

# **立法會**

## ***Legislative Council***

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### **Panel on Education**

**Meeting on 8 December 2014**

### **Background brief on allocation of research funding to the post-secondary education sector**

#### **Purpose**

This paper highlights salient issues related to the allocation of research funding to the post-secondary education sector and the major views and concerns expressed by members.

#### **Major sources of funding support**

2. For University Grants Committee ("UGC")-funded institutions, there are three main sources of research funding, namely the research portion of the Block Grant<sup>1</sup> (i.e. 25% of the Block Grant), the allocation of research postgraduate places to institutions, and the funding disbursed through the Research Grants Council ("RGC"). Funding from UGC/RGC which had been utilized for research purposes in the 2012-2013 academic year by UGC-funded institutions amounted to \$5.66 billion<sup>2</sup>.

3. In 2011, UGC decided to implement a package of measures to introduce greater competitiveness on allocation of research funding. Over a period of nine years starting from the 2012-2013 academic year, half of the research portion of the Block Grant (i.e. 12.5% of the Block Grant) was/would be progressively awarded on a competitive basis by reference to the success of individual institutions in peer reviewed RGC funding schemes. Meanwhile, competition

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<sup>1</sup> The bulk of the recurrent grants are disbursed to UGC-funded institutions normally on a triennial basis to tie in with the academic planning cycle, and in the form of a lump-sum Block Grant to provide institutions with maximum flexibility in internal deployment. The amount of Block Grant comprises three portions, namely teaching, research and professional activities.

<sup>2</sup> See the Controlling Officer's Reply (Serial No. EDB289) to Initial Written Question in the examination of Estimates of Expenditure 2014-15.

had also been introduced to the allocation of research postgraduate places to the institutions at a gradual pace so that in five years from the 2012-2013 academic year, 50% of the places would be allocated through multi-faceted competition and based on assessments of success in research, such as peer reviews.

4. In October 2011, the Chief Executive announced in his Policy Address a new injection of \$5 billion into the Research Endowment Fund ("REF"). Out of the \$5 billion injection, the investment income from \$3 billion was designated to support the academic and research development of the local self-financing degree-awarding sector on a competitive basis. The funding proposal was subsequently approved by the Finance Committee in January 2012.

5. In 2005, the Government launched the Public Policy Research Funding Scheme ("PPRFS") to promote public policy research in higher education institutions. To support longer-term public policy research, the Government assigned half of the total annual funding of \$20 million to run the Strategic Public Policy Research Funding Scheme ("SPPRFS") in 2008. Application under the two schemes was restricted to the eight UGC-funded institutions. Previously, the Central Policy Unit ("CPU") allocated \$20 million to RGC annually for administering PPRFS and formulated the research areas for academics' reference.

6. Starting from the 2013-2014 financial year, the administration of the two schemes has been taken over by CPU. Under the revised mode of operation, the two schemes will merge into a single scheme and will continue to be open to academics from UGC-funded institutions. In addition, other degree-awarding higher education institutions and non-profit-making public policy research think-tanks will also be eligible to apply. According to the information provided by the Administration, as at 15 February 2014, CPU had received a total of 66 applications under PPRFS. The Assessment Panel<sup>3</sup> had completed assessment on 44 applications and approved 20 of them with a total funding of \$8.77 million<sup>4</sup>.

### **Deliberation on relevant issues**

7. Members expressed views on issues related to research funding for UGC-funded institutions during the discussion on changes in allocation of research funding and the proposed injection of \$5 billion into REF at the

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<sup>3</sup> An Assessment Panel comprising experienced academics and experts is responsible for the assessment of applications under PPRFS.

<sup>4</sup> See the Controlling Officer's Reply (Serial Nos. CSO015 and CSO067) to Initial Written Question in the examination of Estimates of Expenditure 2014-15.

meetings of the Panel on Education ("the Panel") held in July and November 2011. The Panel had also met with the Administration and received views from deputations on issues related to PPRFS in February and March 2013. The major views and concerns raised by members are summarized in the following paragraphs.

#### Funding support for research activities

8. Members noted with concern that compared with other major Asian economies, the expenditure on research activities in Hong Kong accounted for only a very small portion of its Gross Domestic Product. They considered that the provision of sustained and adequate funding for quality research was crucial to the long-term competitiveness of Hong Kong in a knowledge-based global economy. Members urged for an increase in funding support for research activities.

9. According to the Administration, it had been increasing its financial commitment to research in recent years, as evidenced by the establishment of the \$18 billion REF in 2009. Unlike many other advanced economies such as Japan and Singapore where the private sector was the major driver in research expenditure, the research funding for local higher education institutions came mainly from the Government. As public resources were limited, it was only prudent to ensure the utilization of research funding in the most effective manner.

#### Operation of REF

10. While welcoming the establishment of REF, members expressed concern as to whether the return on the investment of REF would be stable and sufficient to support research activities, given that the investment market was highly volatile. As the use of the principal of REF was permissible, question was raised as to whether a ceiling would be specified on the amount to be used, as well as the criteria, if any, for additional injection to REF.

