PURPOSE

This paper gives an overview of Hong Kong’s corruption situation in the first eight months of 2022, reports the work achievements of the Independent Commission Against Corruption (ICAC) during the same period and outlines ICAC’s major anti-corruption initiatives for the coming year.

CORRUPTION SCENE

2. The corruption situation in Hong Kong continues to be well under control. In the first eight months of 2022, a total of 1,209 corruption complaints (excluding election complaints) were received by the ICAC, representing a drop of 251 complaints (or 17%), while pursuable complaints also went down by 117 (11%) to 1,087 when compared to the same period in 2021. The number of corruption complaints concerning the government sector, public bodies and the private sector has registered a decline across the board, with a relatively obvious drop in the private sector. The decrease was largely attributed to the dampened economic activities hard hit by the fifth wave of the pandemic early this year, which was similar to the situation at the onset of the pandemic outbreak in 2020.

3. During the period, 127 persons were prosecuted in 63 cases for non-election offences, compared to 118 persons in 71 cases recorded during the same period in 2021. The person-based and case-based conviction rates were 76% and 78% respectively.

Government Sector and Public Bodies

4. In general, the civil service and public bodies in Hong Kong remain clean and honest. In the first eight months of 2022, corruption complaints involving government bureaux/departments (B/Ds) decreased by 11% from 409 to 366, but with a slight 4% increase in pursuable complaints from 257 to 267, when compared to the same period in 2021. Corruption complaints concerning public bodies decreased by 17% from 93 to 77, and pursuable complaints also dropped by 19% from 63 to 51. During the period, eight government servants

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1 Election complaints refer to complaints alleging breaches of the Elections (Corrupt and Illegal Conduct) Ordinance.
were prosecuted and three formally cautioned for corruption and related offences. On the recommendation of the Operations Review Committee, reports on the alleged misconduct of 76 government servants were forwarded to heads of B/Ds concerned for consideration of disciplinary and/or administrative action.

Private Sector

5. In the first eight months of 2022, corruption complaints concerning the private sector declined by 20% from 958 to 766, with a corresponding 15% drop in pursuable complaints from 767 to 652 when compared to the same period in 2021. A decrease in corruption complaints was also recorded in major subsectors, including Building Management (from 333 to 271), Construction Industry (from 128 to 79) and Finance and Insurance (from 92 to 68), which contributed to most of the complaints concerning the private sector.

6. Despite the drop in the number of complaints, Building Management remained top of the list of corruption complaints concerning the private sector. The ICAC will continue to adopt the two-pronged enforcement strategy tailor-made for this subsector, which combines the traditional approach of investigation and early intervention action so as to timely alert flat owners on the potential corruption risks in the course of building management.

7. Regarding the Construction Industry, a series of ICAC’s enforcement actions have been taken since the first half of 2021 to tackle cases of bribery over job referrals. From 2021 to August 2022, 12 persons involved in these cases were prosecuted, with seven of them convicted. Besides, the corruption risks inherent in the award of works contracts are equally worthy of attention. In August 2022, the ICAC conducted an operation against bribery over the award of works and material supplies contracts, as well as the administrative and financial matters in the Three-runway System Project of the Hong Kong International Airport. A former senior executive of the Airport Authority Hong Kong and a proprietor of a sub-contractor were prosecuted for accepting and offering bribes. While robust law enforcement is believed to have served as a strong deterrent to the industry, the ICAC will continue to closely monitor the relevant situation.

8. In respect of the Finance and Insurance subsector, sustained all-out efforts have been made to monitor the corruption situation and combat bribery in the subsector so as to maintain the status of Hong Kong as an international financial hub by safeguarding the integrity of its financial market and maintaining public confidence of global investors in the local financial regime.
MAJOR INITIATIVES

Government Sector and Public Bodies

9. Maintaining a clean and honest civil service has always been one of the foremost priorities of the ICAC. Corresponding to the Hong Kong Special Administrative Region (HKSAR) Government after re-structuring and the Legislative Council under the improved electoral system, the ICAC continues to enhance integrity training, including the introduction of ICAC’s holistic approach to combat corruption and anti-corruption laws in relation to public servants, for principal officials and other politically appointed officials as well as Legislative Council members to entrench the integrity culture of the public sector and to enhance the public’s confidence in the Government.

