

6 August 2018

Market Update

The Directors of Site Group International Limited ("Site", ASX:SIT) wish to advise they have been notified by the Australian Competition and Consumer Commission (ACCC) that it intends to institute civil proceedings against Site, subsidiary Productivity Partners Pty Ltd ("the College"), and two former executives in relation to enrolment processes of the college in 2015.

On 10 July 2018, the ACCC notified Site that it would be making a decision whether or not to consider proceedings, and invited Site to provide submissions. However after over two years of inquiries, the ACCC has refused and continues to refuse to provide detailed particulars around the allegations making it impossible for Site, the College and the former executives to provide any detailed submission.

The ACCC first informed the college in January 2016 that it was investigating conduct in relation to the marketing and sales practices of third-party agents allegedly targeting "vulnerable consumers, including rural and remote indigenous communities and consumers with limited English or from low socio-economic backgrounds".

Productivity Partners was approved as a VET FEE-HELP provider by the Department of Education and Training (DET) in early 2012 with first enrolments under the program in April 2012. In November 2012, the government passed the *HIGHER EDUCATION SUPPORT AMENDMENT (STREAMLINING AND OTHER MEASURES) BILL 2012*. The Government's Explanatory Memorandum (a document required to accompany a bill introduced into parliament explaining the intentions of that bill) of this bill explicitly stated:

"The low take-up of VET FEE-HELP is an equity issue. People from identified demographic groups have a lower participation rate in education and training. These groups include Indigenous Australians, and people from a non-English speaking background, with disability, from regional and remote areas, from low socioeconomic backgrounds, and people not currently engaged in employment. Increased student take-up of VET FEE-HELP is key to lifting VET participation amongst these groups nationally."

The College invested over \$16 million dollars in the establishment of 6 training premises in capital cities and major metropolitan centres across several states with over 200 staff. The College at no point set out to target specific disadvantaged cohorts however, as required by regulatory standards, developed and implemented processes and systems to ensure programs would meet the needs of the government's defined target participation groups.

Regardless of this fact, the DET, the Australian Skills Quality Authority and the ACCC have over the course of three years relentlessly pursued the college and consistently, in our view without legal basis, accused the college of not adhering to the intent of the VET FEE-HELP program.

Site wishes to point out the students these government departments and agencies are referring to were the very students whom the DET, Government Ministers and the legislation referred to in numerous releases, documents and public statements. Site, the College, and the two former executives vigorously deny that they have breached any law and will vigorously defend any proceedings brought against them.

Site considers that the close to three-year nature of the investigation, the use of powers to issue broad-sweeping Section 155 notices over a two and half year period requiring the provision of voluminous evidence and the decision to bring action against a discontinued business which has not enrolled students for nearly two years has been unfair and unreasonable.

After rejecting our latest offer to meet and discuss the matter, the ACCC has advised that should we still wish to meet, they would be willing to do so shortly after the commencement of proceedings. It is Site's intention to accept this offer.

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