INVESTIGATION REPORT

MONITORING OF CHARITABLE
FUND RAISING ACTIVITIES

February 2003

Office of The Ombudsman
Hong Kong
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on the Monitoring of Charitable Fund-Raising Activities

Background

1. Fund-raising for charity is part of Hong Kong’s way of life. In view of the considerable amount of money involved in fund-raising activities, there has been community concern from time to time over whether such activities are properly run and the donations responsibly used. For public interest, The Ombudsman decided in March 2002 to initiate a direct investigation under section 7(1)(a)(ii) of The Ombudsman Ordinance, Cap. 397 into the monitoring of charitable fund-raising activities.

The Investigation

2. This direct investigation examines the mechanism for monitoring charitable fund-raising activities by Social Welfare Department (SWD) and Television and Entertainment Licensing Authority (TELA), assesses the adequacy and effectiveness of such mechanism and the need for improvement.

Charitable Institutions

3. Under section 88 of the Inland Revenue Ordinance, Cap. 112, the Inland Revenue Department grants tax exemption to charitable institutions or trust of a public character. Some of these charities are established by legislation: for instance, the Tung Wah Group of Hospitals (Cap. 1051) and Po Leung Kuk (Cap. 1040). Subject to their own legislation, these charitable institutions have to account for the use of
all their proceeds. There are some non-governmental organisations that are subvented by the Government to provide services for our community.

4. Apart from those statutory bodies and non-governmental organisations receiving subventions from the Government, most of the charitable organisations are allowed to operate autonomously under their governing bodies according to their own rules and regulations.

Mechanism for Monitoring

5. On grounds of public order, for an activity to be held in a public place (mainly flag days and general charitable fund-raising¹), a public subscription permit from SWD must first be obtained under section 4(17)(i) of the Summary Offences Ordinance, Cap. 228. On the other hand, for fund-raising through lotteries², a licence is required from TELA in accordance with section 22(1)(a)(i) of the Gambling Ordinance, Cap. 148.

6. However, Government control does not cover all charitable fund-raising activities. For instance, activities such as charity auctions, balls, concerts, dinners, walks, film premiere, shows in mass media, request for donations by mail, advertisements or phone-in arrangements, which involve appeal to the public, do not require permit or licence.

¹ "General charitable fund-raising" includes charity sale of badges, tokens or similar articles; door to door donations, especially in public housing estates; setting up donation boxes in stationed counter; charity ride; and passing of offering bags.

² "Lottery" is defined in the Gambling Ordinance to include a raffle, a sweepstake, tse fa (字花), hung piu (紅票), po piu (賠票) and any game / scheme that involves guessing the results of future events and distributing prizes by chance.
Limitations of the Laws

7. The requirement for public subscription permit in the Summary Offences Ordinance aims to control nuisance or to maintain order from charitable fund-raising in public places while the purpose of the Gambling Ordinance is to restrict gambling activities.

8. Both SWD and TELA require from applicants, as a condition for approval, audited accounts of the fund-raising event. Both departments rely on these audited accounts to guard against unscrupulous use of the proceeds raised through these fund-raising activities.

9. In imposing requirements for accounting and transparency on permit or licence applicants, both departments consider themselves to have the authority to do so. However, SWD and TELA cannot impose conditions ad infinitum when issuing public subscription permits and lottery licences. Moreover, these administrative conditions are confined only to the specified fund-raising activities, the operations of the organisation, other than those from SWD/TELA approved activities, fall outside the control mechanism of both departments.

Observations and Opinions

Inconsistent and Incomplete Control

10. Government monitoring of charities ranges from stringent statutory overall control to limited scrutiny of specified activities only or even total lack of scrutiny. For those established and governed by their own legislation, control is clear and comprehensive. Some non-governmental
organisations receiving subvention are regulated by their respective Bureau/department. Contrary to popular perception, most other charitable organisations operate autonomously. So long as they do not raise funds in public places or run activities with an element of chance, they are not subject to any Government control over the amount of charitable donations received or the disposal of such funds.

11. For the many charitable organisations which do organise fund-raising activities under permit and sell lottery tickets from time to time on licence, Government monitoring is still limited only to the proceeds raised through those specific activities. Both SWD and TELA display a commendable sense of duty in exercising control over the use of proceeds from fund-raising activities insofar as their respective legislation permits. However, such scrutiny can only be partial and limited.

**Insufficient Transparency and Accountability**

12. Some in our community expect Government to monitor each and every fund-raising activity to prevent malpractices: this is not realistic. Another body of community opinion suggests total non-intervention by Government: donors' pick the beneficiaries of their choice and rely on the reputation of the charities concerned. This involves a risk of unscrupulous or fraudulent fund-raisers passing off as established and responsible charities. Since charities not conducting lotteries or other fund-raising activities in public places are not required to account for the use of their proceeds, donors have difficulty knowing how their chosen charities operate and whether their contributions have been used for the purposes "advertised".
13. Given the world trend to self-regulate and Government's policy to reduce public expenditure, it would be unrealistic to expect Government to allocate additional manpower resources to assume a more proactive role in the supervision of charitable organisations. However, total disengagement would not be in the public interest.

14. We accept that ultimately individual donors decide for themselves whether and what charitable causes and which charitable organisation they wish to support. We believe that a case could be made for dispensing with the current fragmented attempt at supervision by the Government and to replace it by a voluntary regime of public disclosure. The objective of the new regime is to facilitate the dissemination of essential information about the management, operation and financial accountability of charities, so that the donating public will be able to make informed decisions on what worthwhile charities they wish to support.

15. Conceptually, this regime can consist simply of an office acting as depository of, and making available at reasonable times for public inspection, documents filed by charitable organisations on a voluntary basis. For public information, it may annually display prominently in situ a list of those organisations which have complied with the requirements for public inspection.

16. While we see room for improvement in the current regime of supervision over charities, we recognize that it is essentially a policy matter whether and in what form improvement should be pursued. Our observations aim to generate discussion in the public arena and deliberation with Government.
Conclusions

17. On the basis of our investigation, this Office has come to the following conclusions -

(a) existing Government control of charitable fund-raising is confined to activities and not the organisations, and even then, to mainly flag days and lotteries only;

(b) control does not cover all charitable bodies or even all charitable fund-raising activities;

(c) Government monitoring of charities is partial and patchy, fragmented and ineffective; and

(d) the present legislative provisions cannot effectively safeguard the public against unscrupulous or irresponsible fund-raisers.

Recommendations

18. The Ombudsman has made recommendations as follows -

For SWD and TELA

Short to Medium Term

Code of Practice

(i) to draw up a Code of Practice on good
administration and management for reference of charities by requiring them, *inter alia*, to prepare annual reports, maintain responsible accounts and make available financial records for public inspection and Government scrutiny on fund-raising appeals;

(ii) to publish the Code of Practice for community information to facilitate identification of responsible and reputable fund-raising organisations;

(iii) in the light of (i) and (ii), to review the need or otherwise for imposing conditions on public subscription permit and lottery licence applicants;

**Enhance Transparency and Accountability**

(iv) SWD to consider maintaining, for public inspection, a central register of charities which comply with the requirements under the above Code of Practice;

(v) to display *in situ* annually the names of the charities above for general information as a guide to their bona fides;
(vi) to introduce a scheme for monitoring the bona fides of those charities seeking to be placed on the central register at (iv), e.g. through complaints;

For the Administration

**Longer Term**

(vii) to review the adequacy and appropriateness of the present Government policy and practices on monitoring charities in general and their fund-raising activities in particular;

(viii) to consider the pros and cons of:

- fuller Government control of charities by means of registration; and

- reliance on charities self-regulating in line with world trend; and

(ix) to consider mechanism for deterring abuse and penalties for such acts.

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Introduction

Background

1.1 Fund-raising for charity is part of Hong Kong's way of life. Our community has a proud record of enthusiastic readiness to help the vulnerable and the under-privileged. In view of the considerable amount of money involved, there has been community concern from time to time over whether such fund-raising activities are properly run and the donations responsibly used. Many want to be assured of effective monitoring and expect a reasonable degree of responsible control.

1.2 In view of the public interest, The Ombudsman decided to initiate a direct investigation under section 7(1)(a)(ii) of The Ombudsman Ordinance, Cap. 397, into the monitoring and control of fund-raising activities. Charitable fund-raising activities come within the purview of the Social Welfare Department (SWD) and the Television and Entertainment Licensing Authority (TELA). Under the present legislation, SWD deals primarily with nuisances from charitable fund-raising in public places on grounds of public order while TELA with gambling. The Director of Social Welfare and the Commissioner for Television and Entertainment Licensing were notified on 30 January 2002. The investigation was declared on 8 March 2002.
AMBIT OF INVESTIGATION

1.3 The ambit of the investigation, therefore, covers -

(a) the mechanism for monitoring charitable fund-raising activities by the Director of Social Welfare and the Commissioner for Television and Entertainment Licensing;

(b) the adequacy and effectiveness of (a); and

(c) the need for improvement, if any.

1.4 The Director of Social Welfare and the Commissioner for Television and Entertainment Licensing both pledged full co-operation. We thank them for their assistance in this investigation.

METHODOLOGY

1.5 This Office has studied and examined relevant information, publications and statistical data provided by SWD, TELA and some charitable organisations. These include administrative guidelines, operational manuals and annual reports. We have also taken reference from legislation and practices overseas. In response to our invitation through the press, five members of the public offered their written comments and suggestions. We are most grateful to them.

1.6 To facilitate our understanding of the mechanism for monitoring charities, this Office interviewed the following persons -
representatives of four charitable organisations;

- SWD officials responsible for issuing public subscription permits; and

- TELA officials responsible for issuing lottery licences.

THE INVESTIGATION REPORT

1.7 The draft investigation report was sent to SWD and TELA for comments on 30 January 2003. Their comments and The Ombudsman’s response are in Chapter 7.

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1 These included two well-established organisations established by legislation and two medium-size non-governmental organisations.
DEFINITION OF "CHARITY"

2.1 Section 2 of the Registered Trustees Incorporation Ordinance, Cap. 306 defines "charity" (慈善組織) as "any trust or organisation established by deed or otherwise for a charitable purpose" (慈善目的), which includes -

(a) the relief of poverty;

(b) the advancement of art, education, learning, literature, science or research;

(c) the making of provision for -

(i) the cure, alleviation or prevention of; or

(ii) the care of persons suffering from or subjected to any disease, infirmity or disability affecting human beings (including the care of women before, during and after child birth);
(d) the advancement of religion;

(e) any ecclesiastical purpose;

(f) the promotion of the moral, social and physical well-being of the community; and

(g) any other purpose beneficial to the community not specified in paragraphs (a) to (f).

CHARITABLE INSTITUTIONS

2.2 Under section 88 of the Inland Revenue Ordinance, Cap. 112, the Inland Revenue Department grants tax exemption to charitable institutions or trusts of a public character.

2.3 For revenue protection, the concern of the Inland Revenue Department is to ensure that tax exemption is granted only to an institution which is established exclusively for charitable purposes and carries out activities in accordance with its declared charitable objects. Tax exemption is given only to charities subject to the jurisdiction of the courts in Hong Kong, that is to say, charities established in Hong Kong or Hong Kong establishment of overseas charities such as those deemed to be established in Hong Kong under the Societies Ordinance or registered under the Companies Ordinance: for instance, the Orbis International, World Vision International. The department will, from time to time, call for accounts, annual reports or other documents to review the objective of the institution to ensure its charitable nature and that its activities are compatible with its
objective. However, it has no statutory power to monitor charities or their fund-raising activities.

