



Record of oral submission to the ACCC

Matter name:	Linfox Armaguard Pty Ltd (Armaguard) and Prosegur Australia Holdings Pty Limited (Prosegur) application for merger authorisation		
ACCC parties:	MIB: Simon Pomery, Neil Crighton, Owen Fischbein, Steven Lee, Lynette Lynders		
Other parties:	Brinks Global Services (Brinks) <ul style="list-style-type: none">Nathan Eastwood (General Manager South Asia Pacific – Brinks Global Services)		
Merger authorisation no.:	MA1000022		
Date:	25 October 2022		
Time:	12:00 pm AEST		
Phone to <input type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input type="checkbox"/>	Other <input checked="" type="checkbox"/>

The ACCC met with Brinks to discuss its submission in relation to the Armaguard / Prosegur merger authorisation application. The following issues were discussed.

Background

1. Prior to 2014, Brinks Global Services (Brinks) offered cash in transit (CIT) services in Australia via Brinks Australia Pty Ltd. The CIT & ATM business of Brinks Australia Pty Ltd was acquired by Armaguard in 2014, with other assets (including vehicles and premises being bought by smaller industry participants, including Streamcorp and Authentic Security). Since then, Brinks has limited its service offering in Australia predominantly to the secure transportation and handling of valuable cargo and small-scale foreign exchange processing.
2. Brinks has a strong share in the provision of valuable cargo transport in Australia. It also maintains ACCO accreditation.
3. Brinks has largely exited all markets relating to CIT services in Australia, with the exception of processing foreign cash.

Brinks current service offering

4. Brinks' main service offering in Australia involves valuable cargo transport services. It maintains a small infrastructure in Australia comprised of a head office in Sydney and depots in Perth and Kalgoorlie. It maintains a 15-vehicle fleet which is used to transport mostly precious metals from various mining sites to refineries in Perth and Sydney (both by road and air). There is a slight overlap in this offering with Armaguard and Prosegur but currently no subcontracting of services between these entities.

5. Brinks also offers small scale foreign currency processing from its Sydney depot and maintains 5 clients in this space. Armaguard has some involvement with one of these clients by distributing currency processed by Brinks domestically to retail locations throughout Australia. Brinks is not involved in the retail distribution of processed foreign currency within Australia but is involved in bank to bank and depot to bank transportation.
6. Brinks' Cash Processing Centre Sydney currently employs three employees. Brinks submitted that this depot does not currently have capacity to be scaled up to expand the current service offering and that it would need to invest in depots and people to scale up. Brinks also submitted it will be relocating from its current Sydney depot facility in the next two years and will not consider expansion prior to, or subsequent to, that relocation.
7. Brinks has maintained its Approved Cash Centre Operator (ACCO) accreditation since Armaguard acquired its CIT business in 2014 to enable it to continue its small-scale forex processing services in Sydney utilising a cash pool with Westpac. Maintaining ACCO accreditation involves some costs to Brinks. After 2014, Brinks also had one overseas Bank client, however services for this client have since been relocated offshore. Despite its ACCO accreditation, Brinks stated that, aside from its foreign currency processing operations, it has no intention to expand into the CIT industry.

General Observations on the Australian CIT Industry

8. Brinks made some general observations concerning its previous involvement and decision to exit the Australian CIT industry as follows:
 - 8.1 Brinks' management team was based in the United States. That team did not have firsthand knowledge of the unique needs of the Australian CIT industry;
 - 8.2 Technological developments made by Brinks in the US took several years to enter the Australian CIT industry by which time the technology was outdated;
 - 8.3 The Australian CIT industry was (and continues to be) crowded and dominated by two major players - Armaguard and Prosegur. Brinks' focus was on Valuable Cargo.
 - 8.4 The Australian CIT industry has a large geographical footprint. Business processes developed in the US, where distribution networks are smaller and more developed, are not well suited to the expansive Australian geography, which requires a larger, national network to be competitive. Brinks also lacked the vehicle infrastructure and employee network to compete with Armaguard and Prosegur.
 - 8.5 When Brinks exited, they sold the CIT business to Armaguard, however some of Brinks' assets were sold to other parties. In Sydney, Authentic Security purchased some vehicles and a depot. In Melbourne, Streamcorp acquired a depot and some vehicles.