

**Opening Speech of Director of Social Welfare
Public Accounts Committee - Public Hearing on 16 May 2017**

**Director of Audit's Report No. 68
Chapter 2: Monitoring of charitable fund-raising activities**

Chairman,

In accordance with section 4(17)(i) of the Summary Offences Ordinance (Cap. 228 of the Laws of Hong Kong), the Social Welfare Department (SWD) may issue Public Subscription Permits (PSPs) in respect of fund-raising activities conducted in public places for charitable purposes. The forms of charitable fund-raising activities regulated include any collection of money or sale or exchange for donations of badges, tokens or similar articles. At present, the PSP applications processed by the SWD cover flag days and general charitable fund-raising activities.

2. As far as applications for the aforementioned charitable fund-raising activities are concerned, the SWD has been reviewing from time to time the permit conditions and relevant guidelines. The SWD updated the eligibility criteria and permit conditions of PSP in 2011, 2014 and 2017. They include the following additional requirements -

- (i) when submitting an application, the organisation must have at least three years' track record of charitable activities;
- (ii) regulating the number of staff or fund-raisers and the boundary for moving-around solicitation at each location of fund-raising activities;
- (iii) the organisation must provide proper and adequate care for staff or fund-raisers who are elderly persons or persons with disabilities;
- (iv) the organisation must display prominently the original PSP copy, its service information and the purpose of the fund-raising activities at the approved locations;
- (v) each of the staff or fund-raisers must wear the identification badge in the format specified by the SWD;
- (vi) the organisation must ensure that a tag in the format specified by the SWD is prominently affixed on each of the donation collection tools; and
- (vii) the organisation must publish the audited report before a specified date and retain copies of the report for public inspection.

3. We agree with the Audit Commission's recommendations and plan to further enhance the transparency and accountability of charitable fund-raising

activities through a three-pronged approach -

- (i) we would, in collaboration with relevant government departments, step up promotion efforts to encourage wider adoption of the “Reference Guide on Best Practices for Charitable Fund-raising Activities” (Reference Guide) and the “Guidance Note on Internal Financial Controls for Charitable Fund-raising Activities” (Guidance Note). The SWD will also draw reference to previous experience and conduct a survey to collect views from charitable organisations again on the effectiveness and content of the Reference Guide and Guidance Note;
- (ii) to tackle cases of serious or repeated non-compliance with permit conditions, the SWD agrees with the Audit Commission’s recommendation to consider publicising relevant information. We shall further examine the appropriate mechanism to handle such cases and seek legal advice. Due regard will be given to the causes and severity of individual cases; and
- (iii) the SWD will continue to explore the feasibility of defining the scope of “administration costs” and also study whether a ceiling could be set on the administration costs for those on-street general charitable fund-raising activities of a nature similar to that of flag days.

4. Besides, under the Home Affairs Bureau’s efforts to coordinate the responses of government bureaux and departments towards the Law Reform Commission’s recommendations, the SWD will strengthen collaboration with other government departments and is ready to share with them relevant experience and information.

5. I and my colleague would be happy to answer questions raised by Members. Thank you.