

The Audit Commission ("Audit") conducted a review of the management of programmes, campus development and management, and administrative issues of the Hong Kong Design Institute ("HKDI").

2. HKDI is one of the member institutions of the Vocational Training Council ("VTC"). It is located at the VTC Tiu Keng Leng Campus ("TKL Campus")<sup>1</sup> the construction cost of which was \$1,287.3 million. In 2016-2017 academic year (unless stated otherwise, all years mentioned hereinafter refer to academic years), HKDI offered 21 full-time Higher Diploma programmes and the total number of students enrolled was 5 476.

3. The Committee noted the following findings from the Director of Audit's Report:

- according to HKDI, student over-enrolment of its programmes should be avoided in order to ensure the teaching quality and to prevent oversupply of graduates in the market and in the industry. However, 13 of the 21 programmes of HKDI were over-enrolled in 2016-2017. Due to over-enrolment, the total teaching staff establishment of HKDI increased by 23, 20 and 16 in 2014-2015, 2015-2016 and 2016-2017 respectively. Of the 59 additional teaching staff posts, 55 were filled by staff with a contract duration of one year or less ("short contract staff"), which had exceeded the 15% limit on short contract staff set by the VTC Headquarters;
- from 2012-2013 to 2016-2017, there were 14 new programmes in HKDI. However, no information was included in the programme proposals<sup>2</sup> of the five new programmes on the impact on teaching staff resources and how the planned numbers of student enrolment were derived;
- Training Boards of VTC conducted regular manpower surveys and published manpower reports for various industries, but manpower needs of some programmes offered by HKDI were not covered by the above manpower surveys. Meanwhile, notwithstanding the

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<sup>1</sup> TKL Campus comprises HKDI building and another VTC building.

<sup>2</sup> Before a new programme is introduced, a programme proposal with details of the programme will be submitted to the VTC Design Discipline Academic Committee for endorsement and to the VTC Vocational Education and Training Academic Board for approval.

recommendations raised by the Design Discipline Advisory Board at its meeting held in November 2011, no manpower survey on the design industry had been conducted up to July 2017;

- for 2012-2013, 2013-2014 and 2014-2015, the overall programme completion rates of HKDI were 86%, 84% and 80% respectively, but the completion rates of the Higher Diploma in Architecture Design were only 71%, 58% and 51% for the respective years, and the completion rate for the Higher Diploma in Landscape Architecture in 2014-2015 was 68%. VTC did not report the completion rates<sup>3</sup> of its Higher Diploma programmes to the Education Bureau;
- the overall employment rate for graduates of HKDI's Higher Diploma programmes was 86.4% in 2016 and had been lower than the target employment rate of 90% set by VTC since 2012;
- in the design competition for the HKDI building, contestants were required to keep their project costs strictly within \$378 million. The winning design included cost saving options to reduce the cost to \$377.4 million. However, according to the Technical Committee appointed by VTC to assess the competition entries (including their cost estimates), the revised cost of the winning design was \$405 million;
- during the project development stage, various structural schemes to develop HKDI were considered by VTC, i.e. steel primarily, reinforced concrete primarily ("RC Scheme") and a mix of steel and reinforced concrete ("modified Hybrid Scheme"). In the preparation of the funding application to the Legislative Council Finance Committee ("FC"), VTC submitted the project cost estimate of \$992.8 million based on the RC Scheme to the Architectural Services Department for vetting in March and April 2007. However, VTC eventually adopted the modified Hybrid Scheme and considered the RC Scheme only as a fall-back option. No documentary evidence was available showing that the schemes had been thoroughly discussed, the modified Hybrid Scheme had been well justified and the VTC Council or the committees had ever been explicitly informed that the RC Scheme had been considered only as a fall-back option. On 15 June 2007, the project consultant revised the project estimate to \$1,064.1 million based on the modified Hybrid Scheme, and there was no documentary evidence

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<sup>3</sup> The graduation rate of a cohort of students for the two-year Higher Diploma programmes.

showing that VTC had submitted the revised project estimate to the Architectural Services Department. In the event, the project cost estimate quoted in the paper submitted to FC on 22 June 2007 was \$992.8 million indicating the adoption of the RC Scheme;

- after funding approval of FC for the TKL Campus development project, the Education Bureau had not required VTC to submit progress reports together with updated budget forecasts and outturn income and expenditure statements at quarterly intervals. Meanwhile, no reporting of outturn income and expenditure for the project had been made at meetings of the Council, Standing Committee, Estates Committee and Steering Committee of VTC from July 2007 to June 2008;
- FC was informed that student sports and amenity facilities at TKL Campus would be open to the public during non-school hours. However, the tennis court had not been open to the public. From 2013-2014 to 2016-2017, the auditorium was closed for 81 to 129 days a year due to maintenance and was used by external parties for 2 to 10 days per year;
- the number of breakdown cases of lifts and escalators at TKL Campus had increased by 174% from 53 cases in 2014 to 145 cases in 2016. The monthly system service availability of the escalators had decreased from 99.7% in January 2015 to 71% in June 2017. One long escalator had been suspended from operation since 31 March 2017;
- HKDI had not conducted stocktaking for 2010-2011, 2012-2013 and 2014-2015 financial years as required by VTC. For 2011-2012, 2013-2014 and 2015-2016 financial years, a long time had been taken to complete the stocktaking exercises, and 810 inventory items (including 127 desktop/notebook computers and 209 portable storage devices) of original cost of \$2.7 million were found missing. There was no documentary evidence showing that HKDI had taken remedial steps as stipulated in the VTC guidance note on data breach incident handling and notifications to contain the harm or damage that might cause to the data subjects; and
- for 2014-2015 to 2015-2016, two of the three campus environmental targets (i.e. 5% reduction on electricity consumption and 5% reduction on the quantity of paper ordered) were not achieved.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the enrolment rates, completion rates, employment rates and teaching staff resources of HKDI's programmes, the planning of the TKL Campus development project, as well as the facilities and administrative management of HKDI. The replies from **Secretary for Education** and **Executive Director of the Vocational Training Council** are in *Appendices 33* and *34* respectively.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.