

Chapter 2

Finance

Historical background: the capitation grant system

- 2.01** The legislation that established the Industrial Schools system expressly provided State funding for maintenance of the children, but not for the establishment of schools themselves. The Children Act 1908 continued this capitation grant system.
- 2.02** The Industrial Schools were owned by the religious Orders who provided the buildings and farms, and they were responsible for improvements, alterations, extensions, renewals and repairs. The expenses for renovations and repairs were to be paid for out of the private resources of the congregations and by charitable donations.
- 2.03** By paying for the children rather than the institution the British administration avoided the delicate issue of whether to give money directly to religious denominations. Protestant and Roman Catholic communities were fearful of either side being given too much power by the authorities.
- 2.04** Local authorities were obliged under the 1908 Children Act to provide for the maintenance and reception of offenders in Reformatory and Industrial Schools. They did not have to pay for children who were admitted on the application of their parents or guardians or for children whose parents were unable to look after them. Also they were exempt if the parents had committed an offence punishable by imprisonment that resulted in their children detained.
- 2.05** Unlike the State however, the local Authorities did have to pay for children in excess of the certification limit and for children under the age of six.
- 2.06** These provisions were altered in changes made in 1944 (see below).
- 2.07** Most of the children who were placed in Industrial Schools came from backgrounds of poverty and deprivation. If the State saw fit to remove a child from its parents because the child was at risk of malnutrition and neglect, it had an obligation to ensure that the institution into which the child was placed did not also put it at risk of malnutrition and neglect. In other words, the capitation grant had to be large enough to keep a child adequately, so that a proper standard of care was provided.
- 2.08** The Department of Education's Rules and Regulations were clear as to what the minimum standards were. Rule 5 stipulated that
- the children shall be supplied with neat, comfortable clothing in good repair, suitable to the season of the year, not necessarily uniform either in material or colour.
- 2.09** Rule 6 provided minimum standards for an adequate diet:
- The Children shall be supplied with plain wholesome food, according to a Scale of Dietary to be drawn up by the Medical Officer of the School and approved by the Inspector.

Such food shall be suitable in every aspect for growing children actively employed and supplemented in the case of delicate or physically under-developed children with special food as individual needs require. No substantial alterations in the Dietary shall be made without previous notice to the Inspector. A copy of the Dietary shall be given to the Cook and a further copy kept in the Manager's Office.

- 2.10** It was the responsibility of the Department to ensure adequate finance for these minimum standards of care, and it was the responsibility of the Resident Manager to ensure they were maintained. From time to time tensions arose because one or other failed in its obligations: the Department could let funding become inadequate or the Resident Manager could allow basic living conditions to fall below the standards set by the rules.
- 2.11** During the period under investigation, this argument about funding was constant, and for the most part the Department sided with the Resident Managers. An internal Education Department memorandum to the Minister in 1967 wrote that it was 'in no position to defend its achievement as far as the size of grant goes'.¹
- 2.12** A central figure in this argument was the Department's medical inspector, whose role included ensuring that basic conditions such as food and clothing and living conditions were appropriate to promote general health. In many instances she accused the school of negligent mismanagement of the funds, but she could also take the side of the Resident Manager and argue that funding was inadequate to meet basic needs.
- 2.13** The fundamental question, whether the State fulfilled its obligations under law to provide the basic needs of children in care, is not an easy one, and perhaps no definitive answer is possible.
- 2.14** The Investigation Committee engaged expert assistance from Mazars, Financial Consultants. Mazars examined the available financial records of four separate institutions and they also addressed the general question of whether the capitation payments down through the years were adequate to enable the institutions to provide for the children who were detained in them. The Mazars report and submissions in response are considered later and are annexed to this chapter.

The basic cost of keeping a child in an industrial school

- 2.15** The Cussen Report² outlined the problems of estimating the cost of keeping a child in an Industrial or Reformatory School:

It is difficult to arrive at a figure which would reasonably represent the average yearly cost of maintenance per child in the schools. This is due in the main to differences of circumstances existing as between the various schools; many have farms which produce a very substantial proportion of their food requirements, while others with small or no farms are forced to purchase such supplies either partly or wholly in the open market. In addition variations in the cost of materials for the workshops, clothing, bedding bootmaking, etc, have to be considered. According to figures furnished to us for the year 1933, the cost per head per annum for food varied in the Senior Boys' Industrial Schools from £7 1s 2d to £20; for wearing apparel from £2 6s. 4d to £6 1s., and for medical expenses from 11s 7d to £2. In the Junior Boys' Industrial Schools; food varied from £10 10s. to £15 4s 2d. per head per annum; wearing apparel from £2 8s. 7d to £4 11s 9d., and medical expenses from 3s. 5d to £1 8s. In the Girls' Industrial Schools food varied from £9 8s. to £26 per head per annum, wearing apparel from £1 2s. 3d. to £11, and medical expenses from 3s. 11d. to £7.

¹ Quoted in D of E submission, pp 103-4.

² Report of Commission of Inquiry into the Reformatory and Industrial School System, 1934-36, paras 165-7.

Corresponding figures from the Reformatories were: Boys' School, food £30 per head per annum; wearing apparel, £8 16s. and medical expenses, £1. In the Girls' Reformatories the figures were: food £14; wearing apparel, £6; and medical expenses £2 10s.

The disparities in cost as shown are probably due also in some measure to a lack of uniformity in the methods of cost accounting adopted, as the diet in the schools are substantially the same, and the fact that a greater proportion of foodstuffs has to be purchased in some schools as compared with others would hardly explain the marked differences in the cost of maintenance indicated by the figures obtained from the schools. We are, however, satisfied, as a result of our inquiries, that the schools are very economically managed, supplies being obtained where possible by contract or on equally favourable terms.

2.16 The same question was raised in a letter by Mr Breathnach of the Department of Finance in 1957-58. He wrote:

There is another aspect of the question which puzzles us – the wide range of expenditure on various items by the schools, e.g.

Item	Cost per head
Food	£25.8 - £54.6 a year
Fuel and light	£4.3 - £15 a year
Clothing	£5.4 - £20.3 a year
Salaries	£11.3 - £40 a year

Do you know why it should cost £2.1s a week to keep each of 117 inmates in St. Lawrence, Sligo, while the cost of keeping 120 at Clifden, Co Galway, should be only about £1.11s? It would be helpful if your Department could explain the disparity.

2.17 The Department of Education attempted to gain information to establish the basic cost of keeping a child in an Industrial School by requesting detailed accounts. These requests were made in the following years:

1945	21 schools out of 52 responded
1947	statement of income and expenditure was received from all industrial schools
1950	42 industrial schools and one reformatory school provided statements
1954	nine schools provided accounts.
1955	The Resident Managers' Association provided accounts for 22 schools
1962	The Department requested accounts from six representative schools. Nine schools provided statements.
1964	The Resident Managers Association provided a summary of the financial situation of 21 schools to support their application for an increase in the rate of the grant.

The request for accounts in 1945

2.18 Despite the Department's general recognition that the Industrial Schools were underfunded, they were at times sceptical about the claims being made by the Resident Managers.

2.19 For example, a deputation from the Resident Managers' Association went to see the Minister for Education on 10th July 1945 to request an increase in the capitation grant, the payment of salaries to literary teachers and the application of medical and dental services to Industrial Schools. The Minister told the deputation that if statements of accounts, preferably audited, were submitted they would be examined by the Department with a view to submitting them to the Department of Finance. He stressed that a convincing case would have to be made for an increase in the capitation grant.

2.20 Only 21 Industrial Schools submitted statements and, of these, just five were 'stated to have been prepared by accountants and/or auditors'. They were Rathdrum Junior Boys' School, Goldenbridge, Westport, New Ross, and Wexford.

2.21 Three of the 10 senior boys' Industrial Schools submitted statements prepared by the Orders. They were Greenmount, Upton and Ferryhouse.

2.22 Four Industrial Schools for junior boys submitted statements: Passage West, Kilkenny, Drogheda and Rathdrum.

2.23 Fourteen girls' industrial schools made submissions: Clonakilty, Kinsale, Booterstown, Goldenbridge, Westport, Birr, Wexford, Lakelands, Kilkenny female, Ballaghaderreen, Benada Abbey, Whitehall, Dundrum (County Tipperary) and New Ross.

2.24 These schools were run by the following orders: Rosminians, Presentation Brothers, Sisters of Charity, Sisters of Charity of St Vincent de Paul, Sisters of Mercy, Sisters of the Order of Our Lady of Charity of Refuge, Sisters of the Presentation Order and Sisters of the Good Shepherd.

2.25 These 21 statements, covering a period of 12 months in the years 1944 and 1945, were duly examined and the result was recorded in a Departmental memo as follows:

Three of the accounts showed excesses of Income over Expenditure. viz Birr, £1.2.5, Dundrum £433 (excluding an amount of £810 claimed as 'an allowance to Sisters wholly employed in the Industrial School' which would convert this surplus into a deficit of £377) and New Ross £6.4.3.

The remaining accounts showed deficits ranging from £27 to over £5000.

2.26 The Department went on to conclude:

The statements cannot be regarded as very reliable or as furnishing an accurate view of the financial position of the schools. In some cases items of capital expenditure (especially for repairs, renewals and additional buildings) have been included e.g. Whitehall, where a deficit of £5,036 is shown a sum of £4,573 is stated to have been expended on building repairs and erection of a new sanitary wing.

It was also observed that in many cases the salaries paid from the Primary Branch to members of the communities serving in the schools as literary teachers were not included in the statements of Income. The inclusion of this item would in some cases reduce the deficit to a negligible figure or convert it to a surplus of income over expenditure.

We have no means of determining from these statements whether the produce of the farms or gardens is supplied to the schools or charged against the school accounts at wholesale or retail prices.

2.27 Despite these criticisms of the accounting methods the Department did reach a conclusion:

On the whole we feel that the statements are not reliable. We also wish to point out that the period to which they refer may be regarded as the period of the emergency when the cost of food, clothing and other necessaries attained its maximum. In all the circumstances and making allowance for an anticipated reduction in time in the cost of these items consequent on the termination of the World War and a gradual easement in the supply position we do not feel that on the information contained in these statements a convincing case could be made to the Department of Finance for an increase in the Capitation Grant.

2.28 In concluding that the capitation grant was adequate, the Department took into account the fact that most institutions had not bothered to submit their accounts, despite the desired increase being dependent on their production. The Department wrote:

We are also influenced in making this observation by the fact that a majority (over thirty) of the schools did not furnish any statements of income or expenditure in support of the claim for increased grants and also that as practically all the schools have farms attached the increased prices for agricultural produce during the emergency compensated to some extent for the rise in the cost of living.

2.29 On the face of it, the Department's demand for detailed and reliable accounts was not unreasonable, but many institutions, including all those run by the Christian Brothers, did not comply. The result was they lost their case for an increase in funding.

2.30 The document also illustrates that the Department recognised that each institution had different needs, because of their different sizes and resources. The request for accounts from every institution was an attempt to assess these differing needs that were not being met by the capitation grant system.

The request for accounts in 1947

2.31 In early 1947 the Resident Managers' Association made a further application for an increase of 5/- per week in the combined payments for maintenance by the State and local authorities. The rate of the capitation grant at the time for the State was 7/- for Industrial Schools and 9/6 for Reformatory Schools, with the local authorities paying 8/- to the Industrial Schools and a rate not exceeding 9/6 and not less than 8/6 for the Reformatories.

2.32 The Department replied:

The Minister is prepared to have a careful examination made of the application received from the Managers' Association and to reconsider the present grant if he is satisfied that a sufficiently strong case can be made to convince the Government and the local authorities that these grants are inadequate to meet the present expenses of the schools. He has, accordingly, directed me to say that in order to have the fullest consideration given to the matter it will be necessary (this word is deleted and changed to 'desirable') for each Certified School to furnish detailed statements of its income and expenditure for the year ending 31st March 1947. If it is not practicable to have the statements duly certified by an auditor they should be signed and certified by the School Manager.

2.33 The Department then put in a reminder about the failed attempt two years previously to get such accounts:

In this connection I am to state that when similar statements were asked for in 1945 by the Minister through the Association of General Managers in regard to a previous application for an increase in the capitation rate for maintenance grants, only 21 out of a possible 53 furnished statements, and this factor rendered it difficult for the Minister to give favourable consideration to the application for increase. I am accordingly to request you to arrange to submit for the consideration of the Minister a statement of the financial position of school in respect of the twelve months period ending 31st March 1947.

2.34 The Department then spelled out the kind of information wanted:

The statement of the financial position of your school for the period mentioned (1/4/1946 to 31/3/1947) should show in detail the items of expenditure appropriate to your industrial school only under the various heads viz. food, clothing, footwear, fuel, medical expenses, dental treatment, salaries and wages, etc.

2.35 It requested that the average yearly cost for these items 'should be carefully calculated and shown in a separate document accompanying the statement'. The document added:

Where the cost of remuneration or maintenance of Religious members of the staff is part of the expenditure, any salary or other grant received by these members as Nat. Ins. Or any capitation grants paid to the school as a national school should be included as part of the school income.

2.36 All schools did respond although not in the detail requested. Thirty seven reported a deficit per head per week for each child in the institution, and 10 institutions reported substantial debts or overdrafts. Two schools were noted as not having given particulars of the income from the farm. However, in the absence of the detailed information sought no increase was granted.

The request for accounts in 1951

2.37 The pressure on the Congregations to provide detailed accounts was increased in 1951 when it was proposed to set up an interdepartmental committee with representatives from the Departments of Education, Finance and Social Welfare to inquire into the economic running of the schools. In the meantime, a significant increase of 5/- per week was granted. There was immediate opposition from the Resident Managers' Association to the inquiry. The minutes of a special meeting of the Christian Brothers' Resident Managers to discuss the move, held on 14th February 1951, noted:

It was decided after discussion that the offer of an increase of 5/- per head, per week should be accepted under protest as to its inadequacy.

It was agreed that the proposal of a special inspection by a Board of Inspectors from each of the Departments of Education, Finance and Social Welfare should be treated with extreme caution. It was not quite clear from the Department's letter as to what was the function of this Inspection Board would be. It was feared that this might be an attempt to infringe upon the established rights of the Manager. It was obvious that the Department was desirous of an opportunity of examining the Financial Accounts of the institutions. After discussing the various difficulties that might arise it was decided that at the General Meeting the Brothers should neither accept or reject the proposal but should press that a further letter be sent to the Department asking that their Association should be supplied, in writing, under definite headings, with what the proposed inspection is going to entail and what its powers would be.