10. During the year, the ICAC continues to address and prevent corruption risks in public administration with special emphasis on issues which are of public concern, relevant to people’s livelihood or public safety, and programmes and projects involving substantial amounts of public money, covering areas such as public works, government procurement, public health and safety, law enforcement and regulatory functions. In the first eight months of 2022, the ICAC provided corruption prevention advice to 50 government B/Ds and over 80 public bodies through assignment studies and consultation. The major corruption prevention work for government B/Ds and public bodies is set out in the ensuing paragraphs.

11. The incident involving the detection of substandard concrete strength in structural members in a private development project in 2021 had not only led to the demolition of two blocks, but also has aroused wide public concern over the control regime of private building works in Hong Kong. To address the public concern and ensure the integrity of the control regime, the ICAC has mapped out a plan with the Buildings Department (BD) to review the key procedures and practices of new building works including the Site Supervision Plan system, and to enhance the corruption prevention capability and awareness of building professionals and contractors registered with BD through capacity building training.

12. Given the important roles of public works contractors, subcontractors, suppliers of materials and specialist contractors (collectively referred to as public works construction companies) in the implementation, management and quality control of public works projects, the Development Bureau (DEVB) and the Construction Industry Council (CIC) have mandated the adoption and implementation of the integrity policy and integrity training components of the Integrity Management System (IMS), proposed by the ICAC, by public works construction companies on the List of Approved Contractors for
Public Works and the List of Approved Suppliers of Materials and Specialist Contractors for Public Works, and registered construction companies under the Registered Specialist Trade Contractor Scheme, commencing from March 2021 and April 2022 respectively. The ICAC continues to provide integrity training and offer corruption prevention advice to these construction companies for fulfilling these integrity management registration requirements and to assist them on the implementation of IMS.

13. In helping public bodies strengthen their integrity management and capabilities of corruption prevention, the ICAC has been assisting in reviewing and improving their probity guidelines for members and staff since the launch of the updated Sample Codes of Conduct for Members and Employees of Public Bodies in 2021, so as to enhance their corporate integrity management system and culture.

14. The planning and design of a number of new railway projects (e.g. Tuen Mun South Extension and Tung Chung Line Extension) are underway and the tendering exercises for the major new railway projects have commenced. To ensure the MTR Corporation Limited (MTRCL) has in place robust corruption prevention safeguards in the entire process of the implementation of the new railway projects, the ICAC has formulated a work plan to provide the MTRCL with concurrent corruption prevention services throughout the project implementation, which includes assignment studies and consultation on key areas such as management of works contracts/consultancies and supervision of works. The ICAC has so far provided corruption prevention guidelines on the control of Modular Integrated Construction and recruitment of construction workers, advised on the MTRCL’s project management and digital site supervision systems, and organised five sessions of integrity management training for more than 400 project staff of the MTRCL and its consultants.

15. The ICAC will continue to enhance corruption prevention capabilities and awareness of government B/Ds and public bodies through conducting assignment studies, providing consultation on corruption-prone areas, as well as capacity building training and resources.

**Private Sector**

16. The ICAC continues to help maintain a level-playing field and corruption-free environment for business to facilitate sustainable economic development in Hong Kong. ICAC’s major work for the private sector is as follows.

17. The Memoranda of Understanding signed by the ICAC with the Securities and Futures Commission and the Financial Reporting Council in 2019
and 2021 respectively for mutual enforcement cooperation have proved to be very effective. To fight corruption and other graft-facilitated illicit activities concerning the financial subsector, the ICAC will continue to intensify its collaborative efforts with relevant financial regulators to safeguard the integrity of the financial market.

18. Apart from that, in view of the new regulatory requirements of the banking sector and the related corruption risks, the ICAC is developing a new corruption prevention guide scheduled to be launched in end 2022, featuring the common corruption loopholes/malpractices in the core operations of banks with recommended control measures, so as to assist the senior management and managerial staff of banks in strengthening their corruption prevention capabilities, as well as to enhance the professional ethics of banking practitioners and the integrity culture of the industry. The ICAC is also producing training materials for banking practitioners as well as reinvigorating the exchanges with members of the Corruption Prevention Network for Banks.

19. In parallel, the ICAC is intensifying its efforts to take forward the “Integrity for Success” Ethics Promotion Campaign for the Insurance Industry. Following the publication of the Corruption Prevention Guide for Insurance Companies in 2020, the ICAC has continued to provide insurance companies with tailored advisory services and training, and disseminate advice and tips in collaboration with the Insurance Authority and trade associations.