2.4 Some charities are established by legislation: for instance, the Tung Wah Group of Hospitals (Cap. 1051) and Po Leung Kuk (Cap. 1040). Subject to their own legislation, these charitable institutions have to account for the use of all their proceeds. The corporation is required to prepare and keep proper accounts of all transactions, to be open at all reasonable times to the inspection of any director and any person appointed by the Chief Executive. Such accounts have to be audited by a professional accountant.

2.5 There are some non-governmental organisations, known commonly as “NGOs”, that work in partnership with Government to provide such services as welfare, education, medical and arts for our community. Government control over these organisations is generally limited to their use of public funds (or Government subvention). Apart from those requiring Government permission, fund-raising activities of these charitable organisations are generally not subject to any Government control or public scrutiny.

2.6 At present, there are over 3,750 charitable institutions and trusts of a public character which have been granted tax exemption under section 88 of the Inland Revenue Ordinance. There are other charities operating in Hong Kong: such as overseas charities and private charities which are established under the Societies Ordinance or registered under the Companies Ordinance. Apart from those statutory charities or non-governmental organisations receiving Government subventions, most of the other charitable organisations are allowed to operate autonomously under their own governing bodies according to their own rules and
regulations. Government control or public monitoring over the fund-raising activities conducted by the charitable organisations are just confined to those requiring permission from SWD or TELA.

PRACTICES ELSEWHERE

2.7 We have taken reference from the practices for monitoring charities in the United Kingdom and Singapore. Government control is not just confined to fund-raising activities, but extend to the establishment and operation of the organisations as well.

2.8 The Charity Commission for England and Wales is a statutory body set up under the Charities Act with the main functions as follows –

- **Registration**: Charities are required to register with the Commission;

- **Monitoring of accounts and activities**: Charities with annual incomes of over £10,000 are obliged to send to the Commission their annual accounts and a report of their activities;

- **Guidance and advice**: Charities can approach the Commission for advice on new ideas or proposals to improve their operations;

- **Improvement and development**: The Commission visits and provides feedback on the development of charities. It also
identifies and remedies abuse and poor practices within them; and

Investigation: The Commission deals with alleged fraud or dishonesty within charities.

2.9 Under the Charities Act in Singapore, all charities must be registered with the Commissioner of Charities within three months of setting up. Registered charities are required to prepare and keep proper accounting records and annual reports. Information on members of the management committee, advisory council, bankers, lawyers, auditors and investment advisers of the charity is required to be furnished to the Commissioner of Charities.

2.10 To enhance public accountability for a charity’s activities, any interested person may submit a written request to the charity trustee for a copy of the charity’s most recent accounts. The charity trustees are required to comply within two months of the request.

2.11 From the studies above, it is noted that Government monitoring of charities in some overseas countries is not just confined to their fund-raising activities but can be extensive, covering the operation of the organisations as well. The Charity Commission / Commissioner of Charities provides an elaborate statutory scheme to oversee the registered charities and their activities. Charities are encouraged to take their responsibility seriously for complying with their obligations. Transparency and openness in the use of funds help to enhance public confidence and enable supporters of charities to see how funds are used in delivering their services.
2.12 As compared with practices elsewhere, Government monitoring of most charitable organisations in Hong Kong in respect of their fund-raising activities is limited, being confined only to those activities requiring public subscription permit or lottery licence only. Apart from those statutory bodies or non-governmental organisations receiving Government subventions, most of the charitable organisations have been allowed to operate independently and are expected to be accountable for their own activities under their own rules and regulations. As a result, Government monitoring of charities does not extend to all charitable organisations, or all their fund-raising activities.
3

MONITORING
OF FUND-RAISING
ACTIVITIES

GENERAL

3.1 At present, there are different levels of Government control over charities. Some charitable institutions are established and governed by their own legislation (para. 2.4). Charities receiving Government subventions are regulated by the respective Bureau/department. Others enjoy a large measure of freedom in the way they operate and are constituted (para. 2.5). At present, charities collecting money or selling or exchanging for donation badges, tokens or similar articles in public places (e.g. flag days) or selling lottery tickets are subject to Government monitoring. However, Government control does not cover all fund-raising activities. For instance, activities such as charity auctions, balls, concerts, dinners, walks, film premieres, shows in mass media, requests for donations by mail, advertisements or phone-in arrangements, which involve appeal to the public do not require permit or licence. Organisers of these charitable activities are not obliged to disclose, to Government or the public, the amount of donations or the disposal of the funds. The use of these proceeds is, therefore, not subject to any Government monitoring or public scrutiny.
MECHANISM FOR MONITORING

3.2 Charities, whether or not established by legislation, organise a variety of fund-raising activities to support their services. On grounds of public order, for an activity to be held in a public place\(^2\) (mainly flag days and general charitable fund-raising\(^3\)), a public subscription permit from SWD must first be obtained. Section 4(17)(i) of the Summary Offences Ordinance, Cap. 228, states –

"Any person who without lawful authority or excuse –

... (17) organises, provides equipment for, or participates in any collection of money or sale or exchange for donations of badges, tokens or similar articles in a public place except under and in accordance with a permit issued –

(i) for a collection, sale or exchange for charitable purposes, by the Director of Social Welfare;

... shall be liable to a fine of $2,000 or to imprisonment for 3 months."\(^4\)

\(^2\) "Public place" includes all piers, thoroughfares, streets, roads, lanes, alleys, courts, squares, archways, waterways, passages, paths, ways and places to which the public have access either continuously or periodically, whether the same are property of Government or of private persons. See section 2(1)(b) of the Summary Offences Ordinance, Cap. 228.

\(^3\) "General charitable fund-raising" includes charity sale of badges, tokens or similar articles; door to door donations, especially in public housing estates; setting up donation boxes in stationed counter; charity ride; and passing of offering bags.

\(^4\) See section 4(17)(i) of the Summary Offences Ordinance, Cap. 228.
3.3 On the other hand, for fund-raising through lotteries, the licence is from TELA. Section 22(1)(a)(i) of the Gambling Ordinance, Cap. 148 states—

"(1) The Commissioner for Television and Entertainment Licensing may—
(a) by licence authorize—
(i) the promotion and conduct of any lottery for the purposes of a club, association or other body of persons approved by the Commissioner for Television and Entertainment Licensing; ... "

Any person who contravenes the conditions of the licence is liable on conviction to a fine of $50,000 and to imprisonment for two years.

3.4 Details of the application for and administration of public subscription permit and lottery licence are provided in Annex A (SWD) and Annex B (TELA).

LIMITATIONS OF THE LAW

3.5 The requirement for public subscription permit in the Summary Offences Ordinance aims to control nuisance or to maintain order from charitable fund-raising in public places while the purpose of the Gambling Ordinance is to

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5 "Lottery" is defined in the Gambling Ordinance to include a raffle, a sweepstake, tse fa (字花), hung piu (紅票), po piu (鋪票) and any game / scheme that involves guessing the results of future events and distributing prizes by chance.

restrict gambling activities.

3.6 In view of section 4(17)(i) of the Summary Offences Ordinance and section 22(1)(a)(i) of the Gambling Ordinance (paras. 3.2 and 3.3), SWD and TELA require from applicants, as a condition for approval, audited accounts of the fund-raising event. Both departments rely on these audited accounts to guard against unscrupulous use of the proceeds raised through these fund-raising activities. Other administrative conditions such as capping administrative expenses, publishing newspaper advertisements and submitting audited annual financial statement of the fund-raising event may also be imposed on the applicants.

3.7 In imposing requirements for accounting and transparency on permit or licence applicants, both departments consider themselves to have the authority to do so.

3.8 In June 2002, SWD sought legal advice on whether it is ultra vires to require permit applicants to comply with transparency and accountability conditions, e.g. by furnishing audited financial statements of the approved fund-raising activities. Counsel’s view is that as section 4(17) of the Summary Offences Ordinance also aims to control public collections of money or donations by way of a “permit” system, it is open to the permit-issuing authorities to impose such conditions as they see fit.

3.9 Nevertheless, both SWD and TELA cannot impose conditions ad infinitum when issuing public subscription permits and lottery licences. In any case, these conditions are confined only to the specified fund-raising activities. Moreover, the operations of the organisation such as the
disposal and use of donations generally, other than those from SWD/TELA approved activities, fall outside the control mechanism, of both departments. As a result, the scope of Government scrutiny or monitoring of the charitable organisations concerned is limited.

3.10 Moreover, there are non-statutory charitable organisations such as non-governmental organisations, overseas charities established in Hong Kong and private charities that conducted a variety of fund-raising activities. Their fund-raising activities would fall outside Government scheme of monitoring or public scrutiny if they are not covered by the scope of SWD's permit or TELA's licence.
GOVERNMENT REVIEWS

4.1 To ensure that the administrative arrangements meet changing community needs and expectations, both departments have reviewed the mechanism for monitoring charitable fund-raising activities.

Review by SWD

4.2 In 1992, SWD proposed recommendations to tighten control on charitable fund-raising activities including introduction of separate legislation, to set up an extended Permit system to cover all types of charitable fund-raising activities. Since the completion of the review, several consultation exercises had been conducted. Some of the recommendations from the review, such as applicant to be a recognised body registered with relevant authorities or a statutory body, statement of accounts to be certified by registered public accountant, audited account for general fund-raising activities to be published on newspapers, have been implemented accordingly. Upon Director of Audit’s observation in 1997\(^7\), the department has collaborated with the

\(^7\) See Audit Commission Report No. 29.
Hong Kong Society of Accountants to draw up a practice note for auditors to facilitate their conduct of audits on public subscription permit accounts and a guidance note was also published in 1999 on internal financial control for charities to institute a proper system of accounting controls.

4.3 In view of reservations that tight control might stifle charitable fund-raising activities, the department decided in September 2002 to strengthen the administrative measures for greater transparency and accountability over charitable fund-raising activities rather than introduce new legislative requirements. The Administration reported this to the Social Welfare Advisory Committee (SWAC) and has SWAC support of the proposed way forward.

Review by TELA

4.4 In 2001, TELA also conducted a review, taking reference from SWD. The measures include –

> publishing the locations for sale of lottery tickets on its homepage;

> revising its operational manual and guidelines to better monitor accounts for lottery sales;

> introducing new requirements for licensees:

(i) to submit financial statements within 90 (instead of 180) days after the lottery draw; and
(ii) to make available for public inspection all audited financial statements and accounts concerning the lottery events.

4.5 We appreciate the initiatives of both departments in reviewing their work processes and streamlining arrangements. However, the fact remains that their monitoring of fund-raising activities is piecemeal, being confined to proceeds raised through activities covered by permit or licence only. Fund-raising activities not involving public subscriptions or lotteries are not subject to Government monitoring or public scrutiny. This means government control is partial and fragmented, not covering all charitable bodies or even all charitable fund-raising activities.

4.6 Moreover, there are other charitable organisations not established by legislation (including local branches of charities based overseas) and their fund-raising activities do not require permits or licences. In these circumstances, their operation and their fund-raising activities would fall outside the Government scheme of monitoring or public scrutiny, even though they may be soliciting local donations.

COMMUNITY COMMENTS

4.7 To understand better the administrative arrangements for monitoring charities, this Office held discussions with representatives from four charitable organisations (para. 1.6). They have no strong views on the measures imposed by Government on fund-raising activities but
believe that streamlining the application and processing procedures could improve the efficiency and effectiveness of the arrangements. Some of them believe that a reasonable degree of Government control is necessary, but fear that tight control may discourage creativity in fund-raising and dampen public enthusiasm for donating.