2.38 The Resident Managers were reassured that the Board of Inspectors was only going to establish the right level of funding for the schools. The terms of reference were to inquire into the conditions and circumstances of the Industrial and Reformatory Schools under the control of the Department of Education and to make recommendations as to how they might be most efficiently and most economically conducted.

2.39 The Resident Managers refused, however, to consent to the inspection as 'the terms of reference to the inquiry were too wide, and include subjects which they do not consider relevant to the question at issue'. On 6th April 1951 the Secretary of the Association wrote to the Minister:

I have been directed by the Association to inform you that the members are strongly of the opinion that no useful purpose would be served by the holding of such an inquiry.

2.40 Specifically they objected to the involvement of the Departments of Finance and Social Welfare, believing that it constituted an attempt to interfere with the way in which the schools were run. The Minister, Richard Mulcahy, tried to allay their fears, but the project was dropped in the face of continued strong opposition. A further increase of 6/- per week followed in 1952.

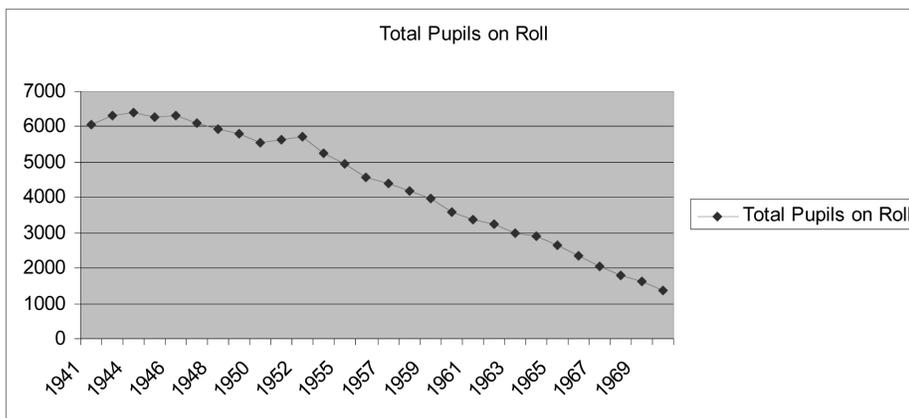
The request for accounts in 1954

- 2.41** When a further application for additional money was made in 1954, the Department tried again to get each school to submit accounts. In a letter to every Resident Manager the Minister again requested that each certified school should furnish detailed statements of its income and expenditure for each of the years ended 31st December 1951, 1952, and 1953 together with 'particulars of improvements carried out in those years and of further improvements contemplated'. As well as demanding details about expenditure on food, clothing etc it asked for details about the farm or garden, if the school had one. It stated, 'the gross value of the food supplied to the school and the proceeds of any sales should be shown in the statement as well as the working total expenses. The value of the food should be calculated at market prices current at the time of supply'. It also asked for the statement to include gross income from trades and industrial activities.
- 2.42** Unusually it also asked the Managers to furnish 'a statement showing how far the requirements and suggestions of the Circular of the 19th March, 1952 have been complied with'. This circular, following the increase in the grant that year, asked for 'all round improvements in the matter of diet, clothing and facilities for indoor and outdoor recreation'. The Department asked specifically for 'Statements of Accounts (Receipts and Expenditure) for calendar years 1951, 1952 and 1953 showing in particular the amounts spent on food and clothing for those years' and for statements 'indicating improvements to accommodation e.g. new recreation hall, new domestic economy room etc.
- 2.43** The Department, in short, was asking for proof that the extra money had been used in the way intended. The letter ended with a reassurance that the Department had no hidden motive for asking for such accounts:
- I desire to say that the information now asked for is not in the nature of an audit, or strict investigation, of the accounts of any school. It is required solely to enable the Minister to form a correct opinion of the actual financial circumstances of the various schools so that he may be in a position to consider the application made for an increase in the rates of capitation grants for maintenance.
- 2.44** Accounts were received from just nine schools. They were Drogheda, Loughrea, Upton, St Anne's Kilmacud, Pembroke Alms Industrial School, New Ross, Waterford, Westport and Clonakilty.
- 2.45** On 18th May 1955 the Resident Managers' Association submitted accounts for 'an unknown number of schools'. There was no record on file requesting these accounts. They were returned to the Association because 'the Department was unwilling to accept these accounts in the format presented'. The Association then submitted accounts for 22 Industrial Schools. The Department no longer holds copies of these accounts and has no record of the 22 schools involved.
- 2.46** Further attempts to get accounts were made in 1962, when the Resident Managers' Association submitted accounts in respect of nine schools. The Department had chosen six representative schools for the exercise. The schools that submitted accounts were Artane, Upton, Letterfrack, Lakelands, Moate, St George's Limerick, St Patrick's Kilkenny, Drogheda and St Kyran's Rathdrum. All nine schools showed excess expenditure over income. A major cause for this was the drop in numbers. For example, St Kyran's wrote,
- The fall in numbers is a big concern with us. There was some hope of keeping things going when we had between 120 and 110 on roll, but now we are nearly on the 70 line and still falling I see no hope of keeping the place going except financial aid is increased.
- 2.47** Artane, which was certified to take in 830 boys, had just 430, only 367 of whom were committed by the State. An analysis of the nine accounts showed that the congregations were finding it hard to manage as numbers fell.

2.48 Finally, in 1964 the Resident Managers' Association presented the Department with a two-page document relating to the financial position of 21 schools. Most schools were shown to have excess expenditure over income.

2.49 Unlike in the 1950s, when accounts requested by the Department were not forthcoming, as numbers fell and income dropped, the accounts became a valuable part of the case for an increase in the capitation grant.

2.50 The figures can be represented in graph form as follows:



2.51 The Department's protracted struggle to get detailed accounts about each school reveals:

- (1) The power of the Congregations to resist pressure from the Department. Within their institutions the Resident Managers had near absolute power and they defended their 'established rights' vigorously. Without their consent, the Department could not obtain what it wanted.
- (2) The Department may have been sympathetic to the argument that the schools were under-funded but was aware that the situation differed across institutions. A fair decision on how much was needed to keep a child in a school depended not just on the cost of living but on the resources of the school. These resources remained a largely unknown quantity.
- (3) The accounts that were submitted were not as detailed as the Department wanted. Details of other income, such as from the farms or trades, were not included until the 1960s.
- (4) The capitation grant remained the only system of funding given consideration. Despite repeated efforts by the Department of Education to find out the different needs of each institution, it failed. Without knowing the different needs of children in different schools, it continued the system of paying the same amount for every child. The capitation grant remained the basic system until 1984.

The process for increases in the capitation grant

2.52 The Department of Education determined the capitation grant rate for committed children, but any increases were subject to the consent of the Minister of Finance. The process would begin with submissions from the Resident Managers to the Education Department making a case for an increase in the grant. The Department would consider the submission and would then put a proposal to the Department of Finance. The two Departments would then consult and the Department of Finance would then come to a decision. It could refuse to sanction an increase, or sanction one, usually at a lower rate than the one sought by Education.

2.53 The Department of Finance was often sceptical as to whether the Resident Managers' Association or the Congregations had put the full picture before the Department of Education. The issue may not have been a refusal by the Department of Finance to provide sufficient funds: it may well have been the case that their calculations and deliberations led to its settling on a lesser sum as being sufficient.

Changes to the capitation grant system over the years

Changes to method of payment

1944 Reforms

2.54 There was no increase between 1939 and 1944 in the amount of the grant, although the cost of living had risen significantly, which brought dissatisfaction with the grant scheme to a head and led to three financial reforms.³

2.55 (i) The most important of these concerned the termination of the 'certified number' requirement which had applied to the Department, but not the local authority, contribution. How the system operated is explained in the following Departmental minute: (see also Cussen, para 157)

The practice of paying State Grant on an arbitrary number the 'Certified Number' in each School, and not on the number actually under detention or for which there was accommodation, in a school, began in the 1870s. State expenditure on Industrial schools became limited to a figure fixed by the Treasury from time to time. This system seems to have been originally intended to keep control over the number of committals generally and to regulate their distribution throughout the country and amongst the various competing communities and bodies.

2.56 At Independence, the system appears to have been taken over and continued without question. The aggregate of the certificates then on issue to the Schools in the 26 counties (6,644) was fixed as the maximum. In the course of a redistribution of certificates in 1939, it transpired that only 6,563 were actually on issue at that date, and the maximum was reduced to that figure. This number was an issue in 1944.

2.57 As a result of the certified number limitation system,⁴ the actual number of children under detention often exceeded the number chargeable to the State. However, in some cases schools refused to accept committals above the certified number. Instead, they accepted cases under the Public

³ These reforms are explained in a cogent six page Minute of 14th March 1944 written by the Department (Ó Dubhthaigh, Leas Runai) to the Runai, Department of Finance. The Minute also questioned the certification system's legality:

There is no justification for the 'Certificate' system. The Children Acts, 1908 to 1941, lay down the circumstances in which children may be committed to industrial schools. The Courts commit children to them in accordance with these Acts. At this stage the Certificate system operates inconsistently to allow payment of the State Grant on some of the children so committed and to forbid it on others. There seems to be no reason for the State's failure to contribute to the support of some arbitrary number of those children. No such distinction is made, for instance, in the case of youthful offenders committed to Reformatories under the same Acts or of people sent to jail. If the purpose is to limit the number of children to which the Children Acts may apply, its legality is questionable.

Memo of 4th April 1951 from M O'Siochfradha states:

In all cases the actual accommodation limit was greater than the certified number and in many cases it was considerably greater viz., Glin – accommodation 220, certified number 190; Letterfrack, accommodation 190, certified number 165; Artane, accommodation 830, certified number 800.

See also Education Statement, para 3.2.

⁴ At certain periods (e.g. 1940s) anxious consideration was given to the question of how many places to certify – whether to raise or lower the previous year's figure or to leave it the same. Among the factors weighing with the person taking the decision (usually there was a significant contribution from Dr McCabe) was: the numbers of committals anticipated; the suitability of the schools (e.g. accessibility from Dublin); the need to assist small schools with disproportionately high overheads; a desire to avoid creating jealousy among the schools.

Assistance Acts which were not counted against them under the certified number. In any case, the certified number restriction was abolished by a Finance minute of 19th April 1944, which announced that capitation grant should be paid on all children committed to industrial schools up to the full number for which the schools had accommodation.

2.58 (ii) Until 1939, in respect of a child under six only the local authority's contribution (not that of the Department) was paid and the local authority paid only about two-thirds of the contribution of that for a child over six. The thinking was that children under six should be dealt with under the Poor Law. However, the social outlook changed at the beginning of the Twentieth century and children under six were committed to industrial schools in increasing numbers. These children were accepted, effectively at less than half cost, by the Schools partly out of charity and partly so as to have a reserve of children who could be put on the grant immediately they turned six. However, in 1939, the Department started to pay a contribution of two thirds of the amount paid for an over-six. And, as from the date of Department of Finance minute of 1944 mentioned in para (i), the full amounts were paid by both the Department and local authority, irrespective of age.

2.59 (iii) The Department of Education submission state that, before-1944, the process for claiming the grants involved the Schools in furnishing a detailed account in respect of each child. After 1944, the State capitation grant for a full quarter was paid by the Department at the end of each quarter. This was based on the number of committed children under detention on the last day of the preceding quarter, after the Manager had submitted a list of the names and registered numbers of the children together with the name of the local authorities to which each child was chargeable.

Increases in the amount paid

2.60 Capitation grants were increased from time to time by the Department over the relevant period.

Capitation Grant Rates 1939 to 1982

Department of Education				Local Authority			Total	
Date	Rate			Rate			Rate	
	Reformatory	Industrial		Reformatory	Industrial		Reformatory	Industrial
		< 6	6+		<6	6+	<6	6+
01/04/39	10/-	5/-	7/6					
01/10/42	10/-	5/-	7/6	8/-	5/-	7/6	18/-	10/- 15/-
01/07/44	10/-	7/6		8/-	5/-	7/6	18/-	15/-
01/10/44	10/-	7/6		8/- to 9/1	7/6		18/- to 19/1	15/-
01/10/46	10/6	8/-		8/6 to 9/6	8/-		19/- to 20/-	16/-
01/01/48	12/-	9/6		8/6 to 9/6	8/-		20/6 to 21/6	17/6
01/04/48	12/-	9/6		10/- to 11/-	9/6		22/- to 23/-	19/-
01/01/51	14/6	12/-		10/- to 11/-	9/6		24/6 to 25/6	21/6
01/04/51	14/6	12/-		12/6 to 13/6	12/-		27/- to 28/-	24/-
01/01/52	17/6	15/-		12/6 to 13/6	12/-		30/- to 31/-	27/-
01/04/52	17/6	15/-		15/6 to 16/6	15/-		33/- to 34/-	30/-
01/04/58	25/-	22/6		23/- to 24/-	22/6		48/- to 49/-	45/-
01/11/63	30/-	27/6		23/- to 24/-	22/6		53/- to 54/-	50/-
01/07/64	30/-	27/6		28/- to 29/-	27/6		58/- to 59/-	55/-
01/04/65	37/6	35/-		33/- to 34/-	32/6		70/6 to 71/6	67/6
01/04/68	45/-	42/6		33/- to 34/-	32/6		78/- to 79/-	75/-
01/07/68	45/-	42/6		40/6 to 41/6	40/-		85/6 to 86/5	82/6
01/08/69	90/-	85/-		40/6 to 41/6	40/-		130/6 to 131/6	125/-
01/11/69	90/-	85/-		81/- to 83/-	80/-		171/- to 173/- =£8/11/- to £8/13/-	165/- = £8/5/-
01/07/72	£5.40	£5.10		£4.90	£4.80		£10.30	£9.90
01/04/73	£5.70			£5.30			£11.00	
01/04/74	£6.50			£6.00			£12.50	
01/01/75	£7.80			£7.20			£15.00	
01/01/76	£9.00			£9.00			£18.00	
01/01/77	£11.00			£11.00			£22.00	
01/02/77	£15.00			£15.00			£30.00	
01/02/78	£16.25			£16.25			£32.50	
01/03/78	£17.00			£17.00			£34.00	
01/03/79	£19.25			£19.25			£38.50	
01/06/79	£20.50			£20.50			£41.00	
01/03/80	£23.25			£23.25			£46.50	
01/01/81	£27.00			£27.00			£54.00	
01/01/82	£34.00			£34.00			£68.00	

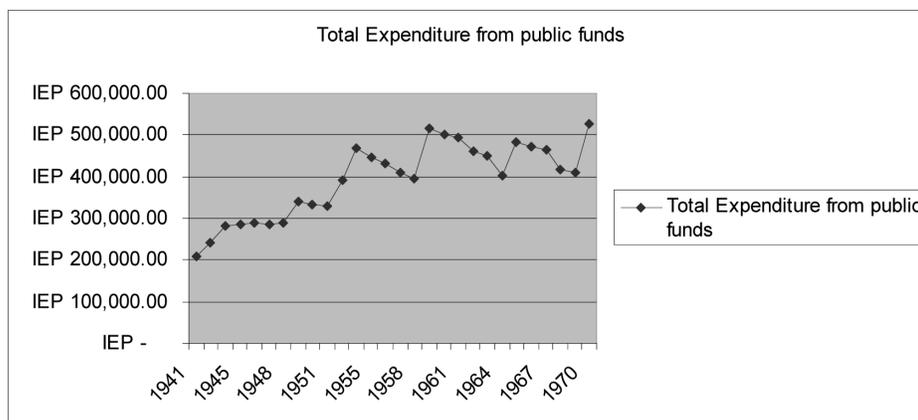
2.61 There was no increase in the capitation grant between April 1939 and July 1944. The rate was increased at two and three year intervals for the rest of the 1940s. It will be noted that there were significant increases in the (state and local authority) capitation grant from 19/- in 1946 to 27/- in 1951 in respect of Reformatory Schools and from 16/- to 24/- in respect of Industrial Schools. (The figures used here combine both the central and local government contributions.)

