

TABLED 28-06-2016.

VIRGINIA STEWART

TAX LAWS AMENDMENT (PUBLIC BENEFITS TEST) BILL 2010
CHURCH OF SCIENTOLOGY STATEMENT

Mr Chairman,

On behalf of the Church of Scientology I would like to take this opportunity to thank the Committee for the invitation to appear today before this Inquiry into the Tax Laws Amendment (Public Benefit Test) Bill 2010.

In opening, we would like to recognise the long and proud tradition that exists in Australia for the promotion of religious freedom and tolerance.

Our founding fathers in uniting the six colonies to create the Commonwealth of Australia, recognised and understood the need to enshrine this basic human right for future generations.

This freedom is formally safeguarded by section 116 of the Australian Constitution.

This foundation stone of our modern system of government prohibits the Commonwealth from making any law establishing any religion, imposing any religious observance, or prohibiting the free exercise of any religion.

Further, individuals Australians are free to express a diversity of views, as long as they do not incite religious hatred within our neighbourhoods and communities.

Today is important, as this Committee has been established to examine the Tax Laws Amendment (Public Benefits Test) Bill 2010.

As Senator's are aware, this is a Private Members Bill.

It has not been introduced by the Labor Government or the Coalition Opposition.

It is a Bill that proposes that all charities and religions be subjected to a public benefits test that would put at risk the future of many organisations that are dedicated to delivering crucial community services for the betterment of our nation.

I think it is also important to reflect that only 19 Private Members Bills have succeeded in passing into law since Federation.

Today is all about a proposed taxation bill.

I wish to assure the Committee that we are cognizant of the narrow Terms of Reference that have been established.

We look forward to assisting all members of the Committee as per the Terms of Reference.

CHURCH OF SCIENTOLOGY

Religions traditionally have been on the forefront of charitable work beyond the pure advancement of religion.

In many of these instances, the impetus towards charity has come from within the religious philosophy itself and a genuine belief that helping one's fellow man or women is spiritually inspired, not materially.

Our religion and its followers are motivated by these same spiritual inspirations.

As outlined in the Church's submission to this Inquiry, Scientologists have been in Australia since 1952, with the Hubbard Association of Scientologists International opening in April 1955 in Melbourne.

Our institution was incorporated locally as a non-profit religious fellowship for the purpose of research into the spirit and human soul and the use and dissemination of these findings.

A central part of the religious philosophy of Scientology is that an individual exists as a part of a family, a work environment and a community.

The community and social well-being of others is important to one's own family and personal success and happiness in life.

Our Church encourages its members to become involved in many community projects and many do, both through financial support and active participation.

CHURCH OF SCIENTOLOGY INVOLVEMENT IN AUSTRALIAN COMMUNITIES

In making our submission to the Senate Economics Legislation Committee concerning the Tax Laws Amendment (Public Benefits Test) Bill, the Trustees of the Church underscored the myriad of grassroots initiatives undertaken by the Church in Australia and around the world.

Some of these community activities include:

DRUG PREVENTION

- The Church of Scientology in Australia and around the world undertakes a range of drug education and prevention programs that have delivered significant and lasting benefits to communities around the world.

In Australia we have printed and distributed over 2.5 million anti-drug education fliers and booklets to youth and adults and over 300,000 Australian youths have taken a drug-free pledge to dedicate them to help themselves and others to remain or become drug free.

SCIENTOLOGY VOLUNTEER MINISTRY

- Scientologists volunteer their help, both in times of major disasters and in times of more personal disasters that befall all individuals.

Our Volunteer Ministers have helped at NSW and Victorian bushfires and Australians have travelled to many disasters to our neighbours in the South Pacific and Asia including Samoa, Indonesia and the Philippines.

- And in the area of defending human rights as highlighted in our submission to this Inquiry, Sydney Scientologists were key in exposing the fatal risks and other dangers of deep sleep treatment, with over 1,100 patients being exposed to this treatment in Australia. This resulted in the establishment of the NSW Royal Commission into Chelmsford Hospital.

This work was officially recognized by the NSW Report of the Royal Commission into Deep Sleep Treatment.

On an international front, more than 800 volunteer ministers gave of themselves for months to help. They were fully supported by the Church of Scientology. Here is what the Police Chief of NY said afterwards:

“As one who say firsthand what was needed at the World Trade Centre site in the days and weeks immediately after September 11th, I want to thank you, the Church of Scientology, and the Volunteer Ministers of the Church of Scientology, many of whom came long distances to help us.

“The Volunteer Ministers worked with great energy and compassion at ground zero, helping to ease the physical

burdens and mental strains of rescue workers. From the earliest days of this tragedy, until the time when volunteers were no longer needed at the site, the people of your church were there in force.

“The organization, the caring, and the dedication of your volunteer Ministers were exceptional, and very much appreciated, and will no longer be remembered by those who received their help. I cannot thank the Volunteer Ministers enough.

...

‘Joseph Esposito
Chief of Police
City of New York.

In Haiti, the Church sent more than 500 volunteers to Haiti, including medical doctors, emergency medical technicians and nurses. They worked with the University of Miami’s tent hospital at the Port Au Prince airport and at the Port Au Prince General Hospital to help save thousands of lives.

The Georgia State Legislature commended this effort. There were many other letters of commendation received by the Church and the VMs for the work the VMs did and these copies can be made available to the Committee.

I would like to also mention here that in August-September 2009, the IAS gave a grant to Narconon Nepal of over \$1 million to purchase and renovate facilities for the group.

In terms of funding for the social betterment and charitable activities that the Church sponsors or supports, it is true that the funds the Church does asks its parishioners to donate to support these organizations and activities – which is that all charitable organizations do. Where else is the money going to come from if not from the members?

