

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2012–13..... **\$13,304.1m**

Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 53 non-directorate posts as at 31 March 2012 rising by three posts to 56 posts as at 31 March 2013.... **\$25.7m**

In addition, there will be an estimated three directorate posts as at 31 March 2012 and as at 31 March 2013.

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	12,083.9	11,027.7	11,708.1 (+6.2%)	13,304.1 (+13.6%)
				(or +20.6% on 2011–12 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, the higher education institutions, and relevant stakeholders; 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; and knowledge transfer activities, which are supported by resources including a stream of recurrent funding starting from the 2009/10 academic year.

5 The key performance measures are:

Achievements of the UGC in the 2010/11 and 2011/12 academic years

Funding for the 2012/13 to 2014/15 triennium

- The Finance Committee (FC) of the Legislative Council accepted at its meeting on 13 January 2012 a total recurrent grant of \$42,208.9 million for the UGC-funded institutions for the 2012/13 to 2014/15 triennium.
- The UGC will inform the eight UGC-funded institutions the funding allocation for the 2012/13 to 2014/15 triennium. The proposed funding allocation has taken into account price adjustments, funding for the additional year of undergraduate programmes under the New Academic Structure (NAS), funding for the additional First-Year-First-Degree (FYFD) and senior year undergraduate places and the replacement of the existing \$100 million annual recurrent subvention to the RGC starting from the 2013/14 academic year by the additional injection of \$2 billion into the Research Endowment Fund.

Preparation for the NAS for Senior Secondary Education and Higher Education

- The NAS will be implemented in UGC-funded institutions in September 2012. The UGC-funded institutions are at their final stage of preparing for the transition to the four-year normative undergraduate structure. They have already completed drawing up new curricula for the programmes under the four-year structure. There will be separate admission arrangements for the Hong Kong Advanced Level and Hong Kong Diploma of Secondary Education cohorts. The UGC has also sponsored institutions to arrange a series of “3+3+4” symposia to reach out to the stakeholders and share their experiences and enhance mutual understanding. All the 12 symposia, including several involving the school sector, have already been held.
- On the capital side, most of the 12 capital works projects necessary for the NAS have been completed or substantially completed. The timelines for some projects are very tight and the UGC is closely monitoring progress. The UGC will keep in view the need for inviting the institutions concerned to prepare detailed contingency plans to cater for potential delay.
- The “3+3+4” Group formed under the UGC continues to consider and monitor developments related to the implementation of the NAS in the UGC-funded institutions.

Higher Education Review

- Following extensive consultation, the UGC submitted the report titled “Aspirations for the Higher Education System in Hong Kong” (Higher Education Review Report) to the Government in December 2010. The report is a forward looking document that assists 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. The Government endorsed the overall strategies and directions recommended in the report. The follow up of the report will be one of the major tasks of the UGC in the coming years.

Senior Year Articulation Opportunities

- To enhance the articulation opportunities for sub-degree graduates, the UGC-funded institutions will increase the number of publicly-funded senior year undergraduate places progressively from 3 974 in the 2011/12 academic year to 8 000 in the 2015/16 academic year. The UGC-funded institutions have allocated these places to different academic programmes. In the next triennium, the UGC will also work with the institutions on enhancing further the transparency and fairness of progression from sub-degree to senior years of UGC-funded undergraduate programmes.

Importance of Teaching

- The UGC wishes to emphasise the importance of teaching excellence in the UGC-funded institutions. Of the total block grant, 75 per cent is for teaching and thus it must be a central focus of institutions. The UGC is placing emphasis on teaching in several ways. The academic development planning process for the 2012/13 to 2014/15 triennium has given a strong focus on teaching quality. The Higher Education Review Report provided specific suggestions on the approaches that the UGC-funded institutions might adopt to improve teaching and learning. To reinforce the importance of teaching, the UGC organised the inaugural UGC Teaching Award in September 2011. We will continue to emphasise the importance of enhancing teaching quality and the language proficiency of students. The annual provision of Teaching Development Grants and Language Enhancement Grants to the UGC-funded institutions will be \$38.6 million and \$118.8 million respectively in the 2012/13 academic year to enable institutions to step up their efforts in these areas. During the 2012/13 to 2014/15 triennium, the UGC will further enhance the support for institutions in the area of teaching and learning through supporting institutional collaborative projects on teaching and learning; facilitating the establishment of communities of practice by institutions; and supporting the teaching development activities of all front-line teaching staff.

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 June 2010, the UGC provided additional funds of about \$43 million to its funded institutions to facilitate them to weave “outcomes” into the NAS curricula and to build up their capacities. The UGC will continue to monitor institutions’ progress in this regard.

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 through the spread of good practice. The QAC’s first round of audits of the eight UGC-funded institutions was completed in 2011. The QAC will conduct a review of the quality audits in consultation with the institutions and map out the way forward for the second audit cycle.