2.62 A substantial increase was also provided in the period 1951 and 1968, when the combined rate for Reformatory Schools increased from 27/- to 85/- and from 24/- to 82/- in respect of Industrial Schools. Strikingly, the capitation grant was then doubled in the following year to reach approx 171/- for Reformatory Schools and 165/- for Industrial Schools.

2.63 In the 1950s, there was a six-year gap between 1952 and 1958 when no increases were made and a further five-year interval between then and 1963. For the rest of that decade, increases occurred every one or two years. There was a three-year gap between 1969, when the grant was doubled, to 1972 when the grant was increased by a further £10.30 (roughly 200/-) in respect of Reformatory Schools and £9.90 (roughly 180/-) in respect of Industrial Schools. The figures in 1972 represent the changeover in currency. Thereafter in the 70s and 80s there were annual increases to meet cost of living increases and wage increases.

2.64 When increases were granted, the Department generally sent a circular to say that it was the Minister's expectation that improvements in the care, diet and maintenance would be made, so there was no suggestion that increases were just to maintain the status quo.

2.65 Total expenditure out of public funds was:



Negotiations on capitation payments 1957 and 1969

2.66 Two case studies outline the very different circumstances leading to the 1957 and 1969 increases. The earlier, 1957, negotiations were typical whereas the later increase was exceptional. The Minister for Education and some of his officials met with a deputation representing the Resident Managers' Association. The deputation sought an increase of 40/- in the grant to a combined rate of £3.10 per head per week. They argued that, owing to cost of living increases, the standard of diet and clothing for the children entrusted to their care had fallen much below what was required and that the buildings and accommodation facilities were in need of renovation.

2.67 The Department then wrote to the Department of Finance supporting the claim and requesting a minimum increase of £1 in the weekly capitation grant by the Department and in that of local authorities. This was estimated to involve extra State expenditure of £121,000 (on top of the existing figure of about £400,000) in a full year. Education admitted that there had been an approximate increase of only 1/6th in the cost of living during the period since the previous

increase. However, the size of the suggested increase was supported by: the steady decline in the number of committals to the schools with no corresponding fall in overhead expenses; the increases in wages of employees in the preceding four years; the need for greater effort to brighten the lives of children; and the modernising of certain facilities in the schools. In January 1958, the Department of Finance sanctioned an increase of 15/- in the State capitation rate for Industrial and Reformatory Schools with a corresponding increase in the local authority contribution.

2.68 By 1967, when another increase was sought, circumstances had changed. The religious Orders were described as 'gravely dissatisfied' with the last increase and it appears that threats had been made about closing all the schools. The Department believed that this was not such a remote possibility as might be thought and that it would, if it happened, constitute a 'national disaster' because the cost of maintaining children would at least be doubled; for in Great Britain and Northern Ireland, the cost was some three or four times the cost in Ireland. In those circumstances, the Department recommended that a substantial interim increase was warranted, even pending the outcome of the Kennedy Report, of 21/- per week. The Department of Finance's response, in February 1968, was that the proposed increase was disproportionate and also untimely, while the system was being examined by Kennedy. Nevertheless, as an exceptional measure, Finance was agreeable to a 15/- increase.

2.69 The Department of Education submitted:

Records of the Department of Finance which were discovered to the Commission indicate that in June 1969, the then Minister for Finance, Mr Charles Haughey, had met with a group known as the Friends of Industrial Schools and indicated that he would authorise a doubling of the capitation grant in respect of children in industrial schools. The Department of Finance subsequently notified the Department of Education of the Minister's decision.. The Department of Education records also indicate that the then Taoiseach, Jack Lynch, inquired from the Department about the capitation grant prior to its doubling and was informed of its increase in letters from the Department respectively dated 19 September 1969 and 24 October 1969.

Themes in the negotiations

2.70 Many of the same themes recurred in each of the negotiations between the 1940s and the 1970s. The Resident Managers emphasised the increasing cost of living and made comparisons with British and Northern Irish fees, and with prisons or private schools. As discussed above, the Department responded by asking for detailed accounts from the schools, justifying the request by the need to persuade the Department of Finance of the case for the increase.

2.71 Through the 1950s further causes of strain on the schools' finances were drawn to the Department's attention. The major factors were the decline in the number of children, increases in wages of lay staff and the need for repair of premises that were often nearly a century old. The figures for all the schools were as follows.

Total capacity:	7,484
Residents:	5,227
Committed:	4,662
Others:	565
Percentage occupancy:	70%

2.72 At least as early as September 1955, the Department of Finance raised the reasonable suggestion of closing one-third of the schools in order to allow the remaining schools to operate at full capacity and become financially viable.

2.73 The minutes of a meeting on 20th November 1955 between the Minister for Education with his officials and five representatives of the schools stated:

The Secretary said 'that Ireland was very fortunate to have religious communities in charge of these schools'. He wondered whether a partial solution would be for some of the schools to be closed. From a social point of view, he said, the falling number was a very good thing....

2.74 Two years later, however, in a letter to the Department dated 18th June 1957, the Managers' Association wrote:

The Managers have had a desperate struggle to keep the Schools open but they cannot be expected to accept children unless sufficient funds are made available.

2.75 It is against this historical background that the question of the adequacy of the State funding of the institutions has to be approached.

Department of Education's attitude to level of funding

2.76 The Department of Education, in its detailed submissions to the Committee, accepted that the schools were badly funded by the State. The Department's position down through the years was generally sympathetic to the pleas of the institutions through the Resident Managers' Association for increases in the capitation grant. The situation in the 1960s brought matters to a head. Numbers were falling dramatically and with that income was dropping.

2.77 An internal Departmental memorandum dated 5th June 1963 outlined the situation:

The pressure for an increase in grants arises mainly from the falling numbers and chiefly from the senior boys schools. In all the convent schools I have visited it appears that they would be quite satisfied with the rate of grant provided that the schools were kept nearly full, but many of the schools are less than half full. With many of their overheads fixed the institutions would be uneconomic but in many of the convent industrial schools the deficit is obviously met by the surpluses on national and post-primary schools run in conjunction with the industrial schools, the whole being run as one institution. None of the senior boys schools has any other grant-winning institution attached and they find themselves therefore unable to compensate for the falling numbers and increased grants are therefore necessary in their cases.

2.78 This same memo pointed out that 'the element if any for the maintenance and improvement of buildings was too small'. The buildings were old and in need of repair and modernisation, and the Department had begun to pay a contribution to help the Orders carry out necessary work.

2.79 The dwindling funds caused by falling numbers worsened because of the failure to rationalise the system and close most of the schools as was suggested as early as 1955 by the Department of Finance. A letter dated December 1964 to the Department of Finance backed the Resident Managers and asked for more funds rather than school closures:

We are satisfied that the present grants are insufficient to meet the current expenditure of the schools and very many of them, if not the vast majority, can subsist only by meeting the continuing deficits from income from other activities of the communities or by charitable donations or by accumulating debt, the last mentioned occurring even in schools conducted by nuns who are noted for prudent management.

Further expenditure in the schools is confined to bare necessities as their incomes will not allow of any of the many improvements deemed necessary by this Department...

It should also be borne in mind that the school premises have all been provided free of cost to the State and in the matter of structural improvements or repairs they qualify for

State aid on the day-school portion of the premises only. It had been claimed in the past that the capitation grants contained some unspecified element in respect of buildings maintenance but such, in fact, was not the case.

These institutions have been treated so parsimoniously by the State that there is now grave danger that the goodwill of the religious orders concerned will be lost and it is unnecessary to indicate the enormous extra cost which will be involved were they to give up the work and be replaced by lay staff.

2.80 The letter ended:

In all these circumstances the Minister is satisfied that an increase of £1 a week in the capitation is less than that warranted but is the minimum that can reasonably be offered and it is suggested that the entire cost, estimated not to exceed £155,000 should be borne on the exchequer.

2.81 In the period 1961-62 to 1967-68, there was a decrease by 12% in the overall funding of Industrial Schools from £436,278 to £385,812 but the fall in committals was 45.65%. Funding on Reformatory Schools for the same seven-year period increased 16% from £25,975 to £30,144 with a 19% drop in committals from 177 to 144.

2.82 By contrast the two-year period from 1968-69 to 1969-70 was a period of uncharacteristic generosity. The combined figures for the Industrial and Reformatory Schools show an increase of 28%, funding rising from £411,059 to £527,7731. Even so, the Kennedy Report in 1971 found the schools under-funded.

Adequacy of funding

Submissions of Congregations

2.83 The funding of Industrial Schools and Reformatories was raised in most of the submissions from Congregations.

2.84 In the Opening Submission to the Artane module, the Christian Brothers stated :

The level of grant aid was a constant topic of discussion between the Resident Managers Association and the Department of Education, the former continually insisting that the grants paid were seriously inadequate.

2.85 The Congregation went on:

The validity of the position held by the Resident Managers is strongly supported by the findings of the Kennedy Committee and by comparison with the levels of grant paid to similar institutions (Approved Schools) in neighbouring jurisdictions.

2.86 The Submission then went on to compare the cost to the State of a residential school in Northern Ireland with Artane and concluded that when salaries and other costs were taken into account, the school in Northern Ireland was in receipt of considerably more funding than its counterpart in the South. In particular, the Congregation compared the stipend paid to all the Brothers in Artane with salaries paid in Northern Ireland and found the southern payment to be considerably less.

2.87 Artane was a large well-appointed institution with many advantages including a large and productive farm. Letterfrack, on the other hand, was a considerably smaller institution and although it had a very large farm (amounting to some 827 acres), it was not good farming land and was very labour-intensive.

- 2.88** In the opening statement to the Letterfrack module, the Christian Brothers addressed the issue of funding and again made comparisons with Northern Ireland in order to ground a contention that funding was inadequate. The submission stated that Letterfrack was only able to survive because of the produce of the farm, which provided food for the school and also generated some additional income.
- 2.89** No special case of under-funding was made for Letterfrack although the much smaller numbers, particularly after 1954, were a cause of considerable hardship to the boys there.
- 2.90** The submission for Tralee adopted a more instructive approach. Although it did make comparisons with UK residential schools, it also set out wages paid to workers in the school for 1945, 1952 and 1962 and compared the stipend paid to all Brothers in the school with those wages. This is explored in more detail below.
- 2.91** Carriglea Park made the same submission in relation to adequacy of capitation as the other Christian Brothers' schools and, like them, cited the Kennedy Report as support for their position. This school closed in 1954 and, according to the opening statement:
- A surplus of £25,225 was generated between 1940 and 1954. A number of factors contributed to this surplus, a major one being the age of the building. It was built in 1893 and was not in need of major renovation while the school remained open.....The number of boys in the school was a viable one once it reached its promised certified number of 250 but it was the rises in maintenance grants in 1947 and 1948 that finally brought the accounts out of an annual deficit situation.
- 2.92** This did not appear to be an adequate explanation for the surplus money in this institution at its closure and indicated a significant level of funding until 1954.
- 2.93** Other Congregations made submissions on the question of funding.
- 2.94** In their opening statement, the Oblates compared the cost of caring for a child in a residential institution today with the money paid to the Oblates for doing this job. They adjusted these figures for inflation and concluded that, by current standards, it would have cost the State £10,060 to keep one boy in Daingean in 1950. The Oblates received £52 for keeping each boy there. Much of their submission was based on valuing the work done by the Order for the benefit of the school and this is dealt with fully below.
- 2.95** The Sisters of Mercy made a submission on the issue of funding in its opening statement for Goldenbridge. They stated:
- From the interview with the former Resident Manager and from the limited records available it is clear that there was a constant struggle to provide even a basic standard of living for the children within the limits of the funding provided to Goldenbridge right through until the 1970s....
- 2.96** The Sisters set out what they understood the capitation grant was intended to cover:
- The capitation fees.....were expected to cover wages and salaries for an average of eight or nine staff, and other overheads such as food and clothing, fuel and light, insurance, repairs to the buildings, purchase and replacement of furniture, recreation expenses, hardware and all the usual household appliances.
- 2.97** Although they did not specifically refer to capital expenses, it would appear from this opening submission that the Sisters did not expect the capitation grant to cover capital costs.

