

Report No. 57 of the Director of Audit — Chapter 7

MARITIME SERVICES TRAINING INSTITUTE

Summary

1. In 1988, the Vocational Training Council (VTC) established the Maritime Services Training Institute (MSTI). The MSTI's aim is to provide secondary school leavers and in-service personnel with professional training to meet the local standards and international requirements of the maritime industry. It is the major institution which offers training to persons who pursue a career as a deck officer. It is also the sole provider in Hong Kong of training courses meeting the requirements of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) adopted by the International Maritime Organisation. Major amendments were made to the Convention in 1995 and 2010. The Convention which includes the amendments made in 2010 is referred to as the "2010 STCW Convention". The Maritime Services Training Board (MSTB) is responsible for assessing the manpower and training needs of the industry, and making recommendations for the development of training facilities. The Audit Commission (Audit) has recently conducted a review of the MSTI.

Management of training courses

2. *Planning of training courses.* The MSTB had not conducted any manpower survey after a survey of the local vessels' crew in 2008 because there were difficulties in using the survey findings to assess the manpower supply and demand. New training requirements of the 2010 STCW Convention (which will enter into force in January 2012) had not been reflected in the Three-year Programme of Activities for the academic years (starting on 1 September and ending on 31 August) 2011/12 to 2013/14 and the Annual Course Plan for 2011/12. There is no requirement for submitting the Course Plan to the MSTB. However, Audit noted that there were revisions to the planned training activities after the Programmes covering the period 2008/09 to 2013/14 had been reviewed by the MSTB. *Audit has recommended that the VTC should urge the MSTI to: (a) request the MSTB to conduct more effective surveys to support the MSTI's course planning work; (b) develop new training courses, upgrade existing courses, and expand the number of trainee-places as soon as possible with a view to meeting the requirements of the 2010 STCW Convention; (c) reflect the new training requirements of the 2010 STCW Convention in the Programmes and the Annual Course Plans; and (d) submit the Course Plans to the MSTB for advice if there are substantive revisions to the planned training activities after the Programmes have been reviewed by the MSTB.*

3. ***Intake of the Higher Diploma in Maritime Studies course.*** In 2004, the Marine Department introduced the Sea-going Training Incentive Scheme to address the problem of shortage of sea-going professionals. In May 2010, the Finance Committee of the Legislative Council approved an increase in the commitment from \$9 million to \$28.2 million for extending the operation of the Scheme for four years up to the financial year 2013-14. The Committee was informed that the MSTI had expanded the class size of the Higher Diploma in Maritime Studies (HDMS) course to “60 since 2009”. The MSTI increased the intake for the course to 61 in 2009/10, but the number of planned trainee-places for 2010/11 and 2011/12 was maintained at 40. As informed by the MSTI, since the only classroom that could accommodate a class of more than 40 students would not be available until 2012 (after the graduation of the intake in 2009/10), no substantial increases in planned trainee-places were contemplated. Audit considers that the lack of a proper classroom for accommodating a class of 60 students does not appear to be a good reason for restricting the annual number of student intake. *Audit has recommended that the VTC should urge the MSTI to take effective measures to ensure that there are sufficient HDMS trainee-places to match with the Government’s efforts to tackle the problem of shortage of sea-going professionals.*

4. ***Enrolment of short courses.*** For applicants of short courses who are not offered a trainee-place immediately, they will be put on the waiting lists. According to the MSTI’s enrolment procedures, trainee-places will be offered to applicants on the waiting lists on a first-come first-served basis. Audit examined the records of 20 courses with waiting lists and found that: (a) for one course, 37 of the 84 applicants on the waiting list were not eligible to enrol in the course; and (b) for eight other courses, the numbers of applicants on the waiting lists were larger than the corresponding numbers of planned trainee-places for 2011/12. The MSTI also makes available information of courses which are open to the public on its website and in the prospectus. In June 2011, Audit found that: (a) the prospectus did not include any timetables for the courses, whereas the website only included the timetables for 12 courses; and (b) the website and the prospectus did not include information on some courses. *Audit has recommended that the VTC should urge the MSTI to take effective measures to ensure that: (a) only applicants who meet the entry requirements are placed on the waiting lists; (b) more classes are held with a view to shortening the waiting lists; and (c) information, including timetables, on all courses which are open to the public for application is available on the website and included in the prospectus.*

5. ***Reporting of performance information.*** Audit reviewed the Three-year Programme of Activities for 2011/12 to 2013/14 and the Annual Report for 2009/10. Audit found that there were inaccuracies in the information on the number of trainee-places included in the Programme and the Report. *Audit has recommended that the VTC should urge the MSTI to validate the information to ensure its accuracy.*

