# T R A N S C R I P T

# LEGISLATIVE ASSEMBLY LEGAL AND SOCIAL ISSUES COMMITTEE

## Inquiry into the Recruitment Methods and Impacts of Cults and Organised Fringe Groups

Melbourne – Monday 17 November 2025

**MEMBERS**

Ella George – Chair
Annabelle Cleeland – Deputy Chair
Chris Couzens
John Lister
Cindy McLeish
Jackson Taylor
Rachel Westaway

**WITNESSES**

Sue Woodward, Commissioner,

Cate Bennett, Assistant Commissioner, General Counsel and Regulatory Services, and

Suhanya Mendes, Director, Legal and Policy, Australian Charities and Not-for-profits Commission.

**The CHAIR**: Good afternoon. My name is Ella George, and I am the Chair of the Legislative Assembly's Legal and Social Issues Committee. I declare open this public hearing of the Legislative Assembly Legal and Social Issues Committee's Inquiry into the Recruitment Methods and Impacts of Cults and Organised Fringe Groups.

I begin today by acknowledging the traditional owners of the lands on which we are meeting, the Wurundjeri Woi Wurrung people of the Kulin nation, and I pay my respects to their elders past, present and future.

I also acknowledge my colleagues who are here today with us: Cindy McLeish, the Member for Eildon; Annabelle Cleeland, the Member for Euroa and Deputy Chair; Christine Couzens, the Member for Geelong; John Lister, the Member for Werribee; and Rachel Westaway, the Member for Prahran.

On 3 April 2025 the Legislative Assembly's Legal and Social Issues Committee was referred an inquiry into cults and organised fringe groups. The terms of reference require the committee to inquire into cults and organised fringe groups in Victoria, the methods used to recruit and control their members and the impacts of coercive control and to report back no later than 30 September 2026. Today the committee is holding its seventh day of hearings for this inquiry.

We are limited by time today, and I ask witnesses to keep the terms of reference in mind when providing evidence. This inquiry is not about judging or questioning anyone's beliefs. What we are focused on is the behaviours of high-control groups that use coercive techniques to recruit and control their members and the impacts of these behaviours. The evidence we are hearing will continue to help the committee shape practical and balanced recommendations.

On behalf of the committee, I would like to take this opportunity to thank all those who have engaged with the inquiry thus far, particularly the individuals and families who have bravely shared their personal experiences with coercive high-control groups. Today the committee will hear from witnesses from the Australian Charities and Not-for-profits Commission, and I welcome Sue Woodward, Commissioner; Cate Bennett, Assistant Commissioner, General Counsel and Regulatory Services; and Suhanya Mendes, Director, Legal and Policy Directorate. I thank you all for your time and interest in participating in this important inquiry.

All evidence given today is being recorded by Hansard and broadcast live. While all evidence taken by the committee is protected by parliamentary privilege, comments repeated outside this hearing may not be protected by this privilege.

We will now commence the public hearing. I invite the witnesses to make a brief opening statement, and this will be followed by questions from members. Thank you.

**Sue WOODWARD**: Thank you, Chair and committee members. We appreciate the invitation to appear today. As you said, my name is Sue Woodward, and I am here with my colleagues Cate Bennett and Suhanya Mendes. We welcome the opportunity to assist the inquiry with evidence regarding the ACNC's role as Australia's national charities regulator.

Before I proceed I too would like to acknowledge the people who have shared their lived experiences with the committee. The accounts provided have been deeply personal and in many cases distressing to hear, and I recognise the courage it takes to speak about those things in a public forum.

I note that you are hearing about the activities of a range of organisations, some of which are charities registered with the ACNC, and I want to assure this committee and the public that the ACNC recognises the importance of ensuring that charitable status is not misused to shield harmful and exploitative conduct. Conduct that harms people, particularly children and vulnerable adults, is so serious that it is an enduring priority of our compliance work. We exercise all available powers to address this type of non-compliance, and where intelligence indicates serious, unlawful or criminal activities, we escalate these matters and work with the relevant authorities, such as police.

