Legislative Council Panel on Security

The Chief Executive's 2021 Policy Address Briefing by Commissioner Independent Commission Against Corruption

PURPOSE

This paper gives an overview of Hong Kong's corruption situation in the first eight months of 2021 and outlines the major anti-corruption initiatives of the Independent Commission Against Corruption (ICAC) in the coming year.

CORRUPTION SCENE

- 2. The corruption situation in Hong Kong continues to be well under control. In the first eight months of 2021, the ICAC received 1,460 corruption complaints (excluding election complaints), which is 191 or 15% more than that of the same period in 2020, while pursuable complaints increased by 11% from 980 to 1,085. The increase was attributable to the rising number of complaints concerning the private sector as a result of gradually reviving economic activities amid the pandemic.
- 3. In the same period, 118 persons were prosecuted in 71 cases (excluding election cases), as compared with 95 persons in 54 cases in 2020. The case-based and person-based conviction rates were respectively 76% and 69%.

Government Sector and Public Bodies

4. The public sector (including the civil service) in Hong Kong generally remains clean and honest. In the first eight months of 2021, complaints concerning government bureaux/departments decreased by 1% (from 415 to 409) and pursuable complaints dropped by 7% (from 276 to 256). Complaints relating to public bodies decreased by 13% (from 107 to 93), with pursuable complaints down 7% (from 67 to 62). During the period, nine government servants were prosecuted for corruption and related offences and three were formally cautioned. Separately, 37 government servants were referred to the relevant government bureaux/departments for consideration of disciplinary and/or administrative action after endorsement of the Operations Review Committee.

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Private Sector

- 5. In the first eight months of 2021, complaints concerning the private sector went up by 28% (from 747 to 958), and pursuable complaints up by 20% (from 637 to 767). The increase was seen across all major subsectors including the top three, i.e. Building Management (BM) (from 297 to 333), Construction Industry (CI) (from 70 to 128), and Finance and Insurance (from 68 to 92).
- 6. Although the BM subsector remained at the top of the list attracting the most complaints, the ICAC's enforcement strategy, combining the traditional approach of investigation together with early intervention action in appropriate cases to alert flat owners concerned to the possible risks in the award of contracts, has proven to be effective. Meanwhile, following a series of ICAC enforcement actions to tackle cases of bribe-for-employment in the construction industry, more extorted construction workers came forward resulting in a huge surge in complaints in the CI subsector (up by 83% or 58 complaints).

Elections

- 7. For the 2020 Legislative Council (LegCo) General Election which was originally scheduled for 6 September 2020 and postponed, the ICAC received a total of 23 complaints (22 pursuable). As for the 2021 Election Committee Subsector Ordinary Elections (the EC Subsector Elections) held on 19 September 2021, six complaints (five pursuable) were registered as at 21 September. The ICAC co-operated closely with the Constitutional and Mainland Affairs Bureau (CMAB), the Electoral Affairs Commission (EAC), Registration and Electoral Office (REO) and the Hong Kong Police Force (HKP) to ensure the election was clean and fair. Apart from making corruption prevention proposals on enhancing the electoral arrangements, we have conducted large amount of education and publicity activities to remind the public, electors, candidates and designated bodies, etc. the major, new and amended provisions of the Elections (Corrupt and Illegal Conduct) Ordinance, and made vigorous enforcement planning and deployment. These strategies and work were effective in safeguarding the integrity of the election.
- 8. In the first eight months of 2021, eight persons were prosecuted for electoral offences. During the same period, seven persons were convicted with offences including bribing electors and failing to lodge an election return. Additionally, two received bind-over orders for offences related to the provision of entertainment at election, while 187 persons received warnings for minor breaches of electoral offences (mostly related to election expenses).