20. Seeing the benefits bought by the IMS in uplifting integrity and corruption prevention for public works contractors, the CIC, the DEVB and the ICAC jointly launched the “Integrity Charter” in September 2021 to promote the adoption of IMS to all construction companies. The Charter provides a platform for participating construction companies to openly commit and undertake to implement the integrity policy and training components of the IMS. To take the initiative further, the ICAC is promoting the adoption of the third component of IMS, i.e. Integrity Risk Management, on high-risk areas, such as recruitment of workers and subletting. To facilitate adoption by the industry, the ICAC has developed e-learning materials, including training videos and animations, to meet the demand for online training, and promote them on ICAC’s websites and social media platforms concurrently.

21. In view of the importance of building management to the livelihood of all people and the corruption risks involved, the ICAC has joined hands with the Property Management Services Authority (PMSA) in exerting efforts to enhance corruption prevention awareness and capabilities of the property management industry. In particular, the ICAC assisted the PMSA to draw up Codes of Conduct and related Guides on various operations of property management companies (e.g. handling payment and procurement for building
owners). The ICAC will continue to provide advisory services to property management companies and jointly organise with the PMSA a corruption prevention seminar in the fourth quarter of 2022.

22. Meanwhile, the ICAC stays vigilant against the corruption risks in the building maintenance subsidy schemes including the “Operation Building Bright 2.0”, the “Fire Safety Improvement Works Subsidy Scheme”, the “Lift Modernisation Subsidy Scheme”, the “Building Maintenance Grant Scheme for Needy Owners”, the “Common Area Repair Works Subsidy Scheme” and the “Building Drainage System Repair Subsidy Scheme”. Building upon the collaboration with the Urban Renewal Authority and relevant government departments in reducing corruption through various measures such as Corruption Prevention Toolkits, the Smart Tender service scheme, district seminars, and tailored corruption prevention advice to scheme participants, the ICAC will continue to work closely with these partners to implement various holistic investigative strategies, including effective law enforcement, appropriate early intervention and proactive approach, so as to detect the possible corruption threats arisen during the application process of the schemes and to prevent tender-rigging activities.

23. Following the full implementation of the new regulatory regime of the travel industry since September 2022, the ICAC will kick off a two-year Integrity Promotion Campaign for the Tourism Industry through the production of new training materials and a dedicated online portal of integrity resources, as well as organising training for practitioners in collaboration with industry bodies so as to consolidate the integrity culture of the industry for preparing its revival.

Engaging the Public and Younger Generation

24. The ICAC always attaches great importance to the corruption prevention education services for all sectors of the society and has been promoting the importance of rule of law, law-abidingness, honesty, responsibilities, etc. by incorporating these elements into various activities. The ICAC particularly stayed at the forefront of nurturing the core value of integrity amongst the younger generation. Apart from provision of integrity promotion and education programmes tailored for young people of different developmental stages, new activities have been rolled out one after another, so as to better suit the preferences of the younger generation. By participating in these activities, the youth can benefit from reflective thinking and reinforce their positive core life values, thereby preparing themselves to be law-abiding masters with integrity in the future.

25. The ICAC will launch new episodes of animation-based moral education resources under the “i Junior Programme for Primary Schools”. The
materials are based on life events of primary students, covering moral education themes of honesty, self-discipline and rule-abidingness, as well as sense of responsibility. Lesson plans, proposals on extended activities after school and teaching aids have been provided to support teachers in promoting values education in schools. The ICAC will also continue to organise experiential learning activities/participation scheme for students with a view to supporting schools to implement school-based values education curriculum within and beyond the classroom.

26. To enrich the training under iTeen Leadership Programme for secondary students and the ICAC Ambassador Programme for tertiary students, as well as to foster a deeper understanding of the rule of law and the sense of law-abidingness in the younger generation, the ICAC has organised “iPLUS” Youth Development Project since 2021 academic year. The project includes leadership training camp with law-enforcement experience, as well as visits to the Department of Justice and mock court. In addition, the ICAC will continue to arrange Personal Ethics talks in tertiary education institutions to enhance the students’ capabilities of handling ethical dilemmas and value conflicts through case sharing and scenario analysis. Meanwhile, the ICAC will continue to mobilise tertiary students to take part in the promotion of integrity through the ICAC Ambassador Programme and summer internship programme.