As context, we have oversight of about 64,000 registered charities, and these charities vary widely in size and function, from very large nationally recognised organisations to small volunteer-run community groups. Despite our name, the ACNC only regulates registered charities. Registration is voluntary, but it does provide

access to Commonwealth charity tax concessions. There are 12 recognised charitable purposes which determine eligibility for charity registration. All of an organisation's charitable purposes must be for the public benefit. Relevant to the committee's work, one of these charitable purposes is 'advancing religion', and the High Court has defined 'religion' broadly. Of the 64,000 charities on our register, about 14,000 have the sole purpose of advancing religion, and of these nearly 8000 identify as basic religious charities, a term defined under our Act. Some groups that you might be considering under the element of fringe groups may also be charities under other purposes.

Registered charities are required to comply with a range of obligations under the ACNC Act and Regulations and the *Charities Act*. Generally, these include meeting a set of Governance Standards and, if conducting activities overseas, External Conduct Standards. Charities report annually to the ACNC, and some must also submit an annual financial report, which may need to be audited depending on the charity's size. Annual information statements and financial reports are published on our charity register, which was searched over 2.1 million times in the last year. These ACNC reporting obligations are designed to promote good governance, transparency and accountability across the sector.

We find that the vast majority of charities operate in accordance with the law. They try hard to do the right thing, even though they have limited resources and rely heavily on volunteers. Our regulatory approach prioritises preventing non-compliance. We focus on education because we want to equip charities with guidance and practical support to help them understand their obligations and manage important risk areas. For example, we have published a safeguarding vulnerable people toolkit.

Anyone can raise a concern about a charity. We take all concerns about registered charities seriously and assess each one to determine the appropriate response. We can investigate potential breaches of the ACNC Act and, where applicable, the Governance Standards and External Conduct Standards. The Governance Standards include requirements for charities to comply with Australian law and act with care and diligence, principles that are essential for safeguarding vulnerable people. Our response is proportionate to the seriousness of the issues identified. Actions may include the use of compliance and enforcement powers and, in the most serious cases, revoking a charity's registration. If a charity's registration is revoked, the ACNC has no ongoing powers and the organisation has no ongoing obligations to the ACNC. It can continue to operate as a charity, albeit without access to the Commonwealth tax concessions.

When the ACNC receives a complaint that is outside our jurisdiction, we refer it to the appropriate agency. Criminal matters are referred to state and federal police. We may also refer a matter to another regulator or agency where they are better placed to act – for example, to an agency that has powers that exceed ours for the type of concern raised, including an agency that regulates service quality and safety. We monitor the outcome of these referrals, particularly if offences that go to the governance of the charity are proved.

There are limits on when we can use our enforcement powers, and there are two points to note here. First, because of the Commonwealth constitutional limitations, we can only exercise certain enforcement powers, such as enforceable undertakings and warnings, for charities that are federally regulated entities or those conducting activities overseas. Second, basic religious charities are not required to comply with the ACNC Governance Standards, nor do they have to answer financial questions in their annual information statement or submit annual financial reports. These limitations affect how we can apply our regulatory approach, as we detail in our submission, but changes to our powers are obviously a matter for government.

Finally, I want to highlight for the committee that under the *ACNC Act* the ACNC is bound by what the Act calls secrecy provisions. These confidentiality provisions restrict our ability to disclose investigations or regulatory action, which means there is a limit to what we can share publicly about our compliance work. There are currently amendments proposed to these provisions before the Commonwealth Parliament. If enacted, they will allow us to make disclosures in some circumstances. For example, when non-disclosure could cause public harm, a detailed test will need to be satisfied. Public disclosure often requires a really fine balancing of considerations. We may be working with other regulators or police, and we have to think about whether public disclosure would harm the best interests of those investigations, as it could jeopardise that agency stopping further harm.

