



Ministerial Statement
By
The Hon. Michael H. Dunkley JP, MP
Spokesperson for the Ministry of Home Affairs
Friday, 21st June, 2013

Amendments To The Charities Act 1978

Mr. Speaker, Government continues its commitment to protecting the public interest by amending the Charities Act 1978. To follow through on this commitment, a review of the legislative regime in relation to the charitable sector was conducted, which included extensive consultation.

At the end of March, a Policy Paper on the proposed amendments was circulated to relevant stakeholders for their comments. An important aim of the consultation was to find a balance between enhancing supervision of charities and preserving and encouraging small charitable organizations, which form an important part of Bermuda's heritage. To this end, revisions were made to the Policy Paper to include many of the suggestions submitted by stakeholders.

Mr. Speaker, the definition of charitable organizations will be amended to include all entities established in Bermuda for charitable purposes only, including those that are privately funded. This will expand the number of

entities that are subject to supervision to ensure compliance with anti-money laundering and anti-terrorist financing regulations. However, those entities which come within specified categories will be exempt from the requirement to register as charitable organizations as they are subject to Anti-Money Laundering / Anti-Terror Financing requirements under other legislation.

Charitable organizations will be expected to undertake best efforts to document the identity of their significant donors while respecting donor confidentiality. Accordingly, the proposed amendments to the Act will make provision for the Minister to make Regulations to require reasonable levels of accounting and other controls to provide effective due diligence procedures in relation to beneficiaries, donors and partners. Failure by charitable organizations to implement due diligence requirements will incur penalties.

The definition of charitable purposes provided in the Act will be altered to include those which fall within specified categories and which are for the public benefit.

Mr. Speaker, the powers of the Charity Commissioners will be enhanced to increase public confidence in the charities sector through effective oversight of charitable organizations. They will be given greater options for charity registration periods, as well as increased powers to monitor and investigate complaints received about charities, and to intervene in charities' operations.

Mr. Speaker, the Charity Commissioners will be provided with better information on the activities of registered charities through the introduction of enhanced reporting requirements. Registered charities will be required to submit annual reports on their operations. The format for the financial reports will also be standardized, as determined by the Registrar General.

Public confidence in the charitable sector will be increased through greater transparency. To keep the public informed about the status of organizations to which they may be considering making donations, the Registrar General will be required to gazette any changes to the Register of Charities.

Mr. Speaker, to ensure compliance with the Act, new offences will be introduced in relation to the administration of charitable organizations, including non-disclosure to the Charity Commissioners and failing to use contributions donated by the public for their intended purposes.

Registered charities are not currently required to pay any form of registration or administration fees to the Government, in spite of the considerable cost of providing oversight for charities. The amendments will empower the Registrar General to impose an annual administration fee on registered charities after consultation with the Minister.

Cabinet has given its approval to the proposed amendments. These amendments to the Act are currently being drafted by the Attorney General's

Chambers. It is anticipated that they will be introduced before the end of the current parliamentary session.

Thank You Mr. Speaker.