

**Replies to initial written questions raised by Finance Committee Members
in examining the Estimates of Expenditure 2009-10**

**Controlling Officer : Commissioner, Independent Commission Against
Corruption
Session No. : 4**

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Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC001

Question Serial No.

0606

Head : 72 – Independent
Commission Against
Corruption

Subhead : 000 - Operational expenses

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : The estimate of Investigation expenses for 2009-10 is \$4.0 million, which is higher than its revised estimate for 2008-09 by 42.9%. In 2008-09, its original estimate was \$4.2 million whereas the revised estimate was reduced by 33% to \$2.8 million. Were there any investigations not performed in 2008-09 resulting in the above difference? What are the justifications for raising the projected requirement of Investigation expenses to \$4.0 million in 2009-10?

Asked by : Hon. IP LAU Suk-ye, Regina

Reply : Provision under Investigation expenses is to cater for:

- (i) expenses incurred by ICAC officers on overseas investigations and enquiries;
- (ii) charges levied by banks, clearing houses, share registrars and similar bodies for information, documents or services supplied to the ICAC in connection with investigations and enquiries;
- (iii) fees for professional services (e.g. accountancy, forensics, translation and surveying services); and
- (iv) other expenses incurred during investigations.

The estimate for Investigation expenses is prepared based on known or anticipated operational requirements, taking into account the on-going patterns of corruption reports. As they are largely operations-driven, the actual expenditure would fluctuate from year to year. The actual requirements for 2008-09 turned out to be lower than originally estimated but such requirements are now anticipated to increase in 2009-10.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 10.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

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| ICAC002 |
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Question Serial No.

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| 1103 |
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Head : 72 – Independent Subhead :
Commission Against
Corruption

Programme : (1) Corruption Prevention

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : Currently, Hong Kong is suffering from the financial tsunami. In 2009-10, what will be the measures implemented by the Corruption Prevention Department so as to assist private sector organisations in preventing corruption? Is the Corruption Prevention Department equipped with adequate manpower resources in view of the anticipated rising demand for corruption prevention advisory services in relation to the financial sector? Furthermore, how many financial experts are there in the Corruption Prevention Department at present?

Asked by : Hon. NG Margaret

Reply :

Private sector organisations are facing a lot of difficulties and challenges under the impact of the financial tsunami. Strengthening their corporate governance and internal control would prevent corruption and raise their competitiveness.

The ICAC, joining hands with the Mainland's Ministry of Supervision, and the Commission Against Corruption of Macao, hosted a 'Conference on Corporate Governance in the Financial Sector' in December 2008. At the conference, a 'Corruption Prevention Guide on Good Governance and Internal Control' for listed companies (including financial institutions) was launched with the aim of helping these companies to enhance corporate governance and establish internal control measures. The Corruption Prevention Department (CPD) would approach individual listed companies in 2009 and offer corruption prevention services to them upon request.

In 2009-10, CPD will develop a corruption prevention guide for use by the small and medium enterprises. The guide will cover corruption prevention measures specific to their operations such as procurement, staff administration and supervision of maintenance works. CPD also plans to arrange workshops for individual private sector organisations on request to help them implement the corruption prevention measures and enhance corporate governance.

The five-man Advisory Services Group under CPD is committed to providing corruption prevention advice to private sector organisations (including financial institutions). If necessary, CPD will strengthen the Group's manpower through internal redeployment to meet the increase in demand for corruption prevention consultancy services.

There are currently five professional accountants in CPD. Apart from being equipped with the necessary expertise, they are also fully conversant with the operations of financial institutions. From time to time, CPD also provides training on financial sector operations for staff responsible for corruption prevention work in the private sector to strengthen their professional knowledge.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 16.3.2009

Examination of Estimates of Expenditure 2009-10

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC003

Question Serial No.

1104

Head : 72 – Independent
Commission Against
Corruption

Subhead : 000 – Operational expenses

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : What is the estimate for interception of communications and surveillance for the ICAC annually? Among the estimate, what is the amount allocated to training for investigators in order to familiarise themselves with the Interception of Communications and Surveillance Ordinance? Please provide actual figures.

Asked by : Hon. NG Margaret

Reply : The expenditure incurred by the ICAC in respect of interception of communications and surveillance is for the purpose of operations of confidential nature. Disclosing such expenditure may reveal the law enforcement capabilities of the ICAC to criminals, who may be able to elude justice, thus jeopardising public interests. Therefore, the information required cannot be provided.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 13.3.2009

Examination of Estimates of Expenditure 2009-10

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC004

Question Serial No.

1671

Head : 72 – Independent
Commission Against
Corruption

Subhead : 103 – Rewards and
Special Services

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : In the past three financial years from 2006-07 to 2008-09, did the ICAC conduct any surprise inspection on the expenditure under Subhead 103 'Rewards and Special Services' to ensure its use was reasonable and in compliance with the procedures? If affirmative, what were the ranks of the inspecting officers and how many inspections were conducted? If not, what are the justifications and is there any plan to conduct surprise inspections in the future?

