

# Transport Workers' Union of Australia

## National Office

a. 447 Kent St Sydney NSW 2000

t. 02 8114 6500

ABN 18 559 030 246



## Submission – Transport Workers Union of Australia

### AA100664 – Australian Banking Association – application for authorisation [AA1000664] – interested party consultation

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#### 1. About the Transport Workers' Union of Australia

1.1. The TWU represents 70,000 transport workers across Australia's aviation, oil, waste management, gas, road freight transport, passenger vehicles, cash in transit (CIT) and freight logistics industries. The TWU also represents workers in the emerging 'gig-economy' which include rideshare, food delivery and gig-based parcel delivery workers.

1.2. With over one hundred years' experience in conducting Australia's passenger and freight task, the TWU has been proactive in establishing industry standards that improve the lives and safety of transport workers, their families, and the community. This work has included a long history of establishing innovative systems which have, among many things, helped to ensure that all transport workers regardless of their classification have access to fair rights and entitlements.

#### 2. TWU Worker Representation in Cash in Transit

2.1. In CIT, the TWU represents thousands of CIT workers including subcontractors and has significant membership at Linfox Armaguard Pty Ltd (**Armaguard**). The vast majority of Armaguard workers are employed pursuant to TWU enterprise agreements that ensure

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safe, fair and sustainable standards in an industry otherwise readily acknowledged as having inherent dangers.

2.2. The relevant agreements for which the TWU is covered and Armaguard engages its employee cash in transit officers are as follows:

2.3. Armaguard and Transport Workers Union Road Crew Northern Territory Collective Agreement 2018;

- 2.3.1.1. Armaguard Road (NSW) Agreement 2020;
- 2.3.1.2. Armaguard Road (VIC) Agreement 2020;
- 2.3.1.3. Armaguard Road (QLD) Agreement 2022;
- 2.3.1.4. Armaguard Road (ACT) Agreement 2022;
- 2.3.1.5. Armaguard Road (WA) Agreement 2022;
- 2.3.1.6. Armaguard Road (SA) Agreement 2023;
- 2.3.1.7. Armaguard Road Crew (Tasmania) Agreement 2015;

*collectively referred to as **the Agreements**.*

### 3. An Industry in Crisis

3.1. The cash in transit industry is in crisis with declining safety standards, unsustainable operating models and declining rates of remuneration and funding. A significant amount of these concerns can be attributed to pressures from their largest customers, including the big 4 banks – the Commonwealth Bank of Australia (**CBA**), National Australia Bank (**NAB**), Westpac and the Australia and New Zealand Banking Group (**ANZ**). In this industry, customers, including these financial institutions, have effectively been able set prices and

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conditions to unsustainable levels. We note that these big 4 banks are represented here by the ABA.

- 3.2. The issues in this industry have been well documented. The now abolished Road Safety Remuneration Tribunal was one such body that had within its remit to address the pressures in the industry. In 2015, it released its final report on its *Inquiry into the sectors in the cash in transit industry*, this report contains a useful summary into the issues and its intersection with competition. The report highlights that CIT is one of the most dangerous industries in Australia and the decline in safety standards and rise in subcontracting over many years can be partly attributed to the impact of client/customer pressure.
- 3.3. It is the TWU's view that issues like declining volumes of banknotes being transported and processed and falling capacity utilisation are the consequences of the industry pressures leaving them unable to fairly negotiate or enforce terms with changing customer requirements and consumer demand. For example, a service contract with one major retail chain that was once for \$19 million may now only be valued at \$9 million despite inflationary pressures and increases to other operational costs. In another case, a major bank has requested 15% worth of reductions despite the company experiencing 25% higher on costs. While this may be viewed as healthy competition, it has real and serious impacts on the safety of workers and the public.
- 3.4. As a result of the pressures placed on Armaguard, the company sought to acquire Prosegur Holdings Pty Limited (**Prosegur**) in 2022 by seeking an authorisation from the ACCC. Armaguard ultimately received authorisation from the ACCC to merge with Prosegur on 13 June 2023. Included in its Determination, the ACCC permitted the merge on the basis that Armaguard's acquisition of Prosegur would provide a benefit to the public and that this

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benefit would outweigh any potential detriment. The TWU was involved in this process and broadly supportive of the steps noting that safeguards had to be put in place to protect the industrial rights of transport workers engaged in the industry.

- 3.5. Despite the acquisition, Armaguard faces ongoing operational concerns associated with the viability of its CIT services. These operational concern stem from a range of factors not the least of which are the protracted and seemingly unreasonable negotiation of replacement contracts with Australia's largest financial institutions listed in paragraph 2.3 above. Those negotiations do not appear, on their face, to properly ensure that Armaguard can continue to safely perform CIT services, it they could otherwise fund those services at all from an operational perspective.

## 4. Armaguard CIT Services and Ongoing Viability

4.1. Armaguard is the largest operator of armoured vehicle services in Australia's cash in transit industry. Armaguard's operation has the necessary infrastructure to ensure that CIT services can continue to be safely performed by appropriately trained and skilled transport workers.

4.2. Armaguard's services are available in both metropolitan and non-metropolitan areas and can necessarily ensure that vulnerable members of the community will not be impacted by cash shortages in the medium to long term. However, this is not possible where its largest customers and those representing them, including the ABA, do not necessarily account for their operating costs in performing CIT services.

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4.3. The failure to do so, not only impacts transport workers engaged by Armaguard but the broader community. As a result, any authorisation and authorised conduct to be undertaken by the ABA must ensure that Armaguard's *actual* operating costs are necessarily considered. Also to be considered, it the safe delivery of cash and other valuables in the Australian community. Noting that the delivery and collection of cash and other valuables in and of itself, involves inherent safety risks and concerns.

## 5. Proposed Conduct and Next Steps

5.1. The TWU notes that the proposed conduct of the ABA's authorisation is such that it would have the capacity to develop business continuity measures to account for any potential exit of Armaguard in the performance of cash in transit services.

5.2. It is the TWU's position that any such authorisation must necessarily require the ABA to rigorously review the payment terms offered to Armaguard and all other contracting and tendering practices with its major clients including the big 4 banks. As the largest established operator in Australia capable of broadly performing such services it is, in our submission, Armaguard's ongoing performance of such services is critical to the Australian public.

5.3. Further, any arrangement or authorisation established for the purposes of ensuring the continued safe distribution of cash or other valuables to metropolitan and regional locations *MUST* require a thorough assessment of current arrangements with Armaguard and ensure that the practices meet established minimum criteria in order to ensure such safe operations continue and this must be considered and assessed by the ACCC regularly.

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National Secretary  
**Michael Kaine**

5.4. As a relevant stakeholder, the TWU necessarily views that we otherwise may have necessary insights which could assist this process and would welcome any opportunity to participate as necessary in any ongoing consultation process should the authorisation be made.

**Transport Workers' Union of Australia**

18 April 2024

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