

Submission to the Senate Economics Committee Regarding Tax Laws Amendment (Public Benefit Test) Bill 2010

Introduction

My name is Michelle Sterling. I am an Australian citizen. I am law abiding, I pay my taxes and I obey the laws of this country. I'm an employee, a parent and a wife. I'm Mrs Average Australian.

I am not overly comfortable in reading legal jargon, debating the constitution or picking apart High Court decisions from over 20 years ago. I'm just going to give you my thoughts regarding this proposed bill as clearly and concisely as I can.

I am an ex-scientologist. I served the Organisation from 1993 – 2001 as a staff member, becoming trained as a Course Supervisor and Spiritual Counsellor (Auditor).

The Law

It is my understanding that laws are created to protect people. If everyone naturally did the "right" thing, there would virtually be no laws needed at all. If no-one stole or murdered or defrauded there would be no need for laws to protect the innocent against such acts, and there would be no recommended sentencing for these crimes.

We have laws for just about every crime imaginable. All my life I've been educated by the school system, the media, friends and family that laws are made to protect us and that if someone breaks the law, they will be punished. I've learnt to respect the law and the law enforcement agencies of this country including the police and the judicial system. I trust the government to create and pass laws which are fair and able to be followed.

However, there seems to be no law (or protection) against a minority of so-called "religions" taking advantage of the tax exemption they are automatically granted, and exploiting the system for their own greed, whilst causing great harm in the community. When I say "minority" I really mean it. I am not talking about all religions or even most religions. I am very grateful for the kind and charitable acts that churches all around this country perform every day. Although I do not frequent any church on a regular basis, I am given comfort knowing that their doors are open and assistance is available to me (either in spiritual or material form) if ever I should need it.

Religion

I believe in the right to practice any religion so long as one's chosen religion does not violate basic human rights and/or cause harm in the community. The vast majority of religions in this country do not do these things and do far more good than harm. I financially support the Red Cross, the Christian Children's Fund, The Salvation Army and a number of other religious and non-religious charities for this reason.

Because of the kind and generous nature of most religions and churches around the world, certain groups and organisations are able to take advantage of the concessions granted by governments to allow legitimate religions to continue their good work. All they have to do is call themselves a religion, put on a "religious front", satisfy a few rules and that's about all it takes. This may sound simplified and cynical but I can assure you that it happens. I know because I was involved in an organisation that has done exactly that.

Scientology

As I mentioned earlier, I was involved in Scientology for about 10 years, 8 of those years was spent on staff with the Melbourne organisation in Russell Street. It was an ongoing "joke" amongst the longer-serving members of Scientology that it was now legally considered a "religion". We all "knew" that Scientology wasn't a religion and was never meant to be a religion. L Ron Hubbard (The Founder) had said so many times.

From L Ron Hubbard's book "The Creation of Human Ability, 1953"

"Scientology has opened the gates to a better World. It is not a psycho-therapy nor a religion. It is a body of knowledge which, when properly used, gives freedom and truth to the individual."

Hubbard Communications Office Policy Letter (HCOPL) 29 Oct. 1962, "Religion"

"Scientology 1970 is being planned on a religious organization basis throughout the world. This will not upset in any way the usual activities of any organization. It is entirely a matter for accountants and solicitors."

Some further examples can be found on this web page:

<http://sweenytod.com/cos/Theology/Theology/barwell2.htm>

However, given the tax concessions and protection offered by taking on the religious "angle" Scientology went from business to religion virtually overnight. There is an excellent declaration by Lawrence Brennan, a long-serving ex-member of Scientology who describes the whole process of religious cloaking that Scientology undertook. This is well worth a read if you want to understand the mentality of this organisation.