Asked by : Hon. TO Kun-sun, James

Reply : The ICAC exercises strict control over the expenditure under Subhead 103 'Rewards and Special Services'. All claims under the Subhead are scrutinized by senior officers. Apart from the inspections carried out by the Director of Audit, the Commissioner, the Head of Operations and the Assistant Director (Administration) also conduct surprise inspections on the accounts under this Subhead. In the last three years, eight, eight and seven surprise inspections were respectively conducted, with no anomalies found.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 11.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC005

Question Serial No.

2519

Head : 72 – Independent
Commission Against
Corruption

Subhead :

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : The ICAC is requested to provide:

- (a) the establishment of the Technical Services Division by rank and the resources allocated to the Division for 2008-09 and the estimated figures for the same items for 2009-10;
- (b) a detailed list of the work undertaken by the Technical Services Division in 2008-09, including the types of support services it has provided; and
- (c) the establishment of the Technical Services Division by rank, number of staff and salaries who are responsible for undertaking interception of communications and surveillance duties.

Asked by : Hon. TO Kun-sun, James

Reply :

| | <u>2008-09</u> (Actual) | <u>2009-10</u> (Estimate) |
|--|----------------------------|------------------------------|
| (a) <u>Establishment</u> | | |
| Senior Commission Against Corruption Officer | 3 | 3 |
| Commission Against Corruption Officer (Upper) | 5 | 5 |
| Commission Against Corruption Officer (Middle/Lower) | 25 | 25 |
| Assistant Commission Against Corruption Officer | 22 | 22 |
| Senior Personal Secretary/Personal Secretary II | 2 | 2 |
| Clerical Assistant/Workman II | <u>2</u> | <u>2</u> |
| | 59 | 59 |
| <u>Resources (\$M)</u> | | |
| Personal Emoluments | 29.373 | 31.067 |
| General operational equipment, consumables, maintenance services, etc. | <u>3.456</u> | <u>3.522</u> |
| | 32.829 | 34.589 |

- (b)&(c) The main role of the Technical Services Division is to provide technical support to the Operations Department of the ICAC in the investigation of corruption. To disclose details of its work will inevitably compromise the efficiency and effectiveness of the ICAC investigative work. It is hence not in the public interest to disclosure such details.

Signature _____
Name in block letters Timothy H M TONG
Post Title Commissioner, ICAC
Date 18.3.2009

Examination of Estimates of Expenditure 2009-10

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC006

Question Serial No.

2520

Head : 72 – Independent
Commission Against
Corruption

Subhead : 103 – Rewards and
Special Services

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : Under this Subhead, the ICAC is requested to advise:

- (a) Whether the ICAC has allocated provision for expenditure in relation to the Technical Services Division for 2008-09? If affirmative, please state the number of occasions and the actual amount of the expenditure.
- (b) What is the estimate for expenditure in relation to the Technical Services Division in 2009-10? Is there any restriction on the amount of expenditure so approved? If affirmative, what is the ceiling limit and how is it compared with that in 2008-09?

Asked by : Hon. TO Kun-sun, James

Reply :

Subhead 103 caters for expenditure on rewards and procurement of special services and equipment of a confidential nature, including expenditure incurred by the Technical Services Division for supporting the work of the ICAC. The expenditure is based on actual requirement. As this subhead provides an essential source of funding for covert operational activities and intelligence gathering, disclosure of such expenditure details is not appropriate.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC007

Question Serial No.

2521

Head : 72 – Independent
Commission Against
Corruption

Subhead : 103 – Rewards and
Special Services

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : Under this Subhead, the ICAC is requested to provide:

- (a) the amount of expenditure in 2008-09 in respect of information obtained from abroad in connection with investigations as well as the overseas places involved;
- (b) the amount of expenditure in 2008-09 in respect of information obtained locally in connection with investigations; and
- (c) of the proposed provision for 2009-10, the estimated percentage to be spent in respect of information obtained from abroad in connection with investigations.

Asked by : Hon. TO Kun-sun, James

Reply : Subhead 103 caters for expenditure on rewards and procurement of special services and equipment of a confidential nature. Since this subhead provides an essential source of funding for covert operational activities and intelligence gathering, disclosure of such expenditure details is not appropriate.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 11.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC008

Question Serial No.

2686

Head : 72 – Independent
Commission Against
Corruption

Subhead : 103 – Rewards and
Special Services

Programme : (2) Operations

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : Under this Subhead, the ICAC is requested to provide:

- (a) the respective number of persons who received rewards/special services fee in 2008-09 and the number of cases involved as well as the number of occasions on which rewards/special services fee were provided and the actual amount of such expenditure;
- (b) the list of cases attracting wanted persons rewards, the amount of rewards offered, the number of occasions where payments were made, the actual expenditure and the number of rewards recipients in 2008-09; and
- (c) the expenditure for procurement and maintenance of surveillance equipment in 2008-09.