27. On the other hand, the ICAC will strengthen its efforts to disseminate anti-corruption messages through the use of social media and organising education and publicity activities to engage the grassroots community, including low-income groups, new arrivals and people of diverse race, to play a proactive role in entrenching an integrity culture. The ICAC will share tips on corruption prevention in daily life through interesting ways such as online video clips and quiz games for easy understanding.

Election

28. The 2021 Election Committee (EC) Subsector Ordinary Elections, the 2021 Legislative Council General Election and the 2022 Chief Executive Election were held smoothly under the improved electoral system. As at the end of August 2022, the ICAC received 28, 117 and five complaints respectively regarding the three elections, of which 27, 113 and five were pursuable.

29. Between January and August 2022, six persons were prosecuted for election offences and eight persons convicted for breaches of election offences. Additionally, six persons were given warnings for minor breaches of electoral offences (mainly related to election expenses).
30. In order to curb any acts that may constitute offences of manipulating and sabotaging the elections, a new provision, i.e. section 27A of the Elections (Corrupt and Illegal Conduct) Ordinance about “inciting not to vote, or to cast invalid votes, by activity in public during an election period”, was introduced last year. Upon investigations carried out by the ICAC, five persons had been charged for breaching the offence, with four convicted and one awaiting trial. One other person was formally cautioned.

31. As the 2023 Rural Representative Election will be held in January 2023, the ICAC will continue to maintain close liaison with HAD, Registration and Electoral Office (REO), and Hong Kong Police Force to safeguard a fair and clean election. Gaining experience from the previous major public elections, the ICAC will deploy ICAC officers to the polling stations in handling public enquiries and complaints on the spot and monitoring the subsequent vote-counting process to ensure that the election will be conducted in a fair, open and just manner.

32. The ICAC has launched the “Support Clean Elections” Programme to support the 2023 Rural Representative Election. The Programme includes conducting briefings to explain major provisions of the Elections (Corrupt and Illegal Conduct) Ordinance for individuals who wish to run for election and election helpers, arranging publicity and education activities in elderly homes and elderly centres in rural areas, as well as publication of “Clean Rural Elections Information Booklet” and a leaflet on reminders to voters. Information is also channeled to the public through various media, ICAC’s thematic website and enquiry hotline such that the principles of fair and clean election will be upheld.

33. On the front of corruption prevention, the ICAC completed a study on the polling and counting processes of the EC Subsector Ordinary Elections and the Legislative Council General Election in 2021 and the Chief Executive Election in 2022, involving on-site observation of the polling and counting processes on the polling days, and provided corruption prevention advice to REO. To ensure that the participating organisations’ internal procedures for returning EC ex-officio and nominated members are fair, accountable and transparent, the ICAC has conducted a corruption prevention study on their practices, with a view to formulating recommendations on corruption prevention practices. The ICAC will also map out the corruption prevention work for the upcoming elections based on corruption risk assessment.

**Mainland and International Cooperation**

34. In line with the national development and anti-graft policies, the ICAC continues to maintain close communication with our counterparts in the Mainland and Macao. Under planning is the second tripartite meeting with the
National Commission of Supervision, the Guangdong Provincial Commission of Supervision and the Commission Against Corruption of Macao to formulate a road map on anti-corruption endeavour and closer collaboration to support the National 14th Five-Year Plan and the development of Guangdong-Hong Kong-Macao Greater Bay Area. The meeting will be arranged once quarantine-free travel is resumed.

35. As a pilot project on anti-corruption collaboration in the Greater Bay Area, the ICAC and Qianhai Anti-Corruption Bureau (QACB) jointly conducted a questionnaire survey in 2021 to gauge views of the Hong Kong enterprises in Qianhai on corruption prevention needs. Making reference to the survey results, the ICAC and QACB will co-organise an anti-corruption seminar for Hong Kong enterprises in Qianhai. In view of the enlarged geographic area of Qianhai by seven folds after the release of the Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in September 2021, the number of Hong Kong enterprises with operation in Qianhai as well as the need of corruption prevention services were expected to be increased significantly. Noting the promulgation of the Overall Plan for Deepening Globally Oriented Comprehensive Cooperation amongst Guangdong, Hong Kong and Macao in Nansha of Guangzhou in June this year, the ICAC keeps in view the development and explores ways to advance collaboration with the Mainland and Macao counterparts in the district.