<http://www.freedomofmind.com/resourcecenter/groups/s/scientology/declaration-of-ex-scientology-exec-lawrence-h-brennan/>

The following is an excerpt from that declaration:

In developing the religious cloaking for organized scientology, the following were considered a few of the "benefits" so that Hubbard policies could be applied. There are countless examples but the below are listed simply as a few of them:

1. Minimum wages would not have to be paid;
2. Staff could be sent to different parts of the world and be able to stay locally as religious workers;
3. Standard employee rights, such as those found in laws like the Fair Labor Standards Act, could be discarded and thus Hubbard policies involving such things as ethics conditions, the Rehabilitation Project Force and the like could be applied without outside interference;
4. Less scrutiny would be allowed on the controls of the funds of Scientology and the intermingling of funds between the corporations and other legal fictions of organized scientology;
5. It was hoped that the treatment of public scientologists and the use of their funds would be considered outside the purview of governmental bodies;
6. Couching the demand for and flow of monies within organized scientology using "religious" terms (such as by saying that clear cut mandatory payments for services were "fixed donations" and were mandated by the scripture of "exchange") was hoped to cut off attempts by governments and others to look into them further;

7. What was considered one of the most important reasons for the religious cloaking was so that the services of Dianetics and Scientology could be delivered without it being considered the practice of psychology and/or medicine. It was feared that unless there was a religious cloaking developed and used throughout organized scientology that its practices would be outlawed in many parts the world.

I know that this Senate Inquiry is **not** about whether Scientology is a bona fide religion and I don't want to belabour the point, but I just want to make you aware that this organisation **chose** to label itself a religion because of all of the advantages afforded to legitimate religions, and not because it believed itself to be a religion.

The difficult question is "How does one tell the difference between legitimate religions and charities and those who use religious cloaking to defraud the system?"

The Public Benefits Test

I believe Senator Xenophon's proposed Public Benefits Test would go a long way to solving this issue. Legitimate charitable organisations and religions would have little trouble proving their benefit to the public, and those groups who do not benefit the public (and the tax payer) would be weeded out.

I know this proposed bill would not solve everything, but something like this is needed and needed now. As a tax payer I'm appalled that my taxes are used to support an organisation like Scientology. I lived the Scientology "dream" for 10 years and I can assure you that this group benefits no-one but themselves.

I believe the UK introduced a similar amendment or law in 2006 that has been effective in distinguishing between legitimate charities and bogus groups. I believe this amendment has been effective and has increased the public confidence in the UK that if the public are donating to a group with charitable status, they are supporting a group that has proven its benefit to the public.

<http://www.charity-commission.gov.uk/library/guidance/lawrel1208.pdf>

Below is a snippet from the above document that I find most relevant:

- 1.2 There is no longer any presumption that, because a purpose falls within the description "the advancement of religion", it is for the public benefit. Section 3(2) of the *Charities Act 2006* provides: *In determining whether [the public benefit] requirement is satisfied in relation to any ... purpose, it is not to be presumed that a purpose of a particular description is for the public benefit.*
- 1.3 Formerly, the proposition was stated that "*as between different religions the law stands neutral, but it assumes that any religion is at least likely to be better than none*" (in *Gilmour v Coats* and articulated by Cross J in *Neville Estates v Madden*⁴). It is necessary to interpret this now in the modern context. There is no longer any presumption of public benefit. That proposition was extended in what was said in *Holmes v AG* "*that it is better for man to have a religion - a set of beliefs that take him outside his own petty cares and leads him to think of others - rather than to have no religion at all*"⁵. It is arguable that with the removal of the presumption and in the modern context, the benefits that religion may bring may also be available from other moral codes⁶. The proposition may now be interpreted as meaning that advancing religion can be seen as a public good if such advancement can be demonstrated to be in relation to a system having a benign and positive content which is being advanced for the benefit of the public.
- 1.4 Not every 'religion' can claim that its promotion or advancement is charitable. A religious organisation whose practices or doctrines are adverse to the foundations of religion or subversive to morality or are illegal cannot be for the benefit of the public⁷. Unless an organisation advancing a religion is in a position to show that such advancement is for the public benefit, then that organisation will not be charitable either⁸.

If just these three points were applied to organisations such as Scientology, we would not have the current situation where tax payers are funding serious abuses and human rights violations.

Is it really that bad?

In short – yes.

If you were to visit the main website of Scientology you might be forgiven for believing that you were looking at an altruistic organisation. The PR is slick and the “statistics” look very positive.

