010. The Review aims to come up with a forward looking document that can assist the Government and the public in reflecting on the purposes of higher education, perceived world trends, vision and hence the strategies for Hong Kong’s higher education system. During 2009, the UGC consulted extensively with stakeholders and held two public fora on the matter. The UGC aims to submit a report to the Government before the end of 2010.

Openness and Transparency of UGC Activities

- Over the years, the UGC, RGC and QAC have endeavored to make their work more transparent and open and have recently stepped up their efforts. In 2009, the Chairman of the UGC held meetings with members of the Senates/Academic Boards of all eight institutions. She also briefed the press after each UGC meeting to explain its work. Various reports are made public - such as that on the HKIED. The Convenor of the Higher Education Review Group held two consultation fora to hear stakeholders’ views. The RGC has also made its work more transparent, by for example, having a public symposium showcasing the work of the Public Policy Research Funding Scheme recipients and two public lectures on “cancer” and the “environment and energy” in April and September 2009 respectively. The UGC will continue to explain its work to the public and listen to views expressed.

Head 190 — UNIVERSITY GRANTS COMMITTEE

Indicators

Recurrent subventions

	2008/09 (Actual)	Academic Year 2009/10 (Revised Estimate)	2010/11 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	11,570.4	11,477.6	10,785.0
language enhancement grants# amount of grants (\$m)	101.2	112.4	112.4
teaching development grants# amount of grants (\$m)	33.8	37.6	37.6
research grants			
general research fund applications dealt with	2 168	2 303	2 463
other research grant applications dealt with	389	494	442
amount of research grants earmarked for the RGC (\$m)	656.0	606.0	100.0[^]
on-going funded earmarked research grant projects monitored (including new projects funded in the year)	4 445	4 317	4 295
grants for restructuring and collaboration activities amount of grants (\$m)	31.7 [¶]	—	—
grants for research development activities (i.e. AoE)			
on-going funded AoE projects monitored	8	13	13
amount of grants (\$m)	49.2	98.7	81.4

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

[^] The 2010/11 academic year marks the first full year in which the bulk of funding for research projects under the RGC will come from the REF. The UGC will continue to earmark/allocate, out of recurrent subvention from the Government, \$100 million in the 2010/11 academic year to the RGC for research grant funding.

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

Capital subventions

	2008–09 (Actual)	Financial Year 2009–10 (Revised Estimate)	2010–11 (Estimate)
capital grants			
capital works project applications processed	11	4	4
capital works projects approved by FC	7	15	3
amount of capital commitments approved by FC (\$m) ...	1,882.5	8,487.0	1,154.6
capital projects monitored	17	29	29
cost of capital projects monitored (\$m)	4,791.0	12,809.8	13,203.6
capital subventions in terms of cash flow requirement for the year (\$m)	307.8	1,171.3	1,919.2

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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Head 190 — UNIVERSITY GRANTS COMMITTEE

Student numbers of UGC-funded programmes

	2008/09 (Actual)‡	Academic Year 2009/10 (Revised Estimate)‡	2010/11 (Estimate)‡
student numbers in terms of Full-Time Equivalent (FTE)			
students			
undergraduateΨ.....	53 992	50 836	50 908
taught postgraduate.....	2 596	2 201	2 243
research postgraduate.....	5 743	5 144	5 325
sub-degree.....	5 177	5 592	5 683
total§.....	67 508	63 772	64 159
First-Year-First-Degree (FYFD) places (FTE).....	15 715	14 500	14 580
FYFD places as a percentage of average population in each of relevant age group (17-20) (%).....	18.5	17.1	17.4
senior year undergraduate intakes (FTE).....	1 887	1 927	1 987
FYFD and senior year undergraduate intakes as a percentage of average population in each of relevant age group (17-20) (%).....	20.7	19.4	19.8

‡ The “actual” figures are often higher than the “revised estimate” or “estimate” figures because the estimates do not assume any over-enrolment. In practice institutions do over-enroll - particularly to take in non-local students who are on top of the UGC quota.

Ψ Include senior year undergraduate places.

§ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2010–11

6 During 2010–11, the UGC will:

- publish the report of the Higher Education Review 2010;
- 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 the 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 five UGC-funded institutions - LU, HKUST, CityU, The Hong Kong Polytechnic University and the HKIEd, with the first three commencing in 2009–10;
- 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.

