FINANCIAL SUSTAINABILITY

Professor Dato’ Dr. Mohd Amin Jalaludin
Vice-Chancellor
23 Oktober 2015
Malaysia's top and first established university

Ranked 3rd in South East Asia, 29 in Asia, 146th in the World

Situated on a 812-acre campus in the southwest of Kuala Lumpur

Students (Local): 9,196 - PG, 11,480 - UG

Students (International): 2,513 - PG, 364 - UG

Academic Staff: 1,877 (189 international).

Status: Research Intensive, Government Supported
ESTABLISHMENT IN SINGAPORE

UNIVERSITI MALAYA KUALA LUMPUR

1949

1959

RESEARCH UNIVERSITI

2006

ACCREDITATION STATUS

2010

AUTONOMY STATUS

2012
THREATS

- Competition from other public and private institutions of higher learning at, national, regional & international level
- Reduction of Government funding of 30% by 2015 & 50% by 2020. This was supposed to be our capital investment to achieve financial sustainability
Globalisation enables promotion of internationalization

R&D funds to conduct more high impact research and generate top tier ISI publications

Linkages & networking with international universities, industry & community

UM is located near to other higher education institutions and industries that enhance strategic partnerships & to promote collaborative network for R&D & students’ attachment for industrial training

Potential capability of being a regional authority in Malay & Islamic studies
Big Idea 1: Interactive Learning Space & 21st Century Information Repository

From classroom to interactive learning spaces
From textbook to experiential learning
Technology-driven learning

25% of all classrooms into interactive learning spaces (2016-2020)

Tactical plan to accelerate innovation & strengthen network, increase paper & citation output

Big Idea 2: Planet UM

Univ-led Growth Economy
Real R&D to Business Impact
Global R&D

4th Gen: Matching UM’s best R&D with world best R&D

Tactical plan to attract best talent & enhance student mobility
Big Idea 3: UM Central Park

UM Engaged
i. Walking tours - heritage walk, nature walks, living labs showcase.
ii. Central museum & art galleries.
iii. 24 hours sports facilities and eateries.
iv. Rail transits, unmanned vehicles, cycling paths.

UM Personalised
i. UM@10GBps.
ii. Wearable smart tags (like Jawbone)
iii. Internet of Things and apps development
iv. Data mining via Big Data

UM Living
i. RIMBA, Zero Waste Campaign, Water Warriors.
ii. Mini-hydro, solar/photovoltaics, rain harvesters for toilets.

UM Life
New condominium, serviced apartments for staff, students.
International House, University House, communal spaces.
Childcare, gym, full disabled accessibility.

✓ From western influence to Asian Way
✓ From city to Super city
✓ Sustainable High-tech living
Financial Sustainability

Reducing dependency on govt funding (current govt funding: 70%)

UM Health Metropolis: Health Tourism  UMICS: UM Industrial-Commercial-Services

IUMW: Private University

UM Plantation: Palm Oil

UM Planet: 4th Gen Research Park
MALAYSIA EDUCATION BLUEPRINT (HIGHER EDUCATION) 2015-2025

FINANCIAL SUSTAINABILITY
OBJECTIVES

- **Continued government investment** of a large portion of the national budget in the higher education system for a return on investment that is comparable to that of peer countries;

- **Diverse sources of funding** for public and private HLIs to allow continuous improvement in the quality of their programmes, and more prudent and innovative use of their resources; and

- **More targeted support for socio-economically disadvantaged students** to make enrolment more affordable and accessible to everyone who is eligible for higher education.
**STRATEGIES AND INITIATIVES**

**Strategy A: Improving the funding formulae for public HLIs**
- Changing funding formulae for public HLIs to better link funding to performance and outcomes
- Achieving transparency and standardisation in financial reporting across institutions

**Strategy B: Enhancing the student loan system**
- Enhancing PTPTN performance and sustainability

**Strategy C: Diversifying revenues for HLIs**
- Incentivise creation of endowment funds and contributions to higher education
- Enhancing revenue and income generation from services and assets of HLIs

**Strategy D: Optimising costs in the higher education system**
- Improving productivity and cost efficiency of HLIs
UM Financial Transformation

UM have to generate sustainable revenue to support a cut of 30% OPEX by 2015 and to anticipate further cuts of up to 50% by 2020.
TO ACHIEVE THIS WE NEED TO DO THE FOLLOWING:

- Attract Funds
- Prudent Spending Across The Board (Value for Money)
- New Business Initiatives
- More Successful Fund Raising
- Higher Productivity, Quality & Operational Efficiency Across The Board
- Allocation For Research Funding MUST have KPIs in ISI & Patents. Those who cannot produce the targets will not be given anymore support
- Creative Investment Strategy & Fund Management
FINANCIAL HIGHLIGHT 2014
NET ASSETS

