

**For discussion on
8 December 2008**

Legislative Council Panel on Education

**Recurrent Funding for
University Grants Committee-Funded Institutions
In the 2009/10 to 2011/12 Triennium and
Establishment of Research Endowment Fund**

Purpose

This paper seeks to brief Members on the Administration's recommendations on recurrent funding for the University Grants Committee (UGC)-funded institutions in the 2009/10 to 2011/12 triennium and the proposal to establish an \$18 billion Research Endowment Fund ("the Fund").

**Recurrent Funding for UGC-funded Institutions
in the 2009/10 to 2011/12 Triennium**

2. The Administration and the UGC follow a triennial planning cycle for the UGC sector. The eight UGC-funded institutions need confirmation of the level of recurrent grants that they will receive for the 2009/10 to 2011/12 triennium, in order to finalise their budgets and academic programmes for that period.

3. The UGC has submitted to the Administration the funding recommendations for the 2009/10 to 2011/12 triennium recurrent grants for the eight institutions. The recommendations reflect the roles and missions of the institutions, the ways in which they could best contribute to the needs of Hong Kong, and the institutions' Academic Development Proposals.

Student number targets

4. The UGC's recommendations on the distribution of indicative student numbers targets (by institution and by study level) for the 2009/10 to 2011/12 triennium are set out at **Annex A**. In summary,

- (a) the number of publicly-funded First-Year-First-Degree (FYFD) places in full-time-equivalent (fte) terms will remain at 14 500 places;
- (b) in addition to the existing 4 765 fte publicly-funded research postgraduate (RPg) places, 800 new places will be provided in phases from the 2009/10 academic year onwards, as announced in the 2008 Budget;
- (c) the number of publicly-funded sub-degree and taught postgraduate places will generally be maintained at the 2008/09 level (with modest adjustments), as the conversion of the bulk of such programmes onto a self-financing basis has been completed; and
- (d) in the 2008/09 academic year, the UGC injected an additional 960 senior year undergraduate places to provide more articulation opportunities for holders of sub-degrees and relevant qualifications. In total, there are 2 894 publicly-funded senior year undergraduate places (i.e. 1 927 places in Year 2 and 967 places in Year 3) in 2008/09. This figure will be increased to 3 854 (i.e. 1 927 places in Year 2 and Year 3 respectively), 3 914 (i.e. 1 987 places in Year 2 and 1 927 places in Year 3) and 3 974 (i.e. 1 987 places in Year 2 and Year 3 respectively) in 2009/10, 2010/11 and 2011/12 respectively.

Cash Limit for the UGC-funded sector

5. The recommended Cash Limit for the entire UGC-funded sector for the 2009/10 to 2011/12 triennium is **\$33,992 million**, reflecting -

- (a) necessary price adjustments to the UGC-funded sector's current funding requirement in accordance with the established mechanism, including inflation over the 2008/09 roll-over year as well as the civil service pay increase in 2008;
- (b) necessary adjustments for changes in student number targets in the 2009/10 to 2011/12 triennium;
- (c) a lower level of institutions' other assumed income reflecting the lower interest rate environment as compared with the

2008/09 academic year;

- (d) the establishment of the Research Endowment Fund, the investment income of which will replace the existing \$506 million funding per year in the Cash Limit for earmarked research grants from 2010/11 onwards; and
- (e) new funding for providing 800 additional RPg places in phases (reaching \$300 million in 2011/12) and new annual funding of \$50 million to build up institutional capacity and to broaden institutions' endeavour in knowledge transfer.

B
C 6. Subject to the total recurrent grant of \$33,992 million being accepted by the Finance Committee, the UGC will allocate the resources among the eight institutions in accordance with its methodology for determining the levels of recurrent grants to the individual institutions. The methodology, as detailed at **Annex B**, assesses the resources required to meet the teaching and research requirements of each institution. Based on this methodology, the UGC's plan for allocation of resources among the eight UGC-funded institutions in the 2009/10 to 2011/12 triennium, as compared with the approved allocation for the 2008/09 academic year, is at **Annex C**.

