

**Legislative Council Panel on Security**

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

**PURPOSE**

This paper gives an overview of the Hong Kong corruption situation in the first nine months of 2017 and outlines the major ICAC anti-corruption initiatives in the coming year.

**CORRUPTION SCENE 2017**

2. In the first nine months of 2017, the Commission received 2,214 corruption complaints (excluding election-related complaints), which is 1% less than that of the same period of 2016, while pursuable complaints rose by 9% from 1,559 to 1,698. Of all the corruption complaints received, 66% were targeted at the private sector, 28% related to government departments and 6% involved public bodies, a pattern that has been maintained for a number of years.

3. Our analysis and intelligence indicate that the corruption situation in Hong Kong is well under control. Public support remains strong with 75% of the complainants identifying themselves when reporting corruption, slightly up from 73% in the same period of 2016.

4. In the same period, 125 persons in 66 cases were prosecuted for non-election offences, representing a decrease of 15% in terms of persons and a decrease of 18% in terms of cases. The person-based conviction rate increased from 69% to 80%, while the case-based conviction rate rose from 77% to 81%.

***Public Sector***

5. In the first nine months of 2017, 609 corruption complaints concerning government departments were received. Despite a decrease of 8% in complaints against government departments, the number of pursuable complaints increased from 369 to 428 when compared to the same period in

2016. Complaints against public bodies dropped by 13% from 159 to 138, but pursuable complaints went up by 8% from 83 to 90.

6. The public has a high and legitimate expectation on the integrity and probity of civil servants and public officials. Noting that there were isolated prosecutions involving government officials, some senior in position, members of the civil service are generally able to measure up to that high standard. The Commission will continue to heighten the awareness of public officials of any situation involving potential conflicts of interest, and to investigate all reports of corruption in accordance with the law regardless of the background, status, and position of the persons involved.

### *Private Sector*

7. In the first nine months of 2017, complaints concerning the private sector rose by 3% from 1,421 to 1,467, with a corresponding increase of 7% in the number of pursuable complaints from 1,107 to 1,180. The Building Management (**BM**) (612 complaints), Finance and Insurance (155 complaints), and Construction Industry (131 complaints) subsectors attracted most complaints and they together accounted for 61% of the complaints in the private sector.

8. The BM subsector, which accounted for 42% of the private sector complaints, remains an area of public concern. In addressing the rising trend in complaints concerning building management and maintenance, the Operations Department has deployed a substantial amount of investigative resources in the area, including the setting up of a dedicated task force focusing on corruption complaints which involve bid-rigging activities in building maintenance works. In July 2017, an assistant project manager of an engineering company was convicted of two charges of conspiracy to accept illegal rebates of \$430,000 for recommending the subcontracting of electrical and wiring refurbishing works of a commercial complex to two electrical engineering firms. He was sentenced to 24 months' imprisonment.

### *Elections*

9. With regard to the public elections that were held in 2016 and 2017, up to the end of September 2017, a total of 488 complaints concerning alleged offences under the Election (Corrupt and Illegal

Conduct) Ordinance were received, of which 482 were pursuable. The complaints relating to the 2016 Legislative Council (**LegCo**) Election, the 2016 Election Committee Subsector Elections, and 2017 Chief Executive Election, attracted respectively 234, 228, and 18 pursuable complaints.

10. In the first nine months of 2017, four persons were prosecuted for election offences, two persons were formally cautioned, and 311 persons received warnings.

11. In April 2017, the Operations Department launched a large-scale operation in response to alleged vote-rigging activities in a functional constituency of the 2016 LegCo Election. The Commission will continue to spare no effort in tackling election-related complaints and take robust enforcement action against all kinds of corrupt and illegal activities in order to ensure the cleanliness and fairness of all public elections.

## **INTRNATIONAL COOPERATION AND RECOGNITION**

12. Between 9 and 10 May 2017, the Commission organised an international seminar on financial investigation focusing on the pertinent issues of financial investigation and asset recovery. Over 240 representatives of various anti-corruption and law enforcement agencies, justice departments, regulatory bodies, international organisations, and the accounting and legal professions from 41 jurisdictions attended the seminar. They shared their expertise, examined past successes, and highlighted the challenges ahead in their respective jurisdictions, stressing the need for enhancing mutual assistance between stakeholders in financial investigation and asset recovery.

13. Hong Kong is persistently rated in international surveys as one of the cleanest cities in the world. Ranking Hong Kong the world's freest economies for 23 consecutive years, the Heritage Foundation's 2017 Index of Economic Freedom praised Hong Kong for "an excellent track record in combating corruption". Meanwhile, Hong Kong was ranked the 6th most competitive economy in the World Economic Forum 2017-2018 Global Competitiveness Report with an improvement in ranking under the "Irregular Payments and Bribes" indicator from the 12th in 2016-2017 to this year's 9th.

14. In addition, according to the Corruption Perceptions Index 2016, Hong Kong was ranked the 15th least corrupt place among 176 countries and territories, three places higher than that in the previous year. 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**

### *Public Sector*

15. In terms of corruption prevention, the Commission will continue to focus its efforts on areas of public concern and public safety, issues involving substantial sums of public money, new policy initiatives or regulatory regimes, and specific areas arising from corruption complaints. As government departments have built reasonably sound internal control systems over the years and two-thirds of the corruption complaints concern the private sector, the Commission will continue to shift more efforts in its corruption prevention work to the private sector, adopting a proactive and cross-public-private work approach (e.g. trade/sector-specific strategy).

