

Legislative Council Panel on Security

**2014 Policy Address
Briefing by the Commissioner,
Independent Commission Against Corruption**

PURPOSE

This paper depicts the overall corruption scene in 2013 and the Commission's major anti-corruption initiatives accomplished in the year and to be carried out in 2014.

CORRUPTION COMPLAINTS

2. In 2013, the Commission received 2,652 corruption complaints (excluding election-related complaints), which were 33% less than the 3,932 complaints received in 2012. 1,732 of these complaints were pursuable representing a decrease of 41% compared to the 2012 figure of 2,952. The decrease commenced in late 2012 culminating a 40% drop in the first quarter of 2013. The rate of decrease diminished quarterly and a 14% drop was recorded in the last quarter of 2013. Of all corruption complaints received, 62% were targeted at the private sector, 30% related to government departments and 8% involved public bodies. The proportion is largely in line with those in the last few years.

3. Despite a decrease in the number of complaints received, the percentage of respondents in the ICAC Annual Survey willing to report corruption increased steadily from 75.9% in 2010 to 80.6% in 2013. Likewise, those having encountered corruption in the past 12 months decreased from 1.8% in 2012 to 1.1% in 2013; while the percentage in respect of friends and relatives of respondents having the same experience also dropped from 2.5% to 0.6%. The average corruption tolerance level remains low at 0.8, on a scale of 0 to 10, with 0 representing total rejection and 10 representing total acceptance. The percentage of respondents opted for total rejection increased from 77% in 2012 to 82.7% in 2013.

4. A substantial drop in the number of complaints in the building management sub-sector also accounted for 29% of the overall decrease. This can be attributable to the three-year programme to enhance public awareness of the importance of integrity in building management. The Commission will encourage corruption reporting and strictly adhere to the principle of confidentiality.

5. 215 persons in 113 cases were prosecuted for various non-election offences, representing an increase of 10% in terms of persons and an increase of 6% in terms of cases year on year. The person-based conviction rates increased from 75% to 78% but the case-based conviction rates decreased from 84% to 81%.

6. In the year, the Commission received 559 election-related complaints which mainly related to 2011 Election Committee (EC) Sub-Sector Election and 2012 Legislative Council (LC) Election. 557 of these complaints were pursuable. Five persons were prosecuted for election offences, four were cautioned by senior-ranking investigators and another 531 received warnings on the advice of the Department of Justice.

7. Under the “de minimis” arrangement implemented by the Electoral Arrangements (Miscellaneous Amendments) Ordinance enacted in May 2012, minor errors or omissions in election expenses revealed in election returns could be handled by the Registration and Electoral Office (REO) expeditiously and there is no need to report them to the Commission. As at 31 December 2013, a total of 615 cases were received from the REO concerning election expenses for the 2011 District Council (DC) Election, 388 cases for the 2011 EC Sub-Sector Election, 6 cases for the 2012 Chief Executive (CE) Election and 135 cases for the 2012 LC Election. For the 2011 DC Election, there were 168 successful cases out of a total 204 “de minimis” applications handled by REO; likewise 302 out of 357 applications for the 2011 EC Sub-Sector Election. For 2012 CE Election, all two “de minimis” applications were successful whereas for the 2012 LC Election, 61 out of 66 “de minimis” applications were successful. The Commission will relay its observations to the Administration for their consideration in refining the “de minimis” arrangement as it deems necessary.

CORRUPTION SCENE AND MAJOR INITIATIVES

The Public Sector

8. Some recent investigations and prosecutions involving former and incumbent high-ranking officials had attracted wide media coverage, causing public concern about the corruption situation in Hong Kong. The Commission will continue to pursue every corruption case impartially in strict accordance with the law, regardless of the background, status and position of the people involved.

