

**Legislative Council Panel on Security**

**2018 Policy Address  
Briefing by Commissioner  
Independent Commission Against Corruption**

**PURPOSE**

This paper gives an overview of Hong Kong's corruption situation in the first nine months of 2018 and outlines the major ICAC anti-corruption initiatives in the coming year.

**CORRUPTION SCENE 2018**

2. In the first nine months of 2018, the ICAC received 2,042 corruption complaints (excluding election-related complaints), which is 8% less than that of the same period of 2017, while pursuable complaints also decreased by 8% from 1,704 to 1,571. The pattern of corruption complaints received remains steady, with 67% concerning the private sector, 26% relating to government departments and 7% involving public bodies.

3. Corruption in Hong Kong continues to be well under control. Public support remains strong with 75% of the complainants identifying themselves when reporting corruption (in the first nine months of both 2017 and 2018).

4. In the same period, 109 persons in 69 cases were prosecuted for non-election offences, representing a decrease of 13% in terms of persons and an increase of 5% in terms of cases. The person-based conviction rate decreased slightly from 79% to 76%, while the case-based conviction rate stood at 80%.

***Public Sector***

5. In the first nine months of 2018, 520 complaints against government departments registered a decrease of 14% (from 608 to 520) and pursuable complaints also recorded a decline of 22% (from 432 to 338) when compared to the same period in 2017. Complaints against public

bodies increased by 4% from 138 to 143, and pursuable complaints went up by 10% from 90 to 99.

6. A clean government is the cornerstone of Hong Kong's success and the public expects from the public servants the highest standard of accountability and integrity. Despite isolated prosecutions and convictions involving public servants in the year, the civil service in Hong Kong remains clean and honest. The ICAC will investigate all pursuable reports of corruption vigilantly in accordance with the law and continue to collaborate with the Civil Service Bureau and government departments/bureaux to uphold the probity culture in the civil service.

### *Private Sector*

7. In the first nine months of 2018, complaints concerning the private sector fell by 6% from 1,468 to 1,379, with a corresponding decrease of 4% in the number of pursuable complaints from 1,182 to 1,134. Most of the complaints concerned the Building Management (**BM**) (541 complaints), Construction Industry (132 complaints) and Finance and Insurance (118 complaints) subsectors.

8. Despite the drop in the number of complaints (from 613 to 541 or 12%) in the first nine months of 2018, BM subsector still accounted for 39% of the complaints received in the private sector. The ICAC has been implementing a two-pronged strategy combining enforcement actions and early intervention to alert flat owners the corruption risks in the contracting out processes in order to maximise the effectiveness in fighting corruption in this area.

9. It is noted that complaints involving solicitation or acceptance of "introduction fee" and/or "tea money" for securing employment have become more prominent in the Construction Industry. Since 2017, eight persons were prosecuted for accepting illegal wage rebates from workers or defrauding them of wages. The ICAC will spare no effort to eradicate corruption and prevent labour exploitation with a view to maintaining a clean and fair work culture in the industry.

10. To uphold market integrity and public confidence in the Hong Kong financial system, the ICAC is committed to combating corruption in the banking, finance, and insurance industries, and has maintained close collaboration with financial regulators, including the Securities and Futures

Commission (**SFC**), the Hong Kong Monetary Authority and the Insurance Authority.

### *Elections*

11. Up to the end of September 2018, a total of 61 complaints of alleged offences under the Election (Corrupt and Illegal Conduct) Ordinance were received, of which 55 were pursuable. In particular, the Legislative Council (**LegCo**) By-election held on 11 March 2018 attracted 44 complaints, of which 43 were pursuable.

12. Following ICAC investigation into election complaints received in 2018 and before, two persons were formally cautioned and 176 persons received warnings for minor breaches of electoral offences in the first nine months of the year.

## **MAJOR INITIATIVES**

### *Public Sector*

13. The ICAC will continue to focus its corruption prevention efforts on areas of public concern and public safety, as well as issues involving substantial sums of public money. In light of the number of new policy initiatives and regulatory regimes, the ICAC has become more proactive than before to provide early corruption prevention input in the Government's formulation of new policies and related operational systems, initiatives and projects. With two-thirds of the corruption complaints involving the private sector, the ICAC will devote increased efforts to corruption prevention work in the private sector, adopting a proactive (e.g. trade-specific strategy) and "cross-public-private" approaches.

14. The Government and public bodies rely on contractors to provide various services in public works projects. Any corruption or malpractice involved might not only compromise the quality of the works but also threaten public safety. The ICAC will collaborate with relevant government bureaux/departments and public bodies to enhance public works contractors' corruption prevention awareness and capabilities, especially in the areas of integrity management system, control systems in site supervision and management of sub-contractors. As regards the quality control of major construction materials used in infrastructure projects, the

ICAC will continue to assist the Development Bureau and works departments in strengthening their corruption prevention measures and enhancing the corruption prevention awareness and capabilities of practitioners.

