**SCMP Article**

**Oversight of charities will improve trust**

The Hong Kong government is reviewing an old law called the Chinese Temples Ordinance of 1928. The law was a response to an upsurge nearly 100 years ago in fake Buddhist institutions which defrauded donors and misused funds.

The law obviously needs reviewing. The penalties it provides for - fines of HK$1,000 - are no deterrent today. Conditions have changed, with a more educated community and better laws in place. In addition, the legislation under review specifies "Chinese" institutions and charitable activities, and therefore raises racial equality issues and treats Buddhist institutions differently from Christian, Muslim or other kinds.

A consultation exercise took place earlier this year, and the Legislative Council is due to look at amendments during this current term.

Then, just a few weeks ago, a director of a Buddhist monastery in Tai Po made allegations of irregularities concerning funds and immigration laws. The case obviously drew attention to the Chinese Temples Ordinance and to the oversight of other religious institutions.

Ideally, it will also raise questions about the management of charities in general. However, I have experience in this area, and I am not very optimistic.

For quite a few years, I was chair of the Hong Kong Council of Social Service - an umbrella group for welfare agencies. The subject of charities and donations was obviously important to us. We saw that Hong Kong is a charitable place, but we also realised that because of occasional scams in the past, donors did not have full confidence in charities.

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The reason is that there is no authority that monitors charities, or even an official definition of a charity. Any group can apply for tax exemption (there are over 7,000 of them), but there are few checks afterwards. In 2007, the council set up a website - WiseGiving - which allows would-be donors to view governance, financial and other details of charities that choose to participate.

At around the same time, the Law Reform Commission started a review of the law on charities. I chaired the subcommittee looking into the issue. We initially recommended that Hong Kong use the British approach of a charities commission to register fundraising tax-exempt bodies and require basic standards of transparency and governance.

Our intention was to improve the public's confidence in charities, and therefore help them to attract donations and do their work. One key consideration was that the official oversight would not infringe on their activities - freedom and independence are essential to their success.

We wanted to make sure that the process would not be a burden on charities. So we also proposed that the new charity commission would streamline the existing regime of permits and licences for various fundraising activities.

However, there was resistance. Some non-government organisations involved in advocacy had problems with the idea of the law defining a charity by its broad purpose and work. They were suspicious that registration could be used to restrict their political and policy campaigning. And some religious groups were also suspicious of regulation and worried about interference in their faith.

So, six years into the exercise, we watered down the recommendations to require just basic registration and public disclosure of accounts. But some groups were still not happy, and the proposals are now sitting on the shelf.

I thought at the time that public opinion might have been stronger on this subject if there had just been a major scandal over charities. I wonder if the recent allegations regarding a Buddhist monastery will encourage people to reconsider the need for better oversight. After all, it would be in the interests of the people and causes that charitable groups serve.

Trust is an issue - groups would have to be confident that the government would not use powers of oversight to interfere. If they could agree to accept just the watered-down proposals, our charities, donors and good causes would benefit.