

Legislative Council Panel on Security

**The Chief Executive's 2019 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 2019 and outlines the major ICAC anti-corruption initiatives in the coming year.

CORRUPTION SCENE

2. In the first nine months of 2019, the ICAC received 1,776 corruption complaints (excluding election-related complaints), which is 13% less than that of the same period of 2018, while pursuable complaints also decreased by 15% from 1,575 to 1,340. The drop is across the board with the decrease in complaints concerning the private sector more significant. However, there is no change in the overall pattern, with 65% of the complaints concerning the private sector, 28% relating to government departments and 7% involving public bodies.

3. In the same period, 90 persons in 61 cases were prosecuted for non-election offences, representing decreases of 17% and 12% respectively in terms of persons and in terms of cases. The person-based conviction rate dropped from 76% to 72%, while the case-based conviction rate stood at 80%.

4. Corruption in Hong Kong continues to be under control. Public support remains strong with 72% of the complainants identifying themselves when reporting corruption. Social unrest in recent months has brought unprecedented challenge to the whole of the Hong Kong society. With unwavering determination and perseverance, the ICAC will steadfastly continue its anti-graft mission and to uphold the rule of law.

Public Sector

5. In the first nine months of 2019, complaints concerning government departments registered a decrease of 6% (from 521 to 492) and pursuable complaints also recorded a decline of 11% (from 340 to 302) when compared to the same period of 2018. Complaints relating to public bodies decreased by 11% (from 142 to 127), and pursuable complaints went down by 4% (from 98 to 94).

6. Despite isolated prosecutions and convictions involving public servants in the year, the civil service in Hong Kong remains clean and honest. The ICAC will continue to investigate all pursuable reports of corruption vigilantly in strict accordance with the law and established procedures.

Private Sector

7. In the first nine months of 2019, complaints concerning the private sector went down by 16% (from 1,380 to 1,157), and pursuable complaints down by 17% (from 1,137 to 944). The subsectors of Building Management (**BM**) (395 complaints), Finance and Insurance (**F&I**) (132 complaints) and Construction Industry (106 complaints) continued to attract the most complaints. However, the complexity of investigative work increased.

8. Although corruption complaints concerning BM continued to top the list amongst all subsectors, the downward trend recorded in 2018 continues to 2019 and its proportion to total complaints in the private sector has dropped slightly from 39% in the first nine months of 2018 to 34% in 2019. The ICAC will continue to adopt a two-pronged strategy combining the traditional approach of investigation and early intervention action in appropriate cases to alert flat owners concerned to the possible risks in the award of contracts.

9. Against an overall drop in complaints concerning the private sector, F&I is one of the few subsectors which recorded an increase in corruption complaints (by 12%) when compared with the same period of 2018. The rise was mainly attributed to an increase in complaints relating to the offer of bribes for assistance in opening accounts in banks and the use of false documents (such as insurance policies and academic proof) with intent to deceive insurance companies. To uphold market integrity and

public confidence in Hong Kong's financial system, the ICAC is committed to combating corruption in the banking, finance and insurance industries, and has maintained close collaboration with the industries and financial regulators, including the Hong Kong Monetary Authority, Securities and Futures Commission (SFC), and the Insurance Authority.

Elections

10. The year 2019 marks the beginning of a new cycle of public elections. Up to the end of September 2019, a total of 105 complaints of alleged offences under the Elections (Corrupt and Illegal Conduct) Ordinance (ECICO) were received, of which 97 were pursuable. In particular, the Rural Representative Election held between 6 and 20 January 2019 attracted 88 complaints, of which 81 were pursuable.

11. In the first nine months in 2019, 19 persons were prosecuted for election offences and two were convicted. 43 persons received warnings for minor breaches of electoral offences. Among those prosecuted, a total of 17 persons were charged for their alleged roles in a bribery and vote-rigging scam in relation to a functional constituency during the 2016 Legislative Council Election and their trials are pending.

MAJOR INITIATIVES

Public Sector

12. A clean government is the cornerstone of Hong Kong's success and the public expects from the public servants the highest standard of integrity. The ICAC will enhance integrity training for government officers and public officials to heighten their vigilance on conflict of interest and misconduct in public office, including the production of a new web learning package. In addition to continuing to provide corruption prevention services to disciplined services departments, the ICAC will also develop a corruption prevention guide for reference by non-disciplined services departments and public bodies with law enforcement and regulatory functions (such as the Food and Environmental Hygiene Department, and the Environmental Protection Department) to enhance their awareness of the common corruption pitfalls in such duties and the corresponding corruption prevention measures.

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 will continue to be proactive to provide early corruption prevention input in the Government's formulation of new policies and related operational systems, initiatives and projects. The ICAC will follow up with timely reviews to ensure that any further loopholes revealed in the process of actual implementation of these new endeavours will be duly plugged.