9. In 2013, 808 corruption complaints against government departments were received, a decrease of 32% compared to 1,192 received in 2012. In terms of the number of pursuable complaints, there was a drop of 43% (from 775 to 438). As regards complaints against public bodies, a decrease of 24% from 257 to 195 was recorded, and the corresponding decrease in pursuable complaints was 37%, from 179 to 113.

10. Public sector corruption has become more sophisticated in recent years with its form shifting from ‘quid pro quo’ bribery to conduct capable of generating immediate or delayed advantages. The offence of “misconduct in public office” thus remains a major concern. The indebtedness of individual civil servants is also a problematic area in that it can lead to the temptations of succumbing to corrupt conducts. There were also several law enforcement officers who were alleged to have divulged confidential information and harboured illegal activities.

11. To this end, the Commission will continue to remind public officials to avoid any potential or perceived conflicts of interest situations; collaborate with the Civil Service Bureau to develop a web-learning programme for civil servants on corruption prevention and related integrity issues; identify and eliminate corrupt opportunities in government departments and public bodies. To enhance clean governance in the public sector, the Commission will, in 2014, assist government bureaux and departments as well as public bodies in reviewing their Codes of Conduct, to be followed by tailor-made services as required, to ensure that they are in line with public expectation on the highest standard of integrity.

12. Arising from the devolution of authority to government departments for making non-works procurement of up to \$5 million with effect from July 2013, the Commission will assist government departments to review and enhance their procurement procedures to ensure that such procedures are corruption resistant. Capacity building workshops will also be organized as necessary.

13. To ensure the integrity of voter registration for the Legislative Council functional constituencies, the Commission will assist organizations under various functional constituencies, the members of which are eligible for registration as voters in the respective functional constituency sub-sectors, in enhancing their internal controls and the transparency of their membership administration systems. A series of education and publicity activities will be launched for the rural elections scheduled for early 2015, including Village Representative Elections, Rural Committee Elections and the Heung Yee Kuk Members Election, to uphold integrity and fairness in the elections; and also extend the “Support Clean Elections” programme to stakeholders and electors of the Kaifong Representative

Election which is expected to be put under the regulatory regime in 2014.

The Private Sector

14. Complaints concerning the private sector decreased by 34% year on year from 2,483 to 1,649. Pursuable complaints also went down by 41% from 1,998 to 1,181. Three sub-sectors, building management (**BM**) (646 complaints), construction industry (157 complaints) and medical and social services (105 complaints), attracted a total of 908 complaints which accounted for 55% of the total number of complaints in the private sector.

15. Notwithstanding a drop in the number of complaints from 1,017 to 646, the BM sub-sector still accounted for 39% of the private sector complaints. A majority of the complaints were about Owners' Corporations (**OC**) showing favouritism in contract management. Cases of a minor and speculative nature were dealt with by the Quick Response Team. Other complaints were about the operation and mis-management of OC, for instance, using false accounting documents to deceive OC. The Commission is aware that tender-rigging in the BM sub-sector has caused public concern. Whilst tender-rigging is not a criminal offence, the Commission will spare no effort in eradicating corruption in the tendering process.

16. As regards the construction industry, the major areas of concern are bribery in awarding works contracts; conniving at substandard works or materials; and using false documents to obtain contract payments or salaries. In view of a likely increase in corruption complaints in this sub-sector due to the commencement of a large number of infrastructure construction projects and a more active property development market in 2014 and beyond, the Commission will collaborate with the industry to identify corruption-prone areas, develop a capacity building package for raising the integrity standard and corruption prevention awareness of the practitioners involved, in particular site supervisory staff.

17. Complaints in the medical and social services sub-sector mainly related to the award of contracts or purchase orders, deceiving government or social service organizations in fund applications, and securing employments in charitable or non-government organizations by dishonest means. Through the united efforts of enforcement and prevention, the Commission will strive for upholding best practices and improving control and safeguard in this sub-sector.

18. The catering industry is prone to corrupt activities as revealed in investigations in recent years. The Commission will develop a corruption prevention capacity building package for the catering industry as well as the institutions conducting catering management programmes. The package will cover different risky areas of catering operations, integrity requirements and corruption prevention measures.