In conclusion, charities must fulfil their obligations to the ACNC as the regulator but also to the communities they serve. A key part of that is delivering on their charitable purpose and for their beneficiaries. Providing

adequate care to those who work, volunteer and would benefit from services delivered by those charities is not only necessary to uphold Australian laws, it goes to the core of public trust and confidence in the sector. Thank you. I am very happy to answer any questions.

**The CHAIR**: Thank you, Commissioner, for that excellent overview of your work at the ACNC. As you know, our inquiry is focused on coercive behaviours, particularly in a group setting. Can you tell us a bit more information about if there are any principles that charities have to uphold to retain their registration with the ACNC, particularly relating to coercive behaviours?

**Sue WOODWARD**: The Governance Standards that I referred to do cover a range of things. One in particular is Governance Standard 3, which is about complying with all Australian laws. To the extent coercive control was a law in force in Australia, that would be specifically required to be complied with, so there is that element. Another element that would be relevant – and I am happy for my Assistant Commissioner to jump in – is what we call Responsible People, so the people involved in governing the organisation do have duties as responsible people. The charity has to take reasonable steps to ensure that the people involved understand that they have legal obligations, such as exercising care and diligence. Allowing coercive behaviour and mistreatment of people, particularly perhaps people who are vulnerable, would likely be something that you would not expect to fit with meeting that obligation. Was there anything that I –

**Cate BENNETT**: I think that is a good summary. I am happy to take supplementary questions to that.

**The CHAIR**: If a charity is not meeting those governance requirements, how is that reported to you? And what steps can the ACNC then take?

**Sue WOODWARD**: Concerns are raised with us in a range of ways. As I said, any person, any member of the public, can raise a concern with us. They can, if they want, do that anonymously. We monitor media. We work with other agencies. We sometimes get referrals from those agencies. We have our own intelligence that will come across from our own work. If we have concerns of a very serious nature, then we would look at what next steps there might be, which could well be contacting the charity and asking them for further information. Sorry, maybe just repeat the rest of that question.

**The CHAIR**: Is there a process whereby you can revoke a charity's registration with the ACNC if they are not meeting, say, those Governance Standards?

**Sue WOODWARD**: As I tried to allude to in the opening statement, there are some limits of when we can use our powers. We can revoke the charity status of all charities if it is serious enough and there are grounds for that, and we have done so in certain situations. I mean, obviously we follow due process. If a concern is raised with us, typically we would contact the charity, and we would want to have procedural fairness to raise those concerns with the charity. We regard revocation as the most serious action, because obviously shutting down the whole charity – even though it just means they are not getting the charity tax concessions, it can also mean effectively bringing that organisation to an end. It is not something that is lightly done, because sometimes the charity is providing very valuable services for people. But if it is required and that is the most proportionate approach, that is what we would do.

**The CHAIR**: When you do have reports that say Governance Standards are not being met or you do have other reports made to the ACNC, what does the ACNC consider to be serious enough for those steps to be taken?

**Sue WOODWARD**: We do publish regulatory approach focus areas each year. We have enduring areas that we regard as so serious that they are always going to come to our attention, and safeguarding harms to people would be certainly up there. Serious criminal concerns, terrorism financing and things of that nature, financial mismanagement, if we think a charity is operating for what we would call a disqualifying purpose – they are very serious and ongoing things that will always get our attention. We do sometimes publish particular areas that we might be looking at. They can vary from time to time and are usually based on the trends or issues that we are seeing. But things like serious concerns about where the money is going if it is not going to the beneficiaries that it was intended for; as I say, harm to individuals; or anything to do with the gross misgovernance of an organisation – they are the most serious ones that we would look at.

**The CHAIR**: Okay. Just one final question from me: has the ACNC received reports of these kinds of allegations relating to coercive control and high-control organisations?

**Sue WOODWARD**: We probably do not classify them in quite that way, but if we look at the analysis of the data and the concerns raised with us – the concerns raised with us is one form of how we would apply our resources, but it is a very important form. Yes, we have had, over the 13 years of the ACNC, concerns raised with us that would fall into that category.