Research Funding and Research Assessment Exercise

- The UGC continues to pursue with the eight UGC-funded institutions various ways to make the allocation of research funding more competitive. The allocation of the research postgraduate places will be subject to competitive elements in the 2012/13 to 2014/15 triennium and some funding within the Research portion of the Block Grant will be allocated on a more competitive basis in a gradual manner starting from the 2012/13 academic year. Meanwhile, the UGC is consulting the sector regarding the coming Research Assessment Exercise to be conducted in 2014.

Research Endowment Fund

- In January 2009, the FC approved a one-off grant of \$18 billion for the setting up of a Research Endowment Fund. From the 2010/11 academic year onwards, the Research Endowment Fund has replaced the bulk of the annual funding for earmarked research grants from the research subvention, thus providing greater funding stability and certainty. Investment income generated from up to \$4 billion of the Research Endowment Fund is used to support theme-based research.
- The FC approved on 13 January 2012 an additional injection of \$5 billion into the Research Endowment Fund. Investment income generated from \$2 billion of the injection will be used to replace the existing \$100 million annual recurrent subvention to the RGC for earmarked research grants to the UGC-funded institutions from the 2013/14 academic year onwards. Investment income generated from the other \$3 billion of the injection will provide new competitive research funds for the local self-financing degree sector.

Work of the RGC

- The RGC funded some 839 and 907 grant applications in the 2010/11 and 2011/12 academic years respectively with earmarked research grants, which are funded by annual recurrent subvention to RGC and investment income from the Research Endowment Fund. In addition, to support theme-based research, three themes and 11 broad topics were announced in 2010 and six projects were funded with a total cost of about \$248 million. Another round of selection was launched and the results will be announced in July 2012.
- To promote public policy research, the Government has agreed to extend the Public Policy Research Funding Scheme for three years up to 2014–15. 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. To attract students of high calibre to pursue their Doctor of Philosophy studies in Hong Kong, RGC established the Hong Kong PhD Fellowship Scheme in 2009. In the 2011/12 academic year, the Scheme awarded 116 fellowships. For 2012/13, the third call for the Scheme closed on 1 December 2011. The results will be announced in March 2012.

Knowledge Transfer

- The UGC recognises the importance of knowledge transfer in bringing about socio-economic benefits and impact to the community and businesses. From the 2009/10 academic year onwards, a stream of recurrent funding of around \$50 million per year has been allocated to its funded institutions to further strengthen and broaden their endeavours, commensurate with their roles and missions. Institutions' annual reports on the use and outcomes of the funding have been uploaded to the UGC website for public consumption.

Matching Grant Scheme

- The Fifth Matching Grant Scheme was successfully completed in March 2011, with the total commitment of \$1,000 million fully allocated and the participating institutions, including the eight UGC-funded institutions and four other local degree-awarding institutions, have secured \$2,292.3 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. Internationalisation will continue to be a priority for the UGC, not only in terms of having more non-local students studying in Hong Kong and more local students being able to go on exchange programmes, but also by ensuring the whole institutional environment is appropriate. 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. To encourage institutions to provide more exchange opportunities for local students, the UGC provided another round of one-off grant of \$50 million to institutions in the 2011/12 academic year on a matching basis to facilitate their internationalisation efforts since the first round in the 2005/06 academic year. As a key factor in promoting internationalisation is the provision of hostel places - for both local and non-local students, the UGC is working with the Government and the institutions to have these in place as quickly as possible.

Head 190 — UNIVERSITY GRANTS COMMITTEE

Openness and Transparency of UGC Activities

- The UGC, RGC and QAC continue to endeavour to make their work more transparent and open, and explain their work to and listen to views expressed by the public. The Chairman of the UGC paid visits to all eight institutions to meet with their senior management to enhance communication and listen directly to their views concerning the work of the UGC. Reports published are made public - such as the UGC and RGC Annual Reports and the reports of the QAC quality audits. The RGC has also made its work more transparent by, for example, having four public lectures under five subject areas on “Plant Science”, “Nanotechnology”, “Chemical Biology”, “Information Technology” and “Economic Development of Hong Kong” in 2011.

Indicators

Recurrent subventions

	2010/11 (Actual)	Academic Year 2011/12 (Revised Estimate)	2012/13 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	11,075.7	11,648.5	13,728.7
Language Enhancement Grants# amount of grants (\$m).....	112.4	112.4	118.8
Teaching Development Grants# amount of grants (\$m).....	37.6	37.6	38.6
research grants			
general research fund applications dealt with	2 463	2 592	2 399
other research grant applications dealt with.....	520	594	975
amount of research grants earmarked for the RGC (\$m).....	100.0 [^]	100.0 [^]	100.0[^]
on-going funded earmarked research grant projects monitored (including new projects funded in the year)	4 517	4 748	4 795
grants for Areas of Excellence research projects			
on-going funded Areas of Excellence projects monitored	13	13	10
amount of grants (\$m).....	89.8	79.7	72.3

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 comes from the Research Endowment Fund. The UGC will continue to earmark/allocate, out of the recurrent subvention from the Government, \$100 million in the 2012/13 academic year to the RGC for research grant funding. From the 2013/14 academic year onwards, the \$100 million will be replaced by the investment income generated from the additional injection of \$2 billion into the Research Endowment Fund.