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. A series of recent cases involving malpractice in important public works projects have affected the public's confidence in the Government's management of such projects. Following the efforts already made to strengthen corruption prevention measures in and awareness of quality control of major construction materials used in infrastructure projects, the ICAC will further assist the Development Bureau and major public bodies to enhance their systems for the supervision of works projects to ensure that they are corruption resistant. Given the scale and complexity of the works projects and the important roles of works contractors in their management, implementation, quality control, and ensuring the absence of corruption in project implementation, the ICAC also sees the need to enhance their awareness of and capabilities in integrity management and corruption prevention through developing an Integrity Management System for adoption by public works contractors.

Private Sector

15. In response to the launch of "Operation Building Bright 2.0", "Fire Safety Improvement Works Subsidy Scheme" and "Lift Modernisation Subsidy Scheme" which involve a total funding commitment of \$7.5 billion, the ICAC will remain alert to corruption opportunities arising from these subsidy schemes. Through an internal task force, the ICAC makes regular reviews on the corruption scene and formulates holistic strategies to deal with the problems.

16. In order to sustain Hong Kong's status as an international financial centre, the ICAC will continue to fight corruption and other graft-facilitated illicit activities concerning listed companies. In a bid to

formalise and strengthen cooperation with the SFC in combating corruption and market malpractice, a memorandum of understanding was signed between the ICAC and the SFC in August 2019.

17. Supported by 12 key industry bodies, the ICAC and the Insurance Authority will jointly launch an Ethics Promotion Campaign for Insurance Industry in early 2020. Major activities of the campaign will include developing an online Continuing Professional Development course on ethics management for insurance intermediaries with the Hong Kong Federation of Insurers, producing new training videos and a new web portal to provide resources and training materials for the industry, and updating legal contents relating to the Insurance Intermediaries Qualification Examination. A corruption prevention guide for use by insurance companies to assist them in establishing or strengthening their corruption prevention capabilities in their core operation will also be developed.

18. The ICAC will continue to promote corruption prevention practices and enhance its services for the private sector through the Corruption Prevention Advisory Service Web Portal. With enhanced features and contents such as corruption prevention tips and case studies, the Web Portal has recorded about 200,000 visits, and the resource materials (e.g. Best Practice Checklists and training videos) have been downloaded/viewed for over 83,000 times so far. The ICAC will continue to enrich and enhance the Web Portal by developing more trade/industry-specific webpages to facilitate access to relevant information/resources by target visitor groups.

Youth Work

19. For the younger generation, the ICAC will enhance efforts to promote positive values among young kids through the launching of a “Reading for Integrity” Project. The project will comprise the production of picture books and organisation of reading club activities, training for educators and a large-scale reading gala targeting at kindergarten students, junior primary students, their parents and teachers.

20. The ICAC will also launch a multi-media “Youth-for-Youth” co-creation project by 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

21. The 2019 District Council Election will be held in November 2019. 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 Electoral Affairs Commission, the Registration and Electoral Office, the Police Force and the Home Affairs Department, for exchanging intelligence and reviewing the electoral legislation and guidelines, and take robust enforcement actions against electoral corruption and malpractice as well as organising a series of education and publicity activities to promote clean and fair election message.

22. In February 2019, the Government proposed a series of technical amendments to the electoral laws, which include raising the limits for de minimis arrangement, a relief mechanism first introduced in 2011 for handling election returns with minor errors under section 37A of ECICO. It is anticipated that the amendments, if passed, would significantly reduce the number of complaints in respect of minor breaches of the electoral laws that have to be referred to the ICAC for investigation.

International and Mainland Cooperation

23. To fulfil our international obligation under the framework of the United Nations Convention against Corruption (UNCAC), the ICAC will further step up efforts in collaborating with and assisting the anti-corruption agencies of other countries to build up anti-corruption capacity. Since 2017, the ICAC has engaged with over 50 Belt and Road countries which are also State Parties of the UNCAC. In the first nine months of 2019, the ICAC provided six tailor-made capacity building programmes for five countries with a total of 120 participants. In May 2019, an inaugural capacity building programme jointly organised by the ICAC and the International Association of Anti-Corruption Authorities was conducted for some 180 anti-corruption practitioners from different jurisdictions in Hong Kong.

24. Riding on past collaboration with anti-corruption authorities in the Mainland, the ICAC will strengthen cooperation on combating and

preventing corruption with the anti-corruption agencies in Guangdong and Macao under the framework of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (**the Plan**). Following the release of the Plan in February 2019, the ICAC has exchanged views with the counterparts of Mainland China and Macao on enhancing collaboration in promoting an integrity culture and fighting against corruption. A tripartite meeting with the heads of the Guangdong Provincial Commission of Supervision and Commission Against Corruption of Macao was held in May 2019. The three parties agreed in principle to join hands to strengthen efforts in combating cross-boundary corruption, promoting integrity culture, organising capacity building programmes for graft-fighters, and holding regular meetings to review the progress of the collaboration.

**Independent Commission Against Corruption
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