4.8 Of the five submissions received from members of the public (para. 1.5), two perceive Government to be already controlling all charities as well as their use of proceeds from fund-raising efforts; they support such control. One suggests Government should adopt an approach of non-intervention in which donors rely on the reputation of the charities concerned. The remaining two suggest Government should tighten monitoring on fund-raising activities to prevent malpractices.

4.9 In short, views differ. However, there is a general misconception that extensive Government control exists in relation to charities that operate locally in Hong Kong and to which the Hong Kong public have been donating.

4.10 Against this background, some questions arise -

- whether the limited Government monitoring on the present basis is meaningful? and

- whether Government should, therefore, relinquish such role? or

- whether Government should institute fuller control:

- over fund-raising under permit or
licence only; or

over the whole spectrum of charities?
5.1 Charitable establishments in Hong Kong differ in nature: statutory charities, non-governmental organisations, overseas charities and private charities (paras. 2.3 to 2.6). Apart from the statutory charities and subvented charities, activities of the other charities are generally not subject to Government monitoring or public scrutiny except for fund-raising activities governed by SWD permit or TELA licence (paras. 3.2 to 3.3).

5.2 Both SWD and TELA endeavour to safeguard the public against unscrupulous or fraudulent fund-raising activities and to ensure responsible use of donations. Both departments do their best to impose requirements for accounting and for transparency on activities within their purview. However, the present legislative protection and administrative arrangements are limited and inadequate. SWD and TELA scrutiny is partial and patchy, covering the approved activities only.
OBSERVATIONS AND OPINIONS

Inconsistent and Incomplete Control

5.3 Government monitoring of charities operating in Hong Kong ranges from stringent statutory overall control to limited scrutiny of specified activities only or even total lack of scrutiny.

5.4 For those established and governed by their own legislation, control is clear and comprehensive. They are accountable to the public and responsible to Government for their use of proceeds (para. 2.4). Some non-governmental organisations receiving subventions are regulated by the respective Bureau/department (para. 3.1).

5.5 Contrary to popular perception, most other charitable organisations operate autonomously and are accountable only to their own governing bodies with their own rules and regulations. So long as they do not raise funds in public places (such as flag day) or run activities with an element of chance (such as lottery), they are not subject to any Government control over the amount of charitable donations received or the disposal of such funds. There are no guidelines which charities are required or may choose to follow (paras. 2.5, 2.6 and 3.1).

5.6 For the many charitable organisations which do organise fund-raising activities under permit and sell lottery tickets from time to time on licence, Government control is still limited only to the proceeds raised through those specific activities. If the organisations should choose to attribute some of the expenditures incurred by those
activities or daily operations to fund-raising activities not subject to permit or licence, there seems little that SWD or TELA can do.

5.7 Both SWD and TELA display a commendable sense of duty in exercising control over the use of proceeds from fund-raising activities insofar as their respective legislation permits. However, such scrutiny can only be partial and limited (paras. 3.5 to 3.10).

5.8 This Office notes that the Administration has yet to set up a mechanism for monitoring charitable fund-raising organisations (paras. 4.2 to 4.4). As this may take time, it is advisable to institute short- to medium-range measures in the meantime.

**Insufficient Transparency and Accountability**

5.9 Some in our community expect Government to monitor each and every fund-raising activity to prevent malpractices: this is not realistic (para. 4.8). To meet such expectations would be expensive and not value for public money. Moreover, it goes against the world trend for non-governmental organisations to be self-regulatory.

5.10 Another body of community opinion suggests total non-intervention by Government: supporting the fund-raising organisations or not should rest with donors’ discretion and decision (para. 4.8). They pick the beneficiaries of their choice and rely on the reputation of the charities concerned. This involves a risk of unscrupulous or fraudulent fund-raisers passing off as established and responsible
charities. Since charities\textsuperscript{8} not conducting lotteries or other fund-raising activities in public places are not required to account for the use of their proceeds, donors have difficulty knowing how their chosen charities operate and whether their contributions have in fact been used for the purposes "advertised".

5.11 We consider a responsible charity to have a duty to be open, transparent and publicly accountable, even where they are not legally required to do so. They should maintain a high standard of integrity.

5.12 Given the world trend to self-regulate and the Government's declared policy to reduce public expenditure, it would be unrealistic to expect Government to allocate additional manpower resources to assume a more proactive role in the supervision of charitable organisations. Total disengagement would not be in the public interest. Some in our community perceive the granting of tax exemption status to confer on recipients a cloak of respectability and the semblance of official sanction not intended by the Inland Revenue Ordinance.

5.13 We accept that ultimately individual donors decide for themselves whether and if so, what charitable causes and which charitable organisation they wish to support. For such donors, the important considerations are -

\begin{itemize}
\item[(a)] whether charities operating locally to solicit donations are genuine charitable
\end{itemize}

\textsuperscript{8} Among the four charities with which we had discussion, only one issues acknowledgement on its own initiative for each donation received and publishes annual reports that contain a summary on the use of the proceeds.
organisations managed by reputable people and are not shams for tricking the unwary;

(b) whether donations are actually used on causes which have been the object of charitable fund-raising; and

(c) whether proper accounts are kept of donations received, and whether a disproportion of donations is being used for administrative support or production costs.

5.14 On this basis, we believe that a case could be made for dispensing with the current fragmented attempt at supervision by SWD and to replace it by a voluntary regime of public disclosure. The objective of the new regime is to facilitate the dissemination of essential information about the management, operation and financial accountability of charities, so that the donating public will be able to make informed decisions on what worthwhile charities they wish to support.

5.15 Conceptually, this regime can consist simply of an office acting as depository of, and making available at reasonable times for public inspection, documents filed by charitable organisations on a voluntary basis. For public information, it may annually display prominently in situ a list of those organisations which have complied with the requirements for public inspection. Bearing in mind where public interest lies (para. 5.13), an example of the documents or information charitable organisations should be required to provide is suggested at Annex C.

5.16 While we see room for improvement in the current
regime of supervision over charities, we recognize that it is essentially a policy matter whether and in what form improvement should be pursued. Our observations aim to generate discussion in the public arena and deliberation with Government.
Conclusions and Recommendations

Conclusions

6.1 On the basis of our investigation, this Office has come to the following conclusions:

(a) existing Government control of charitable fund-raising is confined to activities and not the organisations, and even then, to mainly flag days and lotteries only;

(b) control does not cover all charitable bodies or even all charitable fund-raising activities;

(c) Government monitoring of charities is partial and patchy, fragmented and ineffective; and

(d) the present legislative provisions cannot effectively safeguard the public against unscrupulous or irresponsible fund-raisers.
RECOMMENDATIONS

6.2 Whether charities and their fund-raising efforts should be put under fuller Government control is a matter of policy for Government. However, we firmly believe that, in their own interest, charitable institutions should be responsible and be ready to respond to community expectations. They should open up for public scrutiny and, if Government so requires, for official monitoring.

6.3 In general, we believe that the great majority of charities are disciplined and principled: respectability and good repute are important assets for their survival and for maintenance of community confidence. Censure by the media can also be an effective monitor and critic.

6.4 Against this background and with reference from overseas practices, The Ombudsman has made the following recommendations -

For SWD and TELA

Short to Medium Term

Code of Practice

(i) to draw up a Code of Practice on good administration and management for reference of charities by requiring them, inter alia, to prepare annual reports, maintain responsible accounts and make available financial records for public inspection and Government scrutiny on fund-raising appeals (paras. 5.3 to 5.8);
(ii) to publish the Code of Practice for community information to facilitate identification of responsible and reputable fund-raising organisations ( paras. 5.3 to 5.8);

(iii) in the light of (i) and (ii), to review the need or otherwise for imposing conditions on public subscription permit and lottery licence applicants (paras. 5.3 to 5.8);

*Enhance Transparency and Accountability*

(iv) SWD to consider maintaining, for public inspection, a central register of charities which comply with the requirements under the above Code of Practice (paras. 5.9 to 5.15);

(v) to display *in situ* annually the names of the charities above for general information as a guide to their bona fides (paras. 5.9 to 5.15);

(vi) to introduce a scheme for monitoring the bona fides of those charities seeking to be placed on the central register at (iv), e.g. through complaints (paras. 5.9 to 5.15);

*For the Administration*

*Longer Term*

(vii) to review the adequacy and appropriateness
of the present Government policy and practices on monitoring charities in general and their fund-raising activities in particular (paras. 5.3 to 5.15);

(viii) to consider the pros and cons of:

- fuller Government control of charities by means of registration; and

- reliance on charities self-regulating in line with world trend (paras. 5.3 to 5.15); and

(ix) to consider mechanism for deterring abuse and penalties for such acts (paras. 5.3 to 5.15).
7

FINAL REMARKS

COMMENTS FROM DEPARTMENTS

7.1 Both SWD and TELA accept The Ombudsman’s conclusions and recommendations, in Chapter 6, to improve the monitoring mechanism of charitable fund-raising activities. SWD has advised that some of them are already being implemented. Nevertheless, the department will continue to keep under review the policy and to monitor the charitable fund-raising activities, having regard to the global trends and local developments as appropriate.

7.2 Both departments reiterate that the scope of their work is defined by legislation and that they endeavour to safeguard the public against unscrupulous or fraudulent fund-raising activities by imposing requirements within their purview. Regarding future Government practices for regulating and controlling the entire spectrum of charitable fund-raising activities, both departments have referred the matter to their policy Bureau for consideration.

7.3 We appreciate the positive response from the Director of Social Welfare and the Commissioner for Television and Entertainment Licensing. We have carefully considered their comments and incorporated most of their suggested textual amendments into the corresponding paragraphs in the body of this report.
FINAL REMARKS FROM THE OMBUDSMAN

7.4 The Ombudsman wishes to be kept informed of progress on implementation of the recommendations and on any major changes in the policy and practice on the subject matter every six months.

7.5 Lastly, The Ombudsman expresses appreciation to SWD, TELA and all parties consulted for their co-operation and assistance in this investigation.

---- END ----

Office of The Ombudsman
Ref. OMB/WF/14/1 S.F. 98
February 2003
APPLICATION AND ADMINISTRATION OF PUBLIC SUBSCRIPTION PERMITS

Application Procedures

Applications for PSPs for flag days and general fund-raising activities\(^1\) are processed separately. Charitable institutions or public trusts exempted from tax under section 88 of the Inland Revenue Ordinance, Cap. 112, are eligible to apply. Moreover, for flag day allocation, the applicant has to establish its need for charitable fund-raising through a flag day. According to SWD, the financial need of an applicant is assessed on the basis of its target flag day net income to meet the planned expenses of its services/activities. The eligibility criteria are issued in SWD application forms as well as its homepage (Annex A-1).

Details of the allocation process are given in the following paragraphs -

Flag Days

Flag days are normally on Saturday mornings. The allocation criteria, procedures and permit conditions are in general more stringent than those for general fund-raising activities because flag day involves a large number of participants and the income rather substantial. Moreover, the number of flag days in a year is not enough to meet demands. Assessment of flag day applications is considered and endorsed by the Lotteries Fund Advisory Committee (LFAC)\(^2\).

