

(Translation)

16 May 2017

**Legislative Council Public Accounts Committee Meeting
Director of Audit's Report No. 68
Chapter 2: Monitoring of Charitable Fund-raising Activities**

**Opening Remarks by Director of Home Affairs
(Draft)**

Chairman,

We welcome the Value for Money Audit on the monitoring of charitable fund-raising activities conducted by the Audit Commission and the improvement measures proposed.

2. Part 4 of the Audit Report covers the “Administration of Lottery Licences for Charitable Fund-raising Activities”. Lottery Licences are issued by the Home Affairs Department (HAD) under section 22 of the Gambling Ordinance (Cap. 148), the primary objective of which is to regulate gambling activities. Clubs, associations or other bodies of persons which intend to arrange promotion or conduct of any lottery activity are required to apply for Lottery Licences from HAD.

3. HAD issues Lottery Licences to regulate lottery activities. Licence conditions imposed on the organizers are related to the lottery activities concerned, such as prize distribution arrangements, design of lottery tickets, arrangements during the activities and documents to be submitted after the activities, etc. Licensees are required under the licence conditions to submit various documents before the due dates specified in the licences upon completion of the lottery activities, so as to ensure all lottery proceeds are used for the approved purposes.

4. On receipt of the relevant documents, HAD will scrutinize the documents, and seek clarification and follow up with the organizers in respect of individual documents. Moreover, to enhance the transparency and accountability of lottery activities for fund-raising, the names of organizers, dates and locations of lottery activities are promulgated in HAD's departmental website and “GovHK”. In addition, the approved number of tickets to be sold and the ticket price are also promulgated in HAD's website.

5. HAD accepts the recommendations on Lottery Licences in Part 4 of the Audit Report, and agrees that these would help further enhance the monitoring of lottery activities. We will also work with relevant departments on the feasibility of the proposed measures recommended in paragraph 2.19(a) of the Audit Report, with a view to further enhancing the transparency and accountability of various types of fund-raising activities. We plan to work along four major aspects –

- (i) to review the monitoring mechanism and consider suitable measures to deter late submission of documents;
- (ii) to enhance the Licensing Information System to facilitate the monitoring of late submission of documents by licensees;
- (iii) to provide more guidance to facilitate licensees in the preparation of annual financial statements; and
- (iv) to study measures to facilitate public access to the lottery accounts.

6. Thank you, Chairman.