

# ABC child care empire looks to grow <sup>[1]</sup>

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## EXCERPTS

Australian child care tycoon Eddy Groves says he is aiming to add as many as 450 centres to his newly-formed \$800 million empire within three years.

Last week's merger of Mr Groves' ABC Learning Centres Ltd with two interlinked competitors, Peppercorn Management Group (PMG) and Child Care Centres Australia (CCA), whose centres are managed by PMG, has created a single company with 700 owned and managed centres.

That represents around 20 per cent of the entire child care market in Australia.

"Over the next three years there are about 400 to 450 centres in the pipeline," Mr Groves told ABC's Inside Business.

He said there was no sense in having four listed entities operating and competing for the same business.

He said the new group would be better equipped to re-balance areas of the nation where there was an undersupply of child care places and areas where there was oversupply on behalf of the government.

The Government subsidises each of the private centre's revenues by almost 50 per cent.

Despite that, the high cost of child care has forced many parents out of the workforce to care for children at home, leading to mounting pressure on the Government to make the system cheaper and more effective.

Mr Groves said each centre aims to make around \$100,000 in profit each year.

On those numbers, Mr Groves' aim of a group of 1,200 centres would reap annual profits of \$120 million.

"It will take a long time before we get to that number, but yes, I think eventually the opportunity is there for us to grow to that size at some point" he said.

Following the merger, PMG chief executive Michael Gordon will walk away with nearly \$130 million from the sale of his 55 per cent stake in the company.

He co-founded PMG as a single Brisbane child care centre in 1992.

- reprinted from the Age

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