

**Legislative Council Panel on Security**

**2017 Policy Address  
Briefing by Commissioner  
Independent Commission Against Corruption**

**PURPOSE**

This papers gives an overview of the Hong Kong corruption situation in 2016 and outlines the major ICAC anti-corruption initiatives in 2017.

**CORRUPTION SCENE 2016**

2. In 2016, the Commission received 2,891 corruption complaints (excluding election-related complaints), which is 3% more than the 2015 figure. Pursuable complaints rose by 2% from 1,956 to 1,986. Of all the corruption complaints received, 63% were targeted at the private sector, 29% related to government departments and 8% involved public bodies, a pattern that has been maintained for a number of years.

3. Despite the marginal increase in corruption complaints, the corruption situation in Hong Kong was well under control. Public support was strong with 72% of the complainants identifying themselves when reporting corruption, slightly up from 71% in 2015.

4. In 2016, 141 persons in 90 cases were convicted for various non-election offences, representing a 34% decrease in terms of the number of persons and a 9% decrease in terms of the number of cases compared to the respective figures in 2015.

***Public Sector***

5. Last year, 847 corruption complaints against government departments were received, an increase of 10% over 2015. There was a drop of 2% in the number of pursuable complaints from 459 to 452. Complaints against public bodies rose by 6% from 200 to 211, with a corresponding increase of 6% from 106 to 112 in pursuable ones.

### ***Private Sector***

6. Complaints concerning the private sector remained at the same level, with cases going up by just one to 1,833. Pursuable complaints also went up slightly by 2% from 1,391 to 1,422. The Building Management (**BM**) (742 complaints), Finance and Insurance (173 complaints) and Catering and Entertainment Services (149 complaints) sub-sectors attracted most complaints and they together accounted for 58% of the complaints on the private sector.

7. Noting that corruption in building renovation works remained a concern for the public in 2016, the Commission took robust enforcement action against corruption-facilitated tender-rigging activities. The dedicated task force that was set up in April 2015 worked on such complaints in full gear. In one case, a former proprietor of an engineering company was sentenced to 35 months' imprisonment after pleading guilty to four counts of conspiracy to offer bribes totalling about \$45 million to secure consultancy and renovation contracts of residential estates through tender-rigging activities. The conviction sent a clear message to the community that the courts would not tolerate such illicit acts. Timely enforcement actions had been taken in other cases to ensure that any possible corruption was nipped in the bud, this also helped to heighten the awareness of flat owners of the risks involved in awarding work contracts.

### ***Elections***

8. The new election cycle began in 2015. Subsequent to the District Council Election held in 2015, four significant public elections, namely the Legislative Council By-election, Rural By-election, Legislative Council Election and Election Committee Subsector Elections were conducted in 2016. By the end of 2016, a total of 858 complaints under the Election (Corrupt and Illegal Conduct) Ordinance were received, of which 809 were pursuable. Most of the complaints related to the 2015 District Council Election and 2016 Legislative Council Election, attracting respectively 629 and 133 pursuable complaints.

9. In the year, two persons were prosecuted for election offences, one person was formally cautioned and 86 persons received warnings. In one case, three persons were convicted of offering or accepting bribes in the 2015 District Council Election and sentenced to jail terms ranging from 28 months to 48 months. This case is now pending appeal. The case reflects

the uncompromising stance taken by the courts on serious election offences, in that custodial sentences are imposed in order to achieve a deterrent effect.

### ***Perception of ICAC***

10. The ICAC Annual Survey 2016 showed that only 1.2% of the respondents had come across corruption in the past 12 months, 0.1 percentage point lower than the previous year, showing a very low level of corruption in the community. The survey also found that the public continued to display a virtually zero tolerance towards corruption. Over 96% of the respondents expressed that they supported the work of the Commission.

11. The unswerving efforts of Hong Kong in tackling corruption has not gone unnoticed. According to the 2016 TRACE Matrix, which was jointly released in last December by renowned international anti-corruption consultancy TRACE International and research institute RAND Corporation, Hong Kong was ranked 4th among 199 countries and territories with the least corruption risk. Hong Kong was rated as a place with “a very low expectation of bribes” when doing business with the government, while the city’s anti-bribery laws and enforcement were both considered of “high quality”. The release of the index represented further recognition of Hong Kong’s relentless efforts in maintaining a level playing field, that it was a society that embraced the core value of probity.

## **MAJOR INITIATIVES 2017**

### ***Public Sector***

12. The Hong Kong civil service has remained clean and the vast majority of civil servants are able to measure up to the very high standards of integrity and probity expected of them. The Commission will continue to pursue all corruption investigations without fear or favour and in strict accordance with the law, irrespective of the status or background of the persons alleged or institutions involved.

13. On the prevention front, the Commission will continue its collaboration with the Civil Service Bureau to further enhance training on integrity management for government officers and public officials to

heighten their vigilance against possible conflict of interest and official conduct conducive to corrupt practices.