Tuition Fees for the 2009/10 to 2011/12 Triennium

7. Having regard to the social, economic and political situation in Hong Kong during the period, the Administration has frozen the indicative tuition fees for UGC-funded programmes for 11 academic years from 1998/99 to 2008/09 at the 1997/98 level –

Degree and above programmes	\$42,100
Sub-degree programmes (except those offered by the Hong Kong Institute of Education (HKIED))	\$31,575
Sub-degree programmes offered by the HKIED ¹	\$15,040

¹ Sub-degree programmes of HKIED are subject to a different scale of tuition fees. The bulk of HKIED's sub-degree programme tuition fees come from the Certificate in Education courses which are currently charged at \$15,040.

8. In the public consultation document *New Academic Structure for Senior Secondary Education and Higher Education- Action Plan for Investing in the Future of Hong Kong* published in May 2005, in light of the heavy financial investment needed to implement the new academic structure in 2012/13, a shared funding model was proposed through which parents and students should share by paying higher tuition fees for tertiary education, and the community will share through the general revenue of the Government.

9. We will consult stakeholders and the community as appropriate on the proposed tuition fee level for the new four-year undergraduate programme and the corresponding changes to the student financial assistance schemes, before we come to a final view on the tuition fee level under the new academic structure in the last quarter of 2011 at the latest. In view of the upcoming consultation, we will maintain the indicative tuition fees at the current levels for the 2009/10 to 2011/12 triennium.

Establishment of the Research Endowment Fund

Research Funding

10. The provision of research funds by the UGC comprises two main elements: (i) block grants deployed by institutions for research, and (ii) earmarked grants through the Research Grants Council (RGC) on a competitive basis (with recurrent funding of \$506 million). Together, these two sources of funding make up about 82% of the total research expenditure of UGC-funded institutions. Starting from the 2006/07 academic year, the UGC has redeployed its own resources to provide an additional allocation of \$100 million to the RGC annually as an interim measure to phase in a larger scale movement of research funding from the block grant to the RGC with a view to differentiating and rewarding research excellence at the top-end.

11. With the above support, our researchers have made remarkable achievements in recent years in various fields of research. Nevertheless, the existing mode of providing research funding on a triennial basis has the following shortcomings –

- (a) The level of funding provided is subject to the amount of public resources available in a given triennium and competing priorities in other policy areas. This has added an element of uncertainty which may not be congruent with the

need for a steady and preferably upward trend for research funding.

- (b) Institutions currently bid for the earmarked research grants on a project basis. The supplement of this conventional mode with a theme-based approach will be conducive to the building up of research capacity on a more focused and longer-term basis. The institutions will be able to conduct more macro-level and large-scale multi-disciplinary research on major themes that are important to the future development of Hong Kong as a whole.

The Proposal

12. Against this background, and following the announcement by the Financial Secretary in the 2008 Budget Speech, it is recommended that an \$18 billion Research Endowment Fund be established, the investment income of which will –

- (a) replace, from 2010/11 onwards, the existing \$506 million earmarked research grants distributed annually by the RGC to the UGC-funded institutions, thus providing greater funding stability and certainty; and
- (b) support theme-based research with investment income of up to \$4 billion of the Fund, 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.

13. In summary, the establishment of the Fund will –

- (a) enhance Hong Kong's research capacity and competitiveness;
- (b) demonstrate the Government's determination and support for research;
- (c) attract researchers, educators and other talents to study and live in Hong Kong; and
- (d) attract more high value-added enterprises to invest or transact business in Hong Kong.

14. The investment income from the Fund, after deduction of reasonable disbursements such as investment manager fees and other expenses incidental to the administration of the Fund, will sustain the grant of earmarked research grants and support theme-based research on an ongoing basis. To allow sufficient run-in time for the Fund after its establishment tentatively scheduled for the first quarter of 2009 (subject to Finance Committee's approval), we will use part of the investment income to top up the allocation to RGC in 2009/10. The investment income will replace the existing \$506 million funding in the Cash Limit for earmarked research grants from the 2010/11 academic year onwards. For each academic year, we plan to set aside at least \$506 million from the investment income of the Fund for earmarked research grants and up to another \$200 million for theme-based research (assuming a 5% return for up to \$4 billion of the Fund). Although the actual amount to be set aside each year may vary, having regard to the actual investment income of the Fund, we expect to maintain a steady flow of research funding for our institutions. We expect that the investment income of the Fund should in general be able to fully cover the cashflow requirements for funding research as well as the disbursements incidental to its administration on an ongoing basis. However, in view of market volatilities, there may be years in which the investment income generated may not be able to fully meet the research needs. In such a scenario, we will make use of a small part of the principal of the Fund as appropriate to ensure a stable research allocation so that academics can be assured that a reasonable funding level can be maintained.