Asked by : Hon. TO Kun-sun, James

Reply : As at 10 March 2009, the total expenditure under Subhead 103 (Rewards and Special Services) for 2008-09 was \$13.58M. There were 110 occasions on which reward / special services fee was provided but there was no case involving reward on wanted persons.

Subhead 103 caters for expenditure on rewards and procurement of special services and equipment of a confidential nature. Since this subhead provides an essential source of funding for covert operational activities and intelligence gathering, disclosure of such expenditure details is not appropriate.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 11.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

ICAC009

Question Serial No.

2959

Head : 72 – Independent
Commission Against
Corruption

Subhead :

Programme :

Controlling Officer : Commissioner, Independent Commission Against Corruption

Director of Bureau : Commissioner, Independent Commission Against Corruption

Question : In 2009-10, the increase in provision for the ICAC is mainly due to the filling of vacancies (including seven non-directorate new posts) and salary increments for staff. Please advise on the following –

- (a) What are the pay rise factors for ICAC staff? Please list out by frontline staff, supervisory officers and officers at management level.
- (b) Will the ICAC require additional manpower resources for organising the Fourth ICAC International Symposium in the coming year? What will be the cost for organising this Symposium?
- (c) According to newspaper source, the wastage of ICAC officers remains at a high level. Apart from pay increase, are there any other measures adopted by the ICAC for staff retention? If affirmative, what are the expenditure incurred and its details?
- (d) In 2009-10, the estimated number of staff in the public or business organisations who have received training in corruption prevention provided by the ICAC is lower than the figures in the previous two years by 4-5%. Will the ICAC consider adjusting its indicators so as to reflect the actual workload in this area?

Asked by : Hon. WONG Kwok-kin

Reply :

- (a) On 4.7.2008 the Finance Committee of the Legislative Council approved ICAC officers' pay rise in 2008-09 on par with their civil service counterparts. The pay of ICAC officers remunerated at ICAC Pay Scale Point 28 and above (i.e. in the ranks of Commission Against Corruption Officers (Middle) and above) was increased by 6.30% and those below ICAC Pay Scale Point 28 (i.e. in the ranks of Commission Against Corruption Officers (Lower) and below) by 5.29%.
- (b) Same as the last three symposia, the manpower required for organising the Fourth ICAC Symposium would mainly be through internal redeployment. Preparatory work for the Symposium is underway, with an estimated budget of not exceeding \$2M.

- (c) ICAC has strengthened its human resources management in order to attract and retain talents. Since 2007, the Commission has adopted an integrated approach to recruit Commission Against Corruption Officers so that they can serve in any departments of the Commission. Under this arrangement, officers will gain exposure in investigation, corruption prevention and community education work, thereby enriching their job, giving them greater satisfaction and fostering their commitment to anti-corruption work. Serving officers are also given career counselling and cross-posting opportunities to enhance their prospects and would thus be more inclined to stay for a long-term career.

ICAC also provides comprehensive training to staff at all ranks to ensure they are equipped with the requisite professional knowledge and skills to enable them to realize their potentials in different jobs and gain better prospects. The training and development expenditure of the Commission in 2008-09 was \$5.1M and the estimate for 2009-10 is \$7.2M.

- (d) In setting indicators for its preventive education services each year, ICAC takes into account the prevailing needs of the community but would adjust its work strategies to suit actual circumstances in the course of delivery. The targets receiving training in corruption prevention and the actual number of people trained, therefore, may differ from the estimates. In recent years to meet changing demands, ICAC has adopted a new strategy for providing preventive education to the public sector and business organisations. Apart from providing corruption prevention training, ICAC also renders resource support to these organisations so as to encourage them to launch internal training programmes on their own initiative. Given the change in strategy from direct provision of corruption prevention training to putting in more resources to other initiatives that would help entrench a probity culture in these organisations, ICAC needs to adjust the target number of people receiving training from it.

On entrenching a culture of probity in the public sector, ICAC collaborating with the Civil Service Bureau in late 2006 promoted the implementation of integrity building programmes by government bureaux/departments through a network of 150 Ethics Officers from 81 government bureaux/departments. ICAC renders them support by organising regular thematic seminars, providing assistance in the production of training materials and setting up a dedicated intranet website for the sharing of reference materials. For the business sector, ICAC has lately adjusted its strategy and focussed on preventive education for management staff of corporations in light of an increasing number of corruption crimes involving senior management staff and professionals in recent years. As regards training for front-line staff, ICAC encourages business organisations to incorporate preventive education into their internal training programmes. Support is provided to corporation trainers by way of organising train-the-trainer workshops and production of self-learning packages and corruption prevention guides.

Signature _____

Name in block letters Timothy H M TONG

Post Title Commissioner, ICAC

Date 18.3.2009