- Property, Plant and Equipment: 52.48%
- Investments: 1.37%
- Other Non Current Assets: 0.32%
- Net Current Assets: 45.84%
**SOURCES OF INCOME 2014**

(Total: RM1.22b)

<table>
<thead>
<tr>
<th>Source</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grant</td>
<td>67.10</td>
</tr>
<tr>
<td>Miscellaneous Fees</td>
<td>9.58</td>
</tr>
<tr>
<td>Medical Services</td>
<td>8.46</td>
</tr>
<tr>
<td>Investment Income</td>
<td>5.62</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>1.97</td>
</tr>
<tr>
<td>Research Contribution</td>
<td>1.41</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>5.85</td>
</tr>
</tbody>
</table>
**INVESTMENT INSTRUMENTS**

**Short-Term Investment**
- Cash Investment in Approved Financial Institutions
  - Fixed Deposits
  - Institutional Trust Account (ITA)

**Long-Term Investment**
- Shares

**Fund Managers**
- Investment in Equities
- Investment in Bond
- Investment in Unit Trust
INVESTMENT PORTFOLIO AS AT 30 JUNE 2015

Total Investment: RM1.36 billions (at cost)
**Endowment**

- **Endowment Funds** are funds held by an organization which the donor has imposed restriction that prohibits some or all the funds from being spent currently.

<table>
<thead>
<tr>
<th>FUND</th>
<th>No of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift and Scholarship Fund</td>
<td>82</td>
</tr>
<tr>
<td>Direct Assistance Fund</td>
<td>4</td>
</tr>
<tr>
<td>Building Fund</td>
<td>7</td>
</tr>
<tr>
<td>Donation Fund</td>
<td>68</td>
</tr>
<tr>
<td>Trust Fund - Endowment</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>163</strong></td>
</tr>
</tbody>
</table>
* UM has 13 endowed chair = RM 114,332,403.65
INSTITUTIONAL ADVANCEMENT CENTRE

Board of Directors
Vice-Chancellor
Top Management Team

Departmental Leaders
Deans, Directors, HODs

Institutional
vision and strategy

Marketing
Advancement strategy and case for
supporting the institution

Communications

Alumni
& Non Alumni

Advancement Centre

Relationship & Communication Mgmt Unit

Strategic Marketing Unit

Database Development & Mgmt Unit

Fundraising & Stewardship Unit

ADVANCEMENT TARGETS

Alumni
Corporations
Foundations
Individuals

Events and Services
THE WAY FORWARD FOR THE UNIVERSITY OF MALAYA - GOING INTO BUSINESS VENTURES
*ENDOWMENT/WAKAF THE WAY FORWARD*

- UM ALUMNI = 207,175
- (Let say RM1000 x 207,175 = RM207,175,000)
- (RM207,175000 x 10 year = RM2,071,750000)
- Alumni Harvard = RM145.6 Billion / Alumni Yale = RM83.2 Billion
UNIVERSITY MALAYA HEALTH METROPOLIS

FACT SHEETS

- Regional Healthcare Icon
- Full Continuum of Care (Primary - Tertiary - Quaternary)
- International health travel hub
- Capacity to treat 1.0 mil patients per annum
- 490 beds, 180 clinics, 16 OTs (Stage 1)
- Gross site area: 12.5 acres
- Gross Built-up areas: 2,470,533 sq ft (229,520 sqm) at plot ratio of 1:4.55 with about 3,000 car parks)
- Planned budget RM1.25 billion including basic Fixtures, Fittings & Equipment
- 10% of planned budget by Government (EPP6), 90% to be privately funded
- Construction based on competitive tender to achieve savings and cost-efficiency
Illustrated 3D Sketches for PK1, PK2, PK3, PK4 & PK5
*OIL PALM PLANTATION*

- Currently owns 1,000 acres at Kota Tinggi, Johor
- Has been in production since 2002
- Exploring new land bank for large scale oil palm plantation [Sabah, Kelantan and abroad (Sudan, Peru)]

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RM’mil)</td>
<td>2.25</td>
<td>2.73</td>
<td>2.04</td>
<td>(0.16)</td>
<td>2.01</td>
</tr>
</tbody>
</table>

*Please note that this is based on net proceeds in the particular year*
FUTURE PROJECTIONS WITH 1,000 ACRES PLANTATION
(INTERNAL INCOME vs EXPENDITURE)

Self-Sustained

RM (Million)

- 500
- 1,000
- 1,500
- 2,000
- 2,500

Internally-Generated Income (Contributed by Flagship Projects)
Expenditure
Income Without Flagship Projects