Capital subventions

	2010–11 (Actual)	Financial Year 2011–12 (Revised Estimate)	2012–13 (Estimate)
capital grants			
capital works project applications processed.....	5	2	2
capital works projects approved by FC.....	—	1	1
amount of capital commitments approved by FC (\$m)...	—	360.2	204.3
capital projects monitored.....	26	25	25
cost of on-going capital projects monitored (\$m).....	12,049.0	12,163.0	12,212.1
capital subventions in terms of cash flow requirement for the year (\$m)	1,786.5	3,634.8	2,765.6

Head 190 — UNIVERSITY GRANTS COMMITTEE

Administration costs of UGC Secretariat

		<i>Financial Year</i> 2011–12 (Revised Estimate)	2012–13 (Estimate)
	2010–11 (Actual)		
cost of administration as percentage of recurrent and capital grants administered (%)	0.5	0.5	0.6

Student numbers of UGC-funded programmes

		<i>Academic Year</i> 2011/12 (Revised Estimate)	2012/13 (Estimate)¶
	2010/11 (Actual)		
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate‡	56 442	57 514	67 432§
taught postgraduate	2 378	2 380	2 281
research postgraduate.....	6 355	6 497	5 595
sub-degree.....	5 437	5 843	5 345
totalΨ	70 611	72 234	80 653§
First-Year-First-Degree (FYFD) places (FTE)	15 960	16 354	30 000§
senior year undergraduate intakes (FTE)	2 039	2 049	2 487

¶ The figures in this column refer to approved student number targets and 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 approved student number targets.

‡ Include senior year undergraduate places.

§ To tie in with the implementation of the NAS, UGC-funded institutions will admit two cohorts of students in the 2012/13 academic year. Candidates of Hong Kong Advanced Level Examination will be admitted into three-year programmes, and candidates of the newly introduced Hong Kong Diploma of Secondary Education Examination will be admitted into four-year programmes. There will be 15 000 FYFD places in the three-year programmes and another 15 000 FYFD places in the four-year programmes in the 2012/13 academic year.

Ψ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2012–13

6 During 2012–13, the UGC will:

- work closely with the Education Bureau and the UGC-funded institutions in taking forward the recommendations in the Higher Education Review Report published in December 2010;
- work closely with the UGC-funded institutions and relevant parties to ensure the final stage of preparation for the implementation of the NAS in the higher education will be conducted smoothly;
- work closely with institutions and relevant government departments to implement the capital works projects necessary for the NAS and for the provision of more student hostels;
- undertake, via the QAC, a review of the current quality audit process and the Audit Manual with a view to mapping out the way forward for the second round of quality audits;
- continue to take measures to encourage the UGC-funded institutions to enhance teaching quality through, among others, the adoption of outcome-based approaches in student learning;
- continue to introduce more competitive elements into the allocation of research funding while launching new schemes to better support new junior faculty and academics under Humanities and Social Sciences Panel, and plan the implementation of the Research Assessment Exercise in 2014 in consultation with the UGC-funded institutions;
- continue to engage and stimulate institutions to move forward and share good practices on knowledge transfer; and
- work with the UGC-funded institutions to help ensure their continuing good financial governance and sound financial planning.

