

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

**Public Hearing of the Public Accounts Committee**  
**(12 December 2016)**

**Opening Remarks by the Secretary-General,**  
**University Grants Committee**

Chairman and members of the Committee,

First of all, I would like to thank the Director of Audit for the observations and recommendations on the conduct of activities by the UGC. We particularly welcome the largely constructive spirit. And we assure the Commission and Members of our whole whole-hearted co-operation in responding. We broadly accept the Audit recommendations and will, in consultation with the UGC, take appropriate follow-up actions to implement them for continuous improvement in the various areas of the work of the UGC. I would also like to thank the Chairman for allowing me to respond to the Report. Before replying to questions from Honourable Members, I would like to make some brief remarks regarding a number of Audit recommendations.

***Progress in campus and student hostel development***

2. The Audit Commission has commented that the slow progress in approving new capital works projects might affect the operation and development of the universities. The UGC is in full agreement with this

view. Both UGC and the universities consider that the provision of hostel places in particular for both local and non-local students is a key factor in promoting internationalisation and campus harmony. We have been working very hard to pursue funding from the Government, and will continue with this endeavour.

### ***Delay in finalisation of project final accounts***

3. The Audit has raised the issue that there have been delays in finalisation of final accounts for works projects. Please rest assured that the UGC Secretariat is working hard to ascertain the reasons for the delay. We fully agree that the finalisation of project accounts should be expedited. Up till the end of October 2016, we have further closed ten accounts with 94 outstanding. The UGC Secretariat will take appropriate measures in consultation with Architectural Services Department, UGC's technical advisor, and the universities with a view to finalising the project accounts as soon as practicable.

### ***Internationalisation of the universities***

4. On internationalisation of universities, Audit has recommended UGC further encourage the universities to continue their efforts to attract more non-local students, in particular those other than Mainland students. Both UGC and the sector fully support this endeavour. I would like to stress that internationalisation may come in many forms, including international strategies, curriculum development, international networks,

non-local student recruitment and integration, international faculty, etc. UGC has all along been encouraging universities to internationalise in ways that fit their own institutional context. In particular, with the good results achieved in the setting up of a Hong Kong Pavilion in international education conferences, UGC will continue to provide funding to universities in the 2016-19 triennium for student recruitment and raising awareness of Hong Kong universities. The UGC Secretariat will continue to invite UGC to consider ways to further encourage universities in their efforts to promote diversity on campus.

### ***Meeting Expenses***

5. Following the publication of the Audit Report, there has been extensive media coverage on the meeting expenses of the UGC. In particular, the UGC is criticised for providing “five-star” accommodation and business class return tickets for our non-local members. I wish to point out that non-local members of the UGC are international university leaders of global standing. There are immense benefits in drawing the best academic talents from around the world to serve Hong Kong. To continue to attract top university leaders to serve on our committees on a voluntary basis, the UGC believe that the standard of passage arrangements and hotel accommodation offered should be commensurate with their standing and broadly similar to other international bodies competing for their time, and should not deter candidates from accepting an offer of appointment. On the procurement of hotel accommodation, the UGC Secretariat has followed the relevant government regulations to

invite suitable hotels to submit quotations for cost comparison. The hotels chosen for quotations are very close to our meeting venue. In principle, the lowest quotation would be accepted as the appointed hotel for non-local members. On the issue of passage arrangements, the provision of business class return tickets to non-local members is broadly similar to the passage arrangement provided to senior public officers who travel on duty outside Hong Kong. We consider such a provision to be justified given the status and expectation of our non-local members.

### *Concluding remarks*

6. In closing, I would like to reiterate that UGC, as always, promotes self-critical practices among our universities and within the Committee and Secretariat. This is an important principle of our own practice and Quality Assurance audits. The UGC Secretariat will make substantial effort to follow up with the Audit recommendations with a view to better discharging its roles for the good of Hong Kong's higher education sector. Chairman, my colleagues and I are happy to address Members' questions in further detail. We will also fully co-operate with the Public Accounts Committee in its work. Thank you, Chairman.

(around 780 words)