

Corporate Services Scrutiny Panel

GST Sub Panel

FRIDAY, 15th SEPTEMBER 2006

Panel:

Deputy P.J.D. Ryan of St. Helier (Chairman)

Connétable J.L.S. Gallichan of Trinity

Connétable M.K. Jackson of St. Brelade

Connétable D.J. Murphy of Grouville

Mr. R. Teather (Advisor)

Mr. M. Haden (Scrutiny Officer)

Witnesses:

Mr. J. Sankey (De La Salle College)

Deputy P.J.D. Ryan of St. Helier:

Good morning. Thank you for coming to see us. As you probably know, we are in the midst of a review, a scrutiny review, on the effects of GST (Goods and Services Tax) on the various parts of the community. We have received a lot of letters from parents who have pupils at De La Salle as well as a lot of the other private schools so we would like to just talk to you generally about the effects that GST might have on, particularly, the religious schools but also private education in general.

Mr. J. Sankey (De La Salle College):

I am afraid that I will not speak for these other private schools. I am not here to do that. I am here to represent the 3 Catholic schools because I think they have a special point to make. So, if you do not mind, I will not involve myself in any other institutions.

Deputy P.J.D. Ryan:

That is fine. Thank you. Mr. Sankey, first of all, we are recording so there will be transcriptions of what is said today. There will be transcriptions afterwards and if there are any little points of correction or detail that gets lost in the translation or in the transcription then we will let you have a look at that first and then after you have had a chance to correct anything it will then go on our scrutiny web site.

Mr. J. Sankey:

Fine. Perhaps I should begin by saying something about myself because you do not know me, bar one or 2 here. I have been at De La Salle for 47 years and I have watched the development of Catholic education in the Island during that time. The school was founded in 1917 and from 1917 until 3rd September 1965 it received no States assistance what so ever. How did it survive? Well, it survived because the schools, and I am speaking both for De La Salle and for the other convent schools, their teaching staff were nuns and monks. Of course they, with a vow of poverty, received no salary which kept the schools going during that time but when the grant came through on 3rd September 1965, it was based on one-third of teachers' salaries and any economist will tell you that one-third of zero is zero. So it was not very, very helpful. But then in 1978 we received a grant which was based securely on the cost

of education in the States non-fee paying schools. The rate at which that was awarded was 50 per cent of the cost of education in the States non-fee paying schools for secondary pupils and 25 per cent for children of primary age. That has been the situation with us for some time. Now, I noticed in last night's paper that the Treasury Minister was much exercised about geese and feathers and golden eggs. I am more zoologically interested in camels and burdens and straws. I think the effect of GST on our parents is going to be severe. It looks minimal but taken in conjunction with other developments in education it really is quite harsh. From January 2007, for example, our schools will have to contribute to teachers' pensions at a rate above 16 per cent. At the moment it is something like 9.95 per cent. So the school's burden is going to go up that way. Then, in 2008 it is proposed that the parents of these children will pay another 3 per cent for GST. It is this cumulative effect of taxation, pension changes, which are going to impact very severely on families. Now, why should it? Well, the pension thing we can do nothing about because we are in a pension scheme and one accepts that. But why should those parents who want a Christian education for their children pay fees at all? The Catholic schools are not private schools. We do not charge fees because we want to charge fees; we charge fees because we have to charge fees. Why do we have to charge fees? Because in the history of education Jersey bypassed the most important piece of educational legislation in the British Isles, which was the Butler Act, the 1944 Education Act, in the UK. An important principle was established in that 1944 Education Act where it recognised both church and state as co-providers of education. In Jersey, the church schools are known as the non-provided schools. The provided schools are only the State schools. So, that principle was never accepted in Jersey so all parents of Catholic children, if they want that type of education, have to pay fees for it. That is unique in the British Isles. The reason for it, I can see. I can see that in 1944, even though the United Kingdom was poor, I guess Jersey was even poorer and probably could not afford to pay for free Catholic education. I think possibly that the Catholic authorities have tolerated that situation perhaps too long and it is, I think, a fundamental right for people who want a Catholic education to have that. In the UK, for example, Catholic schools are part of what is called the voluntarily aided sector where the chief expense of the church authorities is 10 per cent of building costs and that is it. Teachers are paid by the State, schooling is free and the running costs of the school are met. Here it has been an heroic struggle on behalf of the 3 schools and much credit must go to the brothers and the nuns who staffed these schools and ran them. Here we have another thing: De La Salle is a UK-registered charity. FCJ is a UK-registered charity. Beaulieu, which is a French order, did an extraordinary act of charity in gifting their school property to the Island so that is now owned by a local trust; I am a trustee of it. The nuns could have well said: "Good, here we are, we will sell off the property and off we go." They did not; they gifted it to the Island in an extraordinary act of generosity. So that would be my definition of charity. It is just quite extraordinary. It was mentioned, of course, in the papers at the time. I think it was in about 2000. The people who benefited from Catholic education, getting free Catholic education from De La Salle, from 1917 until 1965 were the States because they had not to provide any funding for children going to the Catholic schools - not a penny. If I may just give you one or 2 examples. At the moment the costs - and these figures are based on States figures - of educating a Year 7 pupil, for example, in 2006 was £3,378.75. For the States that would be the cost. For a Jersey child at our school, it would be half that cost. For a Year 13, a school leaver, the cost of a place was £5,083.52 and, again, the cost to the States would be half that. One more example would be the reception/infant of £2,699.88 and the States would pay one-quarter of that. So the cumulative saving for the Treasury is quite significant. What we are saying is why, when we are making that contribution, we then get a 3 per cent tax for doing it? Now that, briefly, is the case. It is a 2-pronged thing. I have not talked about the 3 schools as institutions really as being subject to GST for the running of the schools. Well, I have in one sense in saying they are definitely charities, we do not have any shareholders, and any surpluses are ploughed right back into the school. So we are not profit-making organisations.

