

Child care takeover [AU] ^[1]

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Source: Border Mail

Format: Article

Publication Date: 10 Sep 2004

AVAILABILITY
See text below.

EXCERPTS

Almost half the child care centres in Albury-Wodonga will be managed by a single group after the merger of the ABC Learning and Peppercorn companies announced yesterday.

The two companies and Child Care Centres Australia will form a single, \$800 million conglomerate with more than 700 owned and managed centres across the nation.

ABC Learning also plans to buy 115 child care businesses, which are also managed by PMG, from Peppercorn Investment Fund. Child care has become a highly-profitable business across Australia.

Use of child care services is said to have surged 27 per cent between 1999 and 2002.

ABC Learning runs 332 day-care centres and Peppercorn manages 452, including some of the 111 owned in Queensland by Child Care Centres.

ABC Learnings operating profit after tax last year was up 77 per cent to \$21.4 million, while Peppercorn made a net profit of \$8.3 million, up from \$3 million the previous year.

ABC Learning chief executive Mr Eddy Groves said there were no plans at present for a merger with another listed rival, Hutchison Child Care Services.

The Liquor Hospitality and Miscellaneous Union, which represents Australia's thousands of child care workers, has expressed concern about the merger plan.

The union will ask the Australian Competition and Consumer Commission to investigate whether the group would have an unfair control over the market.

The merged group would own 550 centres and manage 228 centres, which is about 15 per cent of Australias 4500 long-day care centres.

Peppercorn chief Mr Michael Gordon, will receive \$130 million when he hands over control of the company he co-founded when it was just a single Brisbane child care centre in 1992.

- reprinted from the Border Mail

Region: Australia and New Zealand ^[2]

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