

Stop another ABC Learning fiasco [AU] ^[1]

Author: Herald Sun

Source: Herald Sun

Format: Article

Publication Date: 6 May 2009

AVAILABILITY

See text below.

EXCERPTS

Competition laws could be changed to prevent another ABC Learning scenario, according to the federal Treasury.

A Treasury discussion paper on "creeping acquisitions" says the government needs to amend the Trade Practices Act (TPA) to stop businesses from taking over smaller competitors in a way that could jeopardise competition.

"Where there is evidence of a limitation in the TPA that may be exploited to the detriment of consumers, there is a role for government to resolve this limitation," the paper says.

"Through amendments to the TPA, or other policy options, governments can attempt to create the conditions for markets to function more effectively and ultimately help enhance the welfare of Australians."

Assistant Treasurer, Competition Policy and Consumer Affairs Minister Chris Bowen says the government is committed to addressing failings of the existing competition regime.

"We are determined to get the balance right between protecting consumers from dangerous, anti-competitive acquisitions, and promoting efficient, organic growth for business," he said.

...

ABC Learning Centres bought a series of smaller childcare centres to the point where it owned more than 1000 centres to become Australia's largest childcare provider.

But the company, which borrowed heavily on global money markets, went into administration in November last year, and was given a \$34 million lifeline by the government.

-reprinted from Herald Sun

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[2] <https://childcarecanada.org/category/region/australia-and-new-zealand>

[3] <https://childcarecanada.org/category/region/international>

[4] <https://childcarecanada.org/category/tags/privatization>