The Church has also used its own resources to develop the materials and its own facilities to develop, for example the AV properties, that are used.

TAXATION IN AUSTRALIA

Given this Inquiry has been established to inquire into the proposed Tax Laws Amendment (Public Benefits Test) Bill 2010, I would like now like to address the specific matters relating to the tax treatment of the Church of Scientology in Australia.

A tax concession has been available to religious and charitable institutions, among other bodies, in Australia in all Federal Government income tax statues since 1915, without the requirement to demonstrate tangible benefits available

to the public at large or an appreciably important section of the public.

As Senator's are aware, the granting of charitable status in Australia is already a highly regulated process.

There are existing lengthy tests and requirements that must be met to prove that a charitable status is deserved governed by the Australian Tax Office.

As the Committee is also aware, charitable status is not a mantle readily handed out to any organisation merely claiming to be charitable.

In appearing today before the Senate Economics Legislation Committee, it is important to recognise that the Church has undergone significant investigation and assessment to achieve the appropriate taxation exemptions.

Scientology is accepted as a religion around the world.

In a few countries, the Church has been forced to litigate the issue of its religiosity, either affirmatively or in response to unfounded charges.

Inevitably, the Church's religiosity has been upheld by the Courts in these cases and its religious bona fides have been unequivocally recognised.

In relation to Australia, the 1983 High Court found that the Church met the criteria and as a result was then provided with tax concessions that apply to other religions.

Following this decision by the Australian High Court and other judicial bodies around the world, Scientology is considered by leading scholars and authorities to have established the standards regarding religious recognition that all religions must meet.

For the benefit of the Committee, I wish to draw your attention to the United States Internal Revenue Service's (IRS) investigation into the Church of Scientology.

The investigation into the Church is the single largest in the history of the IRS.

It not only involved the US church, but all Churches of Scientology around the world.

This IRS's examination included reviewing every single claim made against Scientology, reviewing every single flow of money within the Church, and reviewing allegations which have been raised in the last few months by Australian media outlets.

I wish to stress, the IRS **without reservation** granted full tax exemption to the Church of Scientology and affiliated charitable organisations in 1993.

Further, the New Zealand Inland Revenue Department granted Scientology charitable status in 2002 after their inspection of the Church which lasted ten years.

In 2006 when the New Zealand Charities Commission was formed, it too gave the Church charitable status.

In recent days, the Church has become aware of disturbing allegations regarding taxation matters in Australia.

These allegations were raised by a media organisation and involved commentary from a member of the Economics Legislation Committee.

For the benefit of the Committee and given it relates directly to taxation, I wish to make the following comments.

The allegations refer to the Church of Scientology in Australia and the United Kingdom and the specific allegation that the entire UK operation is “run out of South Australia”.

The facts are as follows:

1. The Church association that is incorporated in South Australia – Church of Scientology Religious Education College Incorporated (COSRECI) – was incorporated in 1976 and registered as the corporation for Churches in England in 1977, a full *22 years* earlier than the alleged incident.
2. COSRECI has paid all corporate taxes due on any surplus in accordance with the UK tax legislation. It receives no corporate tax benefit in the UK from being incorporated in South Australia.

I wish to provide a copy of the statement that was issued by the Church clarifying the allegations and outlining correct details surrounding the matter.

Mr Chairman – I seek leave to provide this to the Committee.

Thank you Mr Chairman.

I would now like to turn to allegations that have come to the attention of the Church relating to the corporate, legal and taxation structures of our institution.

These allegations originate in the United States and involve a former staff member from the corporate office.

It should be noted that these allegations have no basis and have been comprehensively investigated by the IRS.

The last involvement of this employee in the legal affairs of the Church was December 1983 – approximately 27 years ago.

The review undertaken by the IRS took place between 1991 and 1993.

The Church was given a clean bill of health by the US authorities and the allegations were unfounded.

TAX LAWS AMENDMENT (PUBLIC BENEFITS TEST) BILL 2010

I would now like to turn to the proposed Bill.

The Church commissioned a leading legal opinion on the proposed legislation that is currently before the Senate Committee

It formed the basis of our submission and Ms McBride appears in her capacity today as a legal specialist on taxation

law and she will be able to assist the Committee in regard to the details arising from the proposed Bill.

Suffice to say, the Church believes that the proposed bill is inherently flawed and puts at risk the financial future of charities and religions in Australia.

Given the need of brevity, I will not go into the details already covered in the Church's submission tendered to the Committee and the comprehensive arguments outlined by Ms McBride in her opening statement.

It is significant that already the former Coalition Government and more recently the Henry Review commissioned by the Labor Government have investigated the application of a public benefits test and on both occasions the recommendations have been ignored or rejected by the Executive.

CONCLUSION

In appearing before the Committee today, we welcome the opportunity to answer questions relating to the proposed taxation measure.

We wish to assist the Committee in its important work in examining the Bill and the detrimental impact that the proposed Bill will have moving forward.

I would like to place on the record the assistance of numerous Senators and Members of the Commonwealth Parliament, including the Privileges Committee, Scrutiny of

Bills Committee and the Clerk's Office in the lead-up to today's hearing.

I would also like to acknowledge the assistance and support of the Committee secretariat led by Mr John Hawkins who provided professional and impartial advice as part of the Inquiry process.

Finally, given the Senate's well established role as a House of Review it is also important to recognise the role the Senate has had and continues to have in maintaining freedom of religion and the promotion of tolerance.

We have no doubt that the Senate in its wisdom will continue to protect and promote these traditions.

Thank you.