Head 190 — UNIVERSITY GRANTS COMMITTEE

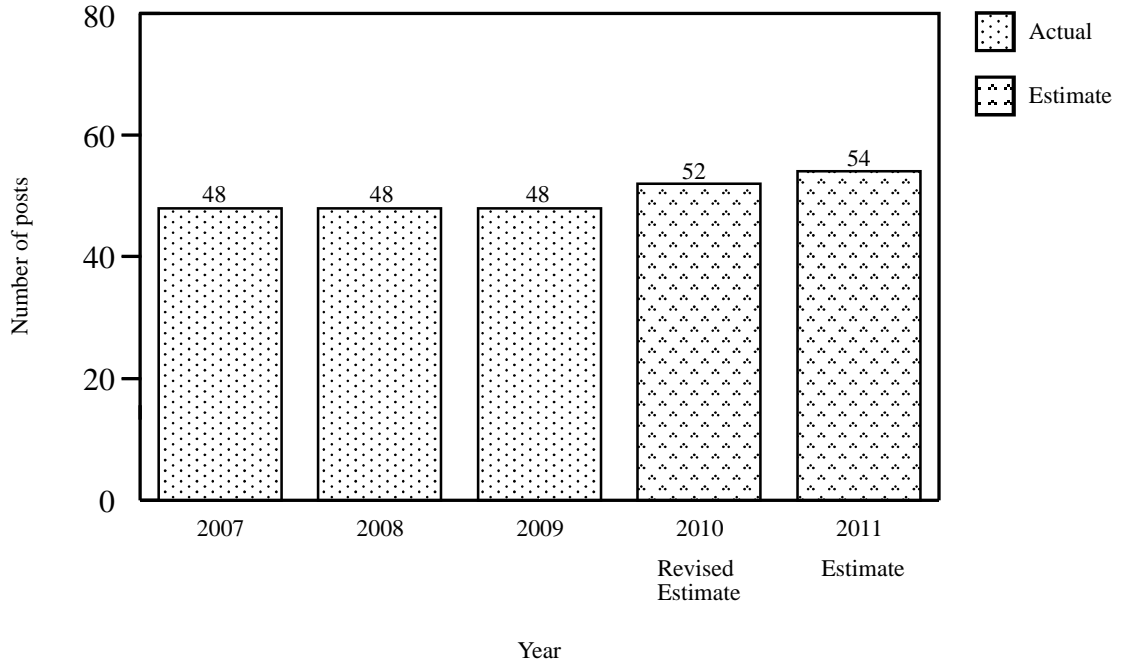
ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
University Grants Committee	30,364.3	11,645.8	11,553.3 (–0.8%)	10,982.2 (–4.9%)
				(or –5.7% on 2009–10 Original)

Analysis of Financial and Staffing Provision

Provision for 2010–11 is \$571.1 million (4.9%) lower than the revised estimate for 2009–10. This is mainly due to the reduction in research grants allocation from the Government to the RGC after the set up of the REF, the effect of the 2009 pay adjustment 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 price adjustments, and increased funding for additional research postgraduate places and knowledge transfer. In addition, there will be an increase of two posts in the UGC Secretariat in 2010–11.

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



Head 190 — UNIVERSITY GRANTS COMMITTEE

Sub-head (Code)	Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses.....	11,764,100	11,645,763	11,553,306	10,982,174
Total, Recurrent	<u>11,764,100</u>	<u>11,645,763</u>	<u>11,553,306</u>	<u>10,982,174</u>
Non-Recurrent				
General non-recurrent	18,600,175	—	—	—
Total, Non-Recurrent	<u>18,600,175</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total, Operating Account.....	<u>30,364,275</u>	<u>11,645,763</u>	<u>11,553,306</u>	<u>10,982,174</u>
<hr/>				
Total Expenditure	<u><u>30,364,275</u></u>	<u><u>11,645,763</u></u>	<u><u>11,553,306</u></u>	<u><u>10,982,174</u></u>

Head 190 — UNIVERSITY GRANTS COMMITTEE

Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$10,982,174,000. This represents a decrease of \$571,132,000 against the revised estimate for 2009–10 and of \$19,382,101,000 against actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$10,982,174,000 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 2010 will be 52 permanent posts. It is expected that two permanent posts will be created in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$21,642,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	23,488	26,780	25,232	26,400
- Allowances	1,341	1,220	1,946	1,709
Personnel Related Expenses				
- Mandatory Provident Fund contribution	55	48	72	76
- Civil Service Provident Fund contribution	35	52	72	129
Departmental Expenses				
- General departmental expenses.....	16,406	21,350	21,320	23,000
Other Charges				
- Honoraria for overseas members	3,795	4,000	5,722	6,780
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	8,326	9,850	10,800	11,880
Subventions				
- Grants to UGC-funded institutions	10,640,822	10,942,663	10,863,042	10,433,800
- Refund of rates and government rent - UGC-funded institutions.....	149,676	170,000	156,000	164,000
- Home Financing Scheme	859,200	417,500	415,000	260,300
- Housing-related expenses other than Home Financing Scheme	60,956	52,300	54,100	54,100
	11,764,100	11,645,763	11,553,306	10,982,174