

**Legislative Council Panel on Security**

**2013 Policy Address  
Briefing by the Commissioner,  
Independent Commission Against Corruption**

**PURPOSE**

This paper outlines the overall corruption scene in 2012 and the ICAC's major anti-corruption initiatives for the year ahead.

**CORRUPTION COMPLAINTS**

2. In 2012, the Commission received 3,932 corruption complaints, a decrease of 2% compared to 4,010 complaints in 2011. The number of pursuable complaints went down 4% from 3,074 to 2,950. Of all corruption complaints received, 62% were targeted at the private sector, 31% related to government departments and 7% involved public bodies.

3. During the year, 196 persons in 107 cases were prosecuted for various non-election offences, representing a decrease of 29% in terms of persons and 24% in terms of cases over those of 2011. The person-based and case-based conviction rates for non-election offences were 76% and 84% respectively.

4. In addition, 2,413 election-related complaints were received, of which 2,205 related to the 2011 District Council (**DC**) Election, 171 to the 2012 Legislative Council (**LegCo**) Election, 20 to the 2012 Chief Executive Election, six to the 2011 Election Committee Subsector Election, three to the 2012 DC By-election and four to the 2011 Village Representative Election, and two each to the 2008 LegCo Election and 2011 Rural Committee Election. Of these 2,413 complaints, 2,377 were pursuable. By the end of December 2012, 55 persons have been prosecuted for vote-rigging offences relating to the 2011 DC Election, of which 45 were convicted. Sentences ranged from community service to one year's imprisonment. In sentencing some of these cases, the magistrates commented that the offences committed by the convicted persons were serious and undermined the credibility of the sound electoral system in Hong Kong, warranting custodial sentences. Separately, four persons that were prosecuted for providing false information to the Registration and Electoral Office (**REO**) in relation to the registration of electors were convicted and received penalties ranging from suspended to custodial sentences.

5. Under the “de minimis” arrangement implemented by the Electoral Arrangements (Miscellaneous Amendments) Ordinance enacted in May 2012, minor errors or omissions in relation to election expenses revealed in election returns could be handled by the REO expeditiously without the need to report them all to the Commission. So far the Commission has received 600 plus referrals concerning complaints about false or incomplete election returns related to the 2011 DC Election which took place on 6 November 2011 from the REO. This figure has taken into account the “de minimis” arrangement. The Commission will liaise with the Constitutional and Mainland Affairs Bureau and other stakeholders including the Electoral Affairs Commission, the REO, the Home Affairs Department and the Department of Justice with a view to evaluating the effectiveness of this new arrangement.

## **CORRUPTION SCENE AND MAJOR INITIATIVES**

### ***The Public Sector***

6. In 2012, 1,192 corruption complaints against government departments were received, an increase of 7% compared to 1,117 received in the same period of 2011. In terms of number of pursuable complaints, there was an increase of 2% (from 762 to 774). Despite the increase in complaints, ICAC investigations revealed that corruption in the government sector remained under control without any sign of a resurgence of syndicated corruption. Nevertheless, there are concerns about some instances where government officers were found to have abused their authority when discharging their public duties. The ever present problem of financial insolvency of some government officers continued to be a concern since it exposed officers with unmanageable debts to the vulnerability of corruption. During the year, it was also noticed that there were cases where some disciplined services officers were found to have failed to take enforcement actions against some illicit activities and had solicited unauthorized loans.

7. Compared with 2011, complaints against public bodies received in 2012 recorded an increase of 12% from 229 to 257, and pursuable complaints up 9% from 164 to 179 cases.

8. In the past year, the integrity of individual former senior government officials has caused particular public concern. The Commission will continue to be highly vigilant in conducting investigations into all reports of corruption alleging government officials who have wilfully committed corrupt misconduct in their official capacity.

9. Corrupt activities in the civil service have, over the years, evolved from straightforward bribery to illegal acts involving varying nature and degree of abuse of power or conflict of interest. To ensure the standard of integrity meets prevailing public expectations, the Commission has produced a Reference Package on Conflict of Interest for Managers in the Civil Service and will join hands with the Civil Service Bureau to assist bureaux and departments to review and update their codes of conduct for staff.

10. The Commission will continue to identify and eliminate opportunities for corruption in government departments and public bodies. For example, in anticipation of an increase in the production of public housing, assistance will be offered to the Housing Authority in strengthening its site supervision arrangements for the construction of public housing blocks to ensure that they are corruption resistant. Assignment studies will be conducted on the procedures adopted by the Housing Department (**HD**) in 2013 with a view to identifying and making recommendations to address any vulnerable areas to prevent sub-standard construction and protect the safety of tenants. To enhance the integrity of the site supervisory staff involved in public housing construction, more integrity management workshops will be conducted for the employees of HD, consultants and contractors engaged in public housing projects.

11. Moreover, in view of the substantial public funds provided through the Social Welfare Department (**SWD**) since 2009 to non-governmental organizations for operating food banks and the increasing number of self-financed food bank operators in the community, the Commission will assist SWD and food bank operators to enhance their governance and internal control.

### ***The Private Sector***

12. Complaints against the private sector decreased by 7% from 2,664 to 2,483, and pursuable complaints also decreased by 7% from 2,148 to 1,997. Building Management (1,017 complaints), Construction Industry (190 complaints) and Finance and Insurance (168 complaints) subsectors attracted the most complaints and together accounted for 55% of complaints for the private sector.