Currently showing at <http://www.scientology.org/> are numerous high-quality videos highlighting the “humanitarian programs” sponsored by and/or run by the Church of Scientology. Without stepping foot in the door, or becoming involved with the Organisation, one could easily believe that this is an organisation with its aims rooted in social betterment. However, this is public relations spin and not the true story. Any group with resources and money can make videos to show on their website.

Increasingly over the last decade, and especially in the last 2 – 3 years, more and more members of the Church of Scientology have escaped the organisation and are coming forward to tell their stories of abuse, fraud, spiritual and mental torture, sleep deprivation, malnutrition, forced separation from friends and family, coerced abortions, slave labour, human trafficking etc. There are now hundreds of websites, books, news stories, investigative reports and the like covering just some of these abuses. The American newspaper “The St Petersburg Times” based in Tampa Bay Florida (also the home of the Scientology’s premier church) have for the last 12 months published comprehensive articles exposing the abuses within Scientology.

<http://www.tampabay.com/specials/2009/reports/project/>

There have been many books written regarding the abuses of Scientology. Many can be found online here:

<http://www.cs.cmu.edu/~dst/Library/>

In the last 12 months alone, several new books have been released that shed even more light on the actual practices of Scientology. These books go beyond the PR spin.

Blown for Good

<http://blownforgood.com/>

Abuse At The Top

<http://www.scobeepublishing.com/>

My Billion Year Contract

<http://mybillionyearcontract.com/>

Counterfeit Dreams

<http://counterfeitdreams.com/>

The Complex

<http://www.amazon.com/Complex-Insider-Exposes-Covert-Scientology/dp/1903582849>

Aside from these books and online newspapers, there are literally thousands of stories on the internet in the form of forum posts, blogs and websites where people tell their stories of what happened to them at the hands of Scientology, and explain what Scientology really is, as opposed to its public relations image.

But this is mainly an American problem, right?

No. Although a lot of the books and stories published around the world regarding Scientology are focused on the United States (due to the fact that the International Management of the Church is in California), there is much to be concerned about in Australia. Senator Xenophon tabled letters from at least 7 Australians in November 2009 and since that time there have been several investigative reports done by the ABC, Channel 7, Channel 9, The Age and The Australian featuring Australian families and individuals who have been harmed by this organisation. Every day more and more Australians are stepping forward to tell their stories.

One thing worthy of note here is that most ex-scientologists DO NOT SPEAK UP PUBLICLY for fear of retribution. Scientology uses all sorts of nasty tactics to try to intimidate ex-members into keeping quiet. Threatening to have friends and family "disconnect" from them is the most common threat but others include public humiliation (by publishing contents of "Ethics files" which include embarrassing admissions/confessions) legal threats and being followed by private investigators. All of these things (and more) have occurred in the last six months to Australians who have spoken out in the media. Fortunately, the weight of numbers and the recent media spotlight have had the effect of emboldening some ex-members and providing them the strength to go public with their stories. Others (many others) are still too frightened to speak out.

I am aware that Scientology is not on trial here, but I wanted to give you a clear understanding of the nature of this organisation because it benefits from tax exemption under the current interpretation of the law.

Would a public benefits test help?

I believe the introduction of a public benefits test would help. Whilst it would not eradicate most of the abuses perpetrated by Scientology and other dangerous groups, it would at least mean tax payers would not be subsidising these abuses.

I cannot explain in full here why people get drawn into cults and dangerous religious groups. I have some understanding after years of reading books on mind control and persuasion and looking closely at my own experiences, but it takes a good study of the control mechanisms at play to get a full understanding. A public Benefits Test would not stop groups attempting to manipulate and trap people into submission and slavery for their own benefit, but it would highlight those groups who claim to be religious or charitable yet offer no public benefit at all.

If this test was introduced, would Scientology pass? I'm not sure what types of questions would be asked in such a test, but below is an example of how Scientology might fair.

Question	Answer
Does the group assist those in poverty?	No
Does the group use their tax concessions to assist the broader community?	No
Does most of the tax exempt money earned in Australia stay in Australian and not go offshore?	No
Does the group pay its employees a reasonable wage and not force them to live off welfare funded by tax payers?	No
Does the group cause financial hardship on their members	Yes
Does the group violate labour laws?	Yes
Does the group violate immigration laws?	Yes
Does the group offer services for free or at a price affordable for most Australians?	No *

* In Scientology **all** services have a cost and most cost a LOT of money.

