

Legislative Council Panel on Security Meeting
Opening Remarks by ICAC Commissioner Mr Simon PEH Yun-lu
27 May 2013

Chairman and Members of the Legislative Council,

Thank you very much for giving me this opportunity to explain the ICAC's approval mechanism for duty visits outside Hong Kong and reimbursement of expenditure on official entertainment and souvenirs. In view of the extensive responses aroused in the community following the press reports on former ICAC Commissioner Mr Timothy TONG's duty visits, entertainment and offering of gifts during his tenure, I understand that legislators are highly concerned about the approval mechanism. My colleagues and I will surely try our best to provide information on related matters and listen to your views.

2. Though the ICAC is independent of the civil service, by virtue of the ICAC Ordinance, all ICAC officers are subject to Government regulations and guidelines as applied to government officers. In addition, ICAC officers are also required to comply with the Commission Standing Orders (CSO) as well as the rules and guidelines set out in the ICAC circulars. They are required to observe such rules and regulations when performing duties, including exercising prudence and strict economy in using public funds. Officers who fail to comply with the relevant rules and regulations will be subject to disciplinary action.

3. The Director of Audit's Report has been released subsequent to an audit review of the work of the ICAC in respect of preventive education and enlisting public support against corruption. In view of the Audit Commission's observations and recommendations as well as the ensuing media coverage of the relevant issues, the ICAC has conducted a thorough internal review of duty visits outside Hong Kong, entertainment and the giving of official gifts.

4. Though ICAC's prevailing guidelines in question are based on the government rules and regulations, the ICAC has nonetheless identified room for improvement in implementing those requirements in the specific context of the Commission. Regarding duty visits outside Hong Kong, the ICAC has all along strictly adhered to the government requirements on expenditure of overseas duty visits. Duty visits outside Hong Kong are

(TRANSLATED VERSION)

approved by the Commissioner or the Directors of Investigation for all ICAC officers while those undertaken by the Commissioner are approved by the Chief Executive. On 6 May this year, the ICAC issued a circular to all staff in the Commission to set out more clearly the requirements that duty visits outside Hong Kong should be approved only when such visits are absolutely necessary in the discharge of the officers' duties or prominently conducive to the missions and functions of the Commission. In addition, the duration of the trip should be as short as possible covering only the part of the programmes pertaining to the official purposes of that visit and the number of officers joining the trip should also be kept to the minimum.

5. As regards the expenditure on official entertainment, in accordance with the Civil Service Regulations, it has been set out in the CSO that the ceilings of entertainment expenses per head are \$350 for lunch and \$450 for dinner unless exceptional approval is given by the Commissioner. After review, the Commission found room for improvement in the fine details. For example, the CSO did not explicitly lay down whether all food/beverages (such as dessert and wine) served during and before or after lunch/dinner should be included as part of the expenses of the lunch/dinner concerned. To increase awareness of the ICAC officers and remind them to adhere to strict economy when incurring entertainment expenses, we have tightened the relevant guidelines by reiterating that guests and Commission offices attending the event should be confined to those who are directly related to the context of the official business. Details are also given to remind officers that all food, beverages and tips should be included as part of the entertainment expenses of the same event and all such expenses must be charged to the same vote. Furthermore, all official entertainments hosted by the heads of departments should be approved by the Commissioner. To ensure checks and balances, the Head of Operations will endorse official entertainments hosted by the Commissioner, whereas the Assistant Director of Administration will check compliance of those attended by both the Commissioner and the Head of Operations.

6. As to the giving of souvenirs, the Commission did not have any written guidelines on the value of souvenirs. In general, souvenirs are given taking into account the nature of the occasions, the status of the recipients and the symbolic significance attached to the souvenirs. After review, we have tightened the guidelines on presenting souvenirs. As a general principle, officers should not offer gifts to other organisations and

(TRANSLATED VERSION)

should avoid as far as possible exchanging gifts with them. Where the giving or exchange of gifts is unavoidable, officers should only present one souvenir inscribed with the ICAC logo to the organisation concerned. Moreover, no gift should be given on a personal basis.

7. Recently the Legislative Council and the media have expressed concerns about the spending on gifts by the Commission. It has been reported that the ICAC spent nearly a million dollars on gifts during the former Commissioner's five-year tenure. However, after examining the verified records of the ICAC, we found the reported figures inaccurate. I would like to clarify the situation here to avoid possible misunderstanding amongst the public.