Course fees for short courses

6. **Setting of course fees.** Course fees for short courses are set at market or full-cost recovery rates. Audit found that: (a) there was no record showing the basis for setting the fees for four courses and how the fee for one course (set at market rate) was derived; (b) for 3 courses examined, the staff time only included the class contact time, but not other elements of staff time (e.g. staff time for course development, preparation and planning); and (c) for 4 courses examined, the variances between the projected class sizes (used in costing exercises) and the actual average class sizes ranged from negative 80% to positive 73%. *Audit has recommended that the VTC should urge the MSTI to take necessary measures to ensure that: (a) documentation is kept to show whether fees are set at market rates, and how the rates are derived; (b) staff costs are calculated accurately according to the VTC's Costing Manual; and (c) projected class sizes used in costing exercises are regularly reviewed.*

7. **Collection of course fees.** Audit examined the collection of course fees for classes of 20 short courses and found that: (a) for two classes of a course held for a government department in February 2009, \$8,000 was collected from the department instead of the correct fee of \$9,400; (b) for one class of another course held in October 2009, \$2,860 was collected instead of the correct fee of \$2,200; and (c) for classes of two courses held regularly, instead of collecting the approved fees of \$4,200 and \$600 per trainee, fees of \$4,410 and \$630 per trainee were collected. *Audit has recommended that the VTC should urge the MSTI to: (a) ensure that trainees are charged the correct fees; (b) carry out a review to ascertain whether there are other cases of charging incorrect fees; and (c) consider whether it is practicable to recover under-charged fees and refund over-charged fees.*

Staff planning and development

8. **Staff recruitment.** Normally, the starting salary of a new recruit is the minimum of the salary scale for the rank. Approval may be given for the award of: (a) additional salary up to 19.5% of the maximum of the salary scale for the rank (maximum salary) if there are recruitment difficulties; and (b) a Special Incentive Allowance (SIA), up to 20% of the maximum salary, to new teaching staff of the Instructor grade to meet recruitment and retention difficulties. Audit reviewed 13 recruitment exercises and found that: (a) the elapsed time from the start date of the vacancy to the date of appointment ranged from 12 to 188 days; (b) in 12 recruitment exercises, although the expected start dates of the vacancies were known to the MSTI well in advance, the time of placing the first advertisements ranged from 96 days before the post became vacant to 42 days after the post became vacant; and (c) in 8 cases, the starting salaries granted to the appointees were 3% to 58% higher than the expected salaries stated in their job applications. *Audit has recommended that the VTC should urge the MSTI to: (a) conduct recruitment exercises well before the posts become vacant; (b) consider how best to disclose the salary information (including the additional salary and the SIA) so as to attract more qualified applicants to apply for the posts; and (c) ensure that additional salary and SIA offered are fully justified and detailed justifications are properly documented.*

9. **Staff development planning.** The latest Staff Development Plan was prepared in November 2008, covering the period 2009 to 2011. In May 2011, the MSTI had 32 courses/modules that could only be conducted by teaching staff authorised by the relevant authorities to be the approved trainers. Audit found that there was no approved trainer for 3 courses/modules and five staff were the sole approved trainers of 7 courses/modules. *Audit has recommended that the VTC should urge the MSTI to: (a) prepare a rolling Staff Development Plan for its teaching staff which is to be reviewed and updated annually; and (b) train and develop a sufficient number of teaching staff to qualify as approved trainers.*

Utilisation of training facilities

10. The MSTI campus, with a site area of 16,000 square metres, has a 4-storey main building. Specialised training facilities were installed at the campus. When the MSTI was first established in 1988, it was provided with training facilities that could deliver about 480,000 trainee-hours a year. Following a review in 1993, the operation of the MSTI was scaled down and its staff resources were reduced. In recent years, the planned trainee-hours remained at about 200,000 a year. The MSTI made some of its facilities available for hiring by the public and for use by other VTC units to operate the Whole Person Development Programme. Audit found that: (a) the actual trainee-hours of 167,928 for 2009/10 represented about 35% of the MSTI's originally designed training capacity; (b) the hiring of the training facilities by the public had only limited effect on increasing their utilisation and the utilisation data of facilities for the Whole Person Development Programme was not available; and (c) the MSTI did not maintain proper utilisation data of its facilities. *Audit has recommended that the VTC should urge the MSTI to: (a) explore other gainful use of the spare training facilities; (b) promote the hiring of facilities by the public; and (c) monitor the utilisation rates of the facilities.*

Response from the VTC

11. The Executive Director, VTC agrees with the audit recommendations.

November 2011