**The CHAIR**: Okay. Is that something you could provide the committee with some further information on?

**Sue WOODWARD**: We could, probably. We do broad analysis of the concerns. We would not be able to obviously provide the individual ones, but I think we have even published some breakdown of the broad categories, like whether it is financial mismanagement or harm to people. We could certainly take that on notice for you. Was there a particular period that you wanted it for?

**The CHAIR**: Not a particular period per se. More just if you do have reports around coercive behaviours, that would be helpful for the committee to have a better understanding of.

**Sue WOODWARD**: We will do our best. I am not sure if we can quite break it down to that – certainly, I think, to the category of harm to people, which often is where that will fit – but we will do our best.

**The CHAIR**: Thank you very much. Annabelle.

**Annabelle CLEELAND**: I have got so many random questions because of your comments. Anyway, we have got lots to get through. As a bit of a prologue, what is the size of the commission? I ask that to understand the strength of your investigative team when it comes to regulating charities.

**Sue WOODWARD**: At the commission we have about 140 staff at the moment. That number has grown in the last couple of years, partly because we got some extra resources to deal with an increase in registration applications. The core number is probably more like 110, but that is where it is at, at the moment.

**Annabelle CLEELAND**: Of that portion, how many staff would be dedicated to auditing charities?

**Sue WOODWARD**: The way to explain it is there is probably what you could call compliance work done across a large number of teams. Some of that compliance work will be that people have not lodged their governing document or they have not kept their records up to date or they have not filed their annual information statement. In terms of a team that focuses more significantly on investigations – so dealing with these complaints, writing to charities, meeting with charities, gathering evidence, if you like – it is probably a team more of the size of 14.

**Cate BENNETT**: It is between 15 and 20.

**Annabelle CLEELAND**: And how many complaints would you receive in a year?

**Sue WOODWARD**: The complaints – we call them concerns.

**Annabelle CLEELAND**: That is kinder.

**Sue WOODWARD**: Well, because sometimes it is different.

**Annabelle CLEELAND**: Yes, because it does not resolve –

**Sue WOODWARD**: Sorry. I think I had better get you the exact number, but it is in the range of 2500 to 3000. It has been increasing in the last while. But I will certainly get you on notice the exact figure for the last financial year, which we publish in our annual report.

**Annabelle CLEELAND**: Thank you. And could we get the portion of complaints of religious charities of that total figure?

**Sue WOODWARD**: Again, I am happy to try and do our best. One thing I will say – I would not want to give any misleading information – is that sometimes charities have more than one charitable purpose. For

example, you could have a charitable purpose of advancing religion and also education – you are running a faith-based school, for example. Or it might be that you advance religion but you also provide social services. If we just do it purely on advancing religion, it is probably – I am not sure if that is what you want, but –

**Annabelle CLEELAND**: I guess what I am trying to understand is: if you are the main body to regulate and audit charities, do you have the resources to do it justice? That is kind of the direction of my questions. And two, is the scale of potential religious charities that might be using this loophole – not loophole; there is not –

**Sue WOODWARD**: They have an exemption. Under the Act there are about six criteria that you need to satisfy the definition of a basic religious charity, and if you meet those criteria, then you have an exemption from reporting certain information – as I said, the financial information. You still do some core questions about your activities and the like.

**Annabelle CLEELAND**: I think you mentioned that auditing is based on size. What is that size?

**Sue WOODWARD**: That is where if your annual revenue is over $3 million, except if you are a basic religious charity, you need to produce audited financial statements as well as the information statement itself. If, I think, it is over $1 million to $3 million, you can have them reviewed, and under that you answer financial questions on the annual information statement but you do not provide separate financial accounts.

Thank you. Suhanya has pointed out that you do not have to apply for a particular subtype of charitable purpose. In terms of the data some charities will not necessarily apply for the subtype 'advancing religion'. They will just have a higher level one. That is fine. But we can explain that in our response in terms of the detail.