Deputy P.J.D. Ryan:

Thank you for that brief introduction. It certainly helped me to understand the background. I think you

have probably answered a couple of questions that we had lined up in your opening address to us. Just in case, I will ask them but I think you have answered them. For example, could the schools absorb the cost of GST through being more efficient, et cetera? I think you have probably explained that it is difficult for you as it is.

Mr. J. Sankey:

It is the straw and the camel.

Deputy P.J.D. Ryan:

Okay. We have already talked about what financial support you get from the States. You have already outlined that, so that is good. I think you have also, in that address, answered another one which was an estimate of the savings that the States might make due to the parents sending their children to Catholic schools.

Mr. J. Sankey:

I have done that on individual figures. I do not have the cumulative total. The last one I was able to quote was from a 2000 figure produced by the then Education Committee which is £1.5 million saving to the States between the 3 schools, but that has probably gone up now.

Deputy P.J.D. Ryan:

Do you feel that parents send children to the Catholic schools in general purely on the basis of religious beliefs or do you think it is because they get a better education?

Mr. J. Sankey:

No. That would be quite hypocritical for me to say that they send them simply for religious reasons but when they are interviewed that is one of the key questions whether they are Catholics or not. We do not just take Catholics, of course; we draw from all the denominations. But that is the question: "You do realise that we are a Catholic school? Are you happy with the fact that your children will attend assemblies which will have a Catholic element?" They say: "That is one of the reasons why because we know they will get that sort of moral teaching and background."

Deputy P.J.D. Ryan:

What are the proportions of Catholic to non-Catholic?

Mr. J. Sankey:

In De La Salle it is about 50/50 and has been for many, many years. Our schools would not have existed had it not been for the non-Catholic parents.

Connétable M.K. Jackson of St. Brelade:

Do you envisage a change in view of the fact that the Island has received a lot of Madeiras, and now a lot of Poles who are predominantly Catholic? Do you envisage a change in that proportion in the coming years?

Mr. J. Sankey:

One of our big worries, Constable, is that we are unable to reach already a large proportion of the Portuguese community, which is also generally Catholic, because they cannot afford it. That is one of the reasons why we are saying that we are not charging fees because we want to, but because we have to. But we are not reaching them. Canon Nicholas France, who could not be here today because he is saying Mass for the Beaulieu school, would tell you that his confirmation class, at St. Thomas, consists perhaps nowadays of something like 80 per cent Portuguese. Now, I was at church there when the confirmation candidates were there and I was looking around for any of our pupils. There was one. So

they do not have access. In a sense, they are too quiet. But you are quite right. I would anticipate that in the rich tapestry of nationalities which now form the Island that the Polish community would certainly be looking for Catholic education. Before the Portuguese community arrived, of course it was the Italian community and we had a lot of Italian families in the school and we have the next generation of Italian families. When we had quite a few Italian families we had the best athletics team in the Island.

Connétable D.J. Murphy of Grouville:

Can I just say that I think Jersey has always worked on a basic immigrant situation and, as you quite rightly say, you have the Italians, and there is the Irish and various other nationalities coming in. They all normally come in on the bottom level of the social scale and work their way up. Now, I think, that the Portuguese are cracking into the middle strata of earnings you probably will get a lot more applications and then later on, of course, the Polish will do the same. As they work up the income scale they will gravitate towards the Catholic schools but for the moment most of them do not have a choice because of cost.

Mr. J. Sankey:

That is right. One of our cleaners, a Portuguese cleaner, she sent her son to De La Salle and one of our caretakers sent his daughter to Beaulieu. It is a sacrifice those parents make. We must not imagine that we are educating only the rich; what we have is a good range of salaries for our parents.

Deputy P.J.D. Ryan:

Do you have any evidence to show that, Mr. Sankey? That, in fact, there is a higher proportion, shall we say, of lower income families sending children to the Catholic schools as perhaps against the other fee-paying schools?

Mr. J. Sankey:

No.

Deputy P.J.D. Ryan:

Can you illustrate that in any way? Are you aware of any evidence to show that?

Mr. J. Sankey:

No, I am not. I could not give you detail of the range of salaries.

Deputy P.J.D. Ryan :

The income levels?