2.98 The Sisters related the expenses of Goldenbridge to ordinary household expenses at the time, which they submitted as being a valid comparator:

Where annual accounts are available they show that overheads alone accounted for around 60% of the total funding received, leaving just around 40% ...for food, clothes, Medical care and recreational activities. The 1940s, 1950s and the 1960s were difficult times for every household in Ireland struggling to make ends meet on limited incomes and it was no different for the Resident Manager of Goldenbridge. Difficult decisions had to be made on competing needs.

2.99 In relation to Newtownforbes, which was a relatively small school with a maximum of 145 children and often with numbers that fell well below that, the Sisters simply asserted:

The financial records of Newtownforbes have been made available to the Commission and they indicate that the finances of the industrial school operated within a range of plus or minus 5% of the capitation budget.

2.100 The Sisters of Charity ran two schools that were the subjects of detailed analysis by the Investigation Committee. The Sisters appeared to have a clearer idea of what the capitation grant was intended to cover than other Congregations. In their submission on St Joseph's Kilkenny they stated:

It appears that in the earlier years there was no Capital funding provided by the Department for Capital development.

2.101 The submission continued:

Funding was provided from central funds by the Superior General in Dublin.

2.102 The Sisters quoted a letter from the Department of Education to the Department of Health dated 8th May 1978:

The provision of buildings was the orders' contribution...the capitation grant was regarded as containing an element in respect of the maintenance of buildings.

2.103 The lack of financial support did not deter the Sisters from large-scale capital developments throughout the 1950s and 1960s, which were largely funded through fund-raising activities and through contributions from the Convent. Much of this development consisted of the purchase of property for the development of group homes and these houses remained the property of the Congregation.

2.104 In general, all the opening statements that referred to finance submitted that there was a significant lack of funding by the State and this impacted upon the level of care for the children and specifically in the provision of material necessities and comforts.

2.105 There were, however, questions that remained unanswered. There were indications from documents, particularly the Visitation Reports of the Christian Brothers, that the financial position of some schools was good with substantial surpluses in some cases. There was also documentation from the Department of Finance that indicated scepticism about the pleas for funding supported by the Department of Education.

2.106 On the other hand, Inspection Reports contained references to children being poorly fed and poorly clothed and complainants were consistent in their allegations about inadequate food, clothing and accommodation in most of the institutions investigated.

2.107 The documentation furnished by the Christian Brothers gave rise to questions on the issue of funding. In fairness it must be emphasised that the Christian Brothers kept better records than

other Congregations and also operated a system of internal inspection which revealed details that were not disclosed in other Congregations' discoveries. For example, the Visitation Reports for Artane contained the following references to finance:

- (1) In 1934, the Visitor noted 'The financial condition of this House is strong'. He also recorded: 'In 1934 the deduction from the school income for the services of the Brothers was £3,920'. The Brothers made a contribution of £2,000 towards the cost of building St Joseph's Missionary College in Marino.
- (2) In 1937, the income for Artane was £29,000 and the expenditure was £31,000. There was a sum of £10,000 in the bank left 'for the building of new schools' and there were credit balances in both the Brothers and school accounts. The Superior gave a loan of £6,000 towards the building of the noviciate as well as a subscription of £1,000. Visitation dues and subscriptions towards central funds totalled £1,200.
- (3) In 1938 a farm of 49 acres was purchased by the school for £1,600.
- (4) In 1939 the visitation report stated 'the financial state of the school and house is sound'. At that point there was a total expenditure of £33,600 and the total income of £28,700 but the Visitation Report noted that much of the deficit was capital expenditure. The salaries to the Brothers amounted to £2,260 or £133 per Brother which would have been as much as a national school teacher at that time⁵.

The total number of employees amounted to 60 and their salaries for the year totalled £9,000 which averaged out to about £132 per employee per year.

- (5) 1940 saw the income for the school total £32,500 and £3,300 had to be drawn from the reserve fund to meet the current expenses 'owing to the laying in of large stocks'. The farm expenses in that year were recorded as being £3,460. The Visitation Report stated: 'during the past 6 years Artane has invested in the building fund £16,500'.
- (6) The 1942 Visitation Report was extremely optimistic about the financial position of the Institution, it stated:

The financial position is remarkably strong. The community account has a credit at the bank of £6,990 and the school account has a credit of £3,568. The total receipts of the establishment last year amounted to £32,240 and the expenditure was £29,733. The amount advanced from the funds as stipends for the community was £4,280. The Community income from all sources was £6,001. All the trades with the exception of that of the tin-smiths showed a profit. There was a net profit on the farm of £1,774 and on the mill and bakery of £2,346.

The house-to-house collection made in the city and suburbs came in at about £500 annually and the Superior suggested that this collection be discontinued.

£500 was a substantial sum in 1942 and it was an indication of a level of comfort with the funding that it was considered that it could be dispensed with.

- (7) In 1943, the Visitation Report stated: 'During 1943, the school bought 32 acres of land at Belcamp for £2,625'.
- (8) In 1944 the net amount in the building fund for the institution was almost £20,000. In 1945 this figure had increased to a net balance in the building fund of £29,500.
- (9) In 1951 the Visitation Report stated that, 'the financial condition of Artane is not too sound and it does not appear to be improving'. The excess expenditure over income in the school was £8,306 between the years 1949 and 1951. This was due to capital expenditure on a sanitary block and on a play hall and it still left a credit balance in the building fund of £6,728.

⁵ Data provided by Mazars indicates that a single man at the lowest point of the salary scale was paid £145 in 1944.

(10) The Visitation Report of 1954 recorded that the financial position for Artane at the end of 1953 was fairly satisfactory. The school account showed a surplus income of £974 and the house account surplus was almost £2,000. The credit balance at the end of 1953 was nearly £3,000 higher than that at the end of 1952.

(11) The Visitation Report for 1955 stated :

The Financial position of this establishment is very satisfactory at the present time.....On both accounts there was a Credit Balance at the end of the year of £36,203, to carry on to the 1955 accounts. There is a sum of £30,000 invested in the Building Fund and, strange to say, taking this investment into account, there is due to the Building Fund a sum of £8800.

This figure appears to have been the repayment to the fund of money advanced for the sanitation block and other capital expenses and was repaid the following year: 'There is no debt on the establishment. The total credit to the Community in the Provincial fund is now £36,000.'

(12) A comprehensive survey of the financial position of Artane was conducted in the Visitation Report of 1957 and 1958. By that time the number of boys had decreased significantly to 526 and it was seen that the staff of 68 to look after this number of boys was completely out of proportion:

The wages bill for the 40 employees amounted to over £13,000 per annum which would be 25% approximately of the grants received from the industrial schools branch and the various county councils. If £300 per Brother were allowed it would mean that almost 45% of the grants given for the support of the boys would go in upkeep for the staff. In addition there were up to 168 boys employed without payment in various activities.

The Visitation Report recommended that it was time to set up some sort of a committee of experienced Brothers to examine the whole situation. The Visitor did not think that Artane should be closed down: 'it is the only school of its kind in the whole of Leinster'. In spite of the reduced grants and the rather wasteful manner in which the place is run at the time of visitation, Artane had £45,000 in the building fund and approximately £17,000 in the bank. The latter large figure was caused by the arrival shortly before hand of the major grants.

(13) In 1962 the Visitor remarked:

even though the numbers have fallen considerably your financial position is still strong. Most of the departments of Artane are self supporting but from the annual accounts it would seem that the farm could pay much better. With 300 of the best land of North County Dublin there should be a very substantial return for the year.

(14) After 1962, sales of land increased the credit balances in the house accounts and made it difficult to establish what had derived from the school and what had derived from sales.

2.108 What emerged from these references was that Artane was a large contributor to the Christian Brother's Congregation in Ireland. The Visitation Reports indicate that most of the money for these contributions came from the house accounts that were funded almost exclusively by salaries paid to Brothers. Given that Brothers had almost no living expenses because these were covered by the school, the money paid in salary went in large part to the development of the Congregation. There was clearly a greater surplus of funds during periods of high occupancy in the 1940s and into the 1950s.

2.109 The school appeared to have adequate funds to function and to allow for substantial payments to the Congregation.

- 2.110** Other Christian Brothers' institutions had similar references in their Visitation Reports.
- 2.111** In Glin, the Visitor referred to the purchase by the school of farm land in 1938 and stated:
The finances of the Establishment were able to meet this outlay on land which is necessary for the production of food for the School and training for the boys.
- 2.112** In 1941, the Visitor remarked:
Financially the Institution is sound, and if the numbers keep up to the present average all will be well.
- 2.113** The Reports show a credit balance for most of the 1950s in Glin but, as in Artane, falling numbers made the situation more difficult going in to the 1960s. A figure of £7,000 was recorded in the building fund for most of the 1950s and 1960s.
- 2.114** Carriglea also had references to the sound state of its finances. In 1936, the Visitor stated: 'the Institution is in a sound state financially'. In 1937, the bursar was instructed that 'The salaries of the Brothers should be debited against the school just as are the salaries of other officers of the Institution'.
- 2.115** Visitation Reports throughout the 1940s criticised the lack of proper book-keeping in Carriglea, although such figures as could be extracted indicated that the school was making a surplus for most of the years it operated. In 1951, it was again described as appearing to be 'in a sound financial position'.
- 2.116** In 1953 the Visitor remarked:
With almost £11,000 to its credit in the Bank and £4000 in the Building Fund, the financial position of the establishment is satisfactory. By some judicious method this £11,000 should be transferred to the Building Fund. To transfer it all by one cheque might not be desirable, as the Government – and possibly other parties also – seem to be anxious to probe into the financial position of industrial schools.
- 2.117** In 1954, the Visitor stated:
The finances of this institution....are in a very sound condition. There is a sum of £16,000 invested in the Building Fund....
- 2.118** There was little in the Visitation Reports of Carriglea to indicate an institution struggling to survive financially.
- 2.119** In 1954, the numbers in Letterfrack were reduced substantially in order to restrict that Institution to boys convicted of criminal offences. Prior to 1954, it was not a very large school with numbers ranging from 130 to 170. In 1954, the Superior observed:
Financially you are solvent but it is evident that there is not a whole lot of money to spare when one considers the need for expenditure.
- 2.120** In 1955 however, the Visitor stated:
The finances for the year 1954 are remarkably satisfactory. The total credit balance rose from £3117 14.5 to £3573.0.1. There was a surplus income in the school a/c of £914.7.4 in spite of an abnormal purchase of a car for £521.
- 2.121** By 1956, the situation had deteriorated, but even then the Visitor sounded a note of optimism: 'With growing numbers his [the Manager's] position is gradually though slowly improving.'

- 2.122** In 1960, the Visitor remarked:
The financial position of the establishment is not too sound but if the numbers can be maintained about their present level [110] the place could carry on.
- 2.123** That forecast proved correct. In 1962 the Visitor observed:
One wonders why the financial position of this house is not bad considering all the repairs and renovations which have been carried out during the past four years. If the various County Councils pay up their portion of the contribution due, the house should be solvent at the end of the year.
- 2.124** The financial situation was described as 'sound' in 1962 and 'by no means bad' in 1964. By 1972, the Visitor could state:
Both house and school are in good financial condition. On December 30 1972, there was a balance of 12,000 pounds in the house accounts and of 15,000 pounds in the school account.
- 2.125** Letterfrack closed the following year.
- 2.126** These extracts from the Congregations' Visitors do not indicate a chronic shortage of funds in Letterfrack. The shortage that was encountered by the reduction in numbers appears to have been quickly made up. Letterfrack, like all Industrial Schools, was largely dependent on the capitation allowance and it appears that even at a time of reduced numbers, this was sufficient to generate a substantial surplus by 1972.
- 2.127** In 1940, the Visitor to Tralee Industrial School made the following observation arising out of the separation of the Industrial School, St Joseph's, from the larger Community of Brothers who lived in the adjoining monastery of St Mary's:
The only debt on the establishment is the sum of £600 due to St Mary's Tralee. At the time the two Communities were separated it was arranged that St Joseph's should contribute to St Mary's £600 annually to help towards liquidating the debt on the new secondary school. This sum has been paid regularly up to 1938 but has not been paid for the year 1939.
- 2.128** In 1938, the total school grants to St Joseph's amounted to £2,616 and £600 was a substantial portion of that. St Mary's Secondary school was a completely separate institution and none of the boys from St Joseph's attended it.
- 2.129** By 1941, the Visitor could state that although the school had operated at a deficit for that year:
As the school has now a full enrolment, its income for the year will be at least £1000 higher than it was for last year. Hence the establishment is financially sound.
- 2.130** Throughout the 1940s, the school operated at a deficit although it did engage in considerable improvements during that time including the construction of a new chapel.
- 2.131** In 1953, the school acquired extra farm land for £3,000, which would appear to have been paid for out of the school funds. For most of the 1950s, the school account showed a debit balance whilst the house accounts showed a credit balance. In the latter part of the 1960s, the school began showing a surplus and by 1969 the Visitor described the finances as 'very sound'.
- 2.132** Tralee was a small industrial school by Christian Brothers' standards with a population of just over 100 during the 1950s. It had a small farm of no more than 60 acres and the school struggled to break even. The house, which received its income from stipends paid to the Brothers, had a steady surplus throughout the period and by 1966, there was £8,000 invested in the building fund.

2.133 Tralee illustrated the impact of low numbers and a small farm on the ability of a school to remain solvent.

2.134 These extracts from Visitation Reports are selective and out of context and are not intended to establish the particular facts about finance in the schools but rather to demonstrate the complexity of the issue and the background to the brief to Mazars.

Building fund

2.135 Details of the building fund were furnished by the Christian Brothers between July 2007 and February 2008.

2.136 The Congregation stated

The Building Fund consisted of monies which were forwarded to the Provincial Councils by communities for use in refurbishing existing schools and building new schools. A Community submitted excess funds to the Building Fund, which funds could be called on for refurbishments and/or erections of new buildings.

2.137 The Congregation was not in a position to say how much money in total was paid in to the building fund by their Industrial Schools but the accounts furnished show that Artane was consistently one of the largest contributors. Visitation Reports show payments into this fund by all the Industrial Schools at some point. There was also some evidence of payments out of this fund by way of loans to the schools but these were relatively small sums and were generally concentrated in the period immediately prior to the closure of the institution as an Industrial School. For example in 1963, when numbers in Artane had fallen substantially, a large sum of money was spent building a swimming pool. In Carriglea, after the decision was made to close down the Industrial School and use it as a Juniorate for the Order, large-scale refurbishments of dormitories occurred.