15. It should be noted that the establishment of the Fund represents a change in funding mode for the RGC only. The RGC will continue to determine the allocation of earmarked research grants on its own and in accordance with the established method.

Theme-based research

16. In order to ensure that the themes selected have the support of the community and can meet the changing needs of the community, we propose that a steering committee, chaired by a non-official and composed of representatives from the higher education sector, the Government and other sectors in the community, should be set up to advise the Government on the selection of appropriate themes, in accordance with major principles as set out below –

- (a) Themes selected should be broad in nature and represent areas which are considered important for the long term

interest of Hong Kong. While areas in which our institutions currently enjoy research strengths will be a starting point, new areas which offer potential important breakthroughs will also be considered.

- (b) The steering committee will undertake consultations with stakeholders on the selection of themes as appropriate.
- (c) Once selected, a theme will normally be valid for three to five years.
- (d) The number of themes selected should be limited to no more than five or six for each exercise and such exercise will be conducted once in about every three years.
- (e) Themes selected will be forwarded to the UGC for dissemination to the UGC-funded institutions.

17. The UGC-funded institutions will be invited to submit research proposals on the selected themes to the UGC. Proposals may also be submitted by UGC-funded institutions in collaboration with other organizations. The UGC will evaluate the proposals in terms of their relevance to the themes and with reference to existing RGC evaluation criteria including academic quality, institutional commitment, contribution to academic/professional development, potential for social, cultural or economic application and availability of and potential for non-UGC/RGC funding. The UGC will work with the Innovation and Technology Commission to avoid or minimise overlap with the latter in providing research funding to the institutions. The existing peer review mechanism in the RGC will apply. In the event that the funding allocated to these theme-based research proposals cannot use up the investment income generated from up to \$4 billion of the Fund, the UGC may redeploy all or part of such “unused” investment income to fund other UGC/RGC research proposals that have been submitted by UGC-funded institutions outside the theme-based context, or retain the amount in the Fund to generate additional income for subsequent years.

Management and Control of the Fund

18. The Fund will be set up as a charitable trust and the Permanent Secretary for Education Incorporated (PSEI) will act as the trustee of the Fund. Pursuant to the Permanent Secretary for Education Incorporation Ordinance (Cap. 1098) (“the Ordinance”), the Fund will be established by

and managed in accordance with a trust deed which will stipulate the framework and salient features concerning its management and administration. The UGC will advise the trustee on the policies and procedures governing the operation and development of the Fund, the policies governing the investment of the Fund and the provision of grants for distribution to the institutions for the purpose of conducting, promoting and assisting research. In formulating the advice, the UGC will continue to follow its own rules, guidelines and procedures with no interference from the trustee or the Administration.

19. The UGC will be responsible for managing the investment and accounting matters of the Fund. The UGC will formulate policies for and monitor the investment of the Fund, and advise on the appointment of fund managers, as appropriate, to manage the investment. An annual report on the operation of the Fund will be submitted to PSEI. The audited accounts of the Fund will be tabled before the LegCo as required by the Ordinance.

Financial and Staffing Implications

20. The recommended Cash Limit for the 2009/10 to 2011/12 triennium is \$33,992 million. The estimated cash flow, by financial year, is as follows -

<u>Financial Year</u>	<u>\$ million</u>
2009 – 10	8,643.3
2010 – 11	11,255.0
2011 – 12	11,268.1
2012 – 13	2,825.6

21. The changes to student number targets may give rise to additional funding requirement in other areas outside of the recurrent funding recommendation of \$33,992 million, such as student financial assistance in the form of grants and loans, as well as capital subventions for expanded academic facilities and/or student hostels.

22. The establishment of the Fund will require a one-off funding of \$18 billion, which has been earmarked in the 2008-09 Estimates. Its investment income will supplement the earmarked research grants in 2009/10, replace recurrent funding of \$506 million per annum to the RGC starting from 2010/11 and provide additional funds to finance appropriate research projects on specific themes.

23. The Education Bureau will deploy existing manpower to provide secretariat support for the steering committee of the theme-based research. The UGC will be provided with three posts in the executive/clerical officer grades to handle the additional workload arising from the establishment of the Fund and expected increase in research proposals from the UGC-funded institutions. The annual staff cost involved is about \$2.8 million.