The table below is an estimate of what it costs to become spiritually advanced in Scientology. This table is very conservative but it gives a good idea of the costs involved. I would estimate that you could add another 40% on top of these figures in most cases.

Cost of Scientology auditing (as of 2006)^{[17][18]}

Processing step	Intensives required (approximate)	Cost per intensive or course	Total cost (approximate)
Life Repair	2 × 12.5 hr	\$5,600	\$11,200
Purification Rundown		\$2,560	\$2,560
TRs & Objectives	2 × 12.5 hr	\$5,600	\$11,200
Drug Rundown	2 × 12.5 hr	\$5,600	\$11,200
ARC Straightwire	2 × 12.5 hr	\$5,600	\$11,200
Grade 0	3 × 12.5 hr	\$5,600	\$16,800
Grade 2	2 × 12.5 hr	\$5,600	\$11,200
Grade 3	2 × 12.5 hr	\$5,600	\$11,200
Grade 4	2 × 12.5 hr	\$5,600	\$11,200
New Era Dianetics	3 × 12.5 hr	\$5,600	\$16,800
Clear Certainty Rundown	1 × 5 hr	\$2,800	\$2,800
Total to Clear			\$128,560
*Solo Course Part 1 -		\$3,200	\$3,200
*OT Preparations	2 × 12.5 hr	\$3,300	\$6,600
*Solo Course Part 2 -		\$1,900	\$1,900
*OT Eligibility	2 × 12.5 hr	\$3,300	\$6,600
*OT I		\$2,000	\$2,000
*OT II		\$3,800	\$3,800
*OT III		\$6,500	\$6,500
OT IV	?2 × 12.5 hr	\$6,500	\$13,000
OT V	4 × 12.5 hr	\$7,400	\$29,600
OT VI set-ups	2 × 12.5 hr	\$9,250	\$18,500
OT VI		12,800	\$12,800
Pledge Intensive	1 × 12.5 hr	\$9,250	\$9,250
OT VII		\$3,500	\$3,500
OT VII C/Sing (per year) over 2 years		\$3,200	\$6,400
OT VIII		\$10,000	\$10,000
OT VIII auditing	?2 × 12.5 hr	\$7,400	\$14,800]
Total to OT VIII			\$277,010

This is only one “side” of the Scientology “Bridge to Freedom”. There is a whole other “side” which is becoming trained to deliver Scientology services. Both Auditing and Training are very expensive and one would not consider oneself a practising Scientologist without spending this kind of money on auditing and/or training.

See over for an example of a Melbourne price list for Scientology training:



EFFECTIVE JANUARY 2004

GAIN TOTAL CERTAINTY WITH THE GOLDEN AGE OF TECH PREMIER PACKAGE

LIMITED TIME OFFER ON SCIENTOLOGY® ACADEMY TRAINING COURSES

ACADEMY PREMIER PACKAGE TRAINING COURSES	AUST. DOLLARS		I have these:	I need these:
	FULL PRICE	PACKAGE PRICE		
STUDENT HAT*	0.00	0.00		
METHOD ONE* Co-audit	820.45	512.78		
Pro TRs	2,350.00	1468.75		
Upper Indoc TRs	669.00	418.13		
Pro Metering Course	2,500.00	1,562.50		
Academy Level 0	2,500.00	1,562.50		
Academy Level I	2,500.00	1,562.50		
Academy Level II	2,500.00	1,562.50		
Academy Level III	2,500.00	1,562.50		
Academy Level IV	2,500.00	1,562.50		
NED* Auditor Course	3,850.00	2,406.25		
SUB TOTAL	22,689.45	14,180.91		
MATERIALS				
Study Tapes	541.75	198.12		
Pro TR Lectures	418.00	130.05		
Freedom Congress Lectures	913.55	356.63		
Academy Levels Lectures	2,090.55	1,119.30		
NED Lectures	220.55	135.86		
Clay Table Processing Picture Book	152.50	106.75		
DIANETICS® 551	89.00	62.30		
The Fundamentals of Thought	67.00	46.90		
E-Meter Books	363.00	266.00		
Self Analysis	67.00	46.90		
Problems of Work	67.00	46.90		
Scientology 0-8	67.00	46.90		
Handbook for Preclears	89.00	62.30		
Advanced Procedure & Axioms	89.00	62.30		
Dynamics of Life	66.00	46.20		
Evolution of a Science	50.50	35.35		
Dianetics & Scientology Technical Dictionary	173.25	117.25		
Method One Co-audit Course Pack	190.00	53.20		
Student Hat Course Pack	190.00	53.21		
Pro TRs Course Pack	190.00	53.20		
Upper Indoc TRs Course Pack	190.00	53.20		
Pro Metering Course Pack	190.00	42.70		
Academy Level 0 Course Pack	190.00	53.20		
Academy Level I Course Pack	190.00	53.20		
Academy Level II Course Pack	190.00	53.20		
Academy Level III Course Pack	190.00	53.20		
Academy Level IV Course Pack	190.00	53.20		
NED Auditor Course Pack	190.00	53.20		
SUB TOTAL	7441.40	3460.75		
MARK SUPER VII QUANTUM™ E-METER™	7,200.05	5,400.05*		
TOTAL PRICE	37,330.90	23,041.70		