Around May each year, eligible organizations are invited through the mass media and the SWD homepage to apply for PSP for flag days in the following financial year, using the standard SWD application forms (Annex A-2). Since 2001/02, some flag days are allocated for regional flag sale whereby three organisations are approved to sell flags in three designated regions on the same flag day and more eligible applicants would thus benefit from the system. The organisations may choose to apply for territory-wide or regional sale. Details of the target net proceeds from a flag day and a proposal on use of funds have to be furnished. (Step 1)

Applications are vetted to see if all requisite information has been given and whether the eligibility criteria are met. (Step 2)

Eligible flag day applicants are classified into Group A or Group B. **Group A** applicants are those with proposals to provide essential social welfare services. **Group B**

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1 General fund-raising activities cover activities such as charity sale of badges, tokens or similar articles; door-to-door donation, especially in public housing estates; setting up donations boxes in stationed counter; charity ride; and passing of offering bags.

2 Chaired by the Director of Social Welfare, the Lotteries Fund Advisory Committee comprises members from District Councils, welfare organisations and professionals (such as solicitor, surveyor and architect).
applicants are those with proposals to provide supportive social welfare services, medical, education, environmental and community services. Since 2000/01, a quota system\(^3\) has been set up to combine with lot drawing to achieve a fair allocation of flag days. The allocation is approved by the Director of Social Welfare on the advice of the LFAC. (Step 3)

Selection of flag days by eligible organisations based on the order of priority as determined by the lots drawing is arranged by the department around November of the same year. (Step 4)

SWD issues permits to successful applicants around December for flag days to be held in the following financial year. (Step 5)

The process of application and approval by SWD may be summarized as follows -

**Annual Flag Days Allocation Process**

1. Applications are invited through the media and the SWD homepage.
2. Applications are vetted.
3. Applications are grouped according to priority and put to the Lotteries Fund Advisory Committee.
4. Selection of flag day by eligible organizations based on the order of priority as determined by the lots drawing.
5. A permit is issued to the successful applicant.

**General Charitable Fund-Raising Activities**

Applications for conducting general charitable fund-raising activities are processed all year around. An application for PSP for general charitable fund-raising activities must reach SWD at least 3 weeks prior to the proposed fund-raising activity by the applicant organisation. Application forms (Annex A-3) can be downloaded from SWD's website. The applicant organisation should obtain the approval from the management authority of the venues concerned. Applications are vetted to see if all required documents are submitted and whether the eligibility criteria are met. PSP will be issued to the successful applicant organisation.

\(^3\) A roughly 2:1 ratio of the quotas for Group A and Group B respectively was adopted since 2000/2001.
before the proposed fund-raising activity.

Administration

In the past three years, SWD had issued over 1,000 PSPs for flag days and general fund-raising activities with proceeds amounting to $425 million as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>PSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/00</td>
<td>($74.07m)</td>
</tr>
<tr>
<td>2000/01</td>
<td>($74.49m)</td>
</tr>
<tr>
<td>2001/02</td>
<td>($75.20m)</td>
</tr>
</tbody>
</table>

Flag days ■ General Fund-raising Activities

Note: 1) Figures in brackets show proceeds
2) For 2001/02, figure including accounts submitted before June 2002

[Source: SWD on 13.6.2002]

In accordance with the Summary Offences Ordinance, the main concern in the administration of PSPs is to maintain peace and order in public places and one of the permit conditions is that the fund-raising activities will not cause nuisance or obstruction in public places. To guard against unscrupulous fund-raisers and to ensure proper use of proceeds, administrative conditions are also imposed. The permit holder shall display promptly the permit at the permitted location of the fund-raising event. Besides, permission must be also obtained from the relevant authorities for the fund-raising activities to be held.

SWD also requires a permit holder to submit audited accounts of the fund-raising event 90 days from the day specified in the permit. If the proceeds are donated to another charitable organisation, the department will also check for consistence of the proceeds raised with the amount receipted by the beneficiary organisation(s). Expenses in connection with the flag day should not exceed 10% of gross receipts. Proceeds from a flag day should be shown separately in the audited financial statement of the organization and
a copy should be forwarded to the department for records. SWD has advised that the department relies on the external auditors' vetting and opinions on the financial statements submitted by the permit holder.

Sanctions for breach of permit conditions range from written warning and reminder to ban from future application. SWD records show that 180 and 144 warnings/reminders were issued in 2000/01 and 2001/02 respectively. The department has advised that so far in 2002/03, six applications for allocation of flag days in 2003/04 and one application for general charitable fund-raising activities have been rejected.

-END-
Public Subscription Permit

According to Section 4(7)(i) of Summary Offences Ordinance, Cap.228, Laws of Hong Kong, any person or organization organizes, provides equipment for, or participates in any collection of money or exchange for donation of badges, tokens or similar articles in a public place for charitable purpose, should apply a permit from Director of Social Welfare.

The permit as referred above is the PSP which covers two types of charitable fund-raising activities, namely flag days and general charitable fund-raising activity.

Flag Days

Application for flag days is an annual exercise and is open to charitable organizations around May in the preceding year. Applicants should meet the following eligibility criteria:

- The applicant must be a bona-fide non-profit-making organization exempt from tax under Section 88 of the Inland Revenue Ordinance, Cap 112.

- Applications from charitable organizations which are related to commercial organizations would be considered ineligible for the flag day allocation exercise.

- The Department must be satisfied with the integrity, management capability and track record of the applicant.

- The applicant organization is willing to allow District staff of Social Welfare Department to inspect both the premises and the activities of the organization and its centres.

- The nature, value and standard of existing services provided by the applicant or by its member agencies and the purpose of the proposed flag day should be in support of a cost-effective charitable activity measured in terms of the number of customers to be benefited and the degree of improvement to the well being of the community.

- The applicant should establish its need for charitable fund-raising through a flag day.

- The applicant should have demonstrated its fund-raising ability for a flag day.

- Applications from organizations which have breached the conditions of a public subscription permit (for flag day or otherwise) in the past may not be considered in this flag day allocation exercise.

Assessment of flag day applications is considered and endorsed by the Lotteries Fund Advisory Committee around October of the same year.

Selection of flag days by eligible organizations based on the order of priority as determined by the lots drawing is arranged around November of the same year.
General Charitable Fund-raising Activity

General charitable fund-raising activities cover activities such as:

- Charity sale of badges, tokens or similar articles;
- Door to door donation, especially in public housing estates;
- Setting up donation boxes in stationed counter;
- Charity ride;
- Passing of offering bags

To be eligible for a PSP for organizing charitable fundraising event(s) in public places, the applicant must satisfy the following criteria:-
- The proposed fundraising activities/events for collection of money or sale or exchange for donations of badges, tokens or similar articles in public places should be in support of charitable purposes.
- The applicant organization must possess a valid registration such as under Companies Ordinance, Cap.32 or Societies Ordinance, Cap. 151 or is a charitable organization exempt from tax under Section 88 of Inland Revenue Ordinance, Cap.112. A PSP application from an individual will not be entertained.
- The applicant organization should satisfy the Director of Social Welfare that it is suitable to organize the activities under application.
- The applicant has obtained approval from the management authority of the venues concerned.
- The application from organizations which have breached the conditions of a public subscription permit (for flag day or otherwise) in the past may not be considered.

The permittee shall display promptly the permit at the permitted location of the fundraising event. The permittee must produce audited account by a Certified Public Accountant within 90 days after the fundraising event. In some cases, publication in newspaper of this account and copy of a receipt from the beneficiary organization may also be required.

[You may check the approved charitable fund-raising activities in the past 8 months and up to two years ahead through the Electronic Service Delivery Scheme]* All solicitation of donation must be voluntary and the public can refuse any unreasonable demand for donation from any organization even a permit is issued.

[You may check the approved charitable fund-raising activities in the past 8 months and up to two years ahead through the Electronic Service Delivery Scheme]* All solicitation of donation must be voluntary and the public can refuse any unreasonable demand for donation from any organization even a permit is issued.
APPLICATION FORM FOR FLAG DAY IN 2003-04
(APRIL 2003 - MARCH 2004)
(Flag day Permit issued under S.4(17)(i), Summary Offences Ordinance, Cap.228, Laws of Hong Kong)

- In writing this form, you must read the explanatory notes at Appendix before completing this application form.
- For joint application, only one application should be submitted by the convenor, including the relevant details, flag day proposals and required documents of all co-applicants and the joint application.
- Please tick the appropriate item.

Category of Flag Day Applied (Please choose ONE only)

- Territory-wide Flag Day
- Regional Flag Day

In case you are not allocated a flag day under your chosen category, and there are unallocated flag days in the other category, would you like to be considered for allocation under the other category?

Application Method (Please choose ONE only)

- Single Applicant
- Joint Applicant
# 機構資料

**Organisation Particulars**

1. **Registered Name of Organisation:**
   - (Chinese)
   - (English)

2. **Name of Head of Applicant Organisation:**

3. **Correspondence Address:**

4. **Contact Person:**
   - **Name:**
     - (Chinese)
     - (English)
   - **Post:**
   - **Telephone No.:**
   - **Facsimile No.:**  
   - **E-mail Address:**

5. **Is your organisation a charitable institution or trust exempt from tax under Section 88 of the Inland Revenue Ordinance?**
   - **Yes**  
   - **No**

6. **Is your organisation a member agency of the Community Chest of Hong Kong?**
   - **Yes**  
   - **No**
7. **Objectives of Organisation**

8. **Services provided and capacity/membership/number of beneficiaries**

9. **Liaison with other organisations and/or government departments (if any)**
   (In case where your organisation has liaison with government departments and quasi government organisations, please also state the relevant section/district office.)
申請舉辦貴旗日的目的及預計收入
Purpose of applying for a Flag Day & Target Income

10. 在2003-04年度舉辦貴旗日預計可得的淨收入（已減去貴旗日的預計開支）為元。
The target net proceeds for holding a flag day in 2003-04 (estimated expenditure of the flag day deducted) are $

11. 請說明計劃如何運用所籌得的款項，及就第10項貴旗日預計可得的淨收入提供分項資料，例如作為受資助/非資助服務的資本費用/經常開支等的分項：
Please provide a proposal on how the funds raised will be used, e.g. for capital/recurrent expenses of subvented/non-subvented services, etc. Please specify the proposal and provide breakdowns for it in respect of your target net proceeds stated in item No. 10:

<table>
<thead>
<tr>
<th>貴旗日計劃的分項資料</th>
<th>每分項的預計運用數額(元) (a)</th>
<th>每分項的運用數額(a) 與貴旗總淨收入(b)的比率(%) [(a/b) x100%]</th>
<th>每分項的運用數額(a) 與貴旗總淨收入(b)的比率(%) [(a/b) x100%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakdown of flag day proposal</td>
<td>Amount used for each breakdown item (a)</td>
<td>Ratio of the amount used for each breakdown item to the target net proceeds (%)</td>
<td>Ratio of the amount used for each breakdown item to the target net proceeds (%)</td>
</tr>
</tbody>
</table>

*總計: (b) 100%

*此數額必須與上述第10項所提供之預計可得的淨收入相同。
*This amount should tally with the target net proceeds specified in item No.10.
12. 請說明籌辦所得款項的受惠對象，包括受惠人士的類別及人數。
    Please provide details on the target beneficiaries of the flag day proposal, including nature and size of
    the beneficiaries.