Background

24. At the meeting of the Executive Council on 25 November 2008, the Council ADVISED and the Acting Chief Executive ORDERED that –

- (a) an \$18 billion Research Endowment Fund be established, as proposed in the 2008 Budget Speech, to change the existing funding mode for the RGC and replace, from 2010/11 onwards, the existing \$506 million earmarked research grants distributed annually by the RGC to the UGC-funded institutions;
- (b) investment income from up to \$4 billion of the Fund should be devoted to supporting research projects on specific themes to be recommended by a steering committee and subsequently endorsed by the Government. Individual research proposals to be supported pursuant to the selected themes should be evaluated by the UGC through a peer review mechanism; and
- (c) the Fund should be set up as a trust under the Permanent Secretary for Education Incorporated, and be managed and controlled in accordance with the recommended framework.

Advice Sought and Way Forward

25. Members are invited to comment on the paper. Subject to Members' views, we plan to seek funding approval from the Finance Committee in January 2009.

Education Bureau
December 2008
EDB(HE)CR5/2041/07

**Final distribution of indicative Student Number Targets
in Full-time-equivalent (FTE) for the 2009-12 Triennium**

Institutions	Taught Postgraduate			
	2009/10	2010/11	2011/12	Total
CityU	53	53	53	159
HKBU	300	280	280	860
LU	0	0	0	0
CUHK	633	670	670	1 973
HKIEd	450	430	430	1 310
PolyU	15	15	15	45
HKUST	0	0	0	0
HKU	750	795	795	2 340
Total	2 201	2 243	2 243	6 687

Institutions	Research Postgraduate (Note 1)			
	2009/10	2010/11	2011/12	Total
CityU	421	421	421	1 263
HKBU	160	160	160	480
LU	42	42	42	126
CUHK	1 378	1 378	1 378	4 134
HKIEd	0	0	0	0
PolyU	431	431	431	1 293
HKUST	961	961	961	2 883
HKU	1 372	1 372	1 372	4 116
Total	4 765	4 765	4 765	14 295

Institutions	Degree (total numbers including senior year places)			
	2009/10	2010/11	2011/12	Total
CityU	8 075	7 977	7 931	23 983
HKBU	4 360	4 319	4 286	12 965
LU	2 271	2 168	2 087	6 526
CUHK	9 674	9 845	9 984	29 503
HKIEd	2 936	2 967	2 964	8 867
PolyU	8 655	8 541	8 553	25 749
HKUST	5 621	5 659	5 680	16 960
HKU	9 244	9 351	9 435	28 030
Total	50 836	50 828	50 919	152 583

Institutions	Senior Year Undergraduate Places (numbers incorporated in "Degree" table above)			
	2009/10	2010/11	2011/12	Total
CityU	1 368	1 368	1 368	4 104
HKBU	356	356	356	1 068
LU	248	248	248	744
CUHK	190	250	310	750
HKIEd	0	0	0	0
PolyU	1 388	1 388	1 388	4 164
HKUST	114	114	114	342
HKU	190	190	190	570
Total	3 854	3 914	3 974	11 742

Institutions	First-Year-First-degree Places (numbers incorporated in "Degree" table above)			
	2009/10	2010/11	2011/12	Total
CityU	2 162	2 162	2 162	6 486
HKBU	1 261	1 261	1 261	3 783
LU	659	600	580	1 839
CUHK	2 997	3 014	3 025	9 036
HKIEd	468	488	490	1 446
PolyU	2 297	2 304	2 306	6 907
HKUST	1 847	1 855	1 857	5 559
HKU	2 809	2 816	2 819	8 444
Total	14 500	14 500	14 500	43 500

Institutions	Sub-Degree			
	2009/10	2010/11	2011/12	Total
CityU	1 031	1 019	1 007	3 057
HKBU	0	0	0	0
LU	0	0	0	0
CUHK	0	0	0	0
HKIEd	1 323	1 323	1 230	3 876
PolyU	3 238	3 342	3 354	9 933
HKUST	0	0	0	0
HKU	0	0	0	0
Total	5 592	5 683	5 591	16 866

Institutions	Total Enrolment (Note 1)			
	2009/10	2010/11	2011/12	Total
CityU	9 580	9 470	9 412	28 462
HKBU	4 820	4 759	4 726	14 305
LU	2 313	2 210	2 129	6 652
CUHK	11 685	11 893	12 032	35 610
HKIEd	4 709	4 720	4 624	14 053
PolyU	12 339	12 329	12 353	37 020
HKUST	6 582	6 620	6 641	19 843
HKU	11 366	11 518	11 602	34 486
Total	63 393	63 519	63 518	190 431

Notes:

- 1 Additional 800 research postgraduate places not yet included, as they will be created in phases, at 270 fte, 540 fte, and 800 fte for 2009/10, 2010/11 and 2011/12 respectively for allocation to institutions at a later stage.
- 2 Figures may not add up to the corresponding totals owing to rounding.

