

Legislative Council Panel on Security

**Work Progress and Planning of the
Independent Commission Against Corruption for 2020 to 2021**

**Briefing by Commissioner
Independent Commission Against Corruption**

PURPOSE

This paper gives an overview of Hong Kong's corruption situation in 2019 and the first four months of 2020, and outlines the major ICAC anti-corruption initiatives for 2020 to 2021.

CORRUPTION SCENE

2. In 2019, the ICAC received 2,297 corruption complaints (excluding election-related complaints), which is 368 or 14% less than that of 2018, while pursuable complaints also decreased by 14% from 2,015 to 1,739. The drop was across the board with the decrease in complaints concerning the private sector more significant. In particular, a decrease of 169 complaints in the Building Management (BM) subsector accounted for around 57% of the drop in the private sector. However, the overall pattern remained similar to that of recent years, with 64% of the complaints concerning the private sector, 28% relating to government bureaux/departments and 7% involving public bodies. In 2019, 134 persons were prosecuted in 86 cases (excluding election-related cases). The case-based and person-based conviction rates dropped slightly by one and three percentage points to 79% and 75% respectively.

3. In the first four months of 2020, the number of corruption complaints (excluding election-related complaints) received by the ICAC recorded a 20% drop (from 719 to 578) when compared with the same period in 2019. Pursuable complaints dropped by 17% (from 537 to 446). The decrease is mainly attributed to the private sector, which recorded a drop of complaints by 32% (from 477 to 326).

4. Corruption in Hong Kong continues to be under control. Public's trust and support for the ICAC remains strong with over 70% of the

complainants identifying themselves when reporting corruption. Social unrest in the second half of 2019 and the coronavirus outbreak in early 2020 have brought great challenges to the whole of the Hong Kong society. In facing these unprecedented situations, the ICAC steadfastly continues its anti-graft mission with unwavering determination and strong commitment to professionalism.

Public Sector

5. In 2019, complaints concerning government bureaux/departments registered a decrease of 8% (from 706 to 647) and pursuable complaints also recorded a decline of 8% (from 435 to 401) when compared to 2018. Complaints relating to public bodies decreased by 7% (from 183 to 170), and pursuable complaints went down by 2% (from 126 to 124). During the year, 13 government servants were prosecuted and two were formally cautioned. Separately, 91 government servants were referred to the relevant bureaux/departments for consideration of disciplinary and/or administrative action after endorsement of the Operations Review Committee.

6. In the first four months of 2020, complaints concerning government bureaux/departments and public bodies both increased by 4%, respectively from 191 to 199 and from 51 to 53.

7. Despite isolated prosecutions and convictions involving public servants, the civil service in Hong Kong generally remains clean and honest. The ICAC will continue to follow up all complaints and investigate all pursuable reports of corruption in strict accordance with the law.

Private Sector

8. In 2019, complaints concerning the private sector went down by 17% (from 1,776 to 1,480), and pursuable complaints down by 17% (from 1,454 to 1,214). However, the complexity of investigative work increased. The subsectors of BM (505 complaints), Finance and Insurance (F&I) (163 complaints) and the Construction Industry (CI) (140 complaints) continued to attract the most complaints in 2019. In the first four months of 2020, complaints concerning the private sector dropped by 32% from 477 to 326. The three major subsectors respectively recorded decreases of 16% (BM), 38% (F&I) and 35% (CI).

9. Corruption complaints concerning BM continued to top the list amongst all subsectors. Yet, the downward trend recorded since 2018 continues, which is an encouraging sign. The ICAC will continue to adopt the enforcement strategy of 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.

10. Against an overall drop in complaints in 2019 concerning the private sector, F&I was one of the few subsectors that recorded an increase in corruption complaints (by 8%) when compared with 2018. Although this upward trend seems to have reversed in the first four months of 2020 (a decrease from 55 to 34 complaints or down by 38%), the ICAC will closely monitor corruption risks in the F&I subsector. To uphold market integrity and public confidence in Hong Kong's financial system, the ICAC is committed to combating corruption in the banking, finance and insurance industries, and has maintained close collaboration with the industries and financial regulators, including the Hong Kong Monetary Authority, Securities and Futures Commission (SFC), and the Insurance Authority.

Elections

11. The year 2019 marked the beginning of a new cycle of public elections. A total of 623 election-related complaints were received in 2019, of which 590 were pursuable. A further 129 complaints (122 pursuable) were received in the first four months of 2020.