2.138 All of these issues outlined above, although not specifically adverted to in the Mazars' report, formed part of the documentation used by Mazars to analyse the question of capitation funding. They gave rise to a degree of unease on the part of the Committee regarding the true state of the finances of some of the Industrial Schools.

2.139 In addition, the opening statements of the Congregations raised a number of queries:

- Were Northern Ireland or UK costs valid comparators?
- Could the comments of Justice Eileen Kennedy, written in 1970 when the numbers had fallen dramatically, apply to the 1936–66 period of high occupancy?
- Was the capitation grant adequate to meet the basic needs of the children in care?

2.140 The submission of the Congregations that Irish schools received considerably less funding than their UK or Northern Irish counterparts was obviously correct. However, this did not necessarily mean that Irish schools received so little funding that they were unable to provide a basic standard of care. The system in neighbouring jurisdictions was fundamentally different in that they had phased out large institutional homes in favour of group homes from the 1920s and this inevitably led to a move towards a budgetary system. A capitation system depended on large numbers of children being committed, a budgetary system did not. It was because the capitation system had encouraged Managers to keep large numbers of children that it was phased out in England and abolished there in 1933 and in Northern Ireland in 1950.

2.141 The Managers of schools in Ireland had to be aware of these developments in the UK and yet, as was pointed out in the historical introduction to this chapter, in all of the submissions for increased payments made to the Department, there was no suggestion that the system itself should be changed.

2.142 The capitation system had advantages for both the State and the religious Congregations. The religious communities gained by undertaking the work of caring for poor and disadvantaged children as part of their charism. They could ensure a Catholic upbringing for children in need of care while educating them.

2.143 The State, by supporting them in the charitable work by paying maintenance for the children, gained an inexpensive pool of care workers without the expense of paying salaries and providing buildings.

2.144 However, the capitation system required schools to run at full capacity to be economical, so changes to this system were not undertaken because of the financial implications. It led to more children being kept in the institution than was necessary because their presence served the needs of the bodies in whose care they had been placed.

The terms of reference for Mazars

- Mazars was asked to look at the adequacy of the funding provided by the State to establish whether this sum was adequate to provide basic care for the children in residential institutions.
- Mazars was asked to examine the accounts of four sample institutions to see how the capitation grant was used and to identify what the overall financial impact the schools had on the Congregations that ran them.

2.145 The method adopted by Mazars was to produce a draft report in the first instance, which was sent to the Congregations responsible for the four institutions. These Congregations were invited to make submissions on the general issue dealt with in Part I and Part II of the Mazars' report as well as the issues specific to their institutions at Part III. They submitted responses that Mazars took into account in producing their revised report.

2.146 This section contains the Mazars' revised report, incorporating some subsequent corrections and amendments, and the submissions made by the Congregations.⁶ It has to be remembered that the submissions were made in respect of an earlier version of Mazars' report and so there are some references in the responding submissions that do not relate to the revised report because they have already been taken into account. The main points of difference and argument are however reflected in the revised report and the various submissions.

Adequacy of capitation

2.147 Chapter 4 of the Mazars' report dealt with the adequacy of the capitation grant and summarised its approach as follows:

Adequacy in our opinion is most appropriately considered in a context that is contemporaneous and which agrees to the norms of the society at that time. In our work we have sought to compare the capitation grant to available contemporary Irish data. Adequacy is also properly assessed against the background of purpose. In the case of the Reformatory and Industrial schools, the purpose of the capitation grant is, in our view, contained in the guiding legislation.⁷

2.148 Mazars began their analysis by identifying what the capitation grant was expected to cover. Because the schools were the private property of the religious owners, they submitted that the grant was not intended to cover capital acquisitions or capital improvements beyond day-to-day maintenance. This was not always understood by Managers:

⁶ Appendices to the Mazars' Report are included on the Commissions website (www.childabusecommission.ie)

⁷ Mazars, Part 4.1.

From the information available to us we understand that the capitation funds were in practice applied to any expenses deemed by the managers of the institutions to relate broadly to the running of the institution⁸.

2.149 Mazars observed that it was both inevitable and appropriate that in the ‘community’ nature of the whole enterprise, school and house (ie Congregation) expenses would be interrelated. Nevertheless they deemed it important to identify what was intended to be covered:

it appears reasonable to conclude that the intention in the Act⁹ is for the capitation funding to apply specifically to the lodging, clothing, feeding and education of the resident children.¹⁰

2.150 Mazars used the Cussen Report as a point of departure and concluded:

in the view of the Cussen Commission, the funding to the schools was adequate if supplemented with a grant towards teaching costs – provision for which was made early in the period under review¹¹

2.151 Cussen also suggested bringing the local authority contribution in line with the Department of Education payment and this was also done.

2.152 Chapter 4 of the report looked at the rate of capitation increase against inflation and concluded that ‘annual inflation exceeded changes in the capitation grant by 15 percent on average’ between 1939 and 1957. Between 1957 and 1969 ‘the annual capitation changes exceeded inflation by 58 percent on average’.¹²

2.153 As pointed out above, other factors such as the payment of capitation to the under-sixes; the accommodation limit being used as the basis for payment; and the introduction of the National School grant, all increased the actual income to the schools without an increase in the capitation allowance during the 1940s and therefore a simple comparison of capitation and inflation does not give the full picture.

2.154 Having compared the capitation rates and economic conditions and the cost of living, Mazars concluded:

Taking the review period in its entirety, the funding per head to schools did not decline in real/purchasing power terms as changes in the capitation grant more than match movements in the general price level.¹³

2.155 The chapter then addressed the issue of adequacy of funding, which it approached from two points of view

- adequacy in accordance with the 1908 Act;
- adequacy in comparison with other frameworks of reference suggested.

2.156 For the first, they used benchmarks that identified the cost of maintaining a child as opposed to maintaining an institution and used:

- average household income per head;
- unemployment benefit.

⁸ Mazars, Part 4.2.3.

⁹ Section 44 of the Children Act 1908.

¹⁰ Mazars, Part 4.2.3.

¹¹ Mazars, Part 4.3.1.

¹² Mazars, Part 4.3.1.

¹³ Mazars, Part 4.3.1.

- 2.157** Specifically, Mazars did not accept the comparisons used by the Christian Brothers in some of their submissions, which sought to compare the costs of a residential institution in Ireland with one in the North or UK because of the different economic and social circumstances and because the capitation system had been abolished in the UK in the 1920s and had been replaced with a block grant system that was not dependent on large numbers of children being committed. It did, however, note that the rate of increase in the two jurisdictions was largely in tandem.
- 2.158** Mazars also believed it was invalid to apply modern childcare standards retrospectively as suggested by the Oblates in their opening statement.
- 2.159** Under the household income per head analysis, Mazars concluded:
on average, the industrial school capitation grant was 88 percent of household income per head.¹⁴
- 2.160** When compared with unemployment benefit, Mazars concluded:
For the 30-year period, the industrial school capitation grant was on average 122 percent of unemployment benefit payments. Therefore, it is reasonable to conclude that the capitation payments were sufficient to support a child as they exceed what was expected to support an adult male.¹⁵
- 2.161** Mazars used the Central Statistics Office’s household budget survey covering the 1939–69 period to ascertain expenditure on child maintenance and concluded:
This analysis suggests that the weekly capitation was appropriate for its intended purpose as weekly capitation exceeded expenditure incurred per child by a typical household.¹⁶
- 2.162** Mazars also noted that the analysis demonstrated economies of scale associated with child maintenance.
As the numbers of children in a household increase two things happen: (a) the incremental or marginal cost of that additional child is less than the incremental cost of the maintaining previous child; and (b) this serves to drag the average maintenance cost per child downwards. Unfortunately we do not have data to measure the economies of scale likely to arise in a Reformatory or Industrial School situation.¹⁷
- 2.163** Mazars concluded that the capitation grant was sufficient to feed, clothe and accommodate the children in Industrial Schools to a basic but adequate level – no child should have been hungry, cold or neglected.
- 2.164** For many institutions other important factors came in to play. This was particularly true in the case of the larger boys’ schools where farming was a significant benefit to the running costs of the schools. Large farms in schools like Artane, Letterfrack and Daingean were worked on by the boys and allowed these schools to be almost self-sufficient in terms of food and even generated extra income through selling produce.
- 2.165** In addition, it was a consistent complaint even in contemporary documents that industrial training was used as a means of providing for the needs of the institution rather than the needs of the children. The impact of this varied from school to school and as between boys’ and girls’ schools.

¹⁴ Mazars, Part 4.4.2.

¹⁵ Mazars, Part 4.4.3.

¹⁶ Mazars, Part 4.4.4.

¹⁷ Mazars, Part 4.4.4.

- 2.166** Clothing, footwear, food, cooking and property maintenance were provided to the institution by the industrial training provided to the boys.
- 2.167** Clothing, cleaning, cooking and childcare were provided to the school by the industrial training offered to the girls.
- 2.168** In some Sister of Mercy schools such as Goldenbridge, rosary bead making and other industries provided a considerable extra income to the school.
- 2.169** There was evidence from complainants of baking and laundry facilities being made available to the public for profit.
- 2.170** Not all schools had these additional factors but some did. At the very least it might be expected that in schools that had extra resources, the capitation grant would be seen to go further and provide a better standard of care for some children. There was little evidence that this occurred and indeed some of the best physical care was given by schools such as St Joseph's Kilkenny, which had almost no farming and no outside source of income.
- 2.171** Another significant factor identified by Mazars was the economies of scale that applied to the larger institutions. The Orders argued that the institutions' fixed costs remained static irrespective of how many children were there. This fact, which was used to ground an application for increased funding when numbers began falling, was also true in reverse. Large institutions should have had the benefit of savings when in periods of full occupancy and yet the evidence pointed to greater deprivations during those periods.
- 2.172** Mazars' findings were contrary to the assertions of the Congregations and the Department of Education. The Commission invited submissions from the four Congregations that were the subject of the accounts analysis in the third part of the Mazars' report and from the Departments of Education and Science and Finance.

Response of the Christian Brothers

- 2.173** The submission by the Christian Brothers in response to Mazars was dismissive and critical of the Mazars' approach in relation to adequacy of the capitation grant. This document exhibited a defensive approach by this Congregation to the investigation by the Committee. Instead of seriously analysing the funding issue and acknowledging the validity of the questions raised, the response sought to achieve by vehemence what it ought to be striving to do by way of analysis.
- 2.174** Mazars was asked to look at the capitation paid to ascertain whether it was enough to do the job intended. Mazars was not asked whether the system was cheaper or more expensive than that operated elsewhere. They were asked simply to analyse whether the money paid for the maintenance of the children was sufficient to do that. Mazars used comparators that were contemporaneous and directly relevant to the costs of childcare at that time.
- 2.175** Their analysis showed that when compared with costs in Ireland at the time, the capitation grant was adequate to care for the children to a reasonable standard. Other factors such as economies of scale, farming produce, contribution from trades and income from trades could be factored in, depending on the individual school, and these would also impact on the resources available to care for the children.
- 2.176** The Congregation did not respond to this analysis but simply dismissed the basis for it and insisted that the only valid comparator was the one they set out in their opening statements, that of a school in Northern Ireland or in the UK.

2.177 The Congregation criticised Mazars for failing to take note of the findings of the Kennedy Commission (1970), the Tuairim report (1966), and the Department of Education submission to this Committee. All submitted that the funding to Industrial Schools was inadequate. However, both of these reports were written at a time when numbers had fallen so dramatically that the system of funding, based on capitation, was under pressure. Even at this time, the payment per child was reasonable but the costs of keeping the institutions open for smaller numbers was becoming more burdensome and was taking an increasing amount out of the maintenance grant. The Department of Education acknowledged to the Committee that they had not conducted any investigation into the rates of capitation but had simply relied on the Kennedy and Tuairim reports and on the correspondence with the Resident Managers' Association through the years.

2.178 The question Mazars was asked to investigate was whether the capitation was adequate throughout the relevant period including periods of high occupancy.

The Sisters of Mercy response

2.179 Some issues arose in relation to the Sisters of Mercy and Goldenbridge that also gave rise to questions on finance.

2.180 The Sisters of Mercy ran a lucrative bead-making industry in respect of which no accounts appeared to have survived. Inquiries by the Committee indicated that this activity brought in at least £50 per week.

2.181 In 1952, which was a time when the Resident Managers were demanding substantial increases in capitation allowances, the Sisters bought a large house in Rathdrum, County Wicklow, with this money, which they used as a summer house for the children for a couple of weeks every August. There was no record of any other Sisters of Mercy schools using Rathdrum and there is no evidence as to what it was used for during the other 11 months of the year. Such a purchase was not consistent with an institution struggling to survive.

The Sisters' response also dismissed the comparators used by Mazars on the basis that they failed to take into account the nature of the costs implicit in running an institution. It insisted that the only valid comparator was with a UK institution but, like the Christian Brothers' submission, did not advert to the differences between the two systems.

The Rosminian response

2.182 The Rosminians also disputed the comparators used because of the inherent expenses in running an institution that were not reflected in ordinary household accounts. They stated:

In any event, and critically, the schools were dealing with a situation which required remedial and restorative standards of care. This cannot be done on a tight budget, never mind a persistent deficit.

2.183 The allegations made against institutions – including Ferryhouse and Upton – were that basic care was not provided. The Commission accepts that high levels of individual care were not possible because of the lack of funds, but was concerned to establish to what extent serious neglect could be excused.

2.184 The Rosminians stated that their schools barely survived and that that would indicate either gross mismanagement by the Order, or underfunding by the State. All the evidence, they maintained pointed to the latter.

The Oblates of Mary Immaculate response

2.185 The Oblate response to the Mazars report was also defensive. The Oblates saw the Mazars' report as an attempt to illustrate that the Order had profited from their involvement in Daingean and set about dismissing that proposition. They did not see that Mazars was engaged in a much simpler task. Their response set out the arguments for using UK schools as a benchmark for assessing the adequacy of the grant and they also engaged in a detailed exercise of looking at the costs of childcare in institutions today and adjusting these costs for inflation.

2.186 In relation to the 'benchmarks' used, they reiterated the point made by the other three submissions that

Comparisons with the value of average family incomes, welfare benefits paid to families or family spending are unlikely to give a useful measure of the cost to the Oblates of running a residential institution.

