

**Public Hearing of the Public Accounts Committee of the  
Legislative Council on 12 December 2016**

**Director of Audit's Report No. 67  
Chapter 2 – Funding of Universities by University Grants Committee**

**Speaking Notes for the Secretary for Education**

- First of all, I would like to thank the Audit Commission (Audit) for its observations and recommendations on the work of the University Grants Committee (UGC).
- Overall speaking, the Government and the UGC generally accept the recommendations of the Audit Commission. The UGC Secretariat will take appropriate measures to implement the Audit's recommendations already accepted in consultation with the UGC and the bodies under its aegis.
- In a moment, the Secretary-General to the UGC will respond specifically to the Audit's recommendations in his speech. Before that, I would like to give my observations and responses in respect of several policy-related issues.

Role of the UGC

- Established in 1965, the UGC seeks to promote understanding among the institutions, the Government and the community at large. It mediates interests pertaining to higher education between institutions and the Government. On the one hand, the UGC safeguards the academic freedom and institutional autonomy of institutions, while on the other, it ensures value for public money.
- The main functions of the UGC are to allocate funding to its funded institutions, and to offer impartial expert advice to the Government on the strategic development and resource requirements of higher education in Hong Kong. Currently, the UGC has 21 members, among them 60% are academics and the remaining are eminent community leaders. The non-local academics serving on the UGC bring with them an international perspective and offer independent views that enable us to keep abreast of the global trends and sustain the competitive edge of Hong Kong's higher education sector in the world. As all UGC members are appointed in their personal

capacity, their independence is beyond doubt. While the Secretariat of the UGC, as a government department, comes under the policy responsibility of the Secretary for Education, the Secretary-General and Secretariat staff are accountable to the UGC for the operation of the Secretariat, which is independent of the Education Bureau. The Secretary-General is the Controlling Officer of Head 190 University Grants Committee and is directly answerable for the expenditure under this Head.

- On the whole, we consider that the independent structure, organisation and operational arrangements of the UGC can basically serve the needs and long-term interest of our higher education sector, and contribute to institutional autonomy. This is also conducive to the development of UGC-funded universities. We expect that the UGC and its Secretariat should, building on the existing foundation, expeditiously implement the Audit's recommendations already accepted, with a view to continuously enhancing the operation of the UGC.

#### Internationalisation of the universities

- Regarding the internationalisation of the universities, we agree with the Audit's recommendations that the universities should be further encouraged to continue their efforts to take in more non-local students, in particular those from places other than the Mainland, and promote diversity on campus.
- With a view to attracting outstanding local and non-local students to advance their studies in Hong Kong, in 2008 the Government established the \$1 billion HKSAR Government Scholarship Fund (GSF) to recognise outstanding local and non-local students. Since the 2012/13 academic year, up to ten targeted scholarships under the GSF have also been offered each year to first-year non-local students from ASEAN countries, India and Korea who are enrolled in publicly-funded full-time degree programmes in Hong Kong. Moreover, starting from the 2016/17 academic year, up to ten additional scholarships titled "Belt and Road Scholarship (Indonesia)" are made available under the GSF for first-year non-local students from Indonesia to pursue publicly-funded full-time degree programmes in Hong Kong. These are effective measures to attract more outstanding non-local students from different countries to Hong Kong to pursue university programmes.

## Campus development

- We also concur with the Audit's recommendations on supporting university campus development. However, it must be pointed out that in view of the keen competition for the Capital Works Reserve Fund in recent years, the Government inevitably has to prioritise the public works projects of different policy areas. The EDB and the UGC will continue to seek government funding for campus development. Meanwhile, universities are encouraged to explore other sources of funding, such as private donations, to finance the development of student hostels.

## University tuition fee review

- Regarding tuition fee, the EDB made it clear to the Legislative Council and the public in early 2016 that the indicative tuition fee level will be maintained at the existing level and will not be adjusted during the 2016/17 to 2018/19 triennium.
- Nevertheless, we agree that there is a need to conduct a comprehensive review of the current tuition fee policy after maintaining the status quo for almost two decades, so that more updated information and parameters would be used for assessing the appropriateness of the current policy. In this connection, we invited the UGC in June 2015 to launch a review of the tuition fee policies in other jurisdictions and propose options to the EDB with due regard to the situation in Hong Kong. The consultancy report endorsed by the UGC was submitted to the EDB in late September 2016. The EDB is now carefully studying the findings of the report and will decide the way forward for the 2019/20 academic year and beyond in due course.

## Summing Up

- I now give the turn to the Secretary-General to the UGC, who will respond to the Audit's recommendations regarding the actual operation of the UGC. After that, we will take questions from the Public Accounts Committee of this Council and elaborate further. Thank you, Chairman.

**Education Bureau**  
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