

A Note from the University Grants Committee Secretariat:
Progress of the Second Matching Grant Scheme

Purpose

In response to Members' request at the Finance Committee meeting on 8 July 2005, this note reports, for Members' information, the progress of the Second Matching Grant Scheme as at 30 November 2005.

Progress

2. The Second Matching Grant Scheme of \$1 billion was opened for application by the eight University Grants Committee (UGC)-funded institutions from 1 August 2005 to 28 February 2006. The progress as at 30 November 2005 has been most encouraging. The institutions have altogether secured about \$1.6 billion of private donations for matching, whilst the total amount of matching grants allocated to them is \$903 million, as summarised in the Annex.

3. Members will note that the University of Hong Kong and the Chinese University of Hong Kong have both attained the maximum amount of \$250 million – the “ceiling”. The \$97 million not yet utilised in fact equates to the amounts reserved for institutions (namely the Lingnan University (LU), the City University of Hong Kong (CityU) and the Hong Kong Institute of Education (HKIEd)), which have yet to reach their “floor” amounts of \$45 million each.

4. For institutions which have reached the “floor” but not the “ceiling” (namely the Hong Kong University of Science and Technology, the Hong Kong Polytechnic University and the Hong Kong Baptist University), some of their applications for matching are put on a waiting list. Should the reserved “floor” amount mentioned in paragraph 3 above not be fully claimed by LU, CityU and HKIEd by end January 2006, the unmatched balance will be released for matching with the donations on the waiting list on a first-come-first-served basis.

5. The UGC Secretariat envisages that the \$1 billion matching grants will very likely be allocated in full upon the close of the Scheme in end February 2006; and hence it is unlikely that an extension of the timeline of the Second Matching Grant Scheme is required.

Background

6. To diversify the funding sources for higher education in Hong Kong, the Administration introduced a \$1 billion First Matching Grant Scheme in June 2003 for UGC-funded institutions which succeeded in securing private donations for activities within the ambit of UGC recurrent grants. The grants were disbursed on a dollar-for-dollar matching basis in respect of the private donations institutions received. The Scheme was completed successfully and the eight institutions together secured a total of \$1.3 billion of private donations, which were matched by Government’s \$1 billion grants. The Scheme had helped the institutions secure additional resources totaling \$2.3 billion.

7. In view of the very encouraging response of the First Matching Grant Scheme, we sought the approval of the Finance Committee the allocation of a further \$1 billion in July 2005 for introducing a Second Matching Grant Scheme. The same basic principles have been adopted for the new round with relaxations to allow the matching grants to be used to offer scholarships for meritorious non-local students and to match donations which are for the construction of buildings on campus, in order to facilitate internationalisation and campus development of the institutions in support of the “3+3+4” academic structure.

8. At the Finance Committee meeting in July 2005, the Administration committed to reporting to the Panel on Education of the Legislative Council the progress of the Second Matching Grant Scheme in January 2006.

University Grants Committee Secretariat

January 2006

Annex

Matching Grants Allocated under the Second Scheme

	<i>Note</i>	<u>Allocations</u> <u>(Aug to Nov)</u> \$m
The University of Hong Kong	<i>1</i>	250
The Chinese University of Hong Kong	<i>1</i>	250
The Hong Kong University of Science and Technology	<i>2</i>	242
The Hong Kong Polytechnic University	<i>2</i>	63
Hong Kong Baptist University	<i>2</i>	60
Lingnan University	<i>3</i>	19
City University of Hong Kong	<i>3</i>	16
The Hong Kong Institute of Education	<i>3</i>	3
Total		----- 903 =====

Note:

- 1. "Ceiling" amount of \$250m attained*
- 2. More donations on the waiting list may be matched in February 2006 on a first-come-first-served basis*
- 3. "Floor" amount of \$45m reserved until end January 2006*