Self-Sustained
*International University of Malaya-Wales Sdn. Bhd. (IUMW) incorporated on 29 August 2011 and operates as a Private University

* IUMW is established as a joint-venture based on 60:40 (UM:UoW) equity holding

* MOE has given its approval for establishment of IUMW

* IUMW will be one of the future contributors to UM’s financial needs
Knowledge and Technology that has been transferred to Industry

**Number of Patent Granted**
- **National**
  - 2011: 0
  - 2012: 8
  - 2013: 12
  - 2014: 56
- **International**
  - 2011: 13
  - 2012: 0
  - 2013: 3
  - 2014: 6

**Number of Patent Filed**
- **National**
  - 2011: 50
  - 2012: 72
  - 2013: 109
  - 2014: 112
- **International**
  - 2011: 6
  - 2012: 5
  - 2013: 9
  - 2014: 44

**Commercialized products**
- 2011: 5
- 2012: 3
- 2013: 9
- 2014 as of Nov: 13

**Technology Know-how licensing**
- 2011: 3
- 2012: 0
- 2013: 3
- 2014 as of Nov: 278

**Number of IPR/copyright (including original writings)**
- 2011: 67
- 2012: 100
- 2013: 254
- 2014 as of Nov: 278
**COST-SAVING INITIATIVES**

- USE RECYCLE PAPER
- SAVE THE UTILITIES USE (ELECTRICITY, WATER, TELEPHONE, AIR-CONDITIONING)
- PROMOTIONS & OVERSEAS VISIT
- FLIGHT TICKET
- ORGANIZING WORKSHOPS & SEMINARS
- EFFECTING MEETING MANAGEMENT
- DISTRIBUTION COMPUTERS & PRINTERS
- LIMITED NEWSPAPER SUBSCRIPTION
- SAVE MONEY

*SAVING MONEYSAVE*
UM PROCUREMENT SYSTEM

Methods of Procurement

Direct Purchase  Quotations  Direct Negotiation  Tender (Open and Closed)  Emergency Procurements

Through UM’s E-Procurement System

Benefits derived from the system:

- Transparency & fairness process
- Bigger Pool of Vendors
- Wider range of product with competitive price
- Effective record keeping
- Save time and money
- Encourage bulk purchase
- Curbs unauthorized purchase
*COST-SAVING INITIATIVES*
COST-SAVING INITIATIVES
* UM has used a light sensor in a bathroom and also in parking lot. **SAVE = RM13,470 as at May 2015**

* UM also has practice sending an official letter by email to reduce the use of paper.
**COST-SAVING INITIATIVES**

Komitmen kewangan yang terlibat bagi pelantikan staf Kontrak Lepas Bersara untuk tempoh 4 tahun (2015-2018) adalah seperti berikut:

<table>
<thead>
<tr>
<th>Bil.</th>
<th>Perkara</th>
<th>31 Dis 2015**</th>
<th>31 Dis 2016**</th>
<th>31 Dis 2017**</th>
<th>31 Dis 2018**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Jumlah Gaji, Elaun dan KWSP</td>
<td>15,596,496.00</td>
<td>10,144,754.64</td>
<td>5,595,558.96</td>
<td>677,091.72</td>
</tr>
<tr>
<td>2.</td>
<td>Ganjaran pada kadar 17.5%</td>
<td>1,636,997.48</td>
<td>1,072,161.80</td>
<td>583,880.43</td>
<td>69,957.25</td>
</tr>
<tr>
<td>3.</td>
<td>Bonus (anggaran 1 bulan)</td>
<td>779,522.61</td>
<td>510,553.24</td>
<td>278,038.30</td>
<td>33,312.25</td>
</tr>
<tr>
<td>4.</td>
<td>Jumlah Keseluruhan Setahun (Gaji, Elaun, Caruman KWSP, Bonus dan Ganjaran)</td>
<td>18,013,016.09</td>
<td>11,727,469.68</td>
<td>6,457,477.69</td>
<td>710,403.97</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(54 staf)</td>
<td>(35 staf)</td>
<td>(18 staf)</td>
<td>(2 staf)</td>
</tr>
<tr>
<td>5.</td>
<td>Kadar Penjimatan Tahunan sekiranya Bonus dan Ganjaran tidak dibayar</td>
<td>2,416,520.09</td>
<td>1,582,715.04</td>
<td>861,918.73</td>
<td>33,312.25</td>
</tr>
</tbody>
</table>
Land Area in Main Campus, Including Section 12 PJ & Lorong U = 816 Acre Lane

Estimated Developed Land = 480 Acres

Estimated land still undeveloped = 336 Acres (Forest Science / Lake / Varsity Field / Road / Space between buildings, etc)