

30 October 2014

Simon Daniels  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Simon

**Vocation Limited (Vocation): ASX aware query**

We refer to your letter dated 28 October 2014.

We respond to the questions in your letter as follows:

- 1 *When did the Entity first become aware of the information contained in the announcement dated 25 August 2014 entitled "Vocation response to press speculation"?*

On 3 July 2014, the wholly-owned subsidiary of Vocation, BAWM Pty Ltd (**BAWM**) received a letter from the Victorian Department of Education and Early Childhood Development (**DEECD**) advising BAWM that the DEECD was withholding the payment of funds to BAWM under its 2014 - 2016 VET funding contracts until certain issues identified by the DEECD had been satisfactorily resolved. Under the 2014 – 2016 VET funding contracts, all communications between the DEECD and the Vocation subsidiaries must be kept confidential.

On 5 August 2014, the wholly-owned subsidiary of Vocation, Aspin Pty Ltd (**Aspin**) received a letter from the DEECD advising Aspin that the DEECD was withholding the payment of funds to Aspin under its 2014 – 2016 VET funding contract until certain issues identified by DEECD had been satisfactorily resolved.

- 2 *Does the Entity consider the information contained in the announcement dated 25 August 2014 entitled "Vocation response to press speculation" to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No. At that time, it was unclear what the outcome of the review by the DEECD would be and Vocation's view was that any amount that may be permanently withheld by DEECD would not be material to Vocation. Vocation made the announcement in response to press speculation.

- 3 *If the answer to question 2 is "no", please advise the basis for that view.*

The view was based on the information available to Vocation at that time including:

- the assessment of Vocation management (based on discussions with DEECD and their experience in regulatory inquiries in the vocational training sector); and
- the assessment of an external consultant engaged by Vocation who was experienced in regulatory inquiries in the vocational training sector.

In light of those assessments Vocation formed the view that the expected outcomes of the review were not material to Vocation.

- 4 *If the answer to question 2 is “yes” and the Entity first became aware of the information before the announcement dated 25 August 2014 entitled “Vocation response to press speculation” date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.*

Not applicable.

- 5 *Please advise the basis for not announcing the quantity of the funds withheld by the DEECD during the review prior to the announcement dated 27 October 2014?*

Amounts withheld by the DEECD during the course of its review are not a pre-estimate of any amount it may ultimately seek to withhold. As such, the withheld amounts are not relevant to a consideration of any final financial impact of the DEECD review and may only serve to mislead the market. In that regard:

- amounts withheld by the DEECD during the review were much greater than the amount of funding that Vocation considered might be permanently withheld by the DEECD; and
- Vocation did not believe that any amount that might ultimately be withheld by Vocation would be material (see 3 above), in particular because the concerns of the DEECD related to only a portion of students in the three courses.

- 6 *Please advise the basis on which the Entity made the following statements?*

- (a) *In the 25 August 2014 “Vocation response to press speculation” announcement. “Vocation considers that neither the review nor its anticipated outcomes are material to Vocation”.*
- (b) *In the 10 September 2014 “Vocation – Capital Raising”. “Vocation considers that neither the review nor its anticipated outcomes are material to Vocation”.*
- (c) *In the 18 September 2014 “Vocation Limited – Response to press speculation”. “Vocation would like to reiterate, as stated in ASX announcements on 25 August 2014 and 10 September 2014, that neither the review nor its anticipated outcomes are expected to be material to Vocation”.*

On the dates each of these statements were made Vocation’s view was (for the same reasons outlined in question 3 above except that by 10 September 2014, two external consultants were advising Vocation on the review) that the expected outcomes of the review by the DEECD would not be material to Vocation.

- 7 *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Vocation confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely

**VOCATION LIMITED**



**Manvinder Gréwal**  
Company Secretary



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28 October 2014

Manvinder Gréwal  
Company Secretary  
Vocation Limited  
Level 15, 1 Pacific Highway, North Sydney, NSW 2060

By email: Manvinder Grewal <manvinder.grewal@vocation.com.au>

Dear Manvinder,

**Vocation Limited (the "Entity"): ASX aware query**

ASX Limited ("ASX") refers to the following announcements lodged by the Entity with ASX Market Announcements Platform (the "Announcements"), disclosing negotiations and withholding of payments by the Victorian Department of Education and Early Childhood Development ("DEECD") in relation to its review into two of the Entity's Registered Training Organisations ("RTOs"), BAWM Pty Ltd and Aspin Pty Ltd and subsequent settlement with the DEECD.

