

**Meeting of the Legislative Council Public Accounts Committee
on 16 May 2017**

**Report No. 68 of the Director of Audit (Audit Report)
Chapter 2: Monitoring of charitable fund-raising activities**

Opening remarks by the Secretary for Home Affairs

(Translation)

Mr Chairman,

We are grateful to the Audit Commission for carrying out a value for money audit on the monitoring of charitable fund-raising activities and its various recommendations. The Legislative Council Public Accounts Committee (PAC) has selected this topic for hearings, the relevant Government departments will fully co-operate with PAC and will actively consider and follow up the recommendations made by the Audit Commission and PAC, so as to enhance the transparency and accountability of charitable fund-raising activities.

2. The Law Reform Commission (LRC) published at the end of 2013 its Report on Charities in which recommendations were made on the regulation of charitable fund-raising activities, and the follow-up actions taken by the Government in response to the recommendations in the LRC Report have been highlighted in the Audit Report. As I have mentioned earlier at the PAC's hearing conducted on Chapter 1 of the Audit Report that the recommendations in the LRC Report have far-reaching implications on the operation and development of charities in Hong Kong and are also related to the duties of a number of Government bureaux and departments. Since the issues involved are very complicated, the relevant bureaux and departments are required to consider these recommendations thoroughly and carefully. Home Affairs Bureau (HAB) has been assigned to co-ordinate inputs from the relevant bureaux and departments in formulating responses to LRC's recommendations for the Government's overall consideration.

3. Following the release of the LRC Report in December 2013, HAB conducted an internal consultation exercise within the Government in January 2014 and then convened two inter-departmental co-ordination meetings to discuss the comments made by bureaux and departments. The relevant documents of the two meetings were submitted to PAC for information last week. We will give our specific responses to Members' questions a moment later. To sum up, we mainly discussed at the first meeting the approach to and the framework for regulating charities as proposed in the LRC Report. Some of the proposals were quite complicated, including to provide a statutory definition of charities and to set up a registration system for them without

establishing a single regulatory authority. Relevant bureaux and departments expressed their comments and concerns respectively at the meeting. They generally considered that further deliberations were required before reaching a decision.

4. At the second meeting, we mainly explored with relevant executive departments short-term measures that might be feasible under the existing regulatory framework in the light of the recommendations in the LRC Report. Our discussion basically followed three broad directions. The first one was to enhance the transparency of charities and charitable fund-raising activities and upgrade the functions of the one-stop finder currently performed on “GovHK” to facilitate the search by the public for information on approved charitable fund-raising activities. The second direction was to enhance the accountability of charitable fund-raising activities such as to consider further disclosing financial information on approved fund-raising activities on “GovHK” or providing hyperlinks for public scrutiny. For the third direction, it was to review the Reference Guide on Best Practices for Charitable Fund-raising Activities issued by the Social Welfare Department and encourage charities to follow such practices, while the public may refer to the Guide for assessing the performance of charities in fund-raising activities and for a better understanding of the rights and interests of donors. Such measures are in line with the approach of those recommendations in the Audit Report. While responding to the relevant parts of the Audit Report later on, our Bureau and other departments will explain those improvement measures under consideration.

5. Meanwhile, the HAB will continue to co-ordinate inputs from bureaux and departments for formulating a response to LRC’s recommendations for the Government’s overall consideration. During the process, we will make reference to the recommendations in the Audit Report, as well as the comments of PAC, on monitoring charities and charitable fund-raising activities.

6. As mentioned in the Audit Report, the Government’s regulation on some charitable fund-raising activities is incidental to the legislation that controls nuisances committed in public places, gambling and hawking. The Audit Commission has also examined the management of these licences which are related to charitable fund-raising activities. I was given to understand that the responsible departments, i.e. Social Welfare Department, Home Affairs Department and Food and Environmental Hygiene Department, agree in general to the Audit Commission’s recommendations and will consider taking appropriate follow-up measures. The three Directors would also speak, and we are prepared to answer Members’ subsequent questions on those recommendations and our follow-up measures thereafter.

7. Thank you, Mr Chairman.