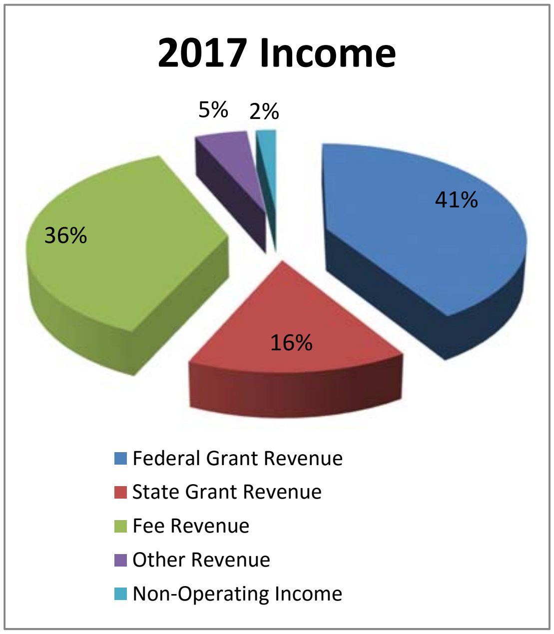
St Brigid's College – A Ministry of Mercy Education Ltd College Budget 2017

At the direction of the Mercy Education Limited Board, the minimum standard expectation regarding the St Brigid's College Lesmurdie annual budget is:

- All budgets should provide for a recurrent surplus (excluding depreciation).
- Total cash surplus for the year to be positive, unless drawing on prior reserves to fund current capital works.

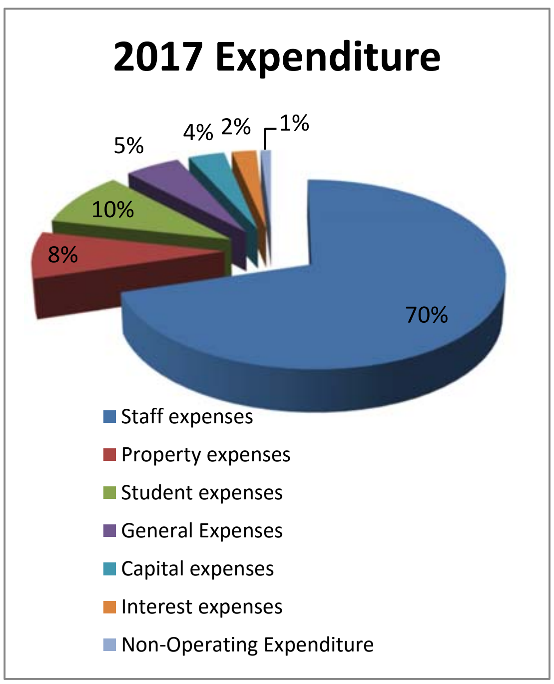
In order for St Brigid's College to fulfil these requirements, the following information is provided to families regarding the key income and expenditure drivers for 2017.



INCOME

57% of College income comes from Government sources - 41% from Commonwealth and 16% from State. A 3% increases in Commonwealth grant monies are expected in 2017, while State grant monies are expected to rise by 1%.

The remaining 43% of College income comes from private sources of which College fees make up 36%. Increases of 2.5% for tuition fees and nil% for boarding fees are required to cover shortfalls from government funding and increases in staff and other operational expenditure including the cost of managing bad debt.



EXPENDITURE

Approximately 70% of the Colleges' expenditure relates to staffing.

Direct salary costs are expected to increase 2.5% as provided by the current Enterprise Bargaining Agreement.

Compulsory employer superannuation contributions will remain at 9.5%.

Additional salary costs include increased payments to staff that progress through the various salary step levels as they gain experience. These step increases are expected to be in the region of 3.9% to 10.3%.

Property expenses including utilities and maintenance costs will account for 8% of expenditure while 10% of College expenditure relates to student expenses and directly relates to the delivery of the Educational Curriculum. Increases in these expenditures are expected to be in line with CPI and to increase on average around 1%.

General expenses of 5% include fees paid to various catholic member organisations which will rise between 4% and 11.74% next year. These fees relate to the various levies the College has to pay in order to continue to operate as a catholic school in Western Australia.

Any remaining funds after operational expenditure will go toward capital improvements. These funds include debt servicing costs but exclude the interest expense representing 2% of total expenditure. For 2017, capital expenditure will equate to an amount equal to 4% of total expenditure.