

# Buyers for ABC scared off [AU]<sup>[1]</sup>

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## EXCERPTS

Taxpayers are unlikely to claw back the \$56 million spent propping up failed ABC Learning Centres, as high rents and plunging enrolments scare off potential buyers. The receiver of the 241 "unviable" childcare centres now on the market, PPB partner Stephen Parbery, yesterday revealed 180 parties had lodged binding bids to buy them.

But he doubted the sales would yield enough to repay the federal Government all the funds spent to keep centres running until the end of March. "I don't think it's envisaged there will be a sale price to that extent coming out of the process," he told The Australian.

"But I think it's a good sign that we've had 180 different parties coming along this road. It's in line with our expectations." Mr Parbery said each of the 241 centres had attracted a bid, but refused to give any financial details of the offers. High rents on properties -- some as high as \$700,000 a year -- have scared away more than half the 470 parties that lodged expressions of interest in buying centres last month. The leading contender -- non-profit consortium Childcare 21, which has the backing of a Bendigo and Adelaide Bank subsidiary -- yesterday revealed its offer to buy all 241 centres was conditional on rental reductions or ongoing taxpayer support.

Childcare 21 spokeswoman Bernadette Dunn said a confidentiality agreement with the receiver banned her from releasing any details of her bid. "We do believe that there needs to be a transition period, and that with some negotiations with the Government and the landlords we could create an economically sustainable business," she said.

"There are discussions that need to be had." Ms Dunn said families had been pulling children out of the centres since the receiver declared them unviable in December. She said the Childcare 21 bid was the best way to keep all centres open. "If there's going to be cherry-picking, someone's going to be left out in the cold." ... Private operator Ramsay Bourne, which also had expressed interest in buying all 241 centres, had bid for only a third of them.

Chief executive Stephen Ramsay said some rents were three times higher than market rates, even in regional areas. Another potential buyer, Bambinos Childcare owner Martin Downs, whittled his offer back from 10 to four centres. Mr Downs said enrolments in some centres had fallen 20 per cent in two months, as parents found more stable childcare.

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Centres will have to close unless they are sold by March 31, when federal funding runs dry. ABC Learning owns one in five Australian childcare centres, and collapsed into receivership last November. A further 720 profitable centres will be put on the market later in the year.

- reprinted from The Australian

**Region:** International<sup>[2]</sup>

**Tags:** privatization<sup>[3]</sup>

**Source URL (modified on 27 Jan 2022):** <https://childcarecanada.org/documents/child-care-news/09/03/buyers-abc-scared-au>

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