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Defiant ABC chief faces court

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THERE was little contrition from Eddy Groves yesterday as he fronted the Federal Court in Sydney to answer questions about the collapse of ABC Learning.

The unemployed Mr Groves still spoke warmly about the business he founded and grew into a global giant before it stumbled in the financial crisis and hired people that apparently were not up to scratch.

Mr Groves said David Ryan, who became ABC chairman in May 2008, was one of several people who let him down. He said they had an "excellent working relationship ... up until the point he lied to me".

He recalled how Mr Ryan said at one stage they were both committed for the next three years while ABC was "rebuilt to its former glory".

"He bailed on that on the 30th of September," Mr Groves said, referring to the day he was sacked. He told the court that the commitment may have been poisoned on August 1 when further trouble flared with ABC's auditors over developer payments being treated as income in previous financial accounts.

This would mean the restatement of accounts over many years, in some of which Mr Ryan had presided as chairman of the audit committee.

Mr Groves also said he was unaware of the poorly performing Australian operations until days before they were released in February 2008 because it was the responsibility of division chief executive Martin Kemp.

Mr Groves nevertheless downplayed Australia's performance as a factor in the market's toxic reaction to ABC's interim results days later that led to a share price rout that wiped out his stake in ABC. The shares were sold to pay a margin loan.

The examination continues tomorrow.

This story was found at: <http://www.smh.com.au/business/defiant-abc-chief-faces-court-20100414-se5j.html>