**Annabelle CLEELAND**: Okay. And just two random questions: how many charities have you revoked the status of in the past 12 months?

**Sue WOODWARD**: That is in our annual report, and I will get that for you exactly. Just to perhaps give you a bit of information for today, some are revoked and some apply to revoke their own registration voluntarily – for example, if they cease to operate or they merge. Some are revoked because they have persistently not reported. We have a system of taking them off the register if we have tried to support them and given them all the prompts and they still have not filed their annual information statements. That is probably the largest category. And then there are a smaller number – I think in the last financial year it was 22 – that we revoked for compliance action.

**Annabelle CLEELAND**: Okay. And would you know whether those 22 had the exemptions from reporting based on religious charity status?

**Sue WOODWARD**: I do not know that off the top of my head.

**Annabelle CLEELAND**: Okay. If you could potentially. And a bit of a broad question for me, but you mentioned your current powers. I am not sure if you have been following the inquiry, but if you have and you feel like there is an area, if you were able to write legislation in this space, that could help you audit areas, where would be an area of focus to ensure you, as the Commissioner, could strengthen the auditing around potential religious groups or cults in the guise of a religious group? Terribly worded, I am sorry – see if you can follow that one.

**Sue WOODWARD**: Obviously we administer the law as it applies. When we come to administer the law, anything that is clear about what is a breach of the law makes it easier for us to apply our Governance Standards. As I said, Governance Standard 3, which says that charities must comply with all Australian laws – if there is a law that says something is illegal and of a certain level of severity, then that helps us in our regulatory approach, because we have got something, if you like, to hang our hat on to say: well, to say that is not good enough. In terms of the detail of particular laws, obviously things that are crimes are pretty straightforward. Other things which are not so clear, that are not currently the law, mean that we find it more difficult. We would have to be trying to find something else which would go perhaps to those broader Governance Standards around care and diligence and acting to protect people from harm.

**Annabelle CLEELAND**: Okay. Thank you.

**The CHAIR**: I just have a clarifying question, if I may, around the laws. You mentioned that if the law says something is illegal, then that is something that you can use. Can you apply both state and Commonwealth law to that?

**Sue WOODWARD**: Yes. It is all Australian laws, so it covers state and federal.

**The CHAIR**: I will give you the example of Queensland, where they have introduced a standalone coercive control offence. I presume, though, given that is an offence in Queensland, that is a law that you could apply if an organisation was in Queensland but then you could not apply that in a different jurisdiction. Is that correct?

**Sue WOODWARD**: If they were operating in Queensland, even though maybe they were a Victorian-based charity. It would depend on the wording of that particular law, but that would be an example.

**Cate BENNETT**: I would say the crime would have to be proven in that jurisdiction. So there would be a referral to police, and we would not enforce that law prospectively.

**The CHAIR**: So a crime has to be proven before the ACNC can take action?

**Cate BENNETT**: Generally speaking.

**The CHAIR**: Okay, thank you. I will hand over to Christine.

**Chris COUZENS**: Thank you all for your time. We really appreciate it. It has been a great overview of your role, which is fantastic. The committee has heard concerns that secrecy provisions limit feedback on complaints. Can you explain how the secrecy provisions and protected ACNC information work in practice?

**Sue WOODWARD**: I can certainly try. I will acknowledge that if you have been a survivor of sexual abuse, for example, in one of those situations and you have raised your concern with us and you hear from us and then we say, 'Well, thank you for that' – and we try to assure people that we do assess each one and we take them seriously – for us to then say, 'Secrecy provisions means that we can't tell you anymore, and even if you keep ringing us we're not going to be able to tell you whether we're investigating and the progress of that' is quite confronting and not easy for people who have secrecy as part of how they have suffered abuse.