申請舉辦賣旗日的紀錄
Record of Application for Flag Day

13. 資機構是否首次申請舉辦賣旗日？
    Is this the first time your organisation applies for a flag day?
    □是 Yes  □否 No

14. 若第13項的答案為“否”，資機構在2001-02年度曾否獲分配賣旗日？
    If the answer to No.13 is “no”, please advise if your organisation
    has been allocated a flag day in 2001-02.
    □是 Yes  □否 No

如於2001-02年度獲分配賣旗日，請填寫下列資料：
If yes, please fill in the following:

<table>
<thead>
<tr>
<th>年度</th>
<th>總收入 (元)</th>
<th>開支 (元)</th>
<th>淨收入 (元)</th>
<th>開支與總收入的比例 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Proceeds ($)</td>
<td>Expenses incurred ($)</td>
<td>Net proceeds ($)</td>
<td>Expenses to Gross Proceeds Ratio (%)</td>
</tr>
<tr>
<td>2001-02</td>
<td>(a)</td>
<td>(b)</td>
<td>(a-b)</td>
<td>(b/a)</td>
</tr>
</tbody>
</table>

15. 資機構過去曾否就第十一項所述的目的舉辦賣旗日？如有的話，請填報曾舉辦賣旗日的年份。
    Has your organisation been holding a flag day for the same proposal as stated in item No. 11 above in
    the past? If yes, please indicate which year(s).
聲明
Declaration

茲聲明據本人所知，本人在本表格內所填報的資料，均屬正確無誤。本人亦已閱讀列於附錄的規則及申請須知，並同意按政府其他決策局、局及部門使用本人的個人資料，以審批本人的申請，以及進行研究和調查。本人承諾，若本人獲分配貴旗日，本人會遵守許可證的條件。
I declare that the information supplied by me in this form is, to the best of my knowledge, both true and correct. I have also read through the Instructions for the Application of Flag Day. I consent to the release of my personal data to other government bureaux, commissions and departments for assessing my eligibility for a flag day and conducting research and surveys and agree to comply with the permit conditions should a flag day be allocated to me.

申請機構負責人簽署
Signature of Head of Applicant Organisation

機構印鑑
Organisation chop

日期
Date

所須文件
Required Documents

遞交申請表時，請一併附上以下文件，及於空格內加上「✓」號以作註明：-
When you submit your application, please produce the following documents and put a "✓" against the appropriate boxes:-

☐ 由稅務局局長發出證明貴機構為根據《稅務條例》(第88章)第88條獲豁免徵稅的慈善機構或信託團體的認可信件。
A copy of the approval letter issued by the Commissioner of Inland Revenue to prove that your organisation is a charitable institution or trust exempt from tax under Section 88 of the Inland Revenue Ordinance, Cap.112.

☐ 貴機構於2001年或以後出版的年報。
A copy of your Organisation's annual report published in 2001 or onwards.

☐ 貴機構2001年度或以後的經審計的年度財務報告的副本。
A copy of your Organisation's audited annual financial statement as at 2001 or onwards.

☐ 香港公益金對貴機構申請舉辦貴旗日的同意書（只適用於香港公益金的會員機構）。
Consent letter from the Community Chest of Hong Kong indicating that it has no objection to your application for a flag day (For member agencies of the Community Chest of Hong Kong only).

FDAF02
A. Application Procedures

(1) Application form for flag day in 2003-04 can be downloaded from the SWD website at http://www.info.gov.hk/swd. It is also obtainable from Social Welfare Department Headquarters, General Registry at Room 920, 9/F, Wu Chung House, 213 Queen’s Road East, Wan Chai, Hong Kong.

(2) The completed application form together with required documents, including a) a copy of approval letter issued by the Commissioner of Inland Revenue to prove that applicant is a charitable institution or trust exempt from tax under Section 88 of the Inland Revenue Ordinance, Cap.112, b) the latest annual report and c) audited statement of accounts of the applicant organisation, should reach the Social Welfare Department Headquarters, General Registry [Attn: Executive Officer II (Charitable Fund-raising Control)] at the above address on or before 17 June 2002. Please mark “Application for Flag Day in 2003-04” on the envelope. Late applications will not be considered.

(3) Member agencies of the Community Chest of Hong Kong must obtain prior approval from the Community Chest of Hong Kong before submission of the application. A consent letter from the Community Chest of Hong Kong indicating that it has no objection to application for a flag day should be attached.

(4) Applicants will be informed of the results of their applications and be invited to witness the lot-drawing, which determines the priority number of eligible applicants for selection of flag day around November 2002. Successful applicants will be invited to select their flag days according to the priority number. A permit will be issued to successful applicant around December 2002 according to the results of flag day allocation.
B. 审核申請資格的準則
Eligibility Criteria

下列《審核申請資格的準則》適用於全港及分區賣旗日的申請，但分區賣旗日的申請機構可獲豁免遵守第（6）及（7）項的所述指標。
The eligibility criteria below are applicable to both territory-wide and regional flag sale except that the benchmark requirements mentioned at (6) and (7) which will be waived for applicants of regional flag sale.

(1) 申請機構必須是非牟利機構並根據《稅務條例》（第112章）第88條獲豁免繳稅的慈善機構或信託團體。
The applicant must be a bona-fide non-profit-making organisation exempt from tax under Section 88 of the Inland Revenue Ordinance, Cap 112.

(2) 任何與商業機構有聯繫的慈善團體，其申請將不會被考慮。
Applications from charitable organisations which are related to commercial organisations would be considered ineligible for this flag day allocation exercise.

(3) 申請機構的信譽、管理能力及過去所提供服務的質量必須達到社會福利署滿意的標準。
The Social Welfare Department must be satisfied with the integrity, management capability and track record of the applicant.

(4) 申請機構須同意讓社會福利署委員會委員巡查申請機構的會址、屬下中心及舉辦的活動。
The applicant organisation is willing to allow District staff of Social Welfare Department to inspect both the premises and the activities of the organisation and its centres.

(5) 申請機構或其成員機構所提供的服務的性質、價值及標準，以及籌款項所用以資助的必須是合乎成本效益的慈善性質的服務，並以受益人數及對社區改善程度作為衡量準則。
The nature, value and standard of existing services provided by the applicant or by its member agencies and the purpose of the proposed flag day should be in support of a cost-effective charitable activity measured in terms of the number of clients to be benefited and the degree of improvement to the well being of the community.

(6) 申請機構須有籌款需求。社會福利署會以其去年預計的賣旗日淨收入以達到其所訂的服務 / 活動作為評估，申請機構所指的指標為四十九萬元，即二零零一年全港性賣旗日平均淨收入的百分之四十。
The applicant should establish its need for charitable fund-raising through a flag day. The financial need is assessed on the basis of applicant's target flag day net income to meet the planned expenses of its services / activities. The benchmark for this criterion is $ 490,000, i.e. 40% of average net proceeds of a territory-wide flag day in 2001.

(7) 申請機構必須具備籌辦賣旗日的能力，其二零零一/零二年度全港性賣旗日的淨收入可作證明。
This criterion is satisfied if the applicant has demonstrated its fund-raising ability for a flag day as evidenced by record of net proceeds of its flag day in 2001-02. The benchmark for this criterion is $490,000 (40% of average net proceeds of a territory-wide flag day in 2001). This criterion does not apply to an applicant who has never applied for a flag day nor been approved a territory-wide flag day in 2001-02.

(8) 申請機構如於過去曾經違反公開籌款許可證（賣旗日或其他籌款活動）的條件，是次的賣旗日申請可能不予受理。
Applications from organisations which have breached the conditions of a public subscription permit (for flag day or otherwise) in the past may not be considered in this flag day allocation exercise.
C. Category of Flag Days

(1) In 2003-04, 32 territory-wide flag days were held, including 52 territory-wide flag days and six regional flag days. Regional sale of flags will be held on 26 April 2003, 31 May 2003, 5 July 2003, 18 October 2003, 1 November 2003 and 29 November 2003. During these sales, three organisations will conduct flag day activities respectively in three regions, i.e. Hong Kong Island region, Kowloon region and New Territories region on one flag day.

(2) Applicants are required to indicate in their applications whether they opt for flag days of regional sale or territory-wide sale. Applicants are not allowed to apply for both categories of flag sale and these two types of applications will be separately considered. Except for circumstances at (6) below, applications for the days of regional flag sale may not be considered for the days of the territory-wide flag sale, and vice versa.

(3) Applicants who qualify must have fulfilled the requirements mentioned in the Eligibility Criteria for Regional Flag Sale.

(4) Applicants are required to make a conscious and prudent selection of territory-wide and regional flag sale by taking into consideration the relevant factors, such as the number of days available for bidding under the two options of flag day, their ability in mobilising volunteers and the benefits of regional flag sale including the lesser demand on the organisation of the flag day and mobilising volunteers and the waiving of the benchmark requirement for the application.

(5) When demand exceeds supply in either or both of territory-wide and regional flag sale categories, there will be a separate waitlist for each.

(6) In the event that there are still unallocated days after all the eligible applications for either option have been accommodated, the unallocated flag days of either option will be also open for allocation of the eligible applications from the other option until all available flag days of all options have been allocated.
D. 聯合方式

Joint Applications

(1) 除了獨立方式外，機構亦可以聯合方式（即由兩個或以上的機構共同舉行一個賣旗日）申請賣旗日。
Besides single application, applicants can apply flag days by using joint application, i.e. two or more applicants jointly to organize one flag day.

(2) 倘以聯合形式申請，召集人只需填妥一份申請表，連同每個合辦機構的資料、賣旗日計劃及所需文件一併交回社會福利署。
Only one application should be submitted by the convenor, including the relevant details, flag day proposals and required documents of all co-applicants and the joint application.

(3) 本署在處理二零零三至零四年度賣旗日分配時，會以相同標準審核獨立申請和聯合申請。每個合辦機構的申請資格會逐一以審核標準評定。聯合申請的優先分配次序，將以獲最優先的合辦機構為準。
Joint application is considered for flag day allocation in 2003-04 in the same manner as the single applicant. The eligibility criteria will be applied to each co-applicant. The priority status of the joint application will follow that of the co-applicant with the highest priority.

E. 分配賣旗日的優先次序

Allocation Priority

申請機構須注意，下列符合資格的申請會按以下的優先次序分配賣旗日:
Applicants should note that priority will be accorded to eligible applications in the following order:

a) 合資格的申請機構將分為A組別及B組別。歸於A組別的申請機構，其賣旗日計劃是提供必需的社會福利服務，該等服務屬社會福利署資助計劃及服務類別的範疇。屬於B組別的申請機構，其賣旗日計劃是為提供補助社會福利服務，醫療、教育及其他促進香港市民福祉的服務。至於為海外慈善活動籌款的合資格申請亦歸於B組別。
Eligible applicants are classified into Group A and Group B. Group A applicants are those with flag day proposals to provide essential social welfare services which fall under categories of programmes and services under subvention by Social Welfare Department. Group B applicants are those with flag day proposals to provide supportive social welfare services, medical or educational services, etc. to promote the general well being of the people of Hong Kong. Eligible applications which raise funds for charitable activities outside Hong Kong will also belong to Group B.

b) 屬於A組別的申請機構會獲優先分配賣旗日。
Applicants belonging to Group A will be given priority in the allocation.

c) 去年因抽籤結果而未獲分配賣旗日的申請機構，在本年抽籤時會獲得兩個籤以增加他們獲分配賣旗日的機會。
Applicants who were unsuccessful in the lot drawing for allocation of a flag day last year will be given an additional lot in the lot drawing this year to increase their chance of allocation.

d) 過去兩年因抽籤結果而未獲分配賣旗日的申請機構，在本年抽籤時會獲得三個籤以增加他們獲分配賣旗日的機會。
Applicants who were unsuccessful in the lot drawing for allocation of a flag day in the past two years will be given two additional lots in the lot drawing this year to increase their chance of allocation.
F. 配額制度

Quota System

(1) 二零零三至零四年度全港性賣旗日的配額為五十二個，其分配如下：

The number of territory-wide flag days in 2003-04 is 52. The quotas are distributed as follows:-

a) 三十五個賣旗日分配予屬於A組別的合資格申請機構。

35 flag days reserved for eligible applicants belonging to Group A.

b) 十七個賣旗日分配予屬於B組別的合資格申請機構。

17 flag days reserved for eligible applicants belonging to Group B.