2.187 Whilst this is true to a certain extent, the comparators used by Mazars are valid in assessing whether funding was adequate to provide basic physical care such as food, clothing and accommodation.

Conclusion

2.188 **The Mazars report raises doubts about the generally accepted proposition that funding for the residential schools was so inadequate that children suffered neglect and deprivation.**

2.189 **There were variables that had a considerable effect on the ability of schools to provide an adequate standard of care. These include:**

- **The size of the school. Mazars calculated a break-even number in respect of the four schools. This would indicate that where numbers fell below a critical figure, which varied as between the schools, a school would have been under financial pressure.**
- **Economies of scale were a significant factor in large schools.**
- **The 'one size fits all' approach by the Resident Managers failed to address the genuine needs of some of the smaller institutions.**
- **The existence of a farm that could provide food and fuel to the institution.**
- **Schools with an internal national school received a national school grant in addition to the capitation grant. This grant was also based on capitation and was therefore more valuable to larger schools.**
- **Many schools used industrial training as a means of generating income and for providing the needs of the institution.**

Value of work done by the Order

2.190 The purpose of the residential school system was that the State and religious Orders would act in partnership in providing care to poor and destitute children. The Religious would raise donations for the establishment and upkeep of the schools and the State would pay to maintain the children. By the time the Department of Education took over the running of these schools and by the start of the period examined by the Investigation Committee, this dual role had become blurred for a number of Congregations. Most religious Orders did not seek public subscription for the premises used as residential homes and used the capitation grant to enhance and improve them. It is difficult to establish what effect, if any, this had on the funds available for the children and it varied from school to school.

- 2.191** In assessing the adequacy of the capitation grant, some Congregations have taken into account the monetary value of the work done by the religious staff over the years. On a simple accounting basis such an approach may be justified, but in determining whether the institutions had enough money to provide the basic needs of the children, an analysis of what was, at the time, understood to be the charitable nature of this work is important.
- 2.192** The Christian Brothers were particularly defensive of the remuneration paid to the Brothers. Their response submission criticised the suggested assumption by Mazars that everything earned by the Christian Brothers in the community irrespective of source should have been available to the school 'to fund its losses'. It argued that this was tantamount to suggesting that anybody who worked in state institutions should hand back any money left over at the end of the year. The argument proceeded to criticise this approach as ignoring 'obvious and unarguable facts.' One of these facts was that each and every Brother who provided his services to the industrial school was entitled to remuneration and that such remuneration paid by way of stipend 'was unarguably the property of the community. If the State was running the institution itself it would have paid each and every person employed there a salary which would have been the legal property of that person.'
- 2.193** In putting forward their analysis of the value of the Brothers' work to the institution, the Christian Brothers stated in their opening statement to the Artane module:
- the Brothers working in Artane were not paid a salary; instead a stipend for each Brother working in the schools or on the administrative staff was paid to the local Community. This was in keeping with other schools or institutions in the capitation system. The annual stipend in Artane ranged from £142 per Brother in the 1940s to £300 per Brother in the 1960s. Significantly the rate of stipend in Artane was lower than in other schools where the rate in the 1960s was £550. The fact that the Brothers were only paid a stipend represented a clear saving to the State....
- 2.194** The statement then set out the 25 Brothers working in Artane in the 1960s and, by reference to Northern Ireland salary scales, estimated what they would have been earning in salary. They concluded that had the State paid the Brothers' salaries instead of stipends it would have cost the State £14,070 per year in the mid-1960s. The stipends came to a total of £7,500 thus representing a saving to the State of £6,570.
- 2.195** As in the case of assessing adequacy of income, the Northern Irish comparator is less helpful than an actual salary comparison in the Republic. According to the Christian Brothers' Northern Ireland comparator, eight primary school teachers at £750 each at the lower end of the salary scale would have attracted a total of £5,800. In fact, in the State a primary school teacher at the lower end of the salary scale earned £450 in 1963, which increased to £605 in 1964. The correct figure for that one element of the Christian Brothers' calculation is either £4,000 or £4,840. Similar adjustments to each category of Brother employed in Artane would quickly erode any 'clear saving to the State'.
- 2.196** The following is a table of stipends paid to Brothers in Artane, against primary school salaries from 1944 to 1968:¹⁸

¹⁸ Mazars 'Analysis of Stipends in Lieu of Salaries & Teachers' Pay, March 2008'.

Year	Trained single teacher – lowest point on salary scale	Artane stipend per Brother
1944	€187	€152
1945	€187	€152
1946	€187	€152
1947	€279	€241
1948	€279	€241
1949	€279	€241
1950	€317	€241
1951	€317	€241
1952	€362	€241
1953	€396	€241
1954	€396	€317
1955	€396	€317
1956	€432	€317
1957	€432	€317
1958	€432	€508
1959	€458	€381
1960	€476	€381
1961	€476	€381
1962	€546	€381
1963	€571	€381
1964	€768	€381
1965	€787	€381
1966	€837	€381
1967	€837	€381
1968	€837	€381

2.197 Two important factors arise:

- All of the Brothers' ordinary living expenses were paid by the school including food, accommodation and general maintenance of the monastery. The stipend, which was paid directly to the monastery, covered expenses such as clothing, holidays, travel and medical care.
- All Brothers received this stipend, even those in more menial positions in the school and those with no involvement in the care of the boys. If £300 represented a fair remuneration for a Brother who was a teacher in the school, it was arguably an overpayment for Brothers who worked in the kitchens or the farm. It was certainly an overpayment for those Brothers who were retired and elderly and who were not directly involved in the running of the school.

2.198 Although the value of the stipend fell in the latter half of the 1960s, it was a generous payment in the 1940s and 1950s and early 1960s. It allowed Artane and other schools to make significant contributions to the building fund, which facilitated the development of Christian Brothers' schools outside of the Industrial School system.

- 2.199** It is not correct to assert that the payment of stipends represented a significant saving to the State on salaries that would otherwise have to be paid. The cost to the State of running institutions like Artane was considerable.
- 2.200** It is not clear that the cost to the State of paying all the Brothers in the institution a stipend was fully understood by the Department of Education or the Department of Finance at the time. As was shown in the historical section of this chapter, no proper breakdown of this figure was submitted to the Department in the 1940s or 1950s and no reference appears to have been made to it by the Department in its communications with the Resident Managers' Association when discussing increases in grants.
- 2.201** A difficulty with the Christian Brothers' submission is in the distinction between the charitable contributions of individual Brothers and the larger interests of the Congregation, including the funding of its operations.
- 2.202** In respect of the Reformatory at Daingean, run by the Oblate order, Mazars stated that the payments to the Province amounted to almost €50,000 over the period under review:
- A report prepared on behalf of the Oblate Order in May 2002 indicates that these payments to the Province and to the Order members were funded by farm sales, stipends and donations. An analysis of payments to the Province and to the Order members in the context of the surplus/deficit generated from the farm and income from donations and stipends indicates, however, that in most years such income sources, when related costs are taken into account, would not have supported the level of payments made to the Province and to the Order members and, at an overall level for the period from 1940 to 1969, payments to the Province and to the Order members would have exceeded these sources of income by an amount of approximately €25,111, i.e. farm income, donations, stipends and sundry sales together exceeded farm expenditure by just €35,395 and were not sufficient to cover payments to the Province... This would, therefore, imply that capitation grants were, in part, funding payments to the Province¹⁹.
- 2.203** In response, the Oblate Order made a strong submission on the question of the value of the Order's work in Daingean to the State. This was not part of their opening statement but it was addressed by them in their response to the Mazars' report. They stated:
- For example, the full value of the work done by the priests and brothers of the Oblate order should be counted as a cost to the school, matched by a liability from the school to the Oblate order.
- 2.204** The economic consultants, Goodbody's, engaged by the Oblates attempted to work out the cost of the work done by the religious against the value to them of their accommodation and living expenses. They stated:
- When a minimum value of the work done by the members of the order is recognised, and this value is reduced by maximum values for the value of the goods, services and cash provided by St Conleth's to the Oblate order the accumulated loss increases to €113,947 [£96,268].
- 2.205** According to the accounts furnished by the Order, 10 percent of the total income received by the institution was paid to the Order by way of stipends or direct payment to the Province²⁰. If the figure suggested by Goodbody's for food and accommodation was added to that, a total of €251,000

¹⁹ Mazars, Part 8.2.

²⁰ That is approx £69,000 out of a total of £726,881.

was used by the Order out of the capitation grant, which represented approximately 1/3rd of all income²¹.

2.206 An important added factor is that Daingean accommodated a large number of retired priests who had little or no contact with the school. A former Resident Manager of the Order was asked about this at hearing. It was pointed out to him that of the five priests listed in Daingean, only one appeared to have direct involvement with the school, and he said in respect of the other four:

They were there for different purposes. It would often give a choice of say confessor for a boy.

2.207 A former Resident Manager said that one priest was interested in arts and crafts and another in music and that they involved themselves in those activities.

2.208 Of the 19 Brothers, only six or seven appeared to be involved with the school and the former Resident Manager mentioned a number of Brothers who were retired and still living in the Community and still receiving stipends.

2.209 He confirmed that in addition to these stipends, a levy was paid to the Province to pay for the training of new members.

You see every community was expected to make some contribution to the central fund because men had to be provided and trained and things like that and this was common enough.

2.210 He had a difficulty with this because he ceased paying this contribution in the 1960s when he became Manager:

2.211 Mazars observed:

The Industrial and Reformatory Schooling system during the period under review did not provide for payment by the State, of salaries of those employed in the running of the institutions. The matter of salaries would not appear to be a matter which was raised by the Order at the time they ran the Reformatory in Daingean. Rather they appeared to accept the responsibility of managing the Reformatory and, in so doing, participated in the system as it prevailed at that time.²²

2.212 The analysis by Goodbody's was designed to show that the Order had not profited from the operation of Daingean Reformatory but it actually illustrated the lack of clarity around the 'voluntary' or 'charitable' nature of the work. Whilst it may be an interesting exercise to calculate the money that could have been paid to religious for the work done, the fact is this was not the understanding at the time. This school was a charitable venture undertaken by a religious Order in pursuance of its mission and was supported in that by the State.

2.213 In their response to the Mazars report, the Rosminians stated:

Whilst the Rosminians had a certain desire for autonomy in the operation of their Schools, it was not for the sake of protection of property as such, it was to preserve independence in undertaking charitable works. This was the nature of the support by the religious which the State undertook.The religious were used because they could be relied upon to act on the basis of charity and because they were the largest supplier of social service/welfare in the Country. As they provided a service on trust, their claim to be struggling should have been taken more seriously.

²¹ That is £251,000 out of £726,881.

²² Mazars, Part 8.2.

2.214 This goes to the core of the matter – the Congregations were on trust but were not willing to reciprocate this trust by being transparent in their dealings with the State. There was no attempt to identify institutions that, because of their size or their lack of a farm or even the age profile of their pupils, would have been genuinely struggling to make ends meet. The Resident Managers' Association, dominated as it was by Managers from the large senior boys' schools, had no real interest in disclosing how they spent the capitation and therefore smaller schools that had a genuine case were not heard.

2.215 In the module on Goldenbridge, Sr Xaveria stated that prior to the appointment of Sr Bernadine in 1943, the capitation grant was paid to the convent and an allowance was then given to the Sisters who were engaged in the running of the school. Although that practice stopped, the few financial accounts that survived showed significant payments to Carysfort Mother House and to the reverend mother:

The accounts of Carysfort Mother House indicate payments received between 1939 and 1954 on a monthly basis totalling between approximately €5000 and €9000 per annum described as 'National Education Goldenbridge'. The Carysfort accounts indicate payments totalling between approximately €1000 and €5000 per annum to the Goldenbridge Convent and Goldenbridge school expenses. The source of the income is not clear nor is the extent to which the payments related to wages. It is also not clear how much of this income, or expenditure, relates to the industrial school, rather than the adjacent national school.²³

2.216 Mazars also noted a payment of £90 per month to the reverend mother but were unable to say what this payment represented because of a lack of information.

2.217 The Sisters of Mercy did not offer any explanation for these payments, but they did not suggest that in assessing the capitation grant adequacy, monetary value should be placed on the work of the Sisters in Goldenbridge.

Conclusions

2.218 The extent to which money was paid out of capitation to the Congregation varied from school to school. Although it may not have represented a full wage for some of the work done, when added to the living expenses provided by the school to the religious staff, it amounted to a significant payment for this work.

2.219 The submission by two of the Congregations that attempted to place a monetary value on the work of their religious did not address the charitable nature of the undertaking.

2.220 Full itemised accounts should have been available to the Department of Education clearly outlining the expenditure of the State grant. These accounts would have helped form a more accurate view of the financial aspects of these schools if they had been preserved by the Congregations.

2.221 Not all Congregations behaved the same. There was evidence from smaller institutions with small numbers and little extra income that were clearly struggling to survive. Notwithstanding that, accounts of neglect and hunger were just as prevalent in the large boys' schools that were well funded particularly during periods of high occupancy.

²³ Mazars, Part 7.2.

Analysis of individual accounts

- 2.222** Before discussing the Mazars' report and the submissions made, some preliminary observations are necessary. A central point is that the sources of information and documentation about financing the institutions are limited and in some cases virtually non-existent. If proper records were available, it would be a relatively simple matter to analyse the accounts and to identify the relevant issues to be considered. It is not possible to do that because either those records are not available, or they were not kept in a manner that would enable such analysis to be made.
- 2.223** Although the Christian Brothers records were reasonably detailed, they did not provide enough of a breakdown to establish what payments were made. This was particularly true under the wages and maintenance sections. There was no way of knowing whether these sums related to Congregation or school expenses.
- 2.224** Other Congregations, such as the Sisters of Mercy and the Rosminians, have hardly any records at all. It is not clear whether these were never kept in the first place or were subsequently destroyed.
- 2.225** It is a significant criticism of the Congregations that they did not maintain proper records so as to establish, to their own satisfaction if to nobody else's, that they were using all the money that they received from the State to provide for the children in care. They were in receipt of considerable financial aid at a time when money and resources were scarce and they had an obligation to account for this money properly.
- 2.226** The first simple point accordingly, is that there is an extraordinary dearth of financial records in regard to the Industrial Schools and that is the fault – and the serious fault – of the Congregations.