16. The testing and inspection of construction materials used in infrastructure projects is prone to corruption. Any malpractices involved might not only compromise the quality of infrastructures but also threaten public safety. In view of the increasing public concern about the quality of infrastructure projects, the Commission will collaborate with the Development Bureau (**DB**) and works departments in strengthening their corruption prevention measures for the testing and inspection of major construction materials used in infrastructure projects and enhancing corruption prevention awareness and capabilities of the practitioners. Meanwhile, in light of the increasing volume of works contracts commissioned under New Engineering Contract, the Commission will also help the DB and works departments to augment their corruption prevention measures for the tendering and administration of these contracts.

17. Given the substantial sums of money involved in works and consultancy contracts for the development of the Three-Runway System, the Commission is working hand-in-hand with the Airport Authority Hong Kong in strengthening its corruption prevention policy for the tendering and administration of these contracts.

18. On integrity training for government officers and public officials, the Commission is working on the production of a new web learning package and training videos in an attempt to heighten their vigilance on corruption pitfalls and misconduct in public office that may be subject to criminal sanction.

### ***Private Sector***

19. The Commission is committed to taking robust enforcement action to thwart corrupt and criminal activities whenever they are uncovered, in particular those affecting the livelihood of the general public. Concerning the BM subsector complaints, in order to maximise the effectiveness of the enforcement actions, the Operations Department has implemented a two-pronged strategy combining the traditional approach of investigation with a view to prosecution, and taking timely intervention actions in appropriate cases to frustrate possible corrupt and bid-rigging activities at an early stage. As a result of such early interventions, flat owners were made aware of the risks exposed in awarding contracts, enabling them to take appropriate follow-up actions where necessary. This enforcement strategy will continue.

20. To tie in with the Ethics Promotion Programme for Listed Companies, the Commission will reach out to all publicly listed companies and relevant professional bodies to provide training on ethical governance for company directors and related professionals, using case studies, tailor-made training packages and practical guide; and provide corruption prevention advice for them to enhance their anti-bribery management system. The Hong Kong Exchanges and Clearing Limited (**HKEX**) has amended the Listing Rules upgrading the obligation of listed companies to disclose their anti-corruption policy. The Commission will study the submissions of the listed companies in this regard and discuss with HKEX to see whether possible enhancement measures are necessary.

### ***Youth Work***

21. An all-embracing programme entitled “Youth Integrity Fest”, comprising campus activities, multi-media productions and a large-scale youth art fair, continues to be a core initiative this year to reinforce the core value of integrity among young people.

22. In parallel, a youth promotional programme will be launched to disseminate, among young people, the anti-corruption advertisements

created by tertiary students on multi-media platforms to step up integrity building among the young generation.

23. Riding on the momentum of the multi-year programme entitled “All for Integrity”, which is being organised with the engagement of different sectors, including district organisations, business sector, government departments and youth bodies, the Commission is stepping up the publicity of anti-corruption messages to the general public, in particular grassroots citizens.

24. Taking the opportunity of celebrating its 45th Anniversary in 2019, the Commission has commenced preparatory work for the commemorative events, including the production of a television drama series and a new announcement of public interest, as well as a series of district activities targeted at the general public, in particular young people.

### *Election*

25. Meanwhile, a multi-faceted education and publicity programme will be launched. This includes the production of a series of filmlets to promote “Support Clean Elections” messages for the Rural Representative Election.

### *International Cooperation*

26. In January 2006, the Central People’s Government (CPG) ratified the United Nations Convention Against Corruption (UNCAC) and extended its application to Hong Kong. The ICAC has been designated by the CPG as the agency to assist other signatories to the UNCAC, of which about one third are Belt and Road (B&R) countries, in developing and implementing corruption prevention measures. As more Hong Kong companies may do business in those countries, sharing ICAC’s enforcement and corruption prevention experience with anti-corruption agencies of these countries will not only enable Hong Kong to fulfil its obligation under the UNCAC, but will also help these countries build a level playing field for business which will benefit Hong Kong companies. Moreover, it will further enhance Hong Kong’s international reputation in terms of clean government and good governance, and will encourage companies in those countries to do business in Hong Kong or to use Hong Kong as a base for doing business in the region.

27. Bribery and corruption are still serious problems in most of the countries in the world. Hong Kong, one of the world leaders in absence of

corruption, could help alleviate the problems. In this connection, the ICAC will set up a dedicated group to consider providing tailor-made training and consultancy services to various stakeholders locally as well as governments and anti-corruption agencies overseas including those in the B&R countries, within the framework of the UNCAC.

28. Promoting Hong Kong to be a place of a corruption-free business city with an effective anti-corruption regime to the international community is a continuous task of the Commission. In this regard, the Commission is rolling out various initiatives, including the “International Perspective” section which is an online platform on the Commission’s official website, electronic newsletters and visit programmes.

**Independent Commission Against Corruption  
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