(2) 上述的配額分佈只供參考，確實的配額會按申請機構的數目及情況調整。

The quota mentioned above is for reference only. Exact quota for each group may be adjusted after initial vetting to allow the most deserving cases to have allocations.

(3) 分區賣旗日並沒有配額制度。

For days of regional flag sale, quotas will not be set.

G. 舉辦賣旗日的有關條件

Permit Conditions for Holding Flag Days

(1) 根據《簡易程序治罪條例》（第228章）第4(17)(i)條發出的二零零三至零四年度賣旗日許可證有以下條件（會按情況作有需要的改動）：

A permit for organizing a flag day in 2003-04 under Section 4(17)(f) of the Summary Offences Ordinances, Cap 228 is issued on the following conditions (subject to review as appropriate):-

(a) 獲發許可證的機構須確保賣旗者和舉辦賣旗活動者均清楚知悉及遵守許可證所列條件。

The permittee shall ensure that the flag sellers and persons organising the sale are aware of and comply with the conditions.

(b) 所有捐款必須出於自願，不得強迫任何人捐款、收集捐款，或以任何其他方式捐助。

All subscriptions are to be purely voluntary and no pressure should be brought on any person either to subscribe or to collect subscription or to contribute in any other way.

(c) 除特定受惠對象外，沒有其他人會從賣旗活動中得益。

No person will benefit improperly from the proceeds of the flag selling activity.

(d) 除非有家長陪同，否則14歲以下的兒童不得參與賣旗。

Unless accompanied by their parents, no children under 14 years of age are to be permitted to sell flags.

(e) 不得向道路或公路上的車輛乘客賣旗。

Flags are not to be sold to persons in vehicles on roads or highways.

(f) 賣旗活動只可在本許可證指定的時間及日期於公開地方舉行。

Sale of flags in a public place is permitted only for the time and date specified in this permit.
Appendix (P.6)

(g) No flag selling is to be permitted within five metres of the entrances or exits of the ferry piers, Mass Transit Railway Stations, Kowloon-Canton Railway Stations, Light Rail Transit Stations, The Peak Tramways Stations, and Airport Passenger Terminal Building.

(h) Permission must also be obtained from the relevant authorities, including the owner or the authority responsible for the management of the venue(s), for the sale of flags.

(i) Flag sellers are not to cause annoyance or obstruction in public places.

(j) The money collection bags should bear the logo or name of the organisations and should be marked “This flag day has been approved by the Social Welfare Department”.

(k) The proceeds raised should be deposited in the permittee’s own designated bank account. Within ninety days after the flag day, the permittee shall cause the money raised in the flag day, less any expenses incurred, including expenses in printing and stationery, to be applied or be credited to the bank account, for the purpose for which this permit is issued.

(l) The funds raised must be used only for purposes specified above. The permittee must inform the public of the net proceeds generated by the collection, how the proceeds will be spent and for what purposes.

(m) Expenses in connection with the flag day should not exceed ten per cent of gross receipts.

(n) The account of the flag day, which should indicate separately the amount raised by street collections and by other forms of appeals in connection with the flag day, shall be reviewed by an accountant or firm whose name appears in the List of Professional Accountants (PA) or in the list of firms of Certified Public Accountants (CPA), published in the Gazette by the Registrar of the Hong Kong Society of Accountants under Section 32 (1) of the Professional Accountants Ordinance, Cap 50.

(o) The account with the PA or CPA review report thereon shall be published in at least one local Chinese Language newspaper and one local English Language newspaper within ninety days after the flag day, and a certified copy of the account and copies of the said newspaper cuttings shall be forwarded to the Director of Social Welfare at the same time.
(p) 財務日的收入必須獨立列載於舉辦機構的經審計的年度財務報表內。經審計的年度財務報表的副本須提交本署作紀錄。
Proceeds from a flag day should be shown separately in the Audited Annual Financial Statement of your Organisation, a copy of which should be lodged with the Department when available for record purposes.

(2) 除上述條件外，舉辦分區賽旗的機構，亦需遵守以下條件：
In addition to the above, organisers for regional sale of flags should also observe the following conditions:-

(a) 在公眾地方進行的賽旗活動，只限於許可證指定的時間、日期及地區。
Sale of flags in a public place is permitted only for the time, date and region specified in the permit.

(b) 賽旗日所採用的賽旗號袋及售賣的旗，其顏色及設計必須事先得到社會福利署批准，以避免兩個或以上機構於同一賽旗日使用同一種顏色的賽旗號袋及售賣的旗。在正常情況下，賽旗號袋及售賣的旗的顏色及設計將按遞交審批的日期以先到先得的原則考慮是否批准。
Prior approval from the Social Welfare Department must be obtained for the colour and design of the money collection bags to be used and of the flags to be sold on the flag day to avoid any clash of colour scheme which would cause confusion to the public. Approval of the colour scheme would normally be considered on a first-come-first-served basis, according to the dates of the organisations’ submission of the schemes for endorsement.

(c) 有關賽旗日的所有宣傳資料（包括招募義工的信件）均須加上由社署指定，用作宣傳同日在港島區、九龍區及新界分區賽旗的語句。
All promotion materials including letters for recruiting volunteers must include the clause designated by the Social Welfare Department for promoting the regional sale of flag in Hong Kong Island Region, Kowloon Region and New Territories Region on the same flag day.

查詢
Enquiries

有關二零零三年至零四年賽旗日申請的查詢，可致電2832 4311或2832 4318與慈善籌款監管小組聯絡。
Enquiries relating to applications for flag day in 2003-04 may be directed to the Charitable Fund-raising Control Team at 2832 4311 or 2832 4318.

社會福利署
二零零二年五月
Social Welfare Department
May 2002
個人資料收集聲明
Notes about Personal Data

收集目的
Purposes of Collection

本表格所提供的機構及個人資料，會供社會福利署根據《簡易程序治罪條例》(第228章)第4(17)（i）條的規定，用以審核資格的資格申請，以及供研究和調查之用。填寫本表格提供個人資料，純屬自願。如未能提供足夠資料，本署可能無法處理有關的資格申請。

The personal data provided by means of this form will be used by the Social Welfare Department for assessing your application for a flag day under the jurisdiction of Section 4(17)(i) of Summary Offences Ordinance, Cap.228 and conducting of research and surveys. The provision of personal data by means of this form is voluntary. If you do not provide sufficient information, we may not be able to process your application.

向其他轉介資料的人士的類別
Classes of Transferees

在本表格所填報的機構及個人資料，可能會供政府其他決策局、署及部門作上文所述的用途。

The personal data you provide by means of this form may be disclosed to other Government bureaux, commissions and departments for the purposes mentioned in above.

查閱個人資料
Access to Personal Data

你有權根據《個人資料（私隱）條例》（第486章）第18條、第22條及附表1第8原則的規定，就有關你的個人資料提出查閱及改正要求。你的查閱權利包括取得本表格所填報關於你個人資料的副本一份。

You have a right of access and correction with respect to personal data as provided for in Section 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance, Cap.486. Your right of access includes the right to obtain a copy of your personal data provided by this form.

查詢
Enquiries

與本申請表所收集的個人資料有關的查詢，包括提出查閱及改正要求，應向下列人士提出：

Enquiries concerning the personal data collected by means of this form, including the making of access and corrections, should be addressed to:

社會福利署署長
[綜辦人：二級行政主任（慈善籌款監管）]
香港灣仔
皇后大道東213號
胡志大廈30樓3001室
電話：2832 4311
傳真：2838 0441
電郵：eoiifc@swd.gov.hk

Director of Social Welfare
[Attn: Executive Officer II (Charitable Fund-raising Control)]
Room 3001, 30/F Wu Chung House
213 Queen’s Road East
Wanchai
Hong Kong
Tel.: 2832 4311
Fax: 2838 0441
E-mail: eoiifc@swd.gov.hk
公開籌款許可證申請書
Public Subscription Permit Application Form
(根據香港法例第228章《簡易程序治罪條例》第4(17)(i)條簽發的許可證)
(A Permit issued under Section 4(17)(i), Summary Offences Ordinance, Cap.228)

- 在填寫本表格前，必須先閱讀載於附錄的申請須知。
Please read the explanatory notes at Appendix before completing this application form.

- 填妥的申請書必須在舉行有關活動之前最少三個星期送達香港灣仔皇后大道東213號胡忠大廈30樓3001室社會福利署署長[經辦人：二級行政主任(慈善籌款監管)] (傳真號碼: 2838 0441)。(註：申請書可利用圖片傳真，之後無須再用郵遞寄上。)
The completed application form should reach the Director of Social Welfare [Attn: Executive Officer II (Charitable Fund-raising Control)] at Rm 3001, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (Fax No.: 2838 0441) not less than 3 weeks before the proposed event takes place. (Note: Application by fax is acceptable and needs not be duplicated by post).

- 請於適當項目☑ 加 ✓
Please tick the appropriate item.

A. 申請人資料
Particulars of Applicant

申請人中文姓名:
Name of Applicant in Chinese:  
(先生/太太/小姐/女士)

英文姓名
Name of Applicant in English (Mr / Mrs / Miss / Ms):

B. 申請機構的資料
Particulars of Organization
(請提交貴機構的註冊證書，例如由公司註冊處所簽發的公司註冊證書副本一份)
(Please enclose a copy of the certificate of registration of your organization e.g. Certificate of Incorporation issued by the Companies Registry)

1. 機構中文名稱
Name of organization in Chinese:  
機構英文名稱
Name of organization in English:

2. 地址
Address:  

PSPAF02
3. Details of office bearers involved in the administration of the organization:

<table>
<thead>
<tr>
<th>職位</th>
<th>姓名</th>
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<tbody>
<tr>
<td>Post Title</td>
<td>Name</td>
</tr>
</tbody>
</table>

會長 / 主席
President / Chairman
秘書
Secretary
司庫
Treasurer

4. Objectives of organization:


5. Is your organization an charitable institution or trust exempt from tax under Section 88 of the Inland Revenue Ordinance? Yes No

(If yes, please enclose a copy of the approval letter issued by the Commissioner of Inland Revenue).

6. Details of Contact Person:

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<th>中文姓名</th>
<th>英文姓名</th>
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<td>Name in English:</td>
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<tr>
<td>Fax No.:</td>
<td>E-mail Address:</td>
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C. Particulars of the Proposed Event

1. Title of Event (if applicable) / Nature of the proposed activity:


2. Date/Period:


PSPAF02
3. **Time/Duration (not to be organized in flag day hours, e.g. Saturday morning from 8am to 12noon):**

4. **Specific location and address where the event would take place:**

5. **Method of collection (e.g. set up donation collection boxes, charity sale, etc.)**

   (Please enclose a copy of written approval from the management authority of the venue)

   (a) In the case of setting up donation boxes, please indicate the specific location where the boxes would be set up.

