

16 February 2009

Dear Supporters,

I am writing to update you on how St Jude's is travelling during a year which is looking very tough for almost everyone around the world.

The good news is that last year our students in Standard 7 national exams were placed in the top 10% of the country; our students in Standard 4 achieved an average of 88% for all five subjects they sat in their national exam; and we have over 1,000 students achieving wonderful things every day, thanks to your support.

However, even here in Tanzania where the majority of people are used to struggle and hardship, the effects of the global financial crisis are crippling the country even further – sales of the main external source of income, tea, has fallen by 60%; the second source, tourism, has dropped by 50%. As is happening around the world, unemployment is rising and businesses are closing.

Over the last six years the school has grown strongly with your support but we are now facing severe pressure on our ability to operate at the same level. Our costs have risen sharply and at the same time we are facing reduced income.

Income

- Our income has been affected by the fall in the Australian dollar against the Tanzanian shilling by approximately 25%.
- Our number of sponsors has not risen in line with the increased student intake.
- Sponsorship fees have not been increased since 2005.

Expenditure

- Over the last four years local staff salaries have increased markedly as we attract more experienced and well trained local teachers.
- Costs of fuel, electricity and food have also increased sharply over the same period.
- Transport maintenance needs and expenses have risen sharply.
- Two years ago we introduced weekly boarding accommodation for all students above Standard 3 to increase the standard of health (better food and sleeping conditions) and education (extra tuition and study) and decrease transportation costs. Although the capital costs have been fully donated, our food bill has jumped over 200% now we provide three meals per day to boarding students rather than one.

You may wonder why we still have buildings going up? The construction of new classrooms, boarding houses and offices has been financed by funds from donors who donated specifically for these buildings to be constructed. These funds cannot be allocated to the school's running costs.

The affects of global financial crisis started last year when we had a significant operating loss which was covered by private funds donated separately. We have tried wherever possible to save any amount of money over the past few years to put aside for that 'rainy day', but that is not sustainable long term.

Our projections are for a further worsening of the situation in 2009. As a result, your management team has commenced a package of measures to protect income and cut costs which we want to share with you. This package has been endorsed by all the staff at St Jude's.

Summary of Actions

- There is a staff freeze for 2009.
- All staff will take a 10% pay cut effective from 1 February to 31 December 2009.
- Retrenchment of 48 Staff including 16 teachers has been implemented this month with assurances that they will be the first reemployed when possible. All staff members are willing to undertake additional duties to cover the positions in the meantime.
- Food costs have been reduced by cuts in provision of milk, meat and fruit (seen as luxuries in Tanzania).
- We are looking at improved procurement processes to make further savings in fuel and food in particular.
- I am going to undertake a sponsorship drive in Australia in May 2009.

Sponsorship Dues as of 1st March 2009

All of us here on the ground understand how much our sponsors mean to us so we have tried to not increase sponsorship dues since the first increase in 2005. We have had special appeals and supplementary sponsorships for teachers, busses and classrooms to help make up the difference but these do not cover all expenses.

The cost of running the three St Jude's sites was a little over AU\$2,200 per child in 2008 when a full child sponsorship fee was only AU\$1,100. In 2009 while we are still aiming to reduce running costs to AUD \$2,000 per child, in the current economic situation we are unable to cover the shortfall between costs and sponsorship fees any longer.

The table below outlines the increases to sponsorship fees for the various sponsorship programs the school offers **effective from 1st March 2009**

Program	Actual cost per year AU\$	Current annual fee in AU\$	New annual fee in AU\$	Monthly payment in AU\$
Full sponsorship of a student	\$2,200	\$1,100	\$1,440	\$120
Half sponsorship of a student	\$1,250	\$ 550	\$ 720	\$ 60
Sponsorship of a teacher/bus	\$ 900	\$ 500	\$ 660	\$ 55
Package sponsorship of a student + teacher/bus	\$2,150	\$1,000	\$1,320	\$110

Renewal notices issued before 1 March 2009 are payable at the old rate until 28th February 2009. Please also consider the monthly payments option available by direct debit – choose Direct Debit and 12 monthly installments when renewing via our website www.schoolofstjude.co.tz.

If your sponsorship fees are currently up-to-date, you don't have to worry about the increase until your sponsorship is next due for renewal.

Supporters using currencies other than Australian Dollars can find the information on how to make their payment in their renewal notice.

Additional Support

After I discussed the school's situation with the parents of our students (all living in poverty), unbeknown to me, the Parents' Committee members had a meeting and it was announced that every family (besides those facing extreme hardship) would like to begin contributing TSh 5,000 per term (approximately AU\$15.00 per year). When I explained that it was a wonderful gesture but I couldn't accept the offer, they were adamant that they wanted to contribute. In the past they have pitched in and helped harvest the school's food crop and have given several loads of firewood for the kitchen – the parents' new contribution will go towards firewood again.

We realise that our supporters are going through incredibly tough times but we hope and pray that you will be able to continue your support of St Jude's through 2009. If you can find it in your heart and your wallet to make an extra contribution, you will be supporting St Jude's in what is looking like our most challenging period yet.

We are fighting and fighting hard. We are determined to get the most positive outcome possible for as many deserving children as possible within the constraints we are given. We cannot do it without your support. For details on how to make an extra contribution, just contact me at schoolofstjude@habari.co.tz.

Thank you for taking the time to consider this and I welcome any questions, comments or suggestions you have.

Best wishes,
Gemma Sisia