13. Building Management (**BM**) took up 41% of the private sector complaints. 861 of the 1,017 BM complaints received in 2012 were pursuable. Of these pursuable complaints, 560 or 55% involved the operation and management of Owners' Corporations (**OCs**). Cases of minor and speculative nature were dealt with by the Quick Response Team.

Other more serious cases revealed corrupt collusions among unscrupulous BM consultants, contractors and other professionals and OC members over renovation projects. The Commission will remain alert to corrupt syndicates vying for a share of the BM business and the potential risk of corruption arising from various government-subsidized territory-wide building maintenance schemes (e.g. Operation Building Bright)(OBB).

14. In addressing the continual high complaint figures in the building management subsector, the Commission has undertaken a series of initiatives which include setting up of a working group, publishing a Building Maintenance Toolkit, providing corruption prevention input in the implementation of OBB, conducting district briefings for building owners, and producing a training video for self-learning by building owners. Building on the experience gained particular in the administration of OBB, the Commission will continue to update the Building Maintenance Toolkit, recommending relevant departments and public organisations (i.e. Development Bureau, Housing Society, Urban Renewal Authority, Home Affairs Department) to step up their professional and support services and assistance to building owners, and exploring with relevant bodies the feasibility of enhancing transparency of market information on repair costs.

15. Investigation into complaints against the Construction Industry revealed an increase of suspected corruption in the awarding or securing of works contracts. Referral of business, divulging tender information, harbouring substandard work, exercising lax supervision on the work of sub-contractors and obtaining money by submitting false documents are the main areas of concern. To address the problems revealed, the Commission will continue its corruption prevention and education efforts through partnering with the industry.

16. In the area of Finance and Insurance, complaints mainly related to corruption facilitated listing frauds, insurance agents deceiving their principals, corrupt collusions between bank officials and businessmen in obtaining credit facilities, and corrupt acts in the trading of derivative warrants. The Commission appreciates the ongoing need to uphold investors' confidence in Hong Kong and will spare no effort on both enforcement and preventive fronts so as to protect investors and maintain the credibility and reputation of Hong Kong as an international financial centre.

17. In 2013, the Commission will continue to undertake a two-year integrity management and corruption prevention programme for the banking sector. With an aim to helping the sector enhance integrity management, we will develop a training package and provide integrity training for bank managers.

18. 2012 also recorded a decrease in the number of complaints in the sectors of trading from 148 to 106 and fuel, food supply and other household services from 77 to 57, which was in part attributed to the deterrent effect of the Commission's enforcement actions against parallel goods traders over the bulk purchase and sale of smart phones, tablet computers and baby milk powders.

19. Overall, efforts in combating corruption continued to be effective. The proportion of complainants who identified themselves when reporting corruption remained high at 74%, indicating that the community continued to lend strong support to our anti-corruption work.

## **MORE INITIATIVES**

### Enhancing Professionalism

20. The Commission is committed to investigating every pursuable report of corruption. Given the complexity, sophistication and magnitude of many corruption cases, especially those involving the private sector and listed companies, the challenges faced by investigators continue to be demanding and resource intensive. To cope with these challenges, the Commission is actively recruiting young people of high calibre to fill existing and forecast vacancies and ensuring that they are given top quality training, both within the training facility and "on-the-job", to cope with the demands being placed upon the Commission in this increasingly complex modern environment.

21. Apart from strengthening manpower with a view to future succession, continued effort will be made to enhance the professional capabilities of investigating officers through constant evaluation and enrichment of the induction and professional development training programmes. Among other things, more professional development opportunities will be provided in financial investigation and asset recovery, as well as in computer forensics. To this end, the performance management system is being upgraded to facilitate the implementation of an integrated human resource management strategy.

22. A new generation Operations Department Information System will also be developed and implemented to enhance the information technology capabilities in support of investigative management.

### Youth Education

23. The Commission will continue its relentless effort on promoting positive values among young people. To foster the culture of probity in secondary school, we plan to organise a pilot ICAC Ambassador Programme in secondary schools in support of the “Other Learning Experience” requirement of the new senior secondary curriculum.

24. An integrity micro film festival will be organised in 2013 to instill the evils of corruption and promote positive values among young people. Riding on the momentum of an on-going youth training programme on ethical leadership, preparatory work of the 2014 youth forum will commence, with a view to inciting exchanges amongst youngsters.

### Reaching Out to the Community

25. To facilitate outreach to all walks of the community, an ICAC Smartphone App will be launched to promote anti-corruption messages to the general public through popular mobile platforms. A 30-minute Gee-dor-dor movie will be produced to promote positive attitudes and values among young kids and support parenting education.

26. To mark the 40th Anniversary of the ICAC in 2014, a two-year publicity programme will be kicked off in 2013 with a series of lead-in activities including the production of a television drama series and joint projects with the District Committees.

## **CONCLUSION**

27. The Commission will continue to fight corruption on all fronts and be vigilant in keeping Hong Kong a fair and just society. All Commission staff is committed to upholding the fine tradition of the ICAC to tackle corruption without fear or favour and to sustain a culture of probity within the community.