Mr. J. Sankey:

No, I do not have that.

Deputy P.J.D. Ryan :

Do you have a belief, shall we say, that is the case?

Mr. J. Sankey:

No. What I have is just individual cases where I know the families are struggling or sometimes, as we had the other day, a letter coming - and every year we have got to increase fees by a certain percentage - "In view of the increases in fees [it did not even mention GST] we can no longer afford to send our son here."

Deputy P.J.D. Ryan :

Without breaking any confidences here, do you have any kind of scheme in place to assist lower income

families that might struggle to give their children a Catholic education?

Mr. J. Sankey:

All right. There was a scheme in Jersey called the Assisted Places scheme and that was run by the Catholic parishes. That fund was so miniscule that we had a meeting about 3 years ago and decided that really what we should do is direct that to one of the schools for primary education. The only school with primary education alone is FCJ. So the children of that school might receive something but it is miniscule. At De La Salle, thanks to the generosity of one old boy, we have a fund now of about £15,000 and he gave that really to help any single-parent family that may have fallen on hard times. But that is the only thing.

Connétable J.L.S Gallichan of Trinity:

Would you also say there are people who send their children to Victoria College who could be in exactly the same position as those who send them to De La Salle. They did not go to De La Salle, they have gone to Victoria, but they are very close to the border line of paying fees.

Mr. J. Sankey:

I am sure. Yes, I am sure that is true.

The Connétable of Trinity:

It could go right through, maybe, all the fee-paying schools.

Mr. J. Sankey:

Yes, but as I said, I do not want to get into that.

The Connétable of Trinity:

I am just saying that we have got to look at a comparison though. We have to look at a comparison. It is not only De La Salle parents who might be struggling.

Mr. J. Sankey:

No, no, but the case I am making is that Victoria College charge fees because they want to charge fees because they want to be a public school. We do not; we charge fees because we have to charge fees.

The Connétable of St. Brelade:

It could be said that the Treasury Minister has indicated that low income families will be supported under the proposed low income scheme in which case you could find the element about which you are talking would be taken out of the scenario. Do you think that, given that, the argument will not be quite so finite and that those who would be able to come would be able to pay the additional 3 per cent were it to be levied?

Mr. J. Sankey:

Yes, I would be interested to see the detail of the low income scheme. One assumes that it is some kind of means-testing?

Deputy P.J.D. Ryan :

Well, it would be based on the benefit scheme. What proportion of your parents are on state benefits? Are you familiar with many of your parents on state benefit?

The Connétable of Grouville:

It is an amalgamation of all the present situations.

The Connétable of Trinity:

I do not see them subsidising school fees.

The Connétable of Grouville:

I do not think you really want to go into it. As you say, it is means-tested and will be means-tested and I do not really think it will have much bearing on what we are doing.

Deputy P.J.D. Ryan :

Unfortunately, regarding the Treasury Minister and government, there is probably some rightful criticism of this stance because it is an amoral stance when one looks as a government purely at the money. I make that comment because it is a preliminary comment to the question that I am going to ask you which is, quite simply, how many parents would stop sending their children to private schools, and religious schools in particular, due to the extra 3 per cent being charged? From a government's purely financial, perspective it is the law of diminishing returns. It is just a purely blank, black and white, accounting calculation with no morality involved at all. I would ask you to try and give us a view on that because that is what is going to be asked by some people who perhaps do not have the same kind of religious views.

Mr. J. Sankey:

Right. I would find that very difficult to answer for 2 reasons. One, you do not know the individual circumstances of each family and I have no way of measuring that. Nor can I measure the number of families who would be deterred from even applying. That is the key thing. I think the present school population, for the continuity of education, would probably keep their children there even if they are facing hardship, but it is the number who might be deterred from that. Say, for example, in the ordinary course of events our school had to increase fees by 3 per cent. With GST that becomes 6 per cent. We then have to reflect the new pensions' contribution, which I know is a different matter, into the thing. So all the schools are under threat really financially either way.

Deputy P.J.D. Ryan:

Yes. I mean, it is an imponderable, is it not?

Mr. J. Sankey:

It is, yes.

Deputy P.J.D. Ryan:

Measuring people's attitude and to put it in government terms, the robustness of your market and resistance to price increases is a difficult thing.

Mr. J. Sankey:

It is a difficult thing. You have got to always be aware of people's dignity when you start exploring questions like that and saying: "Can you afford it?"

The Connétable of Trinity:

What I was going to say before is the problem is if you get the 3 per cent on that, plus the 3 per cent on everywhere else, do you think it could be offset by everyone asking for an extra 3 per cent wage rise?

Mr. J. Sankey:

Well, you know, I am no economist, but as I say, zoologically I am much more interested in the camel, the burden and the straw.

Deputy P.J.D. Ryan:

Do you have any further questions, Constables? No. Well, can I say thank you very much for talking to us this morning.

Mr. J. Sankey:

Thank you.

Deputy P.J.D. Ryan:

I have certainly learned a little bit more, and we will reflect that in our report, and thank you for your time.

Mr. J. Sankey:

Thank you for listening.