

## **Joint Statement of CO.AS.IT and the Italian Services Institute Inc**

Some allegations have been made about the operations of CO.AS.IT and the Italian Services Institute Inc. (the Institute). These two organisations make this joint statement to allay any concerns on the part of the Italian community. They state unequivocally:

- **All financial accounts of each organisation have always been audited and published as required by Law.**

**There is no money whatsoever in either body that is unaccounted for - in other words, there is no money missing.**

**Nothing illegal has occurred.**

- **Other than as a salaried officer, the CEO of CO.AS.IT has never benefited from his position. His salary package is entirely appropriate having regard to his responsibilities in respect of CO.AS.IT.**

Hence follows a short history of these two organisations.

1. CO.AS.IT was formed in 1968 and carried out its work as a welfare organisation for persons of Italian origin and descent in Victoria. By 1992, CO.AS.IT had grown enormously to become the largest welfare organisation of its kind in Australia. At the time, its activities included:

- (a) Seniors Clubs with a membership of 16,000;
- (b) Visitation programs with over 200 volunteers;
- (c) A Resource Centre for schools for teachers and students learning the Italian language and allied subjects;
- (d) Dementia Counselling Service;
- (e) Disability programs;
- (f) Living with Cancer programs;
- (g) Emergency Accommodation programs;
- (h) Women's Refuge;
- (i) Unemployment (training and assistance) programs;

- (j) Youth work (NESB)
- (k) Linkages for the frail elderly (approximately 40 persons);
- (l) Community Visitors Scheme;
- (m) Respite Day Care;
- (n) Two Child Care Centres (Thomastown and Brunswick);
- (o) Italian language teaching to approximately 85,000 students through:
  - (i) 30 State primary schools;
  - (ii) 6 independent schools;
  - (iii) 220 Catholic schools; and
  - (iv) 40 after hours classes.
- (p) An Italian Historical Society which had been developed and which employed staff to collect material concerning Italian migration to Australia (especially Victoria). The Italian Historical Society had conducted public exhibitions, such as in 1988 (Australia's Italians) and in 1992 (The Jews and Italians of Carlton). The Italian Historical Society had some 8,000 photographs in its collection.

2. During 1992, there were discussions amongst members of CO.AS.IT and the Committee of CO.AS.IT concerning challenges arising from the burgeoning growth of the organisation and the multiplicity of services which it was providing. Out of these discussions grew a proposal to create a new entity which, whilst linked to CO.AS.IT, would be separate from it and through which some new initiatives could be undertaken by engaging with some new interested parties of an appropriate background. Such initiatives were intended to relate to some expansion of the educational and cultural roles provided by CO.AS.IT and a particular emphasis upon the welfare area, especially for the care of the aged of Italian origin.

It was felt that this presented an opportunity to involve other persons prominent in the Italian community who were not members of CO.AS.IT Committee and to broaden the scope of skills, experience and services to a group which would not be encumbered with all of the other burdensome roles taken by CO.AS.IT Committee Members. At that time, it should be understood, that CO.AS.IT Committee Members were not only undertaking the role of governance and policy settings, but were additionally undertaking a hands-on pro-bono role in specific service areas, such as child care centres, educational services and welfare services.

Accordingly, the Institute was created as an Incorporated Association with the intent of it having a role as a Public Benevolent Institution with purposes consistent with but separate from those of CO.AS.IT with an underlying intent of mutual support between the two organisations. Attached to this statement is a copy of the Statement of Purposes of the incorporated association.

The Institute sprang from the work done by its members, being mostly members of CO.AS.IT. At the time there was a recognised need for a separate organisation that could concentrate on research and education, especially educational resources for the disadvantaged in the Italian Community, but there was also a commitment to the

welfare needs of the Italian community. The Institute was therefore created to engage the skills, services and energy of prominent persons within the Italian community in Victoria with some commonality with CO.AS.IT but with a separate emphasis and separate structure.

3. By 1992, CO.AS.IT itself had expanded to such an extent that it had outgrown its premises and the administrative infrastructure which had been created. Since 1970 it had functioned in a refurbished house converted into offices at 304 Drummond Street, Carlton. By 1992/93, these premises were wholly inadequate for CO.AS.IT's purposes. In order to relieve CO.AS.IT of its accommodation problems, CO.AS.IT purchased 185 Faraday Street, Carlton and set up a new Resource Centre to serve the very extensive schools programs (some 85,000 students learning Italian throughout Victoria). The balance of the CO.AS.IT administration remained in the cramped quarters at 304 Drummond Street (304 Drummond Street is still owned by CO.AS.IT and is leased to the Centre for Multicultural Youth, a charitable organisation serving multicultural youth in Victoria) and in addition some of the welfare operations were conducted from the Assisi Centre.

