

For Immediate Release

MEDIA RELEASE

THE COMMISSIONER OF CHARITIES SEEKS PUBLIC VIEWS ON PROPOSED REGULATORY APPROACH TOWARDS FUND-RAISING APPEALS FOR INDIVIDUALS

The Office of the Commissioner of Charities (COC) is seeking views from the public on proposed changes to the regulatory approach towards fund-raising appeals for individuals.

Review of the Fund-raising Regulation

2. Currently, all fund-raising appeals conducted by any persons or organisations for charitable purposes are regulated under the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations. These regulations impose certain obligations on the fund-raisers such as the keeping of proper records, duty to disclose the purpose of the fundraising to donors and ensuring that the donation is used only for intended purposes.

3. These regulations apply regardless of whether the intended beneficiaries are registered charities under the Charities Act or to individuals, families or organisations which are not registered charities. Hence, persons conducting fund-raising appeals with the aim to provide financial relief to individual(s) are also expected to comply with the regulatory requirements. These requirements impose obligations on the fund-raisers (who are often the beneficiaries) which may not be in line with the intent of donors to help the individual or family in need.

4. As such, the COC is reviewing the existing regulatory position towards fund-raising appeals for the benefit of specific individual(s), such that they will be seen as private gifts rather than charitable donations, relieving individual beneficiaries and their families of certain regulatory obligations. Nonetheless, to protect the donating public, the COC will continue to have the power under the Charities Act to investigate complaints and prohibit or restrict the conduct of any fund-raising appeal for individual beneficiaries if there is mismanagement or misconduct involved. Reported cases of suspected cheating will still be investigated by the Police as they are today.

5. The public is welcome to share their views on the proposed changes as part of the regulatory review on fund-raising for individuals.

Public Consultation

6. The consultation will open for four weeks, from today to 1 November and the Consultation Paper is available on:

- i) Charity portal at <http://www.charities.gov.sg>
- ii) REACH portal at <http://www.reach.gov.sg>

Members of the public may send their feedback by e-mail to:
mccy_charities@mccy.gov.sg.

Enclosed:

Annex A - Consultation Paper on Fund-Raising Regulations

ANNEX A

CONSULTATION ON FUND-RAISING REGULATIONS REVIEW

AIM

The office of the Commissioner of Charities [“COC”] is inviting members of the public to give feedback on proposed regulatory changes concerning fund-raising appeals for specific individuals.

BACKGROUND

2. Currently, all fund-raising appeals conducted by any persons or organisations for charitable purposes are regulated by the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations and come under the purview of the COC. These regulations impose certain obligations on fund-raisers, regardless of whether the intended beneficiaries are registered charities or individuals, to ensure fund-raising appeals and proceeds are properly administered. The same also applies to fund-raising appeals conducted online through dedicated websites or social media platforms such as Facebook, Youtube or Twitter. [A copy of the Regulations is available for download [here](#)].

3. In order not to stifle the spirit of charity, by and large, the sector is left to self-regulate with the COC intervening when complaints are received.

REVIEW

4. In recent times, we have seen more instances of the community responding generously to fund-raising appeals on behalf of individuals in need, such as accident victims and their families, or children diagnosed with severe medical conditions requiring costly treatments. The reach and scale of these appeals have also expanded significantly with the use of social media. This trend calls for a need to strike a balance between regulation to protect the interest of the donors and allowing the philanthropic spirit to flourish, as our society matures and moves towards self-regulation which entails greater personal responsibility. As such there is a need to review the current regulatory approach towards such fund-raising activities to ensure that it remains relevant.

5. Very often, when members of the public respond to these appeals, it is out of kindness and driven by the desire to give individuals in need and their families a helping hand. As such, our preliminary view is that certain regulatory requirements which are largely intended for fund raising appeals conducted by or for charitable

organisations, may be impractical or inappropriate when it comes to fund-raising appeals for individual beneficiaries. Such impositions include the need to maintain detailed records of all collections and expenses and the requirement that beneficiaries use donations only for the purpose communicated to the donors, apart from which they would have to seek the approval of the COC to use the donations for other legitimate needs.

6. For example, if it is communicated that the purpose of a fund-raising drive is for the medical expenses of a named individual, in the event of the demise of the beneficiary and there is remaining funds, the family is obligated under the current regulations to either make a refund to the donors or to re-direct the funds for other similar causes. This would be burdensome for the grieving family and might not be in line with the donor intent to help the family in need.

PROPOSED CHANGES

7. The aim of this review is to nurture a more conducive environment where needy beneficiaries will not be saddled with an inappropriate regulatory burden, while at the same time, protecting the interest of the donating public.

8. As such, the office of the COC is studying whether fund-raising appeals for named individuals should be considered as personal gifting rather than as charitable donations, so that in such situations fund-raisers and beneficiaries are relieved of certain obligations such as the need to keep detailed records and to seek donors' or COC's consent for alternative use of donations when the original purposes are no longer applicable.

9. To protect the interest of the donating public, such "personal gifting" will still be recognised as "fund-raising appeals" under the Charities Act. Thus, the COC will continue to conduct investigations when complaints are received about such fund-raising activities. In the event that misconduct or mismanagement is discovered, the COC can still invoke his power to prohibit or restrict such fund-raising appeals for individual beneficiaries. Members of the public can also continue to report suspected cases of cheating to the police.

10. In addition, the COC proposes to step up public education to guide members of the public in making informed gifting decisions. For example, information will be provided on the rights of donors to seek clarification from fund-raisers, along with tips about what questions to ask and telltale signs of potentially bogus fund-raising activities. The COC can also make available good practices in the conduct of responsible fund-raising, both to raise public awareness and to guide fund raisers.

11. With this, we would like to seek your views on the following:
- i. What are your views on whether the current fund-raising regulatory requirements should apply equally to both fund-raising for charitable institutions as well as to individuals?
 - ii. What are your views on the proposal to consider fund-raising appeals conducted for specific individuals as “personal gifting”, thereby exempting these activities from having to comply with certain regulatory obligations under the Charities Act?
 - iii. In your opinion, will there be sufficient protection for the donating public if such personal gifting is still seen as a “fund-raising appeal” that can be investigated, prohibited or restricted by the Commissioner of Charities?
 - iv. To what extent do you think the COC should continue to regulate spontaneous community-led initiatives aimed at helping individuals in need?
 - v. In your opinion, what obligations do the fund-raisers have towards donors and can these be self-regulated (or not), with cases of suspected fraud being reported to the Police for investigation?
 - vi. Should donors exercise some personal responsibility in ensuring that their good intentions are not exploited by suspect fund-raisers? How can the Commissioner of Charities or any other parties help in this?

PERIOD OF CONSULTATION

12. The consultation exercise will open for four weeks, from 4 October to 1 November 2013.

13. All feedback received will be taken into consideration. While we regret we will not be able to separately address every comment received, we will consolidate and publish a summary of the key comments received, together with our responses on the Charity Portal [www.charities.gov.sg] and REACH websites after the consultation exercise closes. We will maintain confidentiality of feedback received.

FEEDBACK CHANNEL

14. Your feedback is important to us and we seek your support to ensure that the consultation exercise is productive and focused. We would like to request that submissions follow these guidelines:

- i) Make your comments concise and clear.

- ii) Keep your comments focused on the areas highlighted in paragraph 9.
- iii) As far as possible, explain your points with examples and illustrations.

You can send your feedback by e-mail to: mccy_charities@mccy.gov.sg. Please indicate “Public Consultation on Fund-Raising Regulations Review” in the subject line.