That said, the *ACNC Act* actually does call them secrecy provisions, and it does talk about protected information. As officers of the ACNC, if we breach those provisions we can go to jail for up to two years, so it is a very serious thing, and it is a bit of a balancing act. They are not there to frustrate people who legitimately would feel they had a right to know. They are there for a couple of reasons, perhaps. To summarise, one is that due process is followed – so if people make allegations, then there is due process. Another is that sometimes we can want to refer very serious matters like that to other agencies, and we have had these situations where the agency has said, 'Please don't go any further, because you could jeopardise our investigation,' and you can understand that perhaps particularly in some of the police matters. They are trying to prevent that harm being repeated, which is probably the main motivation for the people making the contact with us, and it is frustrating even for us that we cannot assure them of that, but that is the way it works.

And the other thing is, on the other side, a charity's reputation, you can understand, is everything, really, in terms of people volunteering, donating – their reputation in the public. If it could be because an allegation is being made and we published a list that was like a 'name and shame' list when nothing had been proven, there could be very legitimate situations where a charity's whole service that they provide the community is threatened because of a spurious claim that ends up not being proven but at that point that is too late because someone has read in the media – 'No, I'm not giving to that charity, that's dodgy.' So there are a few policy reasons behind that.

**Chris COUZENS**: Would you say that limits your capacity to get responses?

**Sue WOODWARD**: I do not think it limits our capacity to do our investigations, and sometimes it probably helps us for the reasons I have outlined. I think the proposed changes to the legislation which are before the Commonwealth Parliament at the moment – and obviously until they receive royal assent, as you would well know, they are not laws that I am enforcing – would provide, as drafted, very limited exceptions. The thinking behind that policy work was to ensure that – where there could be these cases where not disclosing that we are investigating, just the fact of investigation could cause further public harm. So it is going to be a very high bar,

and there will probably be rare cases where we will be announcing, assuming the legislation is passed – but it will in some ways, I think, mitigate that.

**Chris COUZENS**: Yes. So would you say that there are significant improvements in the Bill before the federal Parliament?

**Sue WOODWARD**: Well, we have been supportive of the changes, yes.

**Chris COUZENS**: Yes, okay. Thank you.

**The CHAIR**: Cindy.

**Cindy McLEISH**: Thank you. There are quite a lot of things to dive into here. Thank you for coming. With a lot of the organisations and people that we have been hearing from, some of them are very large, well known bodies and others are much smaller and, you could even argue in some instances, quasi-religious; you know, we heard something about yoga studios and pushing the boundaries. Would a lot of those smaller places not be registered with the ACNC?

**Sue WOODWARD**: Quite possibly not. If you are a charity, you have to be run on a not-for-profit basis, but you can be a not-for-profit and not be eligible to be a charity because you do not fit within any of those categories under the *Charities Act*.

**Cindy McLEISH**: So we have to cross-reference with the *Charities Act*?

**Sue WOODWARD**: And I am talking about the Commonwealth *Charities Act*.

**Cindy McLEISH**: Yes. I was having a quick look before. With regard to some of the laws, if one of the organisations did not have working with children checks for all of the people that were undertaking child care or they did not have the right ratio that you are supposed to have, whether it is in family day care or a creche or whatever, is that something that would come to you? If so, what is the process? Is it a rap over the knuckles and 'We'll come back in 12 months and make sure you've fixed that', or is there anything more serious that happens at that point? So they are breaches of law.

**Sue WOODWARD**: Yes, I understand what you are saying. I think the best way to start is – the first thing to do would be to see: are they a registered charity? Are they on our register?

