

14 October 2016

Departmental reviews, 2015 reconciliation payment and changes to VET-FEE HELP

As noted in the Site Group International Limited ("Site", ASX: SIT) 2016 Annual Report, an ongoing Industry wide review is underway by the various government agencies governing the sector.

As with many other providers Site subsidiary, Productivity Partners Pty Ltd has also been undergoing audit and review in relation to its 2015 reconciliation payment. These industry reviews have been well publicised in the media and by government.

The review process is continuing, with Productivity Partners providing requested information to and providing full co-operation with the various agencies who regulate this sector. Whilst Productivity Partners believes these reviews are a normal function, given the current publicity surrounding the sector, Productivity Partners advises that it has received an audit report undertaken by an independent accounting firm on behalf of the Department of Education and Training. The audit report has noted a number of queries that Productivity Partners is required to provide further information in response to. Notwithstanding that these queries have been raised, Productivity Partners management is confident that it can readily address the queries and expects that this should lead to ultimate finalisation of this process.

Additionally, the Australian Government recently announced changes to its funding for vocational courses by cancelling its VET-FEE HELP Program and signalling its intent to commence a new program to be called Vet Student Loan Program. The proposed changes, which are currently before parliament, intend to introduce pricing bands of \$5k, \$10k and \$15 for approved courses and contain stronger eligibility criteria for providers. The government is seeking to have courses and providers which are more closely aligned with industry and employment.

The broader domestic Site business has commenced FY17 strongly with the group's investment in the apprenticeship offerings, international student programs and Online Learning. In addition, expanded international operations at Clark in the Philippines, PNG and Saudi Arabia has helped deliver a strong result. The first quarter unaudited results will be released with the September Quarter cash flow statement at the end of October.
te will continue to update the market as more information becomes available.

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