   (Please enclose a copy of floor plan indicating the specific location where the boxes would be set up)

   (b) In the case of charity sale, please fill in the following:

<table>
<thead>
<tr>
<th>Items for Charity Sale</th>
<th>Fixed Price / Minimum Sales Price</th>
<th>Source (e.g. donated items or purchased items)</th>
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</table>

6. **Participants of the proposed event (e.g. the general public):**

7. **Purpose/Objective of the proposed fund-raising event:**

   To raise funds for

---

PSPAF02
8. 該籌款活動的會計師或會計師行的名字（該會計師或會計師行的名字必須列於專業會計師名單或執業會計師名單內）:
Name of the accountant or firm of the proposed fund-raising event (the name of the accountant or firm should be in the List of Professional Accountants or in the list of firms of Certified Public Accountants):

9. 如擬將籌得款項捐贈予本港某一指定機構，請填報下列資料:
If the money so collected is intended to be donated to a designated organization in Hong Kong, please complete the following:
受益機構名稱
Name of beneficiary organization:

(請附上受益機構所發的有關信件副本一份，以證明該機構已同意受機構準備舉辦的活動。)
(Please enclose a copy of letter from the beneficiary organization giving consent to the activity/event being organized by you.)

10. 該受益機構是否《稅務條例》第88條所指的認可機構或公共信託機構？
Is the beneficiary organization an approved institution and trust of a public character under Section 88 of the Inland Revenue Ordinance?

(若答案為是，請附同稅務局局長發出的認可信副本一份。)
(If yes, please enclose a copy of the approval letter issued by the Commissioner of Inland Revenue.)

11. 如擬將籌得款項用在本港以外地區，請指明在本港收集款項的代理機構：
If the money so collected is intended to be spent outside Hong Kong, please specify the agent organization receiving donations in Hong Kong:
代理機構名稱
Name of agent organization:

(請附上(i)代理機構所發的有關信件副本一份，以證明該機構同意是次舉辦的籌款活動，以及確認會接受籌得的款項，並捐贈予受益機構(如申請機構並非代理機構)；以及(ii)受益機構所發的有關信件副本一份，以證明該機構同意接受捐款。)
(Please enclose a copy of letter from (i) the agent organization giving consent to the fund-raising event, confirming to receive and donate money collected to the beneficiary organization (applicable if applicant is different from agent organization); and (ii) the beneficiary organization giving consent to receive donation.)

D. 補充資料
Additional Information
若對本申請有任何補充資料，請貴機構在此說明（例如：貴機構如欲於活動前若干日期獲通知申請結果，請在此列明，並提供理由。）
Please state here any additional information which the applicant wishes to indicate for this application (e.g. applicant’s request for notification of the result of this application on a specified date before the date of the activity, please specify the date and provide justifications)

PSPAF02
E. 聲明

Declaration

兹聲明據本人所知，本人在本表格內所填報的資料，均屬真確無訛。本人已閱讀"公開籌款許可證申請須知"，並同意讓政府其他各局、署及部門使用本人的個人資料，以審核本人的公開籌款許可證申請，以及進行研究和調查。本人在此承諾，若本人獲發許可證，本人會遵守許可證的條件。

I declare that the information supplied by me in this form is, to the best of my knowledge, both true and correct. I have read through the "Explanatory Notes for the Application of Public Subscription Permit" and I consent to the release of my personal data to other government bureaux, commissions and departments for assessing my eligibility for a Public Subscription Permit and conducting of research and surveys. I hereby agree to comply with the conditions stipulated therein should a Public Subscription Permit be granted to me.

(機構蓋章)
(Chop of organization)

(申請人簽署)
(Signature of Applicant)

(日期)
(Date)

F. 所須文件

Required Documents

遞交申請表時，請一併附上以下文件，及於空格內加上「✓」號以作註明：

When you submit your application, please produce the following documents, where appropriate, and put a "✓" against the appropriate boxes:

☐ 貴機構的註冊證書。
A copy of certificate of registration of your organization.

☐ 稅務局發出的認可資副本一份，以證明貴機構 / 受益團體是根據《稅務條例》第88條註冊的認可慈善團體或公共信託機構。
A copy of approval from Inland revenue Department certifying that your organization and beneficiary is / are an approved charitable institution and trust of a public character registered under Section 88 of the Inland Revenue Ordinance.

☐ 活動舉辦地點的管理機構所發出的許可證明書副本一份。
A copy of written approval from the management authority of the venue.

☐ 舉行活動的確切地點的樓面圖則副本一份。
A copy of floor plan indicating the specific location where the event would take place.

☐ 受益團體所發出的確認信件副本一份，以證明受益團體同意接受貴機構擬舉辦的活動所籌得的捐款。
Confirmation letter from the beneficiary organization giving consent and accepting the donations collected from the proposed event organized by your organization.

☐ 代理機構所發出的確認信件副本一份，以證明該機構同意接受籌得的款項，並將款項捐贈予受益團體。
Confirmation letter from the agent organization giving consent to receive and donate money collected to the beneficiary organization.

二零零二年七月修訂
Revised (July 2002)
PSPAF02
Explanatory Notes for the Application of Public Subscription Permit

A. Application Procedure

1. Application for Public Subscription Permit can be downloaded from the SWD website at http://www.info.gov.hk/swd. It is also obtainable from Social Welfare Department Headquarters, General Registry at Room 920, 9/F, Wu Chung House, 213 Queen’s Road East, Wan Chai, Hong Kong.

2. Application form together with required documents, including a) a copy of approval letter issued by the Commissioner of Inland Revenue to prove that applicant is a charitable institution or trust exempt from tax under Section 88 of the Inland Revenue Ordinance or a valid registration under Companies Ordinance, Cap.32 or Societies Ordinance, Cap. 151 and b) copy of written approval from the management authority of the venue, should reach the Social Welfare Department Headquarters [Attn : Executive Officer II (Charitable Fund-raising Control)] at Room 3001, 30/F, Wu Chung House, 213 Queen’s Road East, Wan Chai, Hong Kong (Fax No.: 2838 0441) not less than 3 weeks before the proposed event taken place. (Note: Application by fax is acceptable but need not be duplicated by post).

3. normally require three weeks to process an application with all the requisite information. If the applicant organization wishes to learn the result of application before a specified date, it should indicate this (with the reasons) in Part D of the application form and forward the completed application together with the required documents to SWD not less than three weeks before the specified date.

B. Eligibility Criteria

1. To be eligible for a PSP for organizing charitable fundraising event(s) in public places, the applicant must satisfy the following criteria:

   a) The proposed fundraising activities/events for collection of money or sale or exchange for donations of badges, tokens or similar articles in public places should be in support of charitable purposes.
b) 申請機構須持有根據《公司條例》(香港法例第32章)、《社團條例》(香港法例第151章)等條例或《稅務條例》第88條獲豁免繳稅的慈善機構或信託團體(香港法例第112章)的有效註冊。個別
    人仕的申請，不會考慮。
    The applicant organization must possess a valid registration such as under Companies Ordinance,
    Cap.32 or Societies Ordinance, Cap. 151 or is a charitable organization exempt from tax under Section
    88 of Inland Revenue Ordinance, Cap.112. A PSP application from an individual will not be
    entertained.

c) 社會福利署署長必須滿意申請機構為合適團體舉辦所擬申請的籌款活動。
    The applicant organization should satisfy the Director of Social Welfare that it is suitable to organize
    the activities under application.

d) 申請機構已獲所擬舉辦慈善籌款活動場地的管理機構的批准通知書。
    The applicant has obtained approval from the management authority of the venues concerned.

e) 申請機構如於過去曾經違反公開籌款許可證（貴族日或其他籌款活動）的條件，其申請可能不
    予受理。
    The application from organizations which have breached the conditions of a public subscription permit
    (for flag day or otherwise) in the past may not be considered.

C. 發給公開籌款許可證的條件

Conditions of Public Subscription Permit

根據香港法例第228章《簡易程序治罪條例》第4(17)(i)條發出的許可證有以下條件：
A permit under Section 4(17)(i) of the Summary Offences Ordinance, Cap 228 is issued on the following
conditions :-

(1) 所有捐款必須出於自願；不得強迫任何人捐款、收集捐款，或以任何其他方式捐助；
    All subscriptions are to be purely voluntary and no pressure should be brought on any person either to
    subscribe or to collect subscription or to contribute in any other way.

(2) 除指定的善款受惠機構外，其他人仕不得在本次籌款活動中獲取利益；
    No person will benefit improperly from the proceeds of the activity.

(3) 所籌得的款項，必須用於申請書內所明的計劃／服務；獲發許可證的機構更需提交社會福利署的經
    审計帳目內公布是次籌款活動所籌得款項的總額及用途；
    The funds raised must be used for the specified purpose and the permittee should inform the Department the
    net proceeds of the collection, where the proceeds will go and for what purpose in the audited account for
    the fund-raising activities.

(4) 筹得的款項在扣除任何開支(包括印刷及文具費用)後所得餘款，必須在90日內，用於許可證上列明
    的目的或存入有關的銀行帳戶內；
    Within ninety days of the last date specified in the permit, the permittee shall cause the money received
    from the public subscription, less any expenses incurred, including expenses in printing and stationery, to be
    applied or to be credited to the bank account, for the purpose for which this permit is issued.

(5) 獲發許可證的機構必須就有關的籌款活動編製一份收支結算表，並由會計師或會計師行審計，而該會
    計師或會計師行的名字/名稱必須列於專業會計師名單或執業會計師行名單內。這兩份名單都由香港
    會計師公會的註冊主任按香港法例第50章《專業會計師條例》第32(1)條的規定，在香港特別行政區
    政府憲報刊登。

PSPC22192
The account of the fund-raising activities covered by this permit is to be audited by an accountant or firm whose name appears in the List of Professional Accountants or in the list of firms of Certified Public Accountants published in the Gazette of the Government of Hong Kong Special Administrative Region by the Registrar of the Hong Kong Society of Accountants under Section 32(1) of the Professional Accountants Ordinance, Cap. 50.

(6) 獲發許可證的機構必須將經審計帳目的核證副本連同審計師的意見/報告書一份，在許可證上訂明的最後日期起計90日內，遞交社會福利署署長。
A certified copy of the audited account with auditor's opinion thereon shall be forwarded to the Director of Social Welfare within ninety days of the last day specified in the permit.

(7) 若籌得的款項捐贈予任何機構作慈善用途，則獲發許可證的機構須附同該接受款項機構發出的收據副本一份。
If the money raised is donated to any organization or institution solely for charitable purposes, copy of a receipt from the latter organization is required.

(8) 若所籌得款項會在本港以外地區使用，則獲發許可證的機構亦須在許可證上訂明的最後日期起計90日內，將經審計帳目的核證副本連同審計師的意見/報告書一份刊登在本港至少一份中文報章及一份英文報章內，該剪報並需同時遞交社會福利署。
Where the monies donated are to be spent outside Hong Kong, the audited account together with auditor's opinion shall be published in at least one local Chinese Language newspaper and one local English Language newspaper within ninety days of the last day specified in the permit and copies of the said newspaper shall be forwarded to the Director of Social Welfare at the same time.

(9) 獲發許可證的機構須在舉辦籌款活動的地點當眼之處出示本許可證，以便讓市民得知有關籌款活動已獲社會福利署署長簽發許可證。假如籌款活動並非在一個固定地點舉行，義務工作人員須在籌款活動時攜同本許可證的副本，並將其向任何要求查看許可證的人士出示。
The Permittee shall display prominently this Permit at the place where the fund-raising event is held so as to inform members of the public that a Permit has been obtained from the Director of Social Welfare in accordance with the law. If the fund-raising activities are not carried out in a fixed place, volunteers are required to carry and produce copies of this Permit for inspection upon request by any person in the course of solicitation of funds.