15. The ICAC will also enhance integrity training for government officers and public officials to heighten their vigilance on corruption pitfalls and misconduct in public office, including the production of a new web learning package.

### *Private Sector*

16. In response to the launch of “Operation Building Bright (OBB) 2.0” and “Fire Safety Improvement Works (FSIW) Subsidy Scheme” in July 2018, the ICAC has stepped up efforts to deploy resources to handle complaints concerning building maintenance works arising from these funding schemes. The ICAC will continue to deploy a dedicated task force to handle complaints concerning suspected bid-rigging activities that involve corruption in building maintenance projects and to adopt a two-pronged strategy combining traditional approach of investigation for prosecution and taking early intervention actions to alert flat owners to take precautionary actions.

17. Given that substantial sums of public money as well as public safety are involved in the OBB and FSIW funding schemes, the ICAC has been assisting the Urban Renewal Authority (URA) to incorporate corruption prevention measures in the administration of the funding schemes. Collaborating with the URA and government departments concerned, the ICAC would also assist building owners to put in place corruption prevention safeguards in their management of building maintenance projects under the schemes, including organising briefings on corruption prevention for owners’ corporations, consultants and works contractors concerned.

18. In order to preserve Hong Kong as an international financial and business centre, the ICAC will continue to focus on fighting possible corruption facilitated illicit activities concerning listed companies, and collaborate with SFC and other relevant departments/bodies for intelligence sharing and joint enforcement actions in appropriate cases. The ICAC will also collaborate with SFC and other professional bodies concerned to assist

listed companies in establishing/reviewing their anti-bribery management systems and enhancing the disclosure of their anti-corruption measures.

19. The ICAC will further promote Hong Kong's corruption-free environment and integrity system as one of our competitive advantages to the international community through different channels and means. This will include wider engagement of international anti-corruption ranking institutions in ICAC's exchange and visit programmes, and through the enhanced online platform of "International Perspective" section on ICAC's main website.

### ***Youth Work***

20. For youth work, the ICAC will enhance efforts to promote positive values among young kids through the launching of a two-year "Reading for Integrity" Project comprising production of picture books and organisation of reading club activities, training for educators and a large-scale reading gala targeting at kindergarten students, their parents and teachers.

21. The ICAC will also launch a multi-media "Youth-for-Youth" co-creation project, engaging young people to develop creative production to reinforce the core value of integrity and enhance positive engagement of young people on various media platforms, especially social media.

### ***Election***

22. The 2018 LegCo Kowloon West Geographical Constituency By-election and the 2019 Rural Representative Election (**RRE**) will be held in November 2018 and in January 2019 respectively. In order to uphold the integrity and fairness in public elections in Hong Kong, the ICAC has been working closely with various government departments/agencies, including the Home Affairs Department, Electoral Affairs Commission and the Police, for exchanging intelligence and reviewing the electoral legislation and guidelines, and take robust enforcement actions against electoral corruption and malpractice as well as launching a "Support Clean Elections" Programme comprising a series of education and publicity activities.

### ***International Cooperation***

23. The ICAC will step up efforts in collaborating with and assisting the anti-corruption agencies (ACAs) of other countries, in particular the member states of the Association of Southeast Asian Nations (ASEAN) and those along the Belt and Road (B&R) routes, to build up anti-corruption capacity. Such efforts will benefit Hong Kong's different sectors and enterprises in venturing into business in these countries, further expand ICAC's global anti-corruption network, fulfil Hong Kong's obligation under the United Nations Convention Against Corruption and demonstrate to the international community Hong Kong's unwavering commitment in the fight against corruption.

24. Between 22 and 24 May 2019, the Commission will jointly host with World Justice Project an international conference – the 7<sup>th</sup> ICAC Symposium – in Hong Kong. With a theme on “Fighting Corruption – A New Perspective”, the Symposium aims at providing a platform for anti-corruption experts and related professionals from different jurisdictions to share their experience, initiatives and strategies in combating corruption.

25. Since the ICAC's announcement in February this year of offering training assistance to the ACAs in other countries, active and constructive dialogue had been maintained with at least 13 ACAs of B&R countries which are UNCAC states members, and five of them, namely Malaysia, Myanmar, Vietnam, Thailand and Cambodia are also members of the Association of Southeast Asian Nations (ASEAN). Training programmes have already been lined up for the ACAs of Myanmar and Cambodia to be held in November. Arrangements for tailor-made courses for ACAs in other ASEAN countries are also in the pipeline.

26. Taking the opportunity of participating in a high-level conference jointly organized in mid-October this year by the Ministry of Justice of Croatia and the Group of States against Corruption of the Council of Europe (GRECO), the Commissioner, ICAC has lined up meetings with heads of ACAs or government institutions of over 10 GRECO member states in Eastern and middle Europe, who are also Belt and Road countries. Collaboration with such ACAs and other GRECO members with an anti-corruption mandate would continue in the coming year.