

20 January 2023

Mr Bruce Mikkelsen
A/g General Manager
Competition Exemptions
Australian Competition and Consumer Commission

via email: ArmaguardProsecur-Merger@accc.gov.au

Dear Mr Mikkelsen,

Thank you for the opportunity to comment on the ACCC's Statement of Preliminary Views regarding the proposed Armaguard-Prosecur Merger.

The Australian Retailers Association (ARA) believes it is critical that Australia continues to have a safe, secure and reliable cash distribution service. We acknowledge the applicants' arguments that ongoing competition is not sustainable due to declining demand, which has resulted in uneconomic low prices for CIT services.

However, we noted in our previous submission that there is still customer demand for cash transactions and retailers currently rely on Cash-in-Transit (CIT) services provided by both the applicants.

Further to this, the Reserve Bank of Australia reported in January 2023 that while cash is being used less for retail transactions, there are still more than 2 billion banknotes currently on issue in Australia, with many households holding notes as a store of value in these uncertain times, as well as due to cultural background and practices, that mean some individuals prefer to deal only with cash rather than trust banks.¹

We also note that Australia's major retailers have indicated in their submissions that as the two applicants are the only suppliers of CIT services with national networks, the proposed merger will likely result in a significant lessening of competition and choice in the market. The major retailers also noted that there are substantial barriers to new entrants to the market due to the necessary investment required to provide services with an appropriate level of expertise and security.

We therefore urge the ACCC to ensure that, if the proposed merger does cause a lessening of competition, it does not result in any long-term decrease in service provision or increase in prices for these services. Potentially the ACCC should consider instituting some form of price monitoring system should the merger be approved to proceed.

The ARA does understand that in the short-term the industry is undergoing significant change due to increasing costs and this merger application reflects that, but the long-term access to cash at reasonable price levels needs to be maintained.

Yours sincerely,



Paul Zahra
Chief Executive Officer

The Australian Retailers Association is the oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians and is the largest private sector employer in the country. As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community. We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and everything in between.

¹ [Australians are hoarding more banknotes but how far away is a cashless society in a digital world? - ABC News](#)