12. The District Council (DC) Election was held in November 2019 amidst a backdrop of social unrest. Up to the end of April 2020, a total of 644 complaints were received which concerned offences under the Elections (Corrupt and Illegal Conduct) Ordinance (ECICO). Among those complaints, 179 related to the publishing of false or misleading statements about candidates, 115 concerned the use of force or duress against candidates, 108 related to bribing of electors and others, 63 concerned corrupt conduct with respect to voting at elections, and 60 concerned engaging in certain deceptive behaviour in relation to electors.

13. In 2019, 23 persons were prosecuted in 4 cases for election offences and two were convicted, while 55 persons received warnings for minor breaches of electoral offences. Among those prosecuted, a total of 17 persons were charged for their alleged roles in a bribery and vote-rigging

scam in relation to a functional constituency during the 2016 Legislative Council Election and their trials are pending.

14. Separately, amendments were made to the ECICO in December 2019 to raise the limits for *de minimis* arrangement, a relief mechanism first introduced in 2011 for handling election returns with minor errors under section 37A of ECICO. The threshold for submission of invoices and receipts for election expenses was also raised. It is anticipated that these amendments would significantly reduce the number of complaints in respect of minor breaches of the electoral laws that have to be referred to the ICAC for investigation.

MAJOR INITIATIVES

Public Sector

15. A clean government is the cornerstone of Hong Kong's success. The ICAC will enhance integrity training for government officers and public officials and continue to heighten their vigilance on corruption risks, conflict of interest and misconduct in public office through the production of a new e-learning platform for civil servants. The ICAC also provides corruption prevention services to government departments and public bodies. During the year, the ICAC will develop a corruption prevention guide for reference by departments and public bodies with regulatory enforcement functions (such as the Food and Environmental Hygiene Department, and the Environmental Protection Department) to enhance their awareness of the common corruption pitfalls in such duties and the corresponding corruption prevention measures. It is planned that the guide will be completed for promulgation towards the end of 2020.

16. The ICAC will continue to focus its corruption prevention efforts on areas of public concern and public safety, as well as issues involving substantial sums of public money. In light of the number of new policy initiatives and regulatory regimes, the ICAC will continue to be proactive to provide early corruption prevention input in the Government's formulation of new policies and related operational systems, initiatives and projects. The ICAC will follow up with timely reviews to ensure that any further loopholes revealed in the process of actual implementation of these new endeavours will be duly plugged.

17. In view of public concerns over Government's various initiatives on innovation and technology development, which involve substantial amount of public money, the ICAC will assist the relevant government bureaux/departments as well as public bodies to ensure that the relevant systems and procedures are corruption resistant. By end of May 2020, the ICAC has completed detailed reviews on two innovation and technology related initiatives under the Hong Kong Science and Technology Parks Corporation, and the Innovation and Technology Commission. Moreover, corruption prevention advice on such initiatives has been given to the Hong Kong Science and Technology Parks Corporation, the Hong Kong Productivity Council and the Innovation and Technology Commission on eight occasions.

18. A series of recent cases involving malpractice in important public works projects have affected the public's confidence in the Government's management of such projects. Following the efforts already made to strengthen corruption prevention measures in and awareness of quality control of major construction materials used in infrastructure projects, the ICAC will further assist the Development Bureau and major public bodies to enhance their systems for the supervision of works projects to ensure that they are corruption resistant. A review on the site supervision system for public works projects and the use of digital technologies in the system is underway.

19. Given the scale and complexity of the public works projects and the important roles of public works contractors in their management, implementation and quality control, the ICAC also sees the need to enhance the contractors' awareness of and capabilities in integrity management and corruption prevention. In this regard, the ICAC has developed a framework of an Integrity Management System (IMS) for adoption by public works contractors, including elements on integrity policy and requirements, integrity capacity building, etc. The Development Bureau is consulting the stakeholders on the adoption of IMS as one of the listing requirements of the Government's approved public works contractors. The ICAC has been working closely with the Development Bureau to devise the requirements of IMS. Apart from these, the ICAC is exploring with the Development Bureau and Construction Industry Council further initiative/campaign to promote integrity awareness of works contractors at the various tiers.

Private Sector

20. The ICAC will remain alert to corruption opportunities arising from the “Operation Building Bright 2.0”, “Fire Safety Improvement Works Subsidy Scheme” and “Lift Modernisation Subsidy Scheme”. Through an internal task force, the ICAC makes regular reviews on the corruption scene and formulates holistic strategies to deal with the problems.

21. In order to sustain Hong Kong’s status as an international financial centre, the ICAC will continue to fight corruption and other graft-facilitated illicit activities concerning listed companies. In a bid to formalise and strengthen cooperation with the SFC in combating corruption and market malpractice, a memorandum of understanding was signed between the ICAC and the SFC in August 2019. Enhanced liaison work and cooperation with the SFC has brought about tangible results in joint investigations.