Artane

- 2.227** The Mazars' report noted that:
- Two separate sets of books and records were maintained by the Brothers in respect of the institution at Artane – school accounts and house accounts. The school accounts recorded all of the activities deemed to relate to the operation of the school, including the farm and trade activity. The house accounts recorded the activity of the community of Brothers resident at Artane. The community also invested in the Order building fund, and details of balances held to the account of Artane are recorded in the financial information presented to us by the Christian Brothers.²⁴
- 2.228** The school accounts for the period 1940-69 show that expenditure exceeded income by €70,818. The House Accounts for the same period show that income exceeded expenditure by €339,724.
- The most significant items contributing to the recorded surpluses are stipends or allowances for the Brothers engaged in the day to day management of the institution, and income generated from the disposal of lands. During the 1940s stipends represented 85 percent of total income of the house. In the 1950s stipends represented 68.6 percent of income, with sales of land generating a further 10.6 percent of total income. In the 1960's stipends represented 22 percent of total income, with sales of land accounting for 63.2 percent.²⁵
- 2.229** The Report concluded that the school:
- was virtually self-sufficient, providing the majority of its needs from the farm and the various other activities carried on within the school. This is evidenced by the low levels of

²⁴ Mazars, Part 5.1.

²⁵ Mazars, Part 5.1.

expenditure on clothing and provisions, and is also reflected in a number of the Visitation Reports... It is particularly evident that figures for the 1960s are impacted significantly by the reducing number of children attending the school. However, over a number of categories expenditure was relatively consistent for the period, for example provisions purchased, clothing and fuel, light and power, reflecting the unchanging requirement for this expenditure.²⁶

2.230 The trades and the farm contributed very significantly to the financial position of the institution.

2.231 In regard to capital expenditure there were no major items in the 1940s and the school achieved a surplus after capital expenditure in the 1950s. Such spending was at its greatest in the 1960s, 'reflecting perhaps the need to address degeneration in the standard of accommodation over time'.²⁷ However,

It is not apparent from the Visitation Reports as to why the decision to take an extensive programme of upgrade and refurbishment was undertaken, when reports from the later part of the 1950s stressed the uncertainty of the future of the institution and the inappropriateness of incurring such costs in that environment. The most significant element of the capital expenditure incurred by the school was during the period 1963 to 1968, when the numbers of children in the institution were significantly in decline.²⁸

2.232 This expenditure was funded:

primarily from the school account – with the exception of the items funded in the 1940s by the house, and refunds received from the Board of Works referred to above. The house accounts in the 1950s and 1960s show very low levels of capital expenditure.²⁹

2.233 Mazars' conclusions on Artane were as follows:

The house benefited from the contribution of cost of production of food and maintenance from the school. The house also levied on the school a stipend per Brother.

The house had beneficial rights to the lands and property and to any income from this source. The school, on the other hand, bore the cost of supporting the boys, the costs of employing the lay staff, the costs of maintaining and upgrading the buildings and making a contribution toward the costs of the community of Brothers.

If the capital expenditure incurred at the school was to be excluded, then the capitation grant would have been sufficient to cover the operating expenses of the school.

Obviously, our comments in chapter 4 regarding the appropriateness or otherwise of the State providing funding towards the capital costs of the school applies in the case of Artane.³⁰

The position could be summarised in tabular form as follows:

Total Expenditure	€2,364,996	100%
Funded by:		
State and Local; Authorities	€1,868,443	79%
Other Income	€425,734	18%
Deficit – funded by the Order	(€70,819)	3%

²⁶ Mazars, Part 5.2.

²⁷ Mazars, Part 5.2.

²⁸ Mazars, Part 5.2.

²⁹ Mazars, Part 5.2.

³⁰ Mazars, Part 5.4.

Submissions on behalf of the Christian Brothers

- 2.234** The Congregation challenged five of Mazars' assumptions, three of which were not accepted by Mazars. They were that:
- the land at Artane was gifted to the Christian Brothers for the specific purpose of establishing an Industrial School;
 - the State had no responsibility to provide capital funding;
 - the Industrial School and Christian Brother community in Artane were a single unit.
- 2.235** As the chapter on Artane shows, the documentary evidence indicated that Artane was acquired for the purpose of establishing an Industrial School. The Christian Brothers have stated³¹ that the land upon which the Industrial School was built was purchased by the Congregation with Congregation funds. It had originally been intended for use as a novitiate for the Order but, upon the request from Archbishop Cullen, it was decided to use the land for the provision of an Industrial School for boys. However, a letter dated June 1870 by a proposed management committee to the Chief Secretary for Ireland stated that Artane Castle plus 23 hectares of land had been purchased for the purpose of setting up an industrial school.³² The property had been purchased for £7,000 and it was proposed that dormitories, classrooms etc would be erected for a further £1,600.
- 2.236** The Christian Brothers stated:
- Public personages of all shades of opinion gave the school generous support. To raise the funds for the provision of permanent buildings a petition by a large number of people was presented to the Lord Mayor. The Lord Mayor in response to this petition called a public meeting and substantial voluntary funds were soon received. From this response and from newspaper articles of the time it is clear that there was strong public support for the work of the school. The design, atmosphere and work ethos of the school received much acclaim from numerous eminent persons in public life and many visitors were impressed with what they witnessed.
- 2.237** Whatever about the initial proposal that £1,600 would be spent building dormitories and classrooms, we know from a souvenir Annual which was published by Artane in 1905 that buildings which had cost over £60,000 had been erected at Artane by that time.
- 2.238** The land associated with the school increased from 23 hectares (about 56 acres) up to a maximum of 143 hectares (about 353 acres) by the early 1940s.
- 2.239** The position therefore is not clear. Mazars were, however, entitled to rely on contemporaneous documentation in the absence of any evidence to the contrary. The issue of capital funding has already been dealt with above. There is no suggestion that the State was not obliged to provide capital funding. The issue Mazars looked at was whether the capitation grant was intended to be used for this purpose. The answer would appear to be that it was not. The Sisters of Mercy and in particular the Sisters of Charity appeared to have understood this. Capital grants were available for building projects directly connected with the school and these should have been funded separately from the maintenance of the children. If State grants were inadequate to meet the needs, other fund-raising options could have been explored. The important point is that capitation was intended for the children and should have been used for that purpose.

³¹ Submission of the Christian Brothers on the Review of Financial Matters Relating to the System of the Reformatory and Industrial Schools, and a Number of Individual Institutions 1939 to 1969 - Appendices to the Mazars' Report are included on the Commissions website (www.childabusecommission.ie).

³² Ciaran Fahy Report: see Vol I, ch 7, Appendix.

2.240 The third point raised addressed the issue of seeing the Community and the school as a single unit. The Industrial School and the Community were in the main funded from the same source. It is not possible to look at the issue of finance without regarding the operation as a single unit from the point of view of the allocation of that funding. There was no specified sum that was designated for the use of the Congregation out of State payments. Each Congregation made their own decisions on how much would be allocated to that purpose and therefore the funding of the monastery had to be seen in the context of the overall financial position of the institution.

2.241 The Christian Brothers' submission argues strongly about what they were entitled to in terms of property and salary, but never mentions the essential charitable nature of the work. Assumptions about the altruism of the Brothers' involvement in this work underscored its relationship with the State and certainly formed the basis of the public's view of the Congregation and its members. From the tone of the Congregation's submission it would appear that these assumptions were not correct. The difficulty for the Committee is that for many other religious communities, charity and altruism were very important and they did not see the Industrial School as a business but rather as a calling. It is clear that individual Brothers were likewise motivated by a strong sense of religious vocation. The Committee believes that many of the charitable, hard-working members of the Community who gave their lives to the service of others would be disturbed at the tone of the Congregation's submission.

2.242 The Congregation rightly point out that, at its closure, Artane Industrial School had a deficit of €70,819 which was paid off by them in 1971. Much of this deficit arose during the 1960s when large capital projects, including the building of a swimming pool, were undertaken. Visitation Reports had been questioning the viability of Artane as an Industrial School from the late 1950s and there is no indication in the documents as to whether these expenses were incurred in the expectation that Artane's future as an Industrial School was assured.

Goldenbridge

2.243 Unlike the Christian Brothers, the Sisters of Mercy had no internal monitoring of their schools and there is absolutely no written account surviving of what difficulties, if any, the school experienced during the 1940s, 1950s and 1960s. The accounts that survived were piecemeal and the information contained in them was incomplete and confusing.

2.244 There were no accounts produced for the period 1939-54. Six-monthly accounts were available for the period 1955-69 with the exception of three sets ending 31st December 1957, 30th June 1968 and 30th June 1969.

2.245 This fact alone is a matter of serious criticism of the Community. When private bodies receive State funding there is an absolute responsibility to account for how that money was spent. That was even truer in the middle of the last century when money was scarce and public funding limited. It is difficult to form any definitive view on Goldenbridge in the absence of proper records.

2.246 However, the analysis by Mazars on the level of funding by reference to contemporaneous indices would indicate that, as a large institution, the capitation grant should have been adequate to provide a reasonable standard of physical care. Goldenbridge did not have a farm and did not have profit-making trades shops, but it did have a thriving bead-making industry during the 1950s and into the 1960s. No financial records survived about this income but Mazars were able to establish an estimate of the income it generated. They stated:

We understand that bead-making commenced as a trade within the school in the early 1950s and ceased prior to 1970. From our discussion with the representatives of the Order, we believe that children made 'decades' of beads (the stringing of beads onto wire using pliers). Quotas were imposed in order to meet the requirements of their contracts with two companies. We understand that the quota was 60 decades per participating child

per day. We do not know how many children participated and no financial records of this income source have been made available to us. We did receive correspondence from one company which purchased the decades from Goldenbridge and we have used this data to estimate the range of possible income that has not been included in the accounts.

Exhibit 51

Bead Income				
Number of children	120	90	60	30
Income per decade	IR£0.11	IR£0.11	IR£0.11	IR£0.11
Income per annum	IR£3,432	IR£2,574	IR£1,716	IR£858
Discounted income per annum	IR£2,869	IR£2,152	IR£1,435	IR£717

We understand that:

- There were quality issues with the decades, for which we have discounted our estimates by 5 percent.
- For most of July, August and Christmas there was no production, for which we have discounted the estimate by 20 percent.
- On occasions the children worked six days a week, for which we have increased the estimate by 10 percent.

This means that the range of income would be between IR£717 and IR£2,869 per annum depending on the number of children making the decades. We understand that the Sisters of Mercy believe that the income was at the lower end of this scale.

We believe that the income generated may have been significant because an amount was used in 1954 to contribute to the purchase of a property in Rathdrum, County Wicklow. We have been advised by the Order that the property was used by children during holiday periods.³³

2.247 The major outgoings were food (34%), wages (21%), clothes (12%), building repairs and decoration (11%), fuel and light (7%), furniture and fittings (3%), medical (1%) and other (11%). Wages comprised staff wages, payments to the Resident Manager and payments to the reverend mother.

Limited information is available in relation to the staffing levels during the period 1939–69. We understand that generally the staffing consisted of two nuns (both teaching and one having the dual responsibility of resident manager), two lay teachers and a number of other staff (seamstress, domestic, etc). We note that based on records of 1955 there were eight members of staff excluding the nuns and teachers. This increased to eleven members of staff in 1958.³⁴

2.248 The school accounts available for the period 1955-69 showed a surplus of €33,410.

2.249 As already outlined above, the accounts of the Carysfort Mother House revealed monthly payments totalling approximately €5,000. €9,000 per annum were received from 'National Education Goldenbridge.' Mazars observed:

³³ Mazars, Part 7.2.

³⁴ Mazars, Part 7.2.

The source of the income is not clear nor is the extent to which the payments related to wages. It is also not clear how much of this income, or expenditure, relates to the industrial school, rather than the adjacent national school.³⁵

2.250 The Report noted that the total capital expenditure during the period 1951-69 was €158,745.

Capital expenditure using the school account was primarily on building repairs and decorations and furniture and fittings. In the 1960s this amounted to 19 percent of expenditure. In 1969 repairs to buildings made up 29 percent of expenditure. We have received some records in respect of a building account held in the 1960s which was funded by the school account and various grants. It is unclear how much of these funds were used for properties other than for the industrial school; although based on a sample review of such expenditure we did note a certificate of payment in respect of Rathdrum in the amount of IR£750.

The accounts of the industrial school indicate funding given to capital expenditure of IR£2,000 for the purchase of a holiday home in 1954, with further contributions to the building fund account of IR£2,000 in 1959 and IR£4,000 in 1960, before a subsequent repayment from the building fund account to the school account of IR£1,050.³⁶

2.251 Mazars' conclusion was that based on the limited information available, the financial position of Goldenbridge over the period 1939-69 'are probably best characterised as being one of being close to break even'.³⁷

2.252 Where accounts are available, the position is summarised as follows:

Total Expenditure	€351,743	100%
Funded by:		
State and Local; Authorities	€282,239	80%
Other Income	€102,913	29%
Surplus	€33,410	9%

(Mazars noted that the school accounts did not show any primary grant received, with the exception of one period, and excluded income from the bead-making activity.)³⁸

2.253 The analysis by the Sister of Mercy accountants acknowledged weakness in the fact that it was not possible to get supplementary explanations of various figures in the accounts.

2.254 However, based on the financial information available, it suggested that in the period for which accounts were largely available, 1951-69, the school did manage. It was however submitted that this was 'probably best characterised as being close to break-even'. It suggested that whilst Goldenbridge had an overall surplus in the period analysed, this largely accrued from the mid 1960s when pupil numbers increased and there was a 100 percent increase in capitation grant in 1969.

2.255 Unfortunately, much of this analysis is guesswork and there is no real way of knowing the extent to which Goldenbridge contributed to the mother house or how any surplus funds were spent.

³⁵ Mazars, Part 7.2.

³⁶ Mazars, Part 7.2.

³⁷ Mazars, Part 7.2.

³⁸ Mazars, Part 7.4.