36. Apart from maintaining a clean and fair Hong Kong society, the ICAC has been making dedicated efforts to advance international cooperation and share its graft fighting experience with anti-corruption agencies (ACAs) around the world, with a view to consolidating its leading role in the international anti-graft arena. In September 2022, the Commissioner conducted his first overseas duty visit in his term of office by participating in the commemorative event of the 70th Anniversary of the Corrupt Practices Investigation Bureau (CPIB) in Singapore. Exploiting this opportunity, the Commissioner conducted bilateral meetings with the heads of law enforcement and prosecutorial authorities and international organisation in Singapore, including Director of CPIB, Deputy Attorney-General, Commissioner of Singapore Police Force and Executive Director of the Asia-Pacific Economic Cooperation as well as leaders of ACAs from other Southeast Asian countries including Brunei Darussalam and Indonesia, who also attended the same event to emphasis Hong Kong’s strong institutions including the rule of law and anti-corruption system, strengthen the partnership between the ICAC and these agencies and explore further collaboration opportunities. Arising from the exchanges made in these meetings, an in-person financial investigation training programme for graft-fighters from different ACAs in the region will be held in Hong Kong shortly. During their stay in Hong Kong, these counterparts can network among themselves and will together gain the first
hand understanding of the strong institutions and probity environment of Hong Kong.

37. The ICAC has persistently provided training service to overseas ACAs amid the pandemic. In the first eight months of 2022, eight online training programmes were organised for nearly 200 overseas graft-fighters with very positive feedback. With the gradually lifting of travel restriction around the world, the ICAC has already planned ahead the resumption of agency-based face-to-face training, which will be materialised in the coming few months. In ICAC’s dialogue with ACAs on training collaboration, their eager response reflects the high demand for ICAC’s capacity building programme.

38. To commemorate the 20th anniversary of the United Nations Convention against Corruption in 2023, the ICAC and the United Nations Office on Drugs and Crime are jointly developing a global policy guide on youth engagement and empowerment in anti-corruption efforts for reference by national ACAs worldwide. This novel publication, which will certainly further promote the position of the ICAC internationally, is expected to be ready for launch in the last quarter of 2023.

39. The leading role of the ICAC in the global anti-corruption arena is also manifested in the International Association of Anti-Corruption Authorities (IAACA). With the support of the Central People’s Government and the HKSAR Government, the Commissioner appointed Mr Simon PEH Yun-lu as Special Adviser on 1 September 2022 for a term of one year as a transitional arrangement. During the period, Mr PEH will continue to serve as the President of IAACA to facilitate a smooth transition of the Presidency to the Commissioner in accordance with the IAACA Constitution.

40. The Secretariat of IAACA functions effectively. In the first eight months this year, it has deepened communication and strengthened collaboration with more than 20 ACAs and international organisations as well as enhanced ICAC’s leading role and IAACA’s visibility in the international anti-corruption arena. The newly implemented Regional Coordination Mechanism, introduced by the ICAC for this term, has also generated positive results in advancing partnership among ACAs in different continents. Under this Mechanism, the IAACA Secretariat had facilitated the organisation of a regional capacity building seminar for Eastern Europe in Azerbaijan. Preparation is underway for a regional seminar for the Asia-Pacific region in January next year and the third IAACA international training programme to be co-hosted with Qatar’s Rule of Law and Anti-Corruption Center in early 2023.

41. Global probity rankings have significant impact on Hong Kong’s reputation as well as international status. In the first eight months this year, the
ICAC conducted online meetings with international ranking institutions such as Transparency International, World Justice Project, TRACE International, and Political and Economic Risk Consultancy Ltd to exchange views on graft fighting, promote Hong Kong’s strong rule of law and robust anti-corruption regime. The ICAC will continue to liaise with international ranking institutions and through multiple platforms explain to the world the integrity environment and strong rule of law in Hong Kong and dispel misconceptions and rebuke malicious criticisms related to these aspects. All these initiatives on international cooperation launched by the ICAC play a crucial part on the mission of consolidating the pioneering role of Hong Kong in the global anti-corruption work.

50th Anniversary of ICAC

42. Year 2024 will mark the 50th anniversary of the ICAC. Through a host of anniversary celebration activities, including an international symposium, Open Day, TV drama series, a commemorative publication and public engagement activities, the ICAC will showcase to the local and international communities its strong determination in eradicating corruption and the hard-earned success of Hong Kong in fighting corruption.

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