

4. BILL FOR THIRD READING

**4.1. Charities Registration and Regulation Bill 2018 –
Third Reading approved**

Mr Thomas to move:

That the Charities Registration and Regulation Bill 2018 be read a third time.

The Speaker: Item 4, Bill for Third Reading, the Charities Registration and Regulation Bill, in the hands of Mr Thomas.

Mr Thomas: Thank you, Mr Speaker.

In moving the Third Reading of the Bill I would like, once again, to stress the importance of the Bill to ensure that the Island has a modern system in place for the registration and the regulation of charities, including an important updating of the meaning of ‘charitable purpose’.

At this stage, I thank Hon. Members for your support and in particular Dr Allinson for seconding; Mr Harmer and Mr Hooper for amendments; and everybody who has contributed so actively to the discussion around this very important topic, particularly Mr Baker and Mr Deputy Speaker, Mr Robertshaw. I would also like to thank Michelle Norman; the Attorney General, John Quinn; and others in the office and in the community who have actually helped so much with this important piece of legislation.

Just before I move and as regards one of the amendments adopted to clause 46, namely the requirements to make regulations to exempt charities with a gross income not exceeding £5,000 from the requirement to register and thus from the requirements to which registered charities are subject, there is a considerable amount of work now to be done to ensure that the principle behind the amendment can be made to work within a regulatory framework which was designed for a particular set of circumstances. Unfortunately, the amendment as adopted by this Hon. House raises a number of matters which will need to be investigated and then addressed.

Firstly, an exempt charity cannot choose to register and indeed a charity must be removed from the register if it subsequently becomes exempt. This could result in a charity status changing from year to year as its income increases or decreases and it requires to be registered then removed from the register, and so on. This amendment, as approved, also takes no account of the fact that some charities may *prefer* to be on the register in order to benefit from the reputational benefit that comes from having their accounts and other information available on the public record. If the intention is that small charities should be able to opt in to the regulatory regime then this would have to be provided through a different mechanism rather than an exemption.

Secondly, is it appropriate that the sole criteria for determining whether a charity should be exempt is the level of its income, irrespective of the amount of funds on deposit in the bank or whether it owns land or other valuable assets? In a period of low interest rates they are still exempt from registration and therefore visibility to the regulator *and* to the public, charities with substantial sums of money or valuable assets, merely because their income comprised only interest rather than public donations. Such a charity could then dissipate its funds which could amount to tens, if not hundreds, of thousands of pounds without any scrutiny as to how those funds have been applied.

Thirdly, to what extent should the general principles of the Act apply to small charities? Should there be a requirement for a small charity to be notified to the Attorney General even if just so there is a record of its name, objects, annual income and contact details? Consideration would also have to be given as to how the requirement for substantial and genuine connection could be applied by the legislation to a small charity.

At first sight it would seem inconsistent that application of the test would be determined by a charity's income, particularly in the case of a charity whose income fluctuated around the registration threshold. Although an unregistered charity would not have to file annual accounts, good practice would dictate it should still have to prepare, at the very least, a statement showing the charity's income, expenditure and account balances. Also it would be a rare instance where a charity soliciting funds from the public should not have a written constitution. Should a small charity be able to be included in the register of charity mergers? These are all issues which will need to be explored properly.

Consultation on the overall landscape with ecclesiastical and small charities and another Charities Bill, I think, will have to be put back while we consider these issues; and I wish the other place upstairs find work to tackle some of the issues that need tackling and need addressing.

And with that, Mr Speaker, I move the Charities Registration and Regulation Bill now be read a third time.

The Speaker: Dr Allinson.

Dr Allinson: Thank you, Mr Speaker. I beg to second and reserve my remarks.

The Speaker: I put the question that the Charities Registration and Regulation Bill 2018 be read for third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.