Not long after the incorporation of the Institute, the property at 189 Faraday Street came on the market. This is the adjacent property to 185 Faraday Street, which at the time was owned and occupied by CO.AS.IT. However, CO.AS.IT did not have sufficient funds to purchase the property itself. Also, it was not considered appropriate for CO.AS.IT, as a charitable organisation in receipt of government funding from the Federal Government, State Government and the Italian Government to borrow large sums of money to enable the purchase of real estate.

Although the Institute too was and remains a Public Benevolent Institution, it had not sought any direct donations or funding from the public or from any government. Also, its role in terms of educational research and welfare remained embryonic. It was therefore proposed that the Institute should purchase 189 Faraday Street and grant a lease to CO.AS.IT. The payment of rent by CO.AS.IT (funded by its operating activities) would help meet the borrowings and Italian friendly funding for the full purchase price was forthcoming from Monte Paschi di Siena/ Cassa Commerciale Banks. When, over time, two other adjoining properties at 199 Faraday Street and 54 University Street, Carlton became available for purchase, the Institute was again seen as the appropriate purchasing vehicle. The Institute holds these assets in its own right. It borrowed funds to purchase the properties from the same bank. CO.AS.IT has benefited from having a benevolent landlord which has a similar charter or purposes and which charged CO.AS.IT a rent below market rates.

The Institute paid the following for the properties:

- 189 Faraday Street - \$925,000 in 1994,
- 199 Faraday Street - \$1,198,340 in 1995,
- 44-54 University Street - \$1,650,000 in 2003.

Whilst the Institute's intentions to undertake educational and cultural roles and welfare services did not change, in effect, its financial capacity to progress these ambitions was substantially restricted by a significant debt burden resulting from its undertaking of asset purchases. In 2000, the Institute had borrowings in excess of \$1.8 million and was using the rental from CO.AS.IT (and other tenants) to service its debt and to reduce the

principal owing. By 2002 its debt had reduced to less than \$1.5 million, but then the debt increased again to \$2.5 million with the purchase of 54 University Street.

Over the same period, however, the financial position of CO.AS.IT was progressively improving. Part of that improvement was due to the favourable rental charged by the Institute for its premises and part was due to the provision of services by CO.AS.IT which were generating positive income.

4. After the Institute purchased various buildings, CO.AS.IT requested that significant renovations be undertaken to make the buildings suitable for CO.AS.IT operations and, in particular, facilities with direct and transparent public benefit including a theatre, display areas, areas with audio-visual functionality and office accommodation – these improvements have resulted directly in improving CO.AS.IT’s ability to engage with the community, students, visitors etc; additionally the Institute decided that the existing run-down caretaker accommodation on the roof would be refurbished to a comfortable standard.
5. In 2008, the Institute, for the first time in 15 years, became debt free. During the period from 2002 to 2009, CO.AS.IT, clearly authorised by its Constitution, made donations of \$3.1 million to the Institute to assist it in meeting its heavy mortgage obligations. These donations were recorded in the Institute’s audited accounts.

The donations were also recorded in CO.AS.IT’s audited accounts together with the auditor’s explanatory notes and were presented to the CO.AS.IT Board and at the Annual General Meetings in the relevant years.

The Memorandum of Association of CO.AS.IT clearly states that CO.AS.IT, as a Public Benevolent Institution, is empowered and directed to assist other Public Benevolent Institutions. The steps taken concerning assistance to the Institute were entirely lawful.

**CO.AS.IT’s payments to the Institute were fully funded out of the revenue derived from its operating activities and not from the donations of the public.**

The Institute, now without debt, was able to address welfare as a key plank of its purposes whilst continuing to advance the charitable purposes of CO.AS.IT through the accommodation rented to CO.AS.IT.

6. **In 2010, the CO.AS.IT Board decided to accept the auditor’s recommendation that Italcare should be a separate service provider to CO.AS.IT and offered to the Institute to take over this operation.** This was the preferred option by the CO.AS.IT Board as Italcare would still remain within the Italian community. The Institute Board took over Italcare.