**Cindy McLEISH**: And that is easy?

**Sue WOODWARD**: Five seconds on your phone. Often if you put the name of the organisation in, the first thing that comes up is their entry on the register if they are a charity. Or you just put in 'Charities register' and then the name and search that way. So that is easy to do. If they are a registered charity and they were things that went to the governance of the organisation – so it was a systemic issue; they did not do the required checks even though they are mandated, they are not taking work health and safety seriously, they have breached service standards from another service provider – that would be relevant for us in terms of us looking at the governance of the organisation. But we do not enforce the working with children check regime. We are not the individual subsector, if you like, regulator. In childcare there are childcare regulators, in education there are education departments, in aged care or disability –

**Cindy McLEISH**: So even though the law is across the board, you would still then need to go to the prosecutory agency for that particular –

**Sue WOODWARD**: For that particular part, whether it is disability or aged care. Having said that, we work very closely with those agencies. Sometimes they refer matters to us because they think this is something so serious that it goes to the very governance of the organisation. Other times it comes to us and we think, 'Well, that's actually a complaint about the fundraising activities of an organisation.' We would make sure to contact the state body that is relevant for that or the particular aged care quality services regulator, and we would want to be sure that we worked hand in glove with that.

**Cindy McLEISH**: Thank you very much.

**The CHAIR**: John.

**John LISTER**: Thank you. Thank you, Commissioner and your team, for coming here today. I just want to give you guys a bit of a shout-out. Your website is fantastic. I think it was only a few months ago that I was sitting on it, playing around in one of our meetings, to have a look at some of the different little sorts of practicalities of what we have been reading about in your work. I am curious. The idea of a basic religious charity – at the time they brought in the ACNC, why weren't they held to those same Governance Standards? Was there any reason why basic religious charities did not have to be held to that?

**Sue WOODWARD**: It was a very contested space obviously, as you would appreciate, getting any brand new regulator up. Aspects were contested, and I think some of the history of it might be covered in the Productivity Commission report into philanthropy in 2024. I think they went over some of the history. Some of the history would also have been covered when there was an independent review of the *ACNC Act*. I think they did look at this same question, and to make their recommendations they also looked at some of the backstory, I think, so that would probably be where I would direct you to.

**John LISTER**: Definitely, and that is what I suspected – that there was a bit of a political element to it. I also want to just ask: are basic religious charities, as they are classified, eligible for the same tax concessions as every other charity that is registered with you?

**Sue WOODWARD**: Yes, they are. You cannot be a basic religious charity, though, if you have deductible gift recipient status. That is where if you donate, you get a tax deduction. If they are an entity that has that particular charity tax concession, they will not be eligible to be a basic religious charity. But in terms of – they would have to satisfy the relevant criteria in the *Income Tax Assessment Act*, and those tax concessions are applied by the ATO – but yes, there is no distinction there.

**John LISTER**: The great thing about the website –

**Sue WOODWARD**: Sorry, I will just check this in more detail.

**Suhanya MENDES**: Sorry, I think there is a threshold. Basic religious charities cannot have DGR funds above a certain threshold in order to retain that status.

**John LISTER**: Yes. So they cannot have too much cash.

**Sue WOODWARD**: To make sure I clarified it, Suhanya has made a very good point there. If they have DGR status, it has got to be over a certain threshold, so there might be a smaller amount that comes under.

**John LISTER**: Yes.

**Sue WOODWARD**: Do you want to read it out, maybe? It is quite technical.

**Suhanya MENDES**: It is in our submission as well.

**John LISTER**: I do not want to get too into the nitty-gritty of the tax arrangements, but what I did just want to touch on is that the great thing about the website is a lot of the different organisations that we have been looking at that potentially might have charitable status have got great breakdowns. If they have given that information around their financial reporting and governance arrangements, can organisations that are basic religious charities volunteer to provide this level of detail to the commission?

**Sue WOODWARD**: Correct. Yes, they can.

**John LISTER**: I think one of the things you mentioned was part of it is also about reputation as well – that they can volunteer to do that.

**Sue WOODWARD**: They do. They certainly can, and there are a small number that do.

**John LISTER**: No worries. Thank you, Chair.

**The CHAIR**: Rachel, did you have any questions?

**Rachel WESTAWAY**: Thank you very much. I really appreciate the detailed information that you have provided us, and the work that you do that is very, very important to ensure that there is public confidence in our charities. I am wondering if you could tell me: what sort of monitoring do you undertake in regard to charities? Is it based on concerns? Do you do random monitoring, and what type of monitoring? Is it based on financials or is it also based on the work that they undertake to confirm that it is legitimate work?