8. In April this year, the ICAC prepared information on a reply to a legislator's question about "the number of occasions on which Mr Timothy TONG presented gifts to government officials of different places and paid out of public funds during his tenure, and a breakdown of the actual amount incurred on each occasion" (on 3 April 2013, the ICAC submitted a written reply to the Special Finance Committee (FC) Meeting). At the time, we provided the Special FC Meeting with the range of values of the gifts presented by him. During the question-and-answer session at the Special FC Meeting on 9 April, the ICAC was requested to further provide details of the gifts. Having sorted out the relevant records within a very short time limit, the Commission submitted on 22 April a supplementary document to the LegCo Special FC Meeting. It was given in the reply that the value of gifts presented to government officials of different places by Mr TONG during his five-year term was \$218,673. Subsequently, there were press reports saying that that figure was inaccurate. The Commission therefore spent a great deal of resources and time to look through all relevant receipts and accounting records. Eventually, we managed to check all records and get hold of the situation. It turned out that the following omissions have been made:

- Food gifts costing around \$56,800 – though my colleagues noticed that cakes and biscuits were brought and offered to the other parties during those overseas duty visits by the former Commissioner, there were no detailed accounting records on hand. Subsequently, the Director of Community Relations had discussions with the Assistant Director of Administration. Agreeing that food was generally given out for sharing among the staff of the recipients, they reckoned that there was no need to include such items in the "number of occasions

(TRANSLATED VERSION)

on which gifts were offered and the amounts of gifts involved”. This was against the background that we had not yet got hold of the information on the quantities of food or biscuits involved or details of the accounting records. While admitting a lack of thorough consideration in dealing with the matter, the ICAC absolutely did not intend to keep any information back, nor did anybody deliberately exclude the gifts in question. We immediately apologised to the Legislative Council and the public for the matter concerned.

- Besides, gifts worth \$3,650 in total were presented to the officials when Mr TONG led a delegation to Bali, Indonesia to attend the Second Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities (IAACA) in November 2007. They included 50 ICAC pens and 40 ICAC pins costing \$2,850 and \$800 respectively.
- There were also small gifts costing \$3,750 (including ICAC key chains and cufflinks) and their unit prices ranged from \$20 to \$30. At that time they were presented to different officials on various occasions of the overseas visits by Mr TONG.

9. Taking into account the above three items, the expenditure on the gifts presented by Mr TONG to government organisations and officials of different places and paid out of public funds during his tenure was not the original \$218,673, but \$282,873.

10. Apart from gifts presented to officials, Mr TONG also gave out gifts worth approximately \$7,500 in total on official occasions during his tenure. Gifts were presented to academics, staff of public organisations and Non-Government Organisations (NGOs) having working relations with the ICAC, including the participants at the public sector anti-corruption conferences in Australia and the UK attended by him.

11. In addition, the following items incurred by various departments were also included in Mr TONG’s expenditure on souvenirs:

- Souvenirs worth \$201,500 in total were given to participants at seminars and talks. The major events concerned included the ICAC Building opening ceremony in December 2007, the Centre of Anti-Corruption Studies opening ceremony-cum-seminar in March 2008 and the IAACA Public Service Announcement Video

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Competition and Workshop in December 2011. The number of participants varied from 100 odd to 200 odd at each of these activities. Gifts offered to the participants included commemorative folders, pens, name badges and ICAC souvenirs (such as crystal ICAC Building models and plaques).

- Small gifts worth around \$207,000 in total were presented to participants of the ICAC open days and respondents of the ICAC annual surveys. Those gifts included ball pens, coasters, photo frames, post-it notes, reusable bags and rubbers. A large number of people were reached through these events. For example, the two ICAC open days held in February 2009 and October 2010 attracted 4,500 and 3,200 visitors respectively.
- Other minor expenses amounting to approximately \$25,000 are mainly incidental to the offering of gifts. They included expenses covering the copper plates bearing the names of the recipients or presenters, inscription, logo production and gift wrapping.

12. As shown in the above items, the expenditure on souvenirs/gifts placed under the Common Services vote during the five-year tenure of Mr TONG was approximately \$724,000, most of which was incurred on the gifts given out at the ICAC major events.

13. ICAC officers are committed to fighting corruption without fear or favour by adhering to the principle of integrity and fair play. Therefore, they have been paying particular attention to their personal conduct. In fact, all Commission staff have been disturbed by public doubts cast on the ICAC subsequent to the recent media reports. Yet, ICAC officers remain devoted to their graft-fighting mission and continue to win public support and trust with determination and work achievements. The Commission will keep fine-tuning the relevant systems and mechanisms. I believe that through the efforts of the legislators, the advisory committees which oversee the Commission's work as well as the Independent Review Committee on ICAC's Regulatory Systems and Procedures for Handling Official Entertainment, Gifts and Duty Visits set up by the Chief Executive, the ICAC will be able to further enhance its anti-corruption role under a refined control and governance system and make an even greater contribution to building a clean society.

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14. Lastly, I would like to point out that given the public hearings held by the Public Accounts Committee (PAC) on the Community Relations Department's work covered in the Director of Audit's Report, we consider it more appropriate to give a detailed account of issues concerning the Report at the PAC meetings. Furthermore, the ICAC has announced the commencement of the criminal investigation against Mr TONG and the set up of a special investigation unit under my direct command. Therefore, please understand that when answering questions raised by the legislators, I may not be able to touch on any content or information regarding the respective allegations to ensure that the criminal investigation can proceed in a fair and just manner. However, without prejudicing the criminal investigation, my colleagues and I will be more than willing to answer all questions raised.

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