Italcare is a profitable provider of aged care services and now has almost 100 employees providing such services. This is entirely consistent with the Statement of Purposes of the Institute.

7. The income generated (in the form of rent) by the debt-free properties has placed the Institute in a position enabling it to progressively provide services with a particular focus on aged persons of Italian origin.

The Institute has, and continues, to seek a range of views and proposals concerning the best method of benefiting those Italian persons in need.

By 2008 the Institute had repaid its debt and was therefore in a position to be able to actively commence implementation of its welfare strategies. There were a number of important issues to be faced. One issue was the feasibility of building an inpatient aged facility. There was a great reluctance on the part of aged care service providers to partner with an organisation devoted to the support for one cultural group. It was found, however, that a facility of less than 100 beds was not financially viable with each bed costing approximately \$300,000 to establish. Expenditure of approximately \$30 million for such a facility was way beyond the means of the Institute, which by 2012 had funds of \$7.6 million.

It was found that, the Italian aged for the most part, felt most comfortable in their own homes and wished to stay there until the state of their health made such an approach completely impractical. The Institute therefore focussed upon the provision of Home Care services and Day Centres for aged persons came to the fore.

8. In 2010, the Institute opened an Italian Day Care Centre at the Lucania Club in Brunswick servicing those aged persons living at home. Since 2011, it has subsidised two 'Italian' days at the Caritas Christi Day Centre in Kew and in 2012 opened a Day Care Centre at the Licodia Eubea Club. More recently a Centre in East Keilor was opened and planning continues for the development of further Day Care Centres and an additional Day Care Centre will be open at the Casa d'Abruzzo in Epping shortly. The average cost of providing one day's service for 20 aged persons is about \$60,000 per annum. The Institute is expending around \$200,000 per annum for the Centres that are now open or are about to open. This expenditure will increase as more Centres are operational.
9. As there is currently a shortage of government funding to enable the Italian aged to be maintained in their own homes, the Institute has decided to directly fund support services to the Italian aged. This will cost the Institute of approximately \$450,000 per annum to be drawn from any surplus generated from Italcare. The planning to implement this program is underway.
10. The Institute also sees its roles and responsibilities as acting in conjunction with other Australian/Italian charitable organisations so that the combined efforts of such organisations can create better outcomes than the Institute might achieve by itself. Since 2009 informal discussions have taken place and in 2011 a Forum Group comprising the Institute, CO.AS.IT, the Italian Community Services Fund, the Assisi Centre and the San Carlo Homes (South Morang) was established and in 2012 engaged professional consultants to identify and make recommendations concerning initiatives for those who would seek to serve the needs of the Italian aged. The Institute agreed to pay the \$60,000 cost of this consultancy. The consultancy is continuing and an interim report has been prepared; a final report is forthcoming (with the final report included as part of the consultancy fee).

**Both the Boards of CO.AS.IT and the Institute are concerned at the attempted portrayal of CO.AS.IT and the Institute as secretive organisations. Nothing could be further from the truth. Both are Public Benevolent Institutions, entirely accountable for all of their funds and audited on an annual basis. For example, as to the Institute, monies received by it through rentals and the operation of Italcare and donations are entirely accounted for and no funds whatsoever have been dissipated or used for purposes other than the purposes for which the Institute was created.**

The Institute has carefully managed its resources to create significant funds so that it can (without incurring future debt) carry out its purposes, which at this time focuses on the provision of welfare services for the Italian aged. At the same time it is prudent for the Institute to maintain a reserve to safeguard the continuity of its services.

**There is nothing mysterious about the Institute.** Its story is a simple one. It was initially created as a separate organisation from CO.AS.IT but with complementary purposes. For many years it played a benevolent role as a property owner and the bearer of significant debt. In recent years it has built up its funds and has worked upon identifying a meaningful role in the provision of services to aged persons of Italian background and descent and is applying its financial resources to these purposes and these purposes alone.

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**Rhonda Barro**  
**President - CO.AS.IT - Italian Assistance**  
**Association**  
for and on behalf of the Board of CO.AS.IT

10 May 2013

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**Vincent Volpe**  
**President - Italian Services Institute Inc.**  
for and on behalf of the Board of Italian Services  
Institute

10 May 2013