- A. The announcement dated 25 August 2014 entitled "Vocation response to press speculation" disclosing, amongst other things, the following statements:
- *"Vocation's funding contracts with the Victorian Department of Education and Early Childhood Development (DEECD) have not been suspended and are continuing.*
  - *The DEECD is undertaking a review of three of the courses conducted by Vocation for which Vocation receives funding under those contracts. As part of the review process, the DEECD has withheld recent payments under the funding contracts.*
  - *Vocation considers that neither the review nor its anticipated outcomes are material to Vocation."*
- B. The announcement dated 10 September 2014 entitled "Vocation – Capital Raising" disclosing, amongst other things, the following statements:
- *"Vocation advises that the review being conducted by the Victorian Department of Education and Early Childhood Development is expected to conclude no later than the end of October (confirmed in its meeting with the Department earlier this week). Vocation considers that neither the review nor its anticipated outcomes are material to Vocation."*
- C. The announcement dated 18 September 2014 "Vocation Limited – Response to press speculation" disclosing, amongst other things, the following statements:
- *"Vocation's funding contracts with the DEECD have not been suspended and are continuing.*
  - *The review continues to only relate to three of the courses conducted by Vocation for which Vocation receives funding.*
  - *As stated in the ASX announcement on 25 August 2014, DEECD has withheld recent payments under the funding contracts. To clarify, the withheld payments relate to funding across two of Vocation's four Victorian RTOs. Vocation's remaining contracted RTO's continue to receive all*

payments. Under the terms of the funding contract DEECD has the ability to withhold payments to an RTO while undertaking a review of a course provided by that RTO, and the DEECD regularly applies this approach when undertaking its normal course review processes.

- *The review from the DEECD remains focused on three courses (as previously stated)."*

D. The announcement dated 27 October 2014 entitled "Vocation announces settlement with DEECD" disclosing, amongst other things, the following statements:

- *"Vocation Limited ASX:VET (Vocation) has reached a settlement with the Victorian Department of Education and Early Childhood Development (DEECD) in relation to its review into two of Vocation's Registered Training Organisations (RTOs), BAWM and Aspin.*
- *The commercial settlement Vocation has reached with DEECD has resulted in the forfeiture of \$19.6m of funds.*
- *The DEECD conducted a review of three qualifications conducted by Vocation for which Vocation receives funding under contracts with the DEECD. The courses were the Certificate III in Warehousing Operations, Certificate III in Competitive Systems and Practices and the Certificate II in General Education for Adults. During the course of the review funding to the two Victorian RTO's that delivered these qualifications (BAWM and Aspin) was put on hold.*

*As a result of the review's findings the DEECD has determined, and Vocation has agreed, that:*

*Part of the funding relating to the three qualifications will be forfeited from the total amount of funding that has been withheld for BAWM and Aspin over the period of the review*

*The remainder of the funding that was withheld by the DEECD during the course of the review will be released to Vocation*

*Although BAWM and Aspin will continue to train students currently enrolled, with normal funding arrangements for these enrolments to apply, all new enrolments in Victoria are being consolidated under Vocation's two other RTO's (which hold all necessary accreditation needed for Vocation's Victorian operations). At the end of the training of BAWM and Aspin students, BAWM and Aspin will relinquish their funding contracts (expected to be early 2015)".*

ASX also refers to the following.

E. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

F. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- H. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

- I. Listing rule 18.7A which provides:

"ASX may publish correspondence between it and an entity if ASX has reserved the right to do so and considers that it is necessary for an informed market."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. When did the Entity first become aware of the information contained in the announcement dated 25 August 2014 entitled "Vocation response to press speculation"?
2. Does the Entity consider the information contained in the announcement dated 25 August 2014 entitled "Vocation response to press speculation" to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is "no", please advise the basis for that view.
4. If the answer to question 2 is "yes" and the Entity first became aware of the information before the announcement dated 25 August 2014 entitled "Vocation response to press speculation" date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please advise the basis for not announcing the quantity of the funds withheld by the DEECD during the review prior to the announcement dated 27 October 2014?
6. Please advise the basis on which the Entity made the following statements?
  - a. In the 25 August 2014 "Vocation response to press speculation" announcement. "Vocation considers that neither the review nor its anticipated outcomes are material to Vocation".
  - b. In the 10 September 2014 "Vocation – Capital Raising". "Vocation considers that neither the review nor its anticipated outcomes are material to Vocation".

- c. In the 18 September 2014 "Vocation Limited – Response to press speculation". "Vocation would like to reiterate, as stated in ASX announcements on 25 August 2014 and 10 September 2014, that neither the review nor its anticipated outcomes are expected to be material to Vocation".

7. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9.30 am. AEDT on Thursday, 30 October 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [simon.daniels@asx.com.au](mailto:simon.daniels@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Simon Daniels

**Senior Adviser, Listings Compliance (Sydney)**