Head 190 — UNIVERSITY GRANTS COMMITTEE

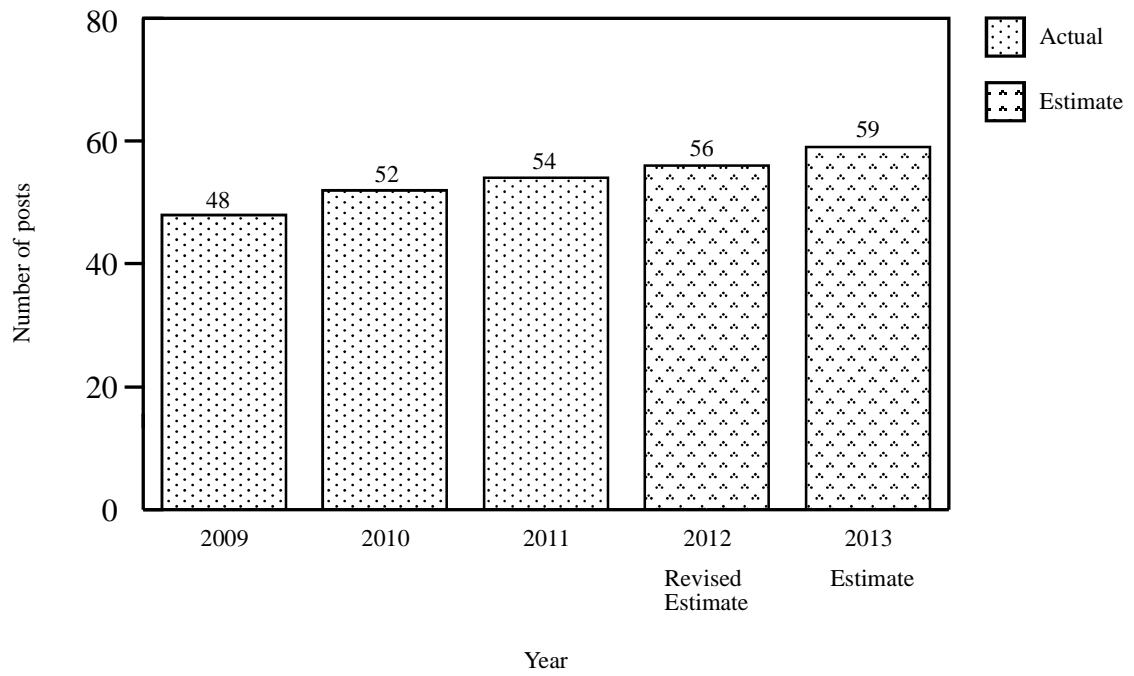
ANALYSIS OF FINANCIAL PROVISION

Programme	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
University Grants Committee.....	12,083.9	11,027.7	11,708.1 (+6.2%)	13,304.1 (+13.6%)
				(or +20.6% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Provision for 2012–13 is \$1,596.0 million (13.6%) higher than the revised estimate for 2011–12. This is mainly due to higher recurrent grants to UGC-funded institutions as a result of price adjustment, new funding for the additional year of the new four-year curriculum and funding for the additional First-Year-First-Degree and senior year undergraduate places, partly offset by an estimated drop of Home Financing Scheme (HFS) expenditure following the gradual expiry of the ten-year entitlement period of HFS recipients. In addition, there will also be an increase of three posts in the UGC Secretariat in 2012–13.

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



Head 190 — UNIVERSITY GRANTS COMMITTEE

Sub-head (Code)	Actual expenditure 2010-11	Approved estimate 2011-12	Revised estimate 2011-12	Estimate 2012-13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	11,083,898	11,027,723	11,708,125	13,304,129
	Total, Recurrent	<u>11,083,898</u>	<u>11,027,723</u>	<u>11,708,125</u>	<u>13,304,129</u>
Non-Recurrent					
	General non-recurrent	1,000,000	—	—	—
	Total, Non-Recurrent	<u>1,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Operating Account	<u>12,083,898</u>	<u>11,027,723</u>	<u>11,708,125</u>	<u>13,304,129</u>
<hr/>					
	Total Expenditure	<u><u>12,083,898</u></u>	<u><u>11,027,723</u></u>	<u><u>11,708,125</u></u>	<u><u>13,304,129</u></u>

Head 190 — UNIVERSITY GRANTS COMMITTEE

Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$13,304,129,000. This represents an increase of \$1,596,004,000 over the revised estimate for 2011–12 and of \$1,220,231,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$13,304,129,000 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 provision in 2012–13 represents an increase of \$1,596,004,000 (13.6%) over the revised estimate for 2011–12. This is mainly due to higher recurrent grants to UGC-funded institutions as a result of price adjustment, new funding for the additional year of the new four-year curriculum, and funding for the additional First-Year-First-Degree and senior year undergraduate places, partly offset by an estimated drop of Home Financing Scheme (HFS) expenditure following the gradual expiry of the ten-year entitlement period of HFS recipients.

3 The establishment as at 31 March 2012 will be 56 permanent posts. It is expected that three permanent posts will be created in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$25,650,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	25,860	27,945	29,500	32,834
- Allowances	1,326	1,270	693	478
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	53	51	41	41
- Civil Service Provident Fund contribution	236	554	587	845
Departmental Expenses				
- General departmental expenses	21,614	25,942	26,410	33,180
Other Charges				
- Honoraria for overseas members	6,068	7,130	7,030	9,530
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	13,085	14,530	14,432	21,020
Subventions				
- Grants to UGC-funded institutions	10,547,586	10,595,600	11,265,000	12,897,800
- Refund of rates and government rent - UGC-funded institutions	156,605	170,200	180,000	206,000
- Home Financing Scheme	257,434	130,400	130,400	48,300
- Housing-related expenses other than Home Financing Scheme.....	54,031	54,100	54,031	54,100
	11,083,898	11,027,723	11,708,125	13,304,129