22. Supported by 12 key industry bodies, the ICAC and the Insurance Authority have jointly launched an Ethics Promotion Campaign for Insurance Industry in early 2020. Major activities of the campaign include developing an online Continuing Professional Development course on professional ethics for insurance intermediaries with the Hong Kong Federation of Insurers, producing new training videos and a new dedicated website to provide anti-corruption resources and training materials for the industry, and updating content relating to anti-corruption legislation for the Insurance Intermediaries Qualification Examination. In addition, ICAC is collaborating closely with the insurance industry to develop a corruption prevention guide for use by insurance companies to assist them in establishing and strengthening their corruption prevention capabilities in their core operations (e.g. management of insurance intermediaries, sales process, underwriting and claims procedures). It is planned that the guide will be launched in the fourth quarter of 2020.

23. The ICAC will continue to promote corruption prevention practices and enhance its services for the private sector with a view to safeguarding Hong Kong’s level playing field. Through the Corruption Prevention Advisory Service Web Portal and the website of the Hong Kong Business Ethics Development Centre (HKBEDC), the ICAC shares with the private sector various corruption prevention and integrity management resources. The ICAC will develop more thematic webpages, anti-corruption information and business ethics training materials for different trades and

professions to facilitate access to relevant information/resources by target visitor groups.

Elections

24. The Government has announced that the Legislative Council Election will tentatively be held on 6 September 2020. The ICAC will continue to work closely with various stakeholders, including the Constitutional and Mainland Affairs Bureau, the Registration and Electoral Office and the Police Force. In order to uphold the integrity of the election, the ICAC will further strengthen its manpower to take prompt and robust enforcement actions against electoral corruption and malpractice, and organise a series of education and publicity activities to promote clean and fair election message.

25. On the arrangement of the DC Election held in November 2019, the ICAC quickly conducted a review on the voting and counting procedures on the polling day, with a view to identifying any risks/loopholes in the systems and procedures and recommending corresponding improvement measures. Based on the review findings, the ICAC has recommended a number of improvement measures to the Government that could be implemented in the upcoming Legislative Council election, as well as recommendations for enhancing the voting and counting procedures in the long run. A majority of the recommended measures have also been featured in Electoral Affairs Commission's *Report on the 2019 District Council Ordinary Election* submitted to the Chief Executive.

Youth Work

26. To promote positive values among the younger generation, the ICAC steps up its efforts through the launch of the "Reading for Integrity" Project, which targets at kindergarten pupils, junior primary students, their parents and teachers. The project comprises the production of picture books, as well as the organisation of reading club activities, training for educators / parents and a large-scale reading gala. Furthermore, the ICAC has also launched a multi-media "Youth-for-Youth" Co-creation Project by engaging young people to develop creative production to reinforce the core values of integrity and rule of law, and enhance positive engagement of young people on various media platforms, especially social media.

International and Mainland Cooperation

27. The ICAC has been fulfilling its obligation under the United Nations Convention against Corruption (UNCAC) as the authority designated by our country to assist States Parties (including Belt and Road countries) to strengthen their anti-corruption capacity. Since 2017, the ICAC has engaged with over 50 Belt and Road countries which are also State Parties of the UNCAC. In 2019, the ICAC provided nine tailor-made capacity building programmes for eight countries reaching a total of 160 participants. In May 2019, an inaugural capacity building programme jointly organised by the ICAC and the International Association of Anti-Corruption Authorities was conducted for some 180 anti-corruption practitioners from different jurisdictions in Hong Kong.

28. Under the framework of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area released in February 2019, the ICAC strengthens the cooperation on combating and preventing corruption with the anti-corruption agencies in Guangdong and Macao. In May 2019, a tripartite meeting with the heads of the Guangdong Provincial Commission of Supervision and Commission Against Corruption of Macao was held. The three parties agreed in principle to join hands to strengthen efforts in combating cross-boundary corruption, promoting integrity culture, organising capacity building programmes for graft-fighters, and holding regular meetings to review the progress of the collaboration.

29. Due to the recent outbreak of the coronavirus pandemic resulting in the enforcement of drastic disease prevention and control measures including entry restriction, compulsory quarantine, etc., by governments across the world, the ICAC's annual plan regarding international anti-corruption training has inevitably been disrupted. The ICAC is closely monitoring the global pandemic developments and the entry/exit and quarantine arrangements adopted by other countries with a view to adjusting its work strategies accordingly. Apart from conducting distance sharing and exchanges with anti-corruption experts of other jurisdictions via electronic platforms, close liaison is also maintained with our counterparts to formulate contingency plans and arrangements for resumption of face-to-face training once the pandemic comes under control.