

11 October 2011

King David annual fee review: 2012

The Board is pleased with the progress made during 2011 and would like to take this opportunity to inform you of the King David Schools fee structure for the 2012 academic year, as well as some of the thinking that has informed the decisions taken.

The Schools have made a number of important strides in continuing to ensure excellence in the education we offer. These include:

- **A sound financial position:** The ethos of **financial prudence and good governance** has yielded good results, with the schools generating a narrow operating surplus despite the challenging economic environment. The schools have invested meaningfully in infrastructure, taking on debt for the first time in many years in order to finance the purchase of the new bus fleet based on a positive view of the outlook for the schools.
- **A broad community reach:** The King David Schools are a key pillar of the community and The Board takes its role seriously in ensuring as much accessibility to its schools as possible. This includes a focus on managing the cost base and fee levels as well as sustaining the subsidy programme within the allowed limits. In difficult economic times, as we have experienced over the past few years, the subsidy program has been an invaluable asset in maintaining access to the King David system for many families – this is managed within clear guidelines. Nearly 500 students have benefitted from the subsidy programme in the past year, a tribute to our community.
- **An uncompromising focus on academic quality:** The **academic results of our schools continue to be excellent**. Matric results of 2010 surpassed expectations with the 202 students achieving a 69.2% average across all subjects. We continue to track the standards in the school through international benchmarking tests as well as internal diagnostic tests in mathematics. The results of these have been very positive and are being used to inform on curriculum delivery.
- **Attracting and retaining the best teachers:** For the first time, The King David Schools have invested in a **master teacher**, modelled on the successful Singapore education system's approach and the first such initiative in South Africa, and the focus has been on mathematics. This is a long-term project that is intended to substantially improve the delivery of mathematics across the schools; lessons learnt from mathematics will be applied to the other subjects. A rigorous **teacher appraisal process** has also been embedded into the school operating system. This will ensure that **your children continue to have excellent teachers and that each teacher is continually challenged to improve his/her teaching skills**. We will continue to invest in academic excellence with increased budgets being allocated for teacher training in 2012.
- **Maintenance of school assets:** The focus in 2011 has been on keeping up with necessary maintenance of buildings and grounds as well as an increased spend on CAPEX. Over R7m has been spent in 2011 and the 2012 budget will see increased spending. The entire foundation phase (grades R-3) at King David Sandton, which has been housed in prefabs is currently being converted into 11 state of the art classrooms made possible through generous donations as well as the ongoing budget. A number of other exciting projects have also been identified for implementation in 2012 across the other schools.
- **Investment in technology systems:** **These continue to be improved** with all schools enjoying a wireless environment for more effective teaching as well as many additions to the teaching tools in classrooms. A pilot project of twenty five Grade 9 students will commence at King David Linksfield High School in 2012 which will see these students conduct all lessons and curriculum electronically via iPads; this is an exciting project designed to lay the foundation for a truly world class electronic education platform for our students.

The Board is pleased with the strong foundation built over the last number of years and in determining the fee increase is confident that the schools are moving forward from a position of strength.

School fees for 2012 will increase by 9.5%

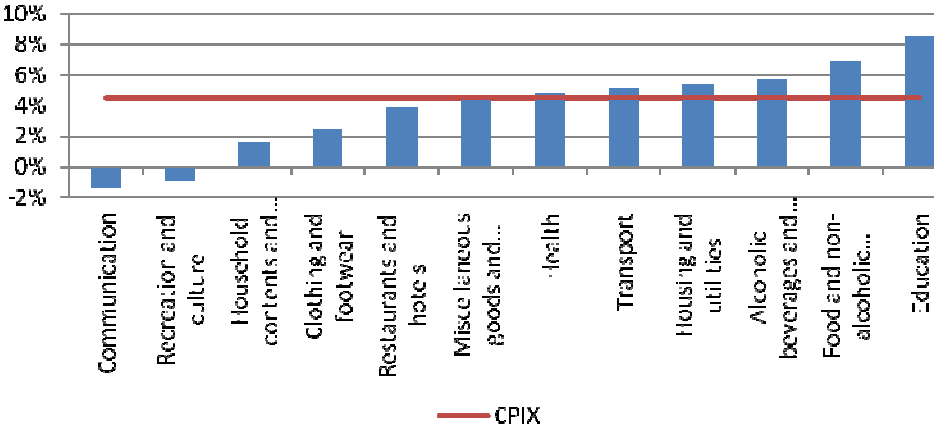
Going into 2012 the Board retains its commitment to both prudence and excellence. In determining the fee increase, the Board has taken a prospective view of three key components:

1. General levels of consumer price inflation;
2. Maintenance and infrastructure
3. Sustainability

1. Consumer Price Inflation

Referencing the latest report on CPI numbers, general inflation measured an average 4.5% over the past year. This is an increase of 0.6% over 2010 and the trend of education being one of the highest contributors to the inflation figures continues to be the case. Educational inflation and utility inflation (which also has a significant impact on the schools) are running well above average CPI (as depicted in the graph below). While education inflation is running at approximately 9-10%, primary and secondary school education is the major contributor being higher than that of tertiary educational institutions. This high inflation in education is being driven on the one hand by public sector salary increases which of course influence the market as a whole and on the other hand by the ever widening teacher shortage. In a recent report by the Centre for Development and Enterprise it was estimated that South Africa needs to increase its output of trained teachers by 15000 a year to meet the country’s needs. All of these factors have been taken into account in setting the fee increase.

Individual drivers of inflation



2. Maintenance and Infrastructure

While the Schools are in the fortunate position to own the properties on which they were established – which is a valuable asset and saving to the current generation – given their age, the Schools require significant maintenance. We have taken a far more proactive and managed approach to the maintenance and upkeep of the schools over 2011 through the appointment of third-party specialists in this field, which we intend to maintain over the years ahead. 2012 will see a greater investment in facilities than any previous year. The old fleet of buses has been replaced at an investment of R10m over the next 5 years; the King David Sandton classrooms and media centre will be completed during the course of 2012 and CAPEX and maintenance across the schools will amount to well over R10m over the next year.

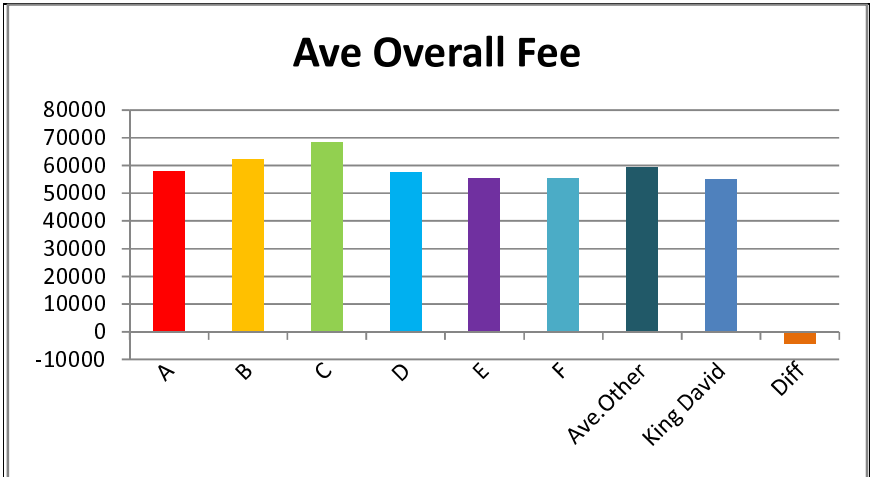
3. Sustainability

Previous fee increases have been different for each grade as the Board corrected the fees to ensure each grade was funded for viability and sustainability. We believe that the correct levels have now been achieved and thus the fee increases for 2012 across the schools have been kept at the same 9.5%.

Note: The IEB matriculation examination fee of R4 028 for 2012 has once again been included in the school fee, which will allow parents to pay it off over 12 months rather than in a shorter period to the school as has been the case in the past. It is our hope that this is of great help to the parents. As mentioned in previous letters, the IEB examinations have been key to higher levels of education and assessment, which is proving all the more necessary in light of the ongoing instability in the public education sector.