19. In the Finance and Insurance sub-sector, there are ongoing enquiries involving 35 listed companies, 18 of which are Mainland-funded. The complexity, sophistication and magnitude of these cases are challenging and resource intensive.

20. The first Youth Integrity Micro Film Festival was organised in 2013 which attracted 190 young people to produce about 50 micro films to explore the values of integrity and probity. A commendation ceremony was held in December 2013 to showcase and honour the work of the participants. Over 4,000 video views of these micro films by the general public were recorded in the ICAC YouTube Channel.

21. Overall, efforts in combating corruption continued to be effective. 71% of complainants identified themselves when reporting corruption, indicating that the community continued to lend support to our anti-corruption work. The impression gained in Commissioner's overseas duty visit in November 2013 was that officials of those anti-corruption and law enforcement agencies, and senior management of the relevant non-governmental organisations visited, having read reports on Hong Kong's probity situation, still regarded Hong Kong's anti-corruption strategy an effective one.

MORE INITIATIVES

22. The Commission set up an Internal Audit Unit (IAU) in late October 2013 to expand its practice of regular internal audits to all areas of the entire Commission, including the Commissioner's Office. The IAU aims to enhance governance, achieve compliance assurance, ensure value-for-money in respect of anti-corruption programmes, foster awareness of risks and financial control, help detection of possible anomalies and make improvements to systems and procedures where necessary.

23. Globalization and rapid advancement in technology in recent years had given rise to a different mode of operation and brought additional challenges to the anti-corruption work, calling for continuous efforts to enhance officers' professional capability. To address these challenges, the

Commission endeavours to strengthen its financial investigation capabilities in tackling increasingly complex and sophisticated corruption cases; increases its effort in dealing with the disclosure, restraint and confiscation of proceeds of crime. It will also keep abreast with the latest technological development in enhancing its computer forensics competencies through intensified research and integration of forensic tools; and in training.

24. On the human resources front, the Commission will combine efforts in implementing the relevant management strategies; review the curriculum of training courses and programmes; and strengthen the capabilities of investigating officers through professional and structured training to better meet the operational requirements.

25. The continued development of the new generation Operations Department Information System will further improve the information technology capabilities in support of investigation management.

26. Public support is essential in combating corruption. The Commission attaches great importance to encourage the public to report corruption. It will strengthen its strategies for enlisting the support of the general public and district organisations through setting new performance targets and indicators.

27. A Youth Summit will be held in 2014 as the finale of a series of events in the “i-Relay Youth Integrity Project” with the engagement of ICAC Ambassadors recruited from 17 local tertiary education institutions, to promote exchanges on integrity-related issues amongst tertiary students from Hong Kong, Mainland China and overseas.

28. Riding on a pilot programme for secondary school students in support of the “Other Learning Experiences” requirement of the new senior secondary curriculum, a youth-engagement programme “iTeen Leadership Programme for Senior Secondary Students” will be launched in full gear on a long term basis.

29. To mark the 40th Anniversary of the Commission in 2014, a community involvement programme will be launched together with a series of activities in 2014-15, including joint projects with District Councils, a mobile exhibition programme, parenting and youth activities.

30. Besides, the Commission will collaborate with the Hong Kong International Film Festival Society to launch an ICAC TV Drama Series, a publicity programme, during the 38th Hong Kong International Film Festival in 2014, with activities including a premiere of ICAC TV Drama

Series 2014, public screenings of classic ICAC TV dramas, community exhibitions and production of a commemorative publication.

CONCLUSION

31. The Commission will continue to fight corruption through effective law enforcement, education and prevention and be vigilant in keeping Hong Kong a fair and just society. All Commission staff is committed to upholding a high standard of integrity to tackle corruption without fear or favour and to sustain a culture of probity within the community.

**Independent Commission Against Corruption
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