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MAJOR INITIATIVES

Government Sector and Public Bodies

- 9. In view of the high standard of integrity expected of public servants, the ICAC has kick-started a two-year "Integrity Promotion Campaign for Public Bodies" to strengthen the integrity culture in the public bodies (PBs). Under the Campaign, an ethical leadership conference will be organised for senior executives of the PBs on 20 October 2021 to promote clean corporate governance and ICAC's service for the PBs, including various newly produced training resources such as an integrity promotion package and a thematic website. A marketing exercise will be kick-started in November this year to extensively promote ICAC's preventive education services for PBs.
- 10. Riding on the experiences gained on reviewing PBs' integrity management systems in the past few years, the ICAC has enhanced the Sample Codes of Conduct for Members and Employees of PBs. The ICAC will launch the revised Sample Codes to the PBs through different channels and step up the corruption prevention work for PBs to assist them in strengthening their integrity management systems through the conduct of corruption prevention studies, and provision of consultation services, capacity building training and resources in different areas (such as governance, procurement, staff management, and administration of funding schemes).
- 11. Noting that a number of new railway projects are in the pipeline for implementation, the ICAC will assist the MTR Corporation Limited (MTRCL) to strengthen the corruption prevention measures in various stages of the projects through a series of corruption prevention studies and consultation services. The ICAC will also organise regular integrity management training for MTRCL's project staff, consultants and contractors to raise their corruption prevention capabilities and awareness.
- Given the important roles of public works contractors, suppliers of materials and specialist contractors in the implementation, management and quality control of public works projects, the ICAC developed an Integrity Management System (IMS) for enhancing public works contractors' corruption prevention capabilities and awareness. IMS comprises elements on integrity policy and requirements, integrity capacity building and integrity risk management. After consulting the stakeholders, the Development Bureau

(DEVB) included the first two components of IMS as mandatory listing requirements for public works construction companies in March 2021.

Private Sector

- 13. In order to maintain Hong Kong's status as an international financial centre, the ICAC will continue to fight corruption and other graft-facilitated illicit activities concerning the financial sector by collaborating with various financial regulators, including the Securities and Futures Commission (SFC), the Financial Reporting Council (FRC), the Hong Kong Monetary Authority and the Insurance Authority. The memorandum of understanding (MOU) signed between the ICAC and the SFC in 2019 has enhanced the enforcement capabilities of the two agencies in fighting corruption and market malpractice, and brought fruitful results. To continue the momentum, the ICAC entered into a similar MOU with FRC on 29 September 2021.
- 14. The ICAC will produce a new online practical guide and other training resources for the banking sector as well as reinvigorating the exchanges with members of the Corruption Prevention Network for Banks to enhance the professional ethics of banking practitioners and the integrity culture of the industry.
- 15. The ICAC is intensifying its efforts to take forward the "Integrity for Success" Ethics Promotion Campaign for Insurance Industry. A Corruption Prevention Guide for Insurance Companies was launched at the end of 2020 to assist insurance companies in establishing and strengthening their corruption prevention capabilities in their core operations, e.g. management of insurance intermediaries, sales process, underwriting and claims verification. From 2021 onwards, the ICAC has distributed the Guide to all insurance companies and encouraged the industry to adopt the Guide through activities such as press briefing, messages at social media channels of regulator and trade associations, and corruption prevention training. The ICAC also offered tailored corruption prevention advice to insurance companies on the latter's request.
- 16. Recognising the merits of IMS in uplifting the integrity of construction practitioners, the ICAC, DEVB and Construction Industry Council jointly launched an industry-wide "Integrity Charter" scheme on 24 September 2021 to further promote IMS to private construction companies. Supported by all

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works departments of the Government¹ as well as major public bodies and trade associations, the Charter is a voluntary and self-regulated platform on which participating construction companies undertake to implement an integrity policy and arrange at least one senior management staff member to regularly attend integrity training. They may also choose to adopt Integrity Risk Management as an add-on to the Charter. After the launch, the ICAC has taken up the role of secretariat to continuously provide corruption prevention services to the participating companies.