Daingean

- 2.256** An analysis of income and expenditure for the period 1940-69 indicated that ‘the school operated at approximately a break-even position for the first two decades under review but ran into deficit during the third decade.’³⁹ The deficit in 1969 was €20,602.
- 2.257** The primary sources of income were government and local authority grants. Other sources of income included farm sales, stipends, and sundry sales. Indirect sources of income involved the labour of the boys in the trade workshops.
- 2.258** Mazars noted that the expert report commissioned by the Oblates of Mary Immaculate and prepared by Goodbody Economic Consultants suggested that had the school paid wages to the religious staff working there the deficit would have been larger. Mazars accepted that the calculations carried out by Goodbody’s were reasonable but did not take into account: (1) the fact that the reformatory was not a State school; and (2) the system did not provide for the payment of wages at the time.
- 2.259** Separate accounts were not kept for the farm. The school accounts showed the farm making a loss of €25,003 over the period 1940-69.

These figures do not, however, take into account the value of farm produce consumed by both the boys and the Brothers and Fathers resident at the School. In availing of farm produce to feed the boys and Brothers, there was, presumably, both a financial saving to the school, which would have resulted in lower total expenditure and lower deficits than if these costs were incurred externally, as well as a corresponding loss of potential income. Similarly, the accounts do not reflect the fact that labour on the farm was largely that of the boys and the Brothers. Again, there would have been a certain saving to the school in using this ready pool of labour as opposed to employing additional farm labourers.⁴⁰

- 2.260** A Department of Education Report prepared in 1955 stated that the farm was making profits and that there was no evidence that these profits were being ploughed back into the school. Mazars concluded:

The views of the Department Official are not consistent with the record in the financial statements, which show an overall deficit from the farm. We have not been able to identify a reason for this inconsistency.⁴¹

- 2.261** As to capital expenditure, the terms of the lease required the Oblates to keep the premises in suitable repair, and documentation from the Department of Finance indicated that the capitation grant was sufficient to meet this expenditure. The State was responsible for all items of capital expenditure from 1940-69.

Despite the significant capital investment in Daingean in the period 1939-69, Department of Education records indicate that Daingean was not in a good state of repair. Correspondence between the OPW and Departments of Finance and Education in 1969 and the early 1970s indicates that certain buildings in Daingean were ‘*structurally unsound*’. A visit paid by an official of the Department of Education in 1967 echoes this view of the state of repair, referring to the premises being ‘*in a bad state should be demolished*’⁴²

³⁹ Mazars, Part 8.2.

⁴⁰ Mazars, Part 8.2.

⁴¹ Mazars, Part 8.2.

⁴² Mazars, Part 8.2.

2.262 Mazars had not had sight of a balance sheet for Daingean during the period under review and accordingly it was limited in the information which could be extracted from the accounts. The salient points in assessing the overall financial consequences included the following:

- There was a deficit in the bank of the Reformatory School at 30th November 1969 in the amount of €11,710.
- The total deficits generated by the school over the period amount to €17,706.
- Expenditure on the buildings (furnishing and carpentry, repairs) amounted to €72,422.
- In analysing the farm income and expenditure in the school accounts, it can be seen that the farm made an overall deficit of €25,003. It is not known to what extent farm expenditure includes work of either a capital or a repairs and maintenance nature.

2.263 The following is a summary of the financial position.:

Total Expenditure	€744,587	100%
Funded by:		
State and Local; Authorities	€533,614	72%
Other Income	€193,273	26%
Deficit to be funded	€17,700	2%

2.264 Mazars also concluded that:

An examination of the transcripts, statements and documentation of the Oblate Order made available to us describes a situation where making ends meet was a constant struggle, especially in light of the ongoing works and maintenance required ...

2.265 It is clear from the financial statements reviewed that the expenditure on furnishing, carpentry and repairs contributed significantly to the deficits in the school.⁴³

2.266 The Oblate submission in relation to the value of the work done by the Order has already been discussed above and is central to the observations made about the overall financial position of the Oblate Order and Daingean.

2.267 The submission concurred with Mazars' view that the accumulated loss of equivalent of €17,700 that was made over the period of operation of Daingean could not to be taken at face value to indicate that the capitation grant and other income were insufficient to cover operating costs. Goodbody looked at the flow of payments and benefits between the Order and St Conleth's to see whether the services provided by the Order exceeded the value of goods and services moving in the other direction. If the Order gave more to the Reformatory than it received, then the inference was that the Oblates subsidised the Reformatory. If the situation was otherwise, as Mazars conclude, then the Oblates received a net benefit and can be said to have actually profited from the operation.

2.268 The accountants sought to complete the picture of the estimated surplus or deficit to the Order by making appropriate allowances and adjustments. Having done this, Goodbody concluded that the cost of operating St Conleth's exceeded the capitation grant and all the other income sources and that, therefore, the school could only operate because the members of the Order worked there without receiving proper compensation. They concluded that 'it is clear that St Conleth's was operated at loss over the period in question. There was no possibility of the Oblate Order profiting from the operation at St Conleth's. In fact St Conleth's was only able to operate due to a subsidy from the order.'

⁴³ Mazars, Part 8.4.

2.269 Goodbody's calculation was based on valuing the work of an average of 24 members of the Oblate Order throughout the period in question at the average weekly wage of an industrial civil servant, which meant a person working at unskilled or craft work.

2.270 The question whether the Oblate Congregation profited from its operation of Daingean Reformatory thus resolves itself into a consideration of whether it is legitimate to value the work of the members of the community in the way suggested by Goodbody in their report. If so, the institution could not have operated except for the net contribution made by the Congregation. If that approach is not to be considered legitimate, then it follows that the Congregation was in a position to enjoy a surplus and it would also seem to follow that the capitation payments were at least adequate.

2.271 On the basis of the discussion already outlined on the issue of the value of the work done by the Order, it is reasonable to conclude that Daingean Reformatory was adequately funded during the relevant period.

Ferryhouse/Upton

2.272 Very limited financial information was available for these institutions. In respect of Upton, there were no records for 1940-49 but there were financial documents for the years 1952, 1953, 1960-66. In relation to Ferryhouse, there were some records only for the years 1941, 1947, 1951-54, and 1960-69. In addition to the above, Mazars were also provided with the accounts of the Province for the periods 1952-53 and 1961-69.

2.273 Because of the incompleteness of the records the figures can only be regarded as indicative. With that qualification, for the years for which financial records exist, it appears that Upton enjoyed a surplus of €24,284 and Ferryhouse a surplus of €26,901.⁴⁴

2.274 Mazars quoted from the submission made by the Order:

The submission made by the Rosminian Fathers draws attention to a number of issues that are relevant not only to those Schools run by the Order, but also to the system of Reformatories and Industrial Schools in its entirety. These have been dealt with, in that context, in the early sections of this report. In summary, the issues raised by the Order are as follows;

- No State monies were available to assist with the provision of buildings and other facilities in the Industrial Schools.
- The Order also notes *'It must be kept in mind that the two Industrial Schools were only part of the financial burden on the Province that also had to provide and maintain houses for students who were called to join the Institute and who did not pay any fees for their training. From 1945 onwards, the Province had a further call on its limited financial resources when it was required to provide for the travelling expenses, health care and much more, of the members who went on mission to East Africa.'*

The question of State funding of the property is, as we have already seen, complex, and is relevant to our understanding of the relationship between the State and the Orders and their collective perception of their respective roles in relation to the provision of the Reformatory and Industrial Schools⁴⁵

2.275 Mazars responded to these points:

With regard to the additional financial burdens on the Order, we note that this question is relevant to an understanding of how the Religious Communities viewed the Schools as a

⁴⁴ Mazars, Part 6.4.

⁴⁵ Mazars, Part 6.4.

potential contributor to other unfunded or under-funded activities of the Order. From our examination of the financial information made available to us by the Rosminian Fathers it is our view that the Schools did leave the Order in a net surplus position, to the extent that the closing balance sheets of the schools show an improved position on the earliest available accounts. However, the contribution of the Schools to other Community activity does not, based on the available information, appear to have been sufficient to yield the Order a significant surplus.⁴⁶

2.276 The Rosminian Order made a more reflective submission as part of its final submissions to the Investigation Committee. They stated that the 'Mazars draft report raises many controversial issues'.⁴⁷

2.277 They submitted that

The predominant financial characteristic of the Schools was persistent under funding and accumulated debt. Where funding increased it was too little and too late, and the financial relationship between the schools and the State was adversarial. We have already described how the Schools financial position was a struggle. In fact the relationship with the State is best described overall as dysfunctional. This is illustrated by two phenomena. Firstly, the Schools' Inspector usually (but not always) characterised the quality of provisions in school as satisfactory, but increases in State grants were usually accompanied by the requirement that school conditions be improved. The underlying conflict in those assessments disguised a lack of focused thought, and guided standard.

Secondly, if it is assumed that funding was even barely adequate, the temptation for the Schools to seek maximum numbers of boys on the basis of economies of scale (same overheads, more income) was destructive to standards of performance, because boys were then being kept for money, and not vice versa.⁴⁸

2.278 The Rosminians also submitted that a 'definition of the purpose of State funding to the schools' was irrelevant because:

Whilst the use of its property was clearly donated to the Industrial School Purpose, the Order itself had very little other resources, and as the buildings aged and standards of living rose, the Industrial School project as a whole obviously had increasing capital needs. Whilst the issue of capital expenditure might well have become part of the polemic of the acquisition of State funding and increases, it was plainly unrealistic to expect an Order without substantial means to carry and ever increasing burden. This is very clearly acknowledged in the Cussen Report.⁴⁹

2.279 The Rosminians rejected the benchmarks used by Mazars as unsuitable comparators. For example the Rosminians object to the capitation grant compared to welfare grants as they feel that it is unjust as the State never used such comparisons when determining the level of the capitation grant.⁵⁰ They also rejected the reasons advanced for not comparing the Irish capitation rates to British rates.

2.280 The Rosminians posited the view that:

The level of capitation grant was never claimed to be enough by the State. It was envisaged as contributory funding. It was calculated on compromise and accepted in desperation.⁵¹

⁴⁶ Mazars, Part 6.4.

⁴⁷ Rosminian Final Submissions, p 13.

⁴⁸ Rosminian Final Submissions, pp 13-14.

⁴⁹ Rosminian Final Submissions, p 17.

⁵⁰ Rosminian Final Submissions, pp 17-18. Cf p 19.

⁵¹ Rosminian Final Submissions, p 19.

2.281 The Rosminians argue that the capitation grant was deficient even when capital expenses are excluded. ‘Comparison with weekly industrial earnings distributed per capita shows a shortfall in all but 3 of the 30 years between 1939 and 1969.’⁵²

2.282 They do however concede that ‘Some fault could be attributed to the religious for not pursuing closer accounting with the State.’⁵³ The Rosminians also dispute that the relationship between the State and the religious as ‘outsourcing’, as claimed by Mazars. The Rosminians counter that the religious were used as it was known that they would ‘act on the basis of charity’:

The two Rosminian Schools operated under constant financial constraint and uncertainty. Amongst other influences, this aggravated disciplinary issues. Broken windows or equipment, soiled or torn clothes, perceived waste or stolen food, were punished partly because of the need for stringent economy.⁵⁴

2.283 The Rosminians concluded:

Allowing for debate on the complaints, three things are clear beyond interpretation or opinion:

What was achieved by the Schools was only possible through significant financial contributions outside State funding.

There is no evidence was waste or misdirection in the accounts.

State funding was never regarded as adequate by the State or Schools...⁵⁵

Break-even point

2.284 The Mazars’ report attempted a comparison of the financial data available in respect of these individual institutions for two sample periods, namely, 1951-55 and 1961-65, to ascertain the number of children necessary for the Institution to break even financially.

2.285 Mazars reached the following conclusions.

When we compare 1951–55 with 1961–65 we noted the following:

- The breakeven point for Artane and Upton decreased significantly when comparing 1951–55 with 1961–65. In the case of Artane the breakeven level decreased due to the increase in the level of variable income and variable costs by approx. 100 percent to €255 and €126 respectively per child per year increasing the monetary amount of the contribution. In the case of Upton, unlike other schools, variable cost levels per child remained constant at approx. €110 per child per year while variable income increased by approx. 50 percent.
- Over time the contribution per child has increased. As identified above, this is due to the variable income increasing by a higher monetary value than the variable costs per child. The level of contribution was higher in the schools with a farm due to the farm income, which was an important source of additional funding for those schools.
- In line with the increased contribution, fixed costs and capital expenditure have also increased.
- The break-even analysis for the sample period in the 1950’s shows that all of the schools, with the exception of Upton, had numbers of children in excess of the break-even point – suggesting that they should have been in a position to run at least at break-even. In the 1960’s, Artane and Daingean experienced a decline in the number of children to a point below their break-even point.

⁵² Rosminian Final Submissions, p 17.

⁵³ Rosminian Final Submissions, p 20.

⁵⁴ Rosminian Final Submissions, p 22.

⁵⁵ Rosminian Final Submissions, p 23.

- The break-even calculation does not include capital expenditure. If capital expenditure were included, the break-even point would increase in each school. In the 1950's, capital expenditure was low and would not impact the break even point significantly. In the 1960's, where capital expenditure was higher, adjusting for capital expenditure would mean that Artane, An Daingean, Upton and Ferryhouse would have numbers of children below their break-even point.
- In considering this analysis we believe that two points should be noted. The decline in the numbers of children during the late 1950's and through the 1960's meant that the schools in general became increasingly uneconomic to run, with some schools reaching a position where they were below break-even point. However, significant increases in the capitation grant in the late 1960's, outside of our sample period, would have compensated for this to an extent. We also note that there is a strong argument that capital expenditure was not intended to be funded from the capitation grant – for the reasons we have examined in the early part of this report. If this is accepted as a reasonable understanding of the position, then the break-even analysis excluding the impact of capital expenditure is the more appropriate representation of the position of the individual schools, as regards the expected impact of the State contribution. Of course, the schools still had to fund this expenditure, from other sources if necessary.⁵⁶

2.286 The Rosminians rejected the use of the 'break-even' formula:

the condition described as breaking even is a false approbation. The School simply postponed improvements in order to maintain existing services. Expenditure was dictated by necessity, and sometimes crisis rather than performance, or aspiration.⁵⁷

Conclusion

- 2.287**
- 1. There was no opportunity for a school with particular need to have a voice in the negotiations with the Department. The negotiations were dominated by the larger boys schools which adopted a 'one size fits all' policy**
 - 2. Smaller schools without these advantages struggled to survive.**

⁵⁶ Mazars, Part 9.2.

⁵⁷ Rosminian Final Submissions, p 15.

