



中華人民共和國香港特別行政區政府總部教育局
Education Bureau
Government Secretariat, The Government of the Hong Kong Special Administrative Region
The People's Republic of China

本局檔號 Our Ref. : EDB(HE)CR 3/2041/04
來函檔號 Your Ref. :

電話 Telephone : 3509 8501
傳真 Fax Line : 2804 6499

14 May 2012

Clerk to Panel
Legislative Council Panel on Education
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Ms Amy Yu)

Dear Ms Yu,

**Panel on Education
Follow-up to meeting on 12 March 2012**

I refer to paragraph 1(a) of your letter of 16 March 2012. Information requested by Members is set out below.

Knowledge transfer refers to the process whereby the fruits of research are transformed into commercially viable innovative products. It is a direct way in which institutions promote the knowledge society and fulfil their function of stimulating innovation. In principle, the transfer of knowledge between institutions and society helps bring about socio-economic benefits to the community, and is increasingly seen as the third mission of the University Grants Committee (UGC)-funded institutions (after teaching and research).

As independent statutory bodies, UGC-funded institutions enjoy considerable institutional autonomy in and are responsible for their self-financing knowledge transfer activities, some of which may by nature comprise a market element, e.g. patenting and licensing; undertaking consultancy research studies; providing continuing education courses for professionals; and investing in start-up companies with spun-off technologies.

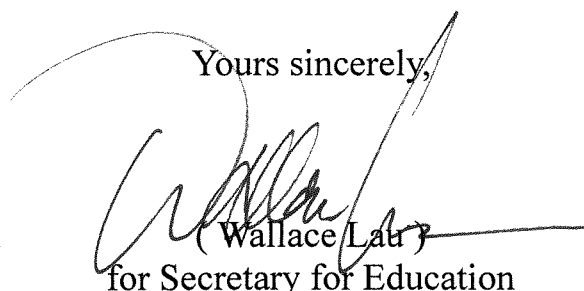
The UGC Notes on Procedures clearly provides for the policy of no cross-subsidisation of self-financing activities:

“Recurrent Grants are provided to the UGC-funded institutions to support their academic and related activities based on approved UGC-funded activities. As such, there should be no cross-subsidisation of UGC resources to non-UGC-funded activities (including, but not limited to, self-financing activities). To avoid hidden subsidy to non-UGC-funded activities, the institutions should, as a matter of principle, levy overhead charges on such activities, including projects funded by other Government departments/agencies and projects/programmes conducted by their self-financing subsidiaries or associates. **Furthermore, where institutions are competing with the private sector (such as the optometry clinic, Chinese medicine clinic and teaching hotel operated by institutions), any hidden subsidy should be removed to avoid unfair competition.** (emphasis added)”

According to the institutions, they abide by the above stated policy of no cross-subsidisation and no hidden subsidy. They ensure that all relevant costs arising from the use of UGC resources in self-financing activities including staffing, premises, and facilities are fully recovered. Heads of institutions annually provide a Certificate of Accountability to the UGC to confirm that public funds allocated via the UGC have been spent in accordance with the UGC regulations and guidelines.

I should be grateful if you could help circulate the information to Members.

Yours sincerely,



(Wallace Law)
for Secretary for Education

cc SG,UGC (Attn: Mrs Dorothy Ma)