The table below once again shows the differences in charges between King David and some of its many peer schools, with the average charge still being well below what other private schools are charging. (Please note: This analysis is done based on the 2011 fees)

Comparison to private school peers confirms the value offered by the King David schools at all levels



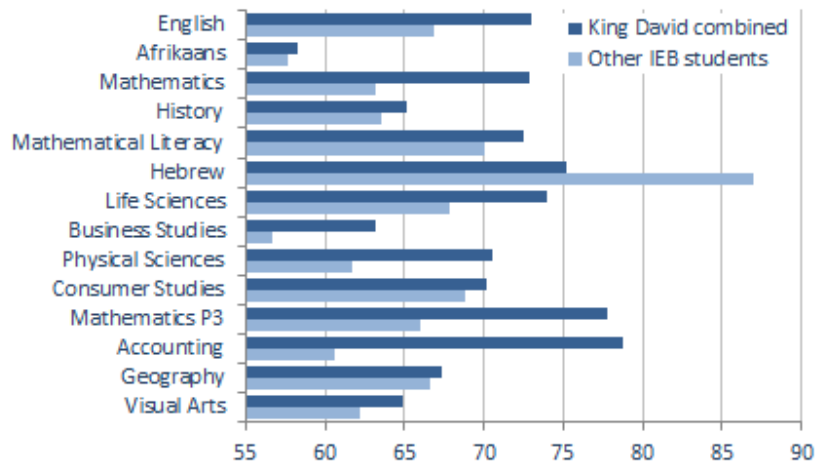
Comparative Fee Schedule- (Annual 2011)

	A	B	C	D	E	F	Ave. Other	King David	diff
Play School	42,326				36,980	25,680	34,995	27,360	-7,635
Pre-Primary	42,326			36,243	37,130	34,800	37,625	31,980	-5,645
Grade R	45,742	40,960	46,605	40,110	41,150	42,300	42,811	37,980	-4,831
Grade 1	50,408	48,288	49,110	49,830	49,220	49,620	49,413	43,980	-5,433
Grade 2	50,408	48,288	49,110	49,830	49,220	49,620	49,413	48,180	-1,233
Grade 3	53,987	56,038	66,081	53,805	59,990	57,600	57,917	52,020	-5,897
Grade4	53,987	56,038	66,081	58,005	59,990	57,600	58,617	57,660	-957
Grade 5	60,942	56,038	66,081	58,005	63,260	64,200	61,421	57,660	-3,761
Grade 6	60,942	63,995	66,081	58,560	63,260	64,200	62,840	57,660	-5,180
Grade 7	60,942	63,995	66,081	58,560	63,260	69,120	63,660	57,660	-6,000
Grade 8	68,117	74,909	80,925	66,735	76,130	69,120	72,656	68,760	-3,896
Grade 9	68,117	74,909	80,925	66,735	76,130	73,560	73,396	70,020	-3,376
Grade 10	70,562	74,909	80,925	69,165	76,130	73,560	74,209	70,020	-4,189
Grade 11	70,562	74,909	84,500	69,165	76,130	80,400	75,944	70,020	-5,924
Grade 12	70,562	74,909	84,500	69,165	78,510	80,400	76,341	73,860	-2,481
Ave. Overall Fee	57,995	62,168	68,231	57,422	55,492	55,420	59,417	54,988	-4,429

While King David fees are lower than other private schools, and ensures a sound Jewish education as well as a substantial subsidy programme, there is no compromise in terms of academic excellence and results. In 2010 the 202 candidates achieved a 69.2% aggregate on par with the previous years excellent results and well outperformed both the general average and individual subject averages across all IEB schools.

Average marks

King David combined



Fee payment

Annual fees are due on 1 January each year and are payable either as a lump sum or in twelve monthly instalments commencing on 2 January 2012. Monthly statements for school fees and any extras are emailed to parents at the end of each month (statements will be posted by exception only).