11. As explained by the Administration, REF would provide a stable source of funding to sustain the long-term development of research activities. As far as research funding for the UGC sector was concerned, the level of funding would be subject to the amount of public resources available in a given triennium and the competing priorities in other policy areas. The Administration considered it appropriate to use a small part of the principal of REF to ensure the availability of funding allocation during economic downturns. It would not set a ceiling on the use of the principal of REF.

### Competitive allocation of research funding

12. Regarding concerns about the de-stabilizing impact of the competitive allocation of research funding on the institutions, UGC advised that the progressive transfer of half of the research portion of the Block Grant (i.e. about 12.5% of the Block Grant) for competitive allocation over a period of nine years was not a radical move in terms of pace and magnitude. A transitional period spanning nine years would ensure a gradual pace of change. According to the Administration, the maximum variable funding that an institution's management needed to take account of in the first year of the 2012-2015 triennium was only 1.3% of its Block Grant, the second year 2.6% and the third year 3.9%. The loss of up to 3.9% of the Block Grant was highly unlikely as this would mean that the institution had zero success in obtaining funding from RGC. UGC informed members that it would review the competitive arrangements for allocation of research funding before the end of the 2012-2015 triennium.

13. Some members were gravely concerned that the competitive mechanism would result in UGC-funded institutions deploying the bulk of resources to research activities, at the expense of teaching. They were also concerned that institutions with a longer history and track record in research would enjoy an unfair advantage over newly-established institutions.

14. Some members considered that in competing for funding, research proposals on science- or business-related disciplines might receive more favourable consideration than those on humanities and social sciences ("HSS") disciplines. In response, UGC advised that RGC was provided with an additional annual funding of \$20 million to improve funding arrangements for HSS academics. Special funding support was also available under the Humanities and Social Sciences Prestigious Fellowship Scheme. UGC assured members that it did not favour any one form of research over another and its goal was to achieve research excellence via competition.

15. There was concern that young academic staff would be placed in an unfavourable position when competing for research funding as they might not possess robust research track record comparable to their senior counterparts. In this regard, UGC drew members' attention to the Early Career Scheme implemented by RGC with funding of up to \$100 million to ensure that more research funding would be provided to nurture junior/new academics.

### Concerns about PPRFS

16. The taking over of the administration of PPRFS (including the identification of research directions, areas and topics, invitation of applications,

assessment and monitoring) by CPU in the 2013-2014 financial year was of serious concern to some members and deputations. Some members queried that CPU lacked independence and expertise in the assessment of academic research proposals. Noting that under the administration of RGC, research projects funded under PPRFS could enjoy academic autonomy in terms of the choice of research themes, the formulation of research proposals and the publication of research findings, members were concerned whether the research projects to be funded by PPRFS would continue to enjoy the same extent of autonomy after CPU had taken over the scheme administration.

17. According to CPU, under the revised mode of operation of PPRFS, while CPU would identify research directions, areas and topics, it would not issue top-down instructions on research topics. CPU would provide a list of research areas after consultation with government bureaux for the reference of applicants. Applicants under PPRFS were at liberty to propose research topics that could best address the current policy research needs of the community and the Government. The Assessment Panel would comprise academics from local universities while CPU would provide secretariat support to the Assessment Panel. The established practice under PPRFS of allowing the applicants to formulate research proposals and publish the research findings would continue.

18. In response to some members' enquiry about the justification for revising the mode of operation of PPRFS, CPU explained that since the introduction of PPRFS in 2005, the socio-economic and political landscape of Hong Kong had undergone significant changes. Rising public expectation on the Government had entailed the need for more public policy researches which were less academic in nature. CPU envisaged that research projects could better address the policy research needs of the community and the Government, as applications would be invited whenever a research need was identified. The revised arrangements would provide greater flexibility as well as tap other sources of research capability as applications would also be open to other academic/research institutions and think-tanks.

19. At its meeting held on 11 March 2013, the Panel passed a motion urging, amongst others, UGC and various institutions to safeguard steadfastly academic autonomy and freedom and to actively further promote local public policy research. Some members also considered that the Administration should revert to the Panel in due course on the implementation of the revised arrangements under PPRFS.

20. In its response to the motion passed, CPU reiterated that academic freedom would not be affected under the revised arrangements. It would continue to welcome views from different sectors, including the academic, when

drawing up details of the scheme. CPU also agreed that academic freedom must be safeguarded and that local public policy research should be promoted.

### **Latest position**

21. The Administration will brief the Panel on various types of funding support made available by the Government for research work conducted by the post-secondary education sector at the meeting to be held on 8 December 2014.

### **Relevant papers**

22. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 4  
Legislative Council Secretariat  
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**Relevant papers**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Education	11.7.2011 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	14.11.2011 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	13.1.2012 (Item No.2)	<a href="#">FCR(2011-12)67</a> <a href="#">Minutes</a>
Panel on Education	21.2.2013	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	11.3.2013 (Item VI)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(4)509/12-13(01)</a> <a href="#">CB(4)199/13-14(01)</a>
Finance Committee	2.4.2014	<a href="#">Administration's replies to members' initial written questions in examining the Estimates of Expenditure 2014-2015</a> <a href="#">(Reply serial number: CSO015 and CSO067)</a>
Finance Committee	4.4.2014	<a href="#">Administration's replies to members' initial written questions in examining the Estimates of Expenditure 2014-2015</a> <a href="#">(Reply serial number: EDB289)</a>