14. A number of mega capital works projects including the Three-Runway System are underway or in the pipeline. In light of wide public concern and the substantial funds involved, the Commission will take a proactive approach to work alongside the relevant institutions to help establish a corruption resistant framework for the letting and implementation of the projects.

15. Given the important role of the new Property Management Services Authority (**PMSA**), the Commission is working closely with the Home Affairs Department to assist PMSA in setting up an integrity management system for its members and staff, and a robust licensing and enforcement regime for property management companies and practitioners.

### ***Private Sector***

16. The Commission will press ahead to take prompt and early action where appropriate to frustrate corrupt and criminal activities, in particular those affecting the livelihood of the general public. In the BM sub-sector, in addition to the regular contingent of officers dealing with BM corruption cases, the dedicated task force focusing on corruption-facilitated tender-rigging and related complaints will continue to take determined enforcement action with a view to stamping out the malpractices. Close liaison is being maintained with other stakeholders including the Competition Commission which has a specific mandate in fighting tender-rigging activities.

17. The Commission remains alert to opportunities for corruption where management staff of listed companies engage in fraudulent activities through corrupt means, bank officers and businessmen collude in obtaining credit facilities, bank officers and insurance agents deceive their principals by using false documents to obtain pecuniary benefits, and bribes given for referring business or divulging business information. The Commission will take vigorous action against corrupt practices and spare no effort on the prevention front so Hong Kong carries on as a level-playing field for doing business.

18. In 2017, the Commission will strengthen its corruption prevention services for the private sector, including the promulgation of the Corruption Prevention Advisory Service web portal to provide the public

with a user-friendly electronic platform for access to corruption prevention resources.

19. To tie in with the Government initiative to implement the quality kindergarten education policy from the 2017/18 school year onwards, the Commission will formulate sample codes of conduct for kindergarten board members and staff, and provide corruption prevention services for individual school sponsoring bodies and kindergartens which will receive government grants.

20. In collaboration with the catering industry, a comprehensive corruption prevention training module is being developed for the major trade associations and operators.

21. To address the corrupt practices uncovered in the insurance industry through criminal investigation, the Commission in consultation with The Hong Kong Federation of Insurers will produce a short video on professional ethics as a module of continuing training for the operators in the industry.

22. The Hong Kong Exchanges and Clearing Limited has amended the Listing Rules requiring a listed company to disclose anti-corruption policy. To support listed companies in complying with the new obligation, the Commission will be providing services for them to enhance their corruption prevention system. In parallel, an Ethics Promotion Programme will be launched to provide a training package on ethical governance of listed companies, along with a large-scale conference to be organized on business ethics.

### ***Election***

23. The Chief Executive Election will take place in March 2017. The “Support Clean Elections” programme for the Chief Executive Election in 2017 has been kick-started to educate candidates, election helpers and voters to abide by the law when they take part in electoral activities. The Commission will continue to monitor elections at all levels through effective investigation into suspected corrupt and illegal conduct.

### ***Youth and Reaching Out***

24. The Commission will launch a two-year “Youth Integrity Fest” comprising campus activities, multi-media production as well as a highlight event to reinforce the core value of integrity among the young people. A multi-language publicity package including audio-visual materials will be produced to facilitate the dissemination of anti-corruption messages and introduce Hong Kong’s probity culture to new arrivals and ethnic minorities.

25. The multi-year territory-wide “All for Integrity” Programme was launched in mid-2016. To boost the impact of this all-embracing programme, the Commission will continue to maintain partnership with different organisations including youth bodies, 18 District Councils, government departments and voluntary agencies for the sake of disseminating integrity messages in the community so as to enhance Hong Kong’s probity culture.

26. To mark the 20th anniversary of the ICAC Club, the Commission is planning to organise an online-offline publicity programme this year to sustain the engagement of the public in participating in, and providing, voluntary service for ICAC’s community education activities.

27. The Commission will make more use of mass media and social media to spread anti-corruption messages to the general public, including launching a new advertising campaign in 2017.

### ***Human Resources***

28. As corruption crimes become increasingly sophisticated, secretive and intricate, the Commission will continue to deploy investigative resources in a strategic and coordinated manner, and strengthen the professional and operational capabilities of its staff through integrated training at different stages of their career and exchanges of experiences with local and overseas counterparts.

29. In terms of developing the Commission’s strategic planning and functions, stability of human resources plays an essential role. The Commission is pleased to note that in 2016, the rate of staff wastage other than normal retirement decreased by 2.1% from 4.7% in 2015 to 2.6% in 2016.

### ***International Exchange and Cooperation***

30. In May 2017, the Commission will organise an International Seminar on Financial Investigation focusing on the pertinent issues of financial investigation and asset recovery. The event will enhance mutual liaison and professional exchange with anti-corruption agencies and other stakeholders from around the world, and foster more effective partnerships in the global fight against corruption.

31. With Hong Kong as one of the few cities in the world with deep-rooted probity culture and ICAC as probably the most effective anti-corruption agency in the world, the Commission will continue to share its knowledge and experience with more other anti-corruption agencies who are in need.

**Independent Commission Against Corruption  
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