* 25% Discount on E-Meters for students enrolled on and attending an Academy course.

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NAME _____

ADDRESS _____

PHONE NUMBER _____

E-MAIL ADDRESS _____

As you can see, it is not cheap to be a practising Scientologist. Public members are put under extreme duress to purchase these "auditing (spiritual counselling)" and "training" packages. Staff members are put under extreme pressure to sell them. In fact, the only time a staff member will receive a half-decent salary for the week is if there has been a lot of auditing or training sold to the public that week.

In my time on staff I saw many people badgered, harassed and intimidated into spending huge sums of money on courses and counselling. Some took out personal loans, some applied for new credit cards, some second mortgages on homes, and some used their life savings and superannuation. I cannot express how much pressure is put on people to buy these services. It's hard for me to believe that I stood by and watched it happen. But at the time, it was a case of survival – the more they spent, the less I had to work on the weekend and at nights to put food on the table for my child.

Scientology acts and operates purely as a business. There is no charity and no care for those with no money. Possibly L Ron Hubbard summed up the intentions of the Church best in his own words:

"MAKE MONEY. MAKE MORE MONEY. MAKE OTHER PEOPLE PRODUCE SO AS TO MAKE MORE MONEY."

- L. Ron Hubbard, Hubbard Communications Office Policy Letter, 9 March 1972

How much does it cost to be a Christian? Or a Buddhist? Or a Moslem? In the Catholic Church you can go to confession as often as you like and it is free. In Scientology, confessions cost around \$500 per hour.

If you were starving or homeless would you head to a Salvation Army centre or a Scientology centre? If you made a mistake and assumed that because Scientology has religious tax exemption and therefore must be operating for the public benefit and would be likely to help you in your hour of need, you would be very disappointed. In Scientology if you don't pay, you don't get serviced. It operates as a business, not a religion.

In Closing

I urge you to consider this proposed change to the tax law. For too long now organisations such as Scientology, the Agape Ministries (of Adelaide) and many others have reaped the rewards of tax exemption purely because they are considered religions.

As I understand it, currently in Australia, public benefit is **assumed** for all religious organisations. It is this assumption that **must now** be questioned. Times have changed, and what was once possibly a safe assumption regarding religion is no longer safe at all.

The public rely on the government for protection in these matters. Tax payers and the public at large are becoming more and more aware of the loopholes that Scientology and other cults are exploiting for their own gain and are asking questions about it. The more attention the media places on these groups and exposes the abuses, the more questions will be raised by the public and answers from the government will be expected.

I can't see a downside to this proposed bill. If a charity or religion is legitimately operating for the public benefit then it should be very easy to prove. Once tax exemption is granted after "passing" this test, the organisation and public supporting the organisation can feel confident that there is no cloud of doubt hanging over their heads. If an organisation fails this test, they must take the necessary actions to improve their benefit to the public, or cease trying to fool the government and public and continue to operate like the "businesses" they actually are. Whether they are a recognised religion or not should have nothing to do with this.