Methods of payment:

- Debit order: This is the preferred form of payment and a debit order instruction form must be completed. If payment is made by debit order such debit orders will be processed on the first day of each month. Should a debit order not be paid due to insufficient funds or any other reason, an administrative fee of R100 will be levied. If three debit orders are returned then the parent will be required to pay by bank guaranteed cheques or by credit card.
- Credit Cards: Payment may be made by credit card if an instruction form is completed. The instruction remains in place for 12 months or until cancelled by the parents with 30 days' notice in writing.
- Electronic funds transfer: Payments can be made directly to the SABJE bank account
- Cheque: Payment may be made by cheque. Should a cheque commitment not be met due to insufficient funds in an account (return to drawer) then an administrative fee of R100 will be levied on every RD cheque received.
- Cash: For security reasons, parents are encouraged not to pay for school fees in cash. Due to FICA requirements whereby the SABJE is required to report any payment of over R20 000 in cash you are encouraged to make all cash payments directly into our account at any Standard Bank branch.

There are various payment options which allow for discounts. These include:

- Fees paid on or before 31 December 2011, will attract a 4% discount.
- Fees paid after 31 December 2010, but before 31 January 2012, will attract a discount of 3%.

Note:

These discount rates change for payment by credit card (see attached fee schedule). The very strict and clear policy and processes for fee collections will continue in 2012. We can only offer excellence in education if all fees are timeously paid. The Board is encouraging as many parents as possible to pay by debit order as this reduces the cost incurred through the use of credit cards, which costs could be allocated elsewhere. Where a parent defaults on payment we are insisting on debit orders being signed. The Board has for the first time in many years had to cancel its contract with parents who have not paid school fees and has unfortunately handed numerous accounts over to attorneys for collection. These tight controls will continue into 2012. Should you have any queries with regard to the payment of accounts please contact either the credit controllers or Mr Harding’s office.

Parents are also reminded that the application form signed at the time of their child’s enrolment requires a term’s notice in writing, addressed to the head of school, if it is their intention to remove their child from a King David school. Alternatively they are required to pay a term’s fee in lieu of notice. Accurate student numbers are obviously key to planning at school level.

Financial support program provides the opportunity to make a difference

The broader Jewish community remains a key focus for the King David schools with Jewish children from diverse financial backgrounds attending our schools. This is made possible through the subsidy program, donations, and the funds raised by the King David Foundation. The need to include as many Jewish students as is possible is as critical to the future of our Jewish community as it has been for the past 63 years.

Our subsidy programme is run within extremely tight guidelines and is operating within the budget set.

We are registered as a Public Benefit Organisation under section 30 of the Income Tax Act and are also qualified to issue Section 18A certificates for donations. Jewish education is considered as part of one’s 10% donation to tzedaka.

We therefore make a heartfelt request to those parents who can afford to “sponsor a student” to please do so by either sending in a donation, or by including an additional amount with your monthly payment. There is space to indicate the amount of such donation on the new payment form.

Bus fees

The fees (per child) for those making use of the school bus in 2012 are as follows:

Full ticket:	R2600
One-way ticket:	R1380
Casual ticket:	R40

Please note that the savings in running costs due to the acquisition of the new fleet has allowed us to keep the ticket costs in 2012 the same as in 2011 other than for the casual ticket. These fees may be changed from time to time during the course of the year, depending on a number of variables including the price of petrol.

Additional costs

The school fees and levies levied by each individual school do not include the costs for school uniforms, textbooks and personal stationary. Most of the schools have already sent out details of their specific levy costs for 2012- in an endeavour to avoid needing to request money from parents on an ongoing basis. The other additional costs for which you should plan are for the Shabbatons (grades 6-10) and Encounter program (grade 11). The costs for these (per child), will be as follows:

Shabbaton:	R990
Encounter:	R2620

Arrangements can be made in order to pay these costs over a few months should this be needed. As the third term draws to a successful close, we would like to thank you for your co-operation and support and look forward to an equally successful 2012.

Should you have any queries or comments please address them to comments@sabje.co.za.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Kacev', with a long horizontal flourish extending to the right.

RABBI CRAIG KACEV
General Director