

# Watchdog's charge leaves ABC reeling

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SHARES in childcare group ABC Learning were in freefall yesterday, as founder and boss Eddy Groves was forced to defend accusations of anti-competitive behaviour by the competition regulator.

The stock fell almost 10 per cent to a seven-year low of 71.5c and have now plunged 90 per cent in 12 months as investors continue to lose confidence in Mr Groves' business model.

One analyst yesterday called for Mr Groves to resign.

The Australian Competition and Consumer Commission said yesterday it had commenced proceedings in the Federal Court in Melbourne against ABC Learning regarding the

alleged anti-competitive behaviour.

ABC Learning acquired company Peppercorn Management Group in December 2004.

An undertaking required ABC to not acquire any further childcare centre licences in certain regional areas and to sell a number of childcare centres in three regional areas.

This included two centres in Geraldton, Western Australia — the Kidz Retreat and Little Buccaneers childcare centres — which are still owned by ABC.

"The ACCC alleges that between December 2004 and the present, ABC did not divest the two Geraldton centres even though the ACCC agreed to extend the deadline several times and this has resulted in a breach of the undertakings," the ACCC said.

The Federal Court has scheduled a directions hearing, which includes two other alleged breaches of the undertaking, for August 8.

An ABC spokesman said that due to high competition in the area, selling the centres had proven more difficult than anticipated, but there were "currently interested buyers".

"ABC will continue its dialogue with the ACCC with a view to resolving this matter," the company said.

Wiseowl equities analyst Sven Restel said: "I think it is time for Eddy Groves to step aside".

Analyst Roger Montgomery from Clime Asset management said the continuing fall in the share price reflected a lack of confidence in the ABC Learning business model.



**MORE WOE:** ABC founder Eddy Groves in the thick of it again.