Abbreviations:

CityU	City University of Hong Kong
HKBU	Hong Kong Baptist University
LU	Lingnan University
CUHK	The Chinese University of Hong Kong
HKIEd	The Hong Kong Institute of Education
PolyU	The Hong Kong Polytechnic University
HKUST	The Hong Kong University of Science and Technology
HKU	The University of Hong Kong

**Methodology for Determining the Levels of Recurrent Grants
for the University Grants Committee (UGC)-funded Institutions**

The UGC funding methodology was developed in 1994 and has been used since then for the assessment of the triennial recurrent grants. It has been reviewed and improved to ensure that it is appropriate to current circumstances.

2. Recurrent grants to each UGC-funded institution basically comprise a block grant and funds provided for specific purposes. The purpose of the UGC recurrent grants is to fund institutions to support pursuit of their different roles and missions in teaching and research.

BLOCK GRANT

3. In the 2009/10 to 2011/12 triennium, the amount of block grants to the sector as a whole comprises three elements:

- (a) Teaching – about 75%
- (b) Research – about 23%
- (c) Professional Activity – about 2%

Teaching Element

4. The Teaching element is based on the student numbers, their study levels (i.e. sub-degree, undergraduate, taught postgraduate and research postgraduate), mode of study (i.e. part-time and full-time) and disciplines of study. Some subjects are more expensive than others because they require special equipment, laboratory or more staff time, etc. Relative cost weightings by broad academic programme categories have been grouped into three price groups since the 2005/06 to 2007/08 triennium, as shown in the table below -

Academic Programme Categories (APC)	Price Group of APCs	Relative Cost Weightings	
		Teaching Programme	Research Programme
1 Medicine 2 Dentistry	A Medicine & Dentistry	3.6	1.8
3 Studies Allied to Medicine and Health 4 Biological Sciences 5 Physical Sciences 6 Engineering and Technology 7 Arts, Design & Performing Arts	B Engineering & Laboratory Based Studies	1.4	1.4
8 Mathematical Sciences 9 Computer Science and Information Technology 10 Architecture and Town Planning 11 Business and Management Studies 12 Social Sciences 13 Law 14 Mass Communication & Documentation 15 Languages & Related Studies 16 Humanities 17 Education	C Others	1	1

Research Element

5. The Research element is primarily related to the number of active researchers and the cost of research in respective fields. The number of active researchers was identified in the Research Assessment Exercise last conducted in 2006, which assessed the research performance of different institutions and different disciplines within an institution. In arriving at the recommended amount, the UGC Secretariat has used a formula together with the expert advice from UGC Members, to ensure that all institutions, which have improved their research performance, have the ability to continue on that path.

Professional Activity Element

6. This element of funding is associated with professional (non-research) activities which should be undertaken by all members of academic staff. It is calculated based on the total number of academic staff.

Performance and Role Related Element

7. In the 2005-08 triennium, the performance and role-related funding (PRF) element took cognizance of institutions' performance, and their performance against role, based on the results of a PRF Scheme conducted by a UGC Assessment Panel in 2004. The UGC decided not to implement a formal PRF element for the 2009/10 to 2011/12 triennium, although it did consider the institutions' Academic Development Proposals in that context.

Allocation of Block Grant within Institutions

8. The above-mentioned methodology only serves as a basis for determining the block grant allocation to the UGC-funded institutions. Once allocations are approved, institutions have a high degree of freedom and responsibility for determining the best use of the resources vested in them.

FUNDS FOR SPECIFIC PURPOSES

9. For the 2009/10 to 2011/12 triennium, the UGC recommended to disburse the following grants for achieving various purposes that are considered to be important to the development of the local higher education sector: -

(i) Earmarked Research Grant (ERG)

The ERG is allocated from the UGC to the Research Grants Council (RGC) for supporting various academic research activities (mostly research projects on a competitive basis) of UGC-funded institutions. From 2010/11 onwards, funding for the ERG will mainly be provided by the investment income of the Research Endowment Fund to be established in early 2009 (subject to Finance Committee's approval).

