

10 December, 2008

ABC LEARNING GROUP RECEIVER UPDATE

The Receiver of ABC Learning Centres Ltd., Mr Chris Honey of McGrathNicol, today outlined a plan to provide a childcare place for every ABC child into 2009.

Under the plan, 720 centres will remain within the ABC Learning Group and 55 will close and be consolidated into nearby ABC centres. A further 241 centres have been identified as unviable under the current business model but will trade into 2009 under an arrangement to be announced by the Government later today.

New ABC Learning Group

The new ABC Learning Group will comprise:

- An additional 64 centres that will continue trading into 2009 as part of the ABC Learning Group. This number is in addition to the previously announced 656 ongoing centres, bringing the total number of centres trading as normal into 2009 to 720 centres.
- A further 55 ABC Learning Centres that will close and be consolidated into the above group of ongoing centres. All children at these centres will be offered places at ABC centres, where there is additional capacity and which are within an average radius of 2.5km. In addition, we are confident that we can redeploy approximately 80% of staff from these closing centres to nearby centres that are continuing into the New Year.

“With the support of ABC Learning Group’s banks and the Federal Government, we have devised a recovery plan to provide childcare places for every ABC family into 2009,” Mr Honey said.

“Today we are in a much better position than we could ever have imagined just four weeks ago when we were first appointed as Receivers and Managers.

“We can now shift our focus to transitioning the new ABC Learning Group business out of receivership in 2009.

“We have undertaken a detailed review of the consolidating centres and identified capacity at neighbouring centres. We will work closely with parents to ensure their child’s new ABC centre is as close as possible to the previous location.

“I appreciate this solution is not perfect, as some children will need to move to other centres, however we have sought to minimise the impact on families and consider it is the best outcome in the circumstances,” Mr Honey said.

Mr Honey added that he would continue to work closely with the Government on the issue of employee entitlements.

“I can confirm that around 80 per cent of centre staff at the consolidating centres will be able to be redeployed to nearby continuing centres to ensure the ABC Learning Group maintains the highest quality levels of care,” he said.

Centres continuing outside ABC Learning Group

As outlined above, the review process has found that 241 centres are not viable under ABC’s business model and therefore cannot be part of an ongoing, sustainable ABC business.

It is possible that some of these centres could be profitable and could also be transitioned out of receivership if operated under an alternative business model.

These centres will continue to trade into 2009 under an arrangement to be announced by the Government later today.

“We are extremely appreciative of the ongoing support of the Australian Government throughout this difficult process,” Mr Honey said.

Further information

Full details of the status of every centre will be posted today on www.childcare.com.au

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