

Charities contest with financier Michael Milken for ABC Learning group ^[1]

Author: Bitá, Natasha

Source: The Australian

Format: Article

Publication Date: 28 Oct 2009

EXCERPTS

A consortium of charities is vying with former American junk bond king Michael Milken to buy Australia's biggest childcare chain, the failed ABC Learning group.

Mission Australia has teamed up with the Brotherhood of St Laurence, the Benevolent Society and Social Ventures Australia to prepare a bid to take over the remains of Eddy Groves's childcare empire.

"We're part of a larger group of not-for-profits who are looking into the possibility of buying it," a Mission Australia spokesman told The Australian yesterday.

"It's certainly an interesting proposition."

But it is competing with rival bidder Knowledge Universe, a Singapore-based company which was co-founded by billionaire businessman and philanthropist Milken who purchased the ABC-owned Busy Bees chain in Britain earlier this year.

If ABC Learning's 715 childcare centres are sold to non-profit operators, the handover will transform the nation's commercially dominated childcare sector.

But a sale to Knowledge Universe would result in a new dominant childcare corporation driven by shareholder profits.

...

Several private equity companies also are looking at lodging bids for the ABC centres.

But a frontrunner to buy the group, Peppercorn Childcare founder Michael Gordon, has pulled out of the contest after carrying out preliminary due diligence. Mr Gordon said he feared that new childcare quality standards to be considered by the Council of Australian Governments in December would eat into profits. "I was interested but I'm not going to be part of it," he told The Australian yesterday.

"Maintaining a good margin in that sector is not easy. Labour is obviously a large part of the costs and anything to do with changes to the employee rates and conditions and licensing changes that impact on the roster is going to be difficult for the industry to absorb."

ABC Learning has already protested against the COAG proposal to force childcare centres to hire extra staff, claiming it would have to charge parents \$20 more per day for childcare.

- reprinted from The Australian

Region: Australia and New Zealand ^[2]

International ^[3]

Tags: privatization ^[4]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/09/11/charities-contest-financier-michael-milken-abc-learning-group>

Links

[1] <https://childcarecanada.org/documents/child-care-news/09/11/charities-contest-financier-michael-milken-abc-learning-group> [2]

<https://childcarecanada.org/category/region/australia-and-new-zealand> [3] <https://childcarecanada.org/category/region/international> [4]

<https://childcarecanada.org/category/tags/privatization>