D. Enquiries

Enquiries relating to applications for public subscription permit may be directed to the Charitable Fund-raising Control Team at 2832 4311 or 2832 4318.

E. Notes about Personal Data

Usage of Personal Data

申請書所提供的個人資料，會供社會福利署根據《簡易程序治罪條例》(香港法例第228章)第4(17)(i)條的規定，用以審核你的公開籌款許可證申請，以及供研究和調查之用。填寫申請書提供個人資料，純屬自願。如你未能提供足夠資料，本署可能無法處理你的申請。
The personal data provided by means of the application form will be used by the Social Welfare Department for assessing your application for a Public Subsidiary Permit under the jurisdiction of Section 4(17)(i) of Summary Offences Ordinance, Cap.228 and conducting of research and surveys. The provision of personal data by means of this form is voluntary. If you do not provide sufficient information, we may not be able to process your application.

Classes of Transferees

You are entitled to apply for the transfer of your personal data to other Government bureaux, commissions and departments for the purposes mentioned in "Usage of Personal Data" above.

Access to Personal Data

You have a right of access and correction with respect to personal data as provided for in Section 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance, Cap.486. Your right of access includes the right to obtain a copy of your personal data provided by this form.

Enquiries

Enquiries concerning the personal data collected by means of this form, including the making of access and corrections, should be addressed to:

Director of Social Welfare
[Attn: Executive Officer II(Charitable Fund-raising Control)]
Room 3001, 30/F, Wu Chung House
213 Queen's Road East
Wanchai
Tel: 2832 4311
Fax: 2838 0441

Subventions and Performance Monitoring Branch
Social Welfare Department
July 2002
"SBW2002"
APPLICATION AND ADMINISTRATION OF LOTTERY LICENCES

Application Procedures

Application for lottery licence is made on standard TELA forms. Detail of the purpose of the lottery, estimated amount to be raised, costs to be incurred in the conduct of the lottery and the nature, value and source of the main prizes are to be furnished. Depending on the nature of the organization, supporting documents such as Memorandum and Articles of Association are also required. Applicants are further requested to provide personal particulars and sample lottery tickets. An Senior Executive Officer in the Miscellaneous Licence Sub-section is responsible for the scrutinizing and approving the application for lottery licences. She is assisted by an Executive Officer II and an Assistant Clerical Officer.

If the lottery involves sale of tickets in public streets, TELA will consult relevant Government departments, mainly SWD, the Police, Home Affairs Department, Transport Department, Highways Department and Lands Department for confirmation of suitability and availability of the proposed sites before deciding on the application.

Normally, a licence will be issued to the successful applicant within ten working days of the date on which the application is submitted. The fee for a licence is $3,165.

Administration

In the past three years, TELA has issued over 350 licences to charitable and other organizations for conducting lotteries. The total proceeds from these events amount to $239 million as follows -

![Graph showing proceeds from 1999 to 2001]

Note: Figure in bracket show proceeds

[Source: TELA on 14.6.2002]
TELA considers it incumbent to exercise control over lottery activities as they involve an element of chance and, to some extent, are associated with gambling. Irrespective of the use of proceeds, the conditions for granting a licence are identical, for charitable or other purposes. No cash prize shall be offered or distributed. And lottery tickets should contain a statement stating clearly the intended use of the net lottery proceeds.

Relying on the provisions of the Gambling Ordinance, the department imposes accounting and transparency conditions on the licence with a view to control the use of proceeds. One of these conditions requires the licensee to submit the income and expenditure statement to the department within 28 days after the event. The statement of accounts should reflect all income and expenditure items accurately. Administrative expenses for conduct the lottery activities should not be more than 30% of the proceeds. Within 7 days from the date of the draw of the lottery, details of the results shall be published in 2 local English and 2 local Chinese newspapers and a copy of the relevant newspaper cuttings shall be forwarded to CTEL. The practice has been well received by licensees and TELA satisfied with the position (Annex B-1).

TELA considers the Police to be the enforcement and prosecution agent for suspected illegal fund-raising activities. TELA has, therefore, not conducted any surprise visit and spot check on fund-raising venues. In case irregularities in the accounts, TELA will seek additional information, explanation and clarification from the licensee concerned. TELA has advised that most irregularities are minor discrepancies. For serious irregularities such as failure to submit the requisite documents, TELA will refer to the Police for investigation. In the past three years, the department has recorded only one licensee failing to submit the requisite financial statements. The case was referred to the Police for action. In view of insufficient evidence to ground a prosecution, the Police decided to take no further action against the licensee.

- END
Guidance Notes on Compliance of Lottery Licence Conditions

Lottery Licences issued by this Authority are imposed with a number of conditions. There are those with which you have to comply upon the application for a licence and those upon completion of the lottery event.

Conditions to which a Lottery Licence is subject upon application for a licence

i. No cash prize shall be offered or distributed.

ii. No part of the proceeds of the lottery shall be appropriated for the private gain of any individual who assists in the promotion of the lottery or who is a member of the organisation on whose behalf the lottery is promoted.

iii. Every lottery ticket shall —
(a) be numbered serially and no such number shall be repeated in respect of the same lottery;
(b) state the licence number (i.e., Lottery Licence No.);
(c) state the price at which it is sold;
(d) state the number, nature and value of the main prizes available in the lottery;
(e) state the date and manner in which the numbers of the winning tickets shall be published after the draw of the lottery; and
(f) state the manner in which prizes may be claimed.

iv. No lottery ticket shall be offered for sale —
(a) earlier than 8 weeks before the draw is to take place; or
(b) by advertisement or publication in any newspaper circulating in Hong Kong.

v. Lottery tickets should contain a statement stating clearly the intended use of the net lottery proceeds.

vi. Except with the prior written permission of Commissioner for Television and Entertainment Licensing no lottery ticket shall be sold or offered for sale on any road, street, pavement, footbridge, path, lane, alley, square or court in the control of or which is the property of the Government and no lottery ticket shall be sold in any other public place except with the permission of the owner or other person with lawful authority to give such permission.
Conditions to which a Lottery Licence is subject upon completion of the lottery event

vii. Within 7 days from the date of the draw of the lottery, details of the results shall be published in 2 English and 2 Chinese newspapers circulating in Hong Kong, and a copy of the relevant newspaper cuttings shall be forwarded to the Commissioner.

eviii. Within 28 days from the date of the draw of the lottery, the licensee shall cause to be prepared a statement of all moneys collected or received from the sale of lottery tickets and every disbursement made from the moneys so collected or received and a copy of such statement shall be forwarded to the Commissioner.

ix. Within 180 days from the date of the draw of the lottery, the licensee shall cause to be prepared a statement, certified by a professional accountant holding a valid practising certificate or a corporate practice under the Professional Accountants Ordinance, Cap. 50, of all moneys collected or received from the sale of lottery tickets and every disbursement made from the moneys so collected or received. A copy of such statement shall be forwarded to the Commissioner. The copy of the statement shall be open to inspection by the public on request.

x. The licensee shall cause to be prepared a copy of the related audited annual financial statement of the organisation, certified by a professional accountant holding a valid practising certificate or a corporate practice under the Professional Accountants Ordinance, Cap. 50, which should show the income and expenditure of the lottery (in the form of “note to account” if appropriate), to the Commissioner, if the net proceeds of the lottery are used for meeting the expenditure of the organisation. The “note to account” or the part on the lottery event shall be open to inspection by the public on request.

xi. The licensee shall submit to the Commissioner an official receipt(s) in respect of the net proceeds of the lottery from the organisation(s) receiving the donation by attaching it to the statement of account referred to under condition (viii) above.

Television and Entertainment Licensing Authority
May 2002
Ref.: TELA/CR600/5 V
有關遵守獎券活動牌照條件的指引

由影視及娛樂事務管理處（影視處）發出的獎券活動牌照均附帶若干條件。其中有些是要在申請牌照時遵守，另一些則要在獎券活動結束後遵守。

申請獎券活動牌照時應遵守的附帶條件

i. 不得提供或分發現金獎。

ii. 獎券活動得益的任何部分，不得撥給協助籌辦獎券活動的任何個別人士作私有收益或撥給籌辦該獎券活動的機構的成員作私有收益。

iii. 每張獎券活動彩票須—
   (a) 順序編上號碼，在同一項獎券活動中，所編號碼不得重複；
   (b) 說明發行所根據的牌照號碼（獎券牌照號碼 ）；
   (c) 說明售價；
   (d) 說明在獎券活動中提供的主要獎品的數目、性質及價值；
   (e) 說明在獎券活動抽獎後，公布中獎彩票號碼的日期及方式；以及
   (f) 說明領獎方法。

iv. 所有獎券活動彩票不得在下列情況發售—
   (a) 早於在抽獎 8 個星期前；或
   (b) 以在香港流通的任何報章上刊登廣告或發表公布的方式出售。

v. 獎券活動彩票上必須清楚說明獎券活動淨收益的用途。

vi. 除非得到影視處處長的書面批准，否則不得於任何由政府管理或擁有的道路、街道、行人路、行人天橋、小路、小巷、小徑、廣場或球場售賣或兜售彩票，亦不得在未取得有關業主或其他有合法核權力的人士批准前，於任何其他公共地方售賣彩票。
完展籌款活動時應遵守的附屬條件

vii. 由籌款活動抽獎日期起計 7 天內，須在於香港流通的中文及英文報
章各兩份公布抽獎結果詳情，並須將有關剪報的副本一份送交影視
處處長。

viii. 由籌款活動抽獎日期起計 28 天內，持牌人須安排編製一份結算表，
內列銷售籌款活動彩票所收集或收取的全部款項及從收集或收取
的款項中支出的每一項付款，並須將該結算表的副本一份送交影視
處處長。

ix. 由籌款活動抽獎日期起計 180 天內，持牌人須就所收集或收取的全
部款項及從收集或收取的全部款項中支出的每一項付款，安排編製
一份結算表，並由一名根據《專業會計師條例》(第 50 章) 持有有效
執業證書的專業會計師或執業法團認證。該結算表的副本一份須送
交影視處處長。若市民提出要求，有關結算表的副本將公開讓市民
查閱。

x. 若籌款活動的淨收益是用作支持籌款機構的開支，持牌人須安排向
影視處處長送交一份該機構的全年財政報告副本，其中須列出有關
籌款活動的收入及支出（如適用的話，以「帳目備註」的形式列出），
並由一名根據《專業會計師條例》(第 50 章) 持有有效執業證書的專
業會計師或執業法團認證。同時，若市民提出要求，該「帳目備註」
或報告內有關籌款活動收支的部分將公開讓市民查閱。

xi. 若籌款活動的淨收益是作為捐贈用途，持牌人應於送交上文(viii)
段提及的結算表給影視處處長時，一併夾附接受捐款機構發出有關
的正式收據。

影視及娛樂事務管理處
2002 年 5 月
檔號：TELA/CR600/5 V
Suggested documents to be provided by charitable organisations for public inspection

(a) Brief history of the organisation and its mission;

(b) Organisation chart;

(c) Fund-raising activities which have been carried out in the past 12 months;

(d) Auditors' report;

(e) Financial statements, indicating –
   i) total proceeds
   ii) administrative cost
   iii) other expenditures
   iv) actual amounts of proceeds spent on charitable purposes

(f) Fund-raising activities planned for the next 12 months.