- 17. Since BM remains a corruption prone area, the ICAC will continue to keep a close watch on corruption opportunities arising from various funding schemes of the Government involving a substantial amount of subsidies, including the "Operation Building Bright 2.0", "Fire Safety Improvement Works Subsidy Scheme", "Lift Modernisation Subsidy Scheme", "Common Area Repair Works Subsidy", as well as the newly launched "Building Drainage System Repair Subsidy Scheme". The ICAC has implemented various investigative strategies including effective law enforcement, appropriate early intervention and proactive approach in detecting possible corruption to manage issues arising from the application process of the schemes and to prevent tender-rigging. The ICAC will also continue to work closely with the Urban Renewal Authority and Buildings Department, and provide timely advice and services to them as well as building owners and other stakeholders to prevent corruption.
- 18. The ICAC has assisted the Property Management Services Authority (PMSA) to enhance its internal control, and provided early corruption prevention advice on the new licensing regime for property management companies and property management practitioners. In particular, the ICAC assisted the PMSA in drawing up the Code of Conduct on Prevention of Corruption and the related Best Practice Guide, which were gazetted and published in July 2021. The Code has included the three components of IMS requiring licensed property management companies to implement an integrity policy, have their senior management and key staff regularly attending integrity training and manage integrity risk in their business operations. The ICAC will assist the licensees in complying with the Code and the Best Practice Guide.

¹ Including Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Electrical & Mechanical Services Department, Highways Department, Housing Department and Water Supplies Department.

Engaging the Public and Younger Generation

- 19. The ICAC continues to engage members of the public to play a proactive role in maintaining a clean, fair, stable and prosperous society through active participation in integrity promotion activities, embracing integrity in their life journeys and assisting the ICAC in disseminating anti-corruption messages to fellow citizens. To encourage public's active involvement, and to amplify the significance of integrity to the society, the ICAC will launch an "All for Integrity" public engagement signature event which will comprise experiential exhibition cum orienteering activities, thematic anti-corruption walks and an electronic platform for self-guided tour.
- 20. The ICAC Club, a voluntary service group with over 3,000 members, is a key partner of the ICAC in fostering a culture of probity in Hong Kong. Its members serve as volunteers in ICAC probity promotion activities. To mark the 25th anniversary of the ICAC Club, the members will be engaged in planning and organising a series of online and offline publicity programmes to enhance public engagement in ICAC's community education activities.
- 21. The promotion of moral education among young people has always been one of ICAC's priorities. The focus group study on youth attitudes towards probity completed in early 2021 revealed that the majority of them supported a clean and probity culture and they possessed basic knowledge of the anti-bribery law. However, when faced with the choice of whether or not to report corruption or situations involving personal interest, young people considered their own interest their priority concern in the decision making process. To address this concern, the ICAC incorporated the messages of the rule of law, law-abidingness, honesty, reporting corruption, etc. into the regular integrity promotion and education programmes tailored for young people of different developmental stages. From the academic year commencing in September 2021, the ICAC will implement the "i Junior Programme for Primary Schools" comprising provision of theme-based moral education resources and training for teachers, as well as experiential learning activities and participation scheme for students to support school-based Moral and Civic Education curriculum. For secondary school students, interactive drama performances have been arranged to inspire them to make lawful, fair and reasonable decisions when facing value conflicts in their daily life. The ICAC will collaborate with tertiary institutions to arrange "Personal Ethics" workshops/talks which feature in-depth scenario discussion on handling ethical dilemmas or value conflicts to enhance tertiary students' awareness of the importance of personal and professional ethics as well as law abidingness. The ICAC will also continue to make use of social media

extensively to connect with the youth to effectively disseminate relevant messages, and remind the younger generation to avoid any breach of the law.

The ICAC will roll out a new announcement of public interest, and continue with the production as well as the broadcast of the new drama series *ICAC Investigators 2022* to raise public awareness against corruption. To tie in with the launch of these two campaigns, a comprehensive online and offline promotional plan to hammer home the anti-corruption message to the general public will be organised.

Election

- 23. To uphold the integrity of the upcoming LegCo General Election and the Chief Executive Election, an internal inter-departmental Working Group comprising dedicated officers of the Operations Department, Corruption Prevention Department and Community Relations Department has been formed to formulate a comprehensive action plan.
- 24. On the enforcement front, the strategy involves taking robust investigative action in respect of corrupt or illegal conduct breaching the Elections (Corrupt and Illegal Conduct) Ordinance, as well as adopting a preventive and intervention approach by requesting social media platforms/websites to remove contents which might constitute offences of manipulating or undermining elections (including the newly created electoral offences of "wilfully obstructing and preventing another person from voting at an election" and "inciting voters not to vote, to cast blank or invalid votes by way of public activity during an election period"). Investigating officers will also be deployed to the polling stations on the polling day to take swift and effective actions in response to enquiries and complaints from members of the public.
- 25. The ICAC has also recalibrated its strategies on education and publicity as well as corruption prevention to ensure clean election messages will be brought home to all stakeholders of the aforementioned elections, and corruption prevention assistance is given to stakeholders in strengthening procedural controls and reducing risks of corruption and manipulation in the electoral processes. The ICAC observed the polling and counting procedures of the EC Subsector Elections held on 19 September 2021. We are analysing the observations and will propose improvement measures to the Government for adoption in the upcoming public elections, if necessary. The ICAC will launch the "Support Clean Elections" Programme comprising a series of education and publicity activities as well as assist the authorities concerned in the review of

electoral guidelines so as to uphold integrity and fairness in the LegCo General Election in December this year, the Chief Executive Election in 2022 and the Rural Representative Election in early 2023.

26. The ICAC will continue to liaise and work closely with various stakeholders, including CMAB, EAC, REO and HKP to ensure that public elections are held in a fair, just and open manner.

International and Mainland Cooperation

- 27. In view of the importance of international cooperation in the fight against corruption, the ICAC will continue to join forces with our overseas counterparts in preventing and combating graft as well as capacity building collaboration. By doing so, we will be able to contribute to the international anti-corruption community, maintain Hong Kong's status as a front runner in the global fight against corruption and uphold the ICAC as a well-recognised anti-corruption institution around the world. Through robust international engagement and publicity, we will also strive to further enhance the international community's confidence in Hong Kong as a level playing field for businesses and cement Hong Kong's status as an international financial centre.
- 28. The ICAC will play a more active role in the Executive Committee of the International Association of Anti-Corruption Authorities (IAACA) to help the latter synergise the cooperation of various anti-corruption agencies (ACAs) in different geographical regions of the world through better coordination. We will also continue to leverage our experience and expertise to coordinate training initiatives for IAACA members.
- 29. To overcome the challenges posed by the coronavirus pandemic and the global enforcement of entry restrictions, the ICAC continued to make use of online platforms to exchange with overseas ACAs on anti-corruption experience and provide capacity building training programmes for our counterparts. During the first eight months of 2021, we have organised online training programmes for the ACAs of six countries, namely Oman, Sri Lanka, Morocco, Greece, Bhutan and the Philippines as well as member economies of the Asian Development Bank/Organisation for Economic Cooperation and Development Anti-Corruption Initiative for Asia-Pacific. The ICAC will continue to share experience with and organise capacity building training for overseas ACAs via either in-person mode or online platforms.

30. The ICAC has worked closely with the National Commission of Supervision, the Guangdong Provincial Commission of Supervision and the Commission Against Corruption of Macao with the aim of establishing closer anti-corruption collaboration under the framework of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035. Despite the coronavirus outbreak, the ICAC has been discussing with the Qianhai Anti-Corruption Bureau (QACB) to jointly offer corruption prevention consultancy services to Hong Kong enterprises with operations in Qianhai, which would serve as a pilot project for anti-corruption collaboration in the Greater Bay Area. A questionnaire survey was recently conducted jointly with QACB to gauge Hong Kong enterprises' views on corruption prevention needs. Based on the survey findings, and to tie in with the Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone released last month, we will map out suitable strategies for offering joint corruption prevention services in Qianhai with a view to promoting probity culture and strengthening synergy in the fight against corruption.

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