(ii) Teaching Development Grant (TDG)

The TDGs have been allocated to institutions since 1994/95. The main purposes of the Grant are to encourage institutions to adopt innovative approaches to teaching, improve the quality of the learning environment and underline the UGC's recognition and strong support for teaching and learning which are central to the roles and missions of all institutions.

(iii) Language Enhancement Grant (LEG)

The purpose of the LEGs is to support institutions to organise programmes to enhance the proficiency of students in both English and Chinese languages. Such programmes come in different forms: some are offered to all students compulsorily to form a basis for more advanced learning, others are designed for specific disciplines to meet the needs of different professions. There are also courses to equip students with specific skills in writing or speaking to prepare them for their future careers, as well as workshops and summer courses to provide students with a more flexible and innovative environments to brush up their language abilities.

(iv) Grants for Additional Research Postgraduate (RPg) Places and Knowledge Transfer

The UGC has obtained new funding for creating 800 additional RPg places in phases, at 270 fte, 540 fte and 800 fte for 2009/10, 2010/11 and 2011/12 respectively, to be allocated to institutions at a later stage. In addition, new funding has also been earmarked to build up institutional capacity and to broaden institutions' endeavour in knowledge transfer.

(v) Central Allocation Vote

The Central Allocation Vote is to meet expenditure incurred for sector-wide and cross-institutional activities, to meet costs of institutional advancement projects, to support new teaching and learning quality initiatives, to fund collaborative projects and Areas of Excellence (AoE) Scheme projects¹, and to meet unforeseen funding requirements during a triennium / roll-over year.

(vi) Others

There is a number of other small extra formulaic adjustments relating to specific activities of institutions that the UGC has endorsed.

¹ AoE projects are funded by the AoE Scheme. The Scheme provides support to research projects which are recognised internationally as of equal status to their peers in the same subject areas, and justify the additional investment in staff time and resources, as well as facilities and activities, which would place them among world leaders.

**Allocation of Recurrent Funding for
UGC-funded Institutions in the 2009-12 Triennium**

	Academic year (July to June)			
	2008/09	2009/10	2010/11	2011/12
	(in \$million)			
(a) City University of Hong Kong	1,213.3	1,363.9	1,347.9	1,336.0
(b) Hong Kong Baptist University	604.1	647.4	640.0	634.2
(c) Lingnan University	260.6	287.3	281.2	278.3
(d) The Chinese University of Hong Kong	2,208.6	2,360.3	2,409.2	2,443.2
(e) The Hong Kong Institute of Education	479.8	520.0	520.2	508.7
(f) The Hong Kong Polytechnic University	1,648.9	1,837.1	1,823.0	1,826.9
(g) The Hong Kong University of Science and Technology	1,256.6	1,337.2	1,339.1	1,335.9
(h) The University of Hong Kong	2,123.5	2,313.6	2,352.1	2,389.1
Sub-total	9,795.5	10,667.1	10,712.7	10,752.4
Recurrent Grants to be allocated				
Earmarked Research Grants	656.0	606.0	100.0	100.0
Grants for Research Development Activities	45.3	0	0	0
Grants for 800 Research Postgraduate Places	0	101.3	202.5	300.0
Grants for Knowledge Transfer Activities	0	50.0	50.0	50.0
Central Allocation Vote	100.0	100.0	100.0	100.0
Total Recurrent Grants to the UGC-funded institutions	10,596.8	11,524.4	11,165.2	11,302.4

Note :

(1) The reasons for the changes in the recurrent grants to be allocated are as follows:

- (a) Funding for Earmarked Research Grants (ERG) at \$506m per annum will be replaced by the investment income of the Research Endowment Fund from 2010/11 onwards. Top-up funding will be deployed to ERG from the REF in 2009/10;
- (b) Areas of Excellence projects are funded under Grants for Research Development Activities in 2008/09 and will be funded from the Central Allocation Vote from 2009/10 onwards; and
- (c) The 800 research postgraduate places will be created in phases: 270, 540 and 800 fte for 2009/10, 2010/11 and 2011/12 respectively.

(2) Figures may not add up to the corresponding totals owing to rounding.