

Linfox Armaguard Pty Ltd

Proposed Merger with Prosegur Australia Holdings Pty Ltd (Proposed Transaction)

Statement of: Scott Antony Forster
Address: **12A Rodborough Rd, Frenchs Forest**
Occupation: Executive General Manager for Group Transformation and Growth
Date: 25 August 2022

On 25 August 2022, I, Scott Antony Forster of 12A Rodborough Rd, Frenchs Forest say:

1. I am the Executive General Manager for Group Transformation and Growth at Linfox Armaguard Pty Ltd (**Armaguard**).
2. I have been asked to make a statement by MinterEllison for the purpose of the Australian Competition and Consumer Commission's (**ACCC**) review of Armaguard and Prosegur Australia Holdings Pty Ltd's (**Prosegur**) application for merger authorisation (**ACCC's Review**).
3. Based on my experience and role, in this statement I explain:
 - (a) general trends in the decline of cash usage in Australia and the impact of this on Armaguard's cash-in-transit (**CIT**) and ATM businesses;
 - (b) Armaguard's strategic approach to mitigate the negative impact of the decline of cash use in Australia on those businesses;
 - (c) Armaguard's strategic rationale for the Proposed Transaction; and
 - (d) the future prospects of Armaguard's CIT and ATM businesses absent the Proposed Transaction.
4. I am authorised to make this statement on behalf of Armaguard for the purpose of the ACCC's Review. I have prepared the parts of this statement that refer to specific financial and volume related data with assistance of members of the Armaguard financial and commercial team.

EXPERIENCE AND EMPLOYMENT HISTORY

5. I hold a Bachelor of Economics from Macquarie University and, I have over 15 years' experience in the cash management industry, including precious cargo, cash management, operations, sales and strategy.
6. In 2020, I was appointed as the Executive General Manager for Group Transformation and Growth at Armaguard. In this role, I form part of the Armaguard Executive Leadership Team (**ELT**). The

ELT is responsible for pursuing strategic opportunities, proposals, and makes recommendations to the Board on a range of matters.

7. In my role, I am responsible for the development and delivery of strategic transformational programs across Armaguard. I also lead the following divisions:
 - (a) Precious cargo division;
 - (b) Security fleet innovation division;
 - (c) Avalon Airport security screening division; and
 - (d) Armaguard Thailand.
8. Since September 2021, I am also responsible for the development of 'new business' for cash and non-cash opportunities, as well as in relation to Armaguard's ATM maintenance and network businesses, Integrated Technology Services Pty Ltd (**ITS**) and Armaguard Technology Solutions Pty Ltd (**ATS**).
9. Having regard to my deep industry experience in cash management, I have primary responsibility for Armaguard's regular engagement with the Reserve Bank of Australia (**RBA**) in relation to the challenges that our business faces due to the ongoing decline in the use of cash as a method of payment. A key part of my role is keeping up to date with recent developments and trends across the cash and non-cash payment systems.
10. Prior to my current role, I have had various roles within the financial and logistics industries, including:
 - (a) from 2006 to 2010, as Regional Manager for NSW, ACT and QLD (for a short period) for the Armaguard Group with responsibility over the day-to-day management of operations;
 - (b) from 2010 to 2011, as Port Botany Terminal Manager for Patrick Corporation;
 - (c) from 2011 to 2014, as International Operations Manager for Armaguard, and from 2014 to 2020, as General Manager International for Armaguard. In these roles, I was responsible for a number of divisions and initiatives, including overseeing Armaguard's international joint venture opportunities in the precious cargo industry and the formation of Armaguard's CIT business in Thailand;
 - (d) from 2016 to present, an Executive Committee role with the Asian Cash Management Association (**ACMA**). Armaguard is one of the founding members of the ACMA, which is a not-for-profit organisation the objective of which is to provide a platform for cash management companies in Asia, Africa, and Australia & Oceania to raise their professional reputation and standing in the cash handling and cash management industry, and to act as a representative with the appropriate

authorities on issues of common interest. I was initially elected to the Executive Committee through a nomination and acceptance process; and

- (e) from 2020 to present, as Chair of the Asian Cash Management Association, Security Committee.

11. In these roles, I have been involved in all aspects of the Currency Management and Precious Cargo Industry, domestically and abroad. I am a regular speaker at conferences and industry seminars internationally, and I have acted, on behalf of Armaguard, as a consultant to other countries (including central banks) in relation to the various issues affecting the cash management industry.

GENERAL INDUSTRY TRENDS: DECLINE IN CASH USE IN AUSