

**Legislative Council Panel on Security**

**2006-2007 Policy Address**

**Briefing by the Commissioner,**

**Independent Commission Against Corruption**

**PURPOSE**

This note outlines the overall corruption situation in the first nine months of 2006 and the Commission's major initiatives for 2007.

**CORRUPTION REPORTS**

2. In the first nine months of 2006, the Commission received 2,461 corruption reports, representing a decrease of 8% from 2,680 reports received for the same period in 2005. The number of reports capable of investigation decreased by 8% from 2,117 in 2005 to 1,955. In addition, 22 election-related reports were received.

3. Of the 2,461 reports received, complaints concerning private sector corruption took up 60%, with reports relating to government departments and public bodies constituting 33% and 7% respectively.

4. In the first nine months of 2006, a total of 211 persons were prosecuted in 127 cases. The conviction rate for completed prosecution cases stood at 88%.

## **CORRUPTION SCENE**

5. Complaints against government departments, the private sector and public bodies recorded decreases of 5%, 9% and 15% respectively. Our analysis and intelligence indicate that the civil service remains clean and there is no sign of resurgence of syndicated corruption within the Government. Overall, corruption remains under control.

6. Reports concerning government departments fell by 5% (from 866 to 821) in the first nine months of 2006. Nevertheless, we remain concerned about incidences of misuse of office and impropriety in the procurement of goods and services, neglect of duty in the supervision of contractors and acceptance of entertainment from persons having official dealings and indebtedness through gambling and excessive spending. The situation is being closely monitored and proactively addressed through close partnership with government departments and the Civil Service Bureau.

7. Reports against the public bodies recorded a 15% decrease (from 209 to 177) when compared with the same period of 2005. Reports concerning District Councils (DC) also recorded a decrease of 12% (29 cases) and they were mainly related to allegations against DC members' involvement in misappropriation of public funds and abuse of authority.

8. Reports received in respect of private sector registered a decrease of 9% (from 1,605 to 1,463). The more corruption-prone areas in terms of number of corruption reports received were building management, finance and insurance and catering and entertainment services. Reports concerning building management accounted for 40% of the total number of reports received in this sector. The majority of the reports were related to the award of contracts and management of Owners' Corporation funds. Reports against the finance and insurance sector were mainly related to improper approval of loans and letter of credit, fraudulent insurance claims, improper transfer of funds, and abuse in the award of contracts. Reports pertaining to the catering and entertainment services sector were mostly related to receiving kickbacks from suppliers, acceptance of inferior goods and receiving bribes in return for inflated price/unnecessary orders.

9. In general, our efforts in combating corruption remain effective. The community continued to lend strong support to anti-corruption work. The proportion of complainants who identified themselves when reporting corruption remained high at 73%.

## **MAJOR INITIATIVES FOR 2007**

10. In the coming year, we will continue to tackle the corruption problem through effective investigation and prosecution, eliminate opportunities for corruption by introducing corruption resistant practices, educate the public on the evils of corruption and foster their support in fighting corruption.

11. On the operations front, we will strengthen effort in the following areas –

- (a) enhancing capability in intelligence gathering and analysis, witness protection and firearms and tactical training;
- (b) stepping up efforts to address the increasingly complex corruption problem in the building management sector through robust investigation, corruption prevention and preventive education; and
- (c) maintaining close liaison with the Home Affairs Department, Registration and Electoral Office, Electoral Affairs Commission and Police to ensure clean elections at all levels through robust and effective investigation of criminal corruption cases.

12. On the corruption prevention front, we will implement the following initiatives –

- (a) assist the Food and Environmental Hygiene Department to put in place corruption prevention safeguards in food surveillance and food testing procedures administered by the newly established Centre for Food Safety;

- (b) assist the Lands Department in reviewing procedures for land control with a view to enhancing the corruption prevention safeguards;
- (c) assist the Environmental Protection Department to build in corruption prevention safeguards in the implementation of recycling schemes for waste products;
- (d) provide corruption prevention best practices and guidelines to Owners' Corporations for letting and administering building maintenance projects; and
- (e) assist the Securities and Futures Commission in reviewing the procedures for supervision of securities brokers with a view to enhancing the effectiveness of the monitoring measures.

13. On the community education front, our initiatives will include –

- (a) conducting a two-year ethics programme for the insurance industry to equip managers and supervisors with knowledge and skills in managing staff integrity and preventing corruption and to enhance frontline insurance agents' knowledge on anti-corruption legislation;
- (b) conducting a two-year preventive education programme for entrepreneurs of Small-Medium Enterprises, to alert them to the importance of good governance and ethical practice and equip them with the knowledge and skills in preventing corruption in managing their business;
- (c) launching a training module to provide systematic training for company directors to increase their awareness to the risk of corporate corruption and to equip them with the tools to perform their role ethically and accountably;
- (d) launching an integrity programme for public officers engaged in management of outsourced works and services contracts. The programme aims to assist government departments and public bodies in managing their outsourced activities, to enhance public officers' awareness of common corruption pitfalls in the management of outsourcing contracts and to reinforce the concept of supervisory accountability among public sector managers;

- (e) stepping up efforts in promoting clean and effective building management among property owners, their management bodies and service providers by organising various publicity programmes and community education activities and establishing a thematic website setting out ICAC services on building management; and
- (f) launching an education and publicity programme for each public election to remind candidates, election agents and voters of the need to abide by the election laws and the importance of upholding a “Clean Election”.

## **CONCLUSION**

14. We are committed to fighting corruption through effective law enforcement, prevention and education to help keeping Hong Kong fair, just, stable and prosperous. With the support of the community, we will continue to uphold the best tradition of the ICAC to tackle corruption without fear or favour.

**Independent Commission Against Corruption**

**October 2006**