**Sue WOODWARD**: It is a very good question. We do a bit of a mix of both. As I said, that is a very big source of intelligence for us, and quite frankly, with 64,000 charities, we are not going to be visiting every one or auditing them, and there has been nothing to suggest that that is actually necessary. But if concerns are raised, that is why we do take them seriously. We monitor the media. We have referrals from other agencies. We would have our own concerns that we might flag when we are dealing with organisations and the like. We do some reviews of the financial information – so the proactive, if you like, monitoring that you are referring to – noting that the larger organisations' and even the medium ones' financial reports do need to have some independence to them because they need to be reviewed or audited, so in some ways is a safeguard. We do some of our own proactive work in that regard. Probably most of the proactive work would come from where we get referrals from other agencies or we have under our risk matrix – a risk and intelligence data–led approach – that would suggest to us that that is an area where that combination of factors is very high risk.

**Rachel WESTAWAY**: Without disclosing private details, because I understand the precarious position this puts you in, do you have concerns about charities in regard to the potential for them to be classed as cults?

**Sue WOODWARD**: There is, as I understand it, no clear definition of what a cult is, so, again, we do not impose our judgement on that. So there is nothing per se illegal and there is no particular definition, but if we have concerns about the health and safety and wellbeing of people in those organisations and they are raised with us, that is one of those risk factors that would be treated very seriously.

**Rachel WESTAWAY**: Have you had concerns about the treatment of people in organisations, particularly those that might be registered as religious charities?

**Sue WOODWARD**: Over the almost 13 years that the ACNC has been in existence we have certainly received those types of concerns, and we have certainly acted on them, yes.

**Rachel WESTAWAY**: Thank you. And what percentage of religious charities do not supply financial statements?

**Sue WOODWARD**: I think I gave those figures at the start, but out of –

**Rachel WESTAWAY**: Sorry, I must have missed that.

**Sue WOODWARD**: That is all right. That is fine. There are some that have multiple charitable purposes, but of those that only have religion as a subtype, there are 8000 of those that are basic religious charities. That number has stayed fairly stable over time.

**Rachel WESTAWAY**: Okay. The final question that I have is that for charities that obviously receive donations, one of the things that we have heard about is that in some of the organisations where concerns have been raised with us as to whether or not they might participate in cult-like behaviour, there are a lot of cash donations, so there are no receipts. But then they have said since COVID that has changed things somewhat because you could not give cash donations. I am wondering if you have seen in the financials that have been supplied any changes since COVID in religious charities in regard to increases in donations?

**Sue WOODWARD**: I would have to take that on notice and see if we could find anything on that. I am not aware of anything that has been as clear-cut as that. We do produce an annual charities report where we do produce the data based on jurisdiction, and you can sort by financial information. One of the best things about the charity register is that it does provide that transparency for people that know more about that particular charity to go, 'Wow – their income has grown in this way, and that's very interesting.' Now, with 64,000 charities, just because a charity previously had $50,000 a year in donations and this year it is $70,000, that is not going to ring an alarm bell with us unless the concern is raised with us. But it might be that a person much closer to that organisation goes, 'Well, that shows you that actually there's been some other part to the story there,' and they need to raise it to our attention.

**Rachel WESTAWAY**: There is no expectation from my end that you would necessarily crunch those numbers, but it is helpful to understand whether those numbers are available so that if we needed to make recommendations, this would be a pathway that might highlight issues or developments, and then it might be something that we could consider. But I very much appreciate those detailed responses. Thank you so much.

**The CHAIR**: Thank you very much for appearing before the committee today and for your contribution to this inquiry. We greatly appreciate the time that you have taken to prepare your evidence. You will be provided with a proof version of today's transcript to check together with the questions taken on notice, and the verified transcripts and responses to any questions taken on notice will then be published on the committee's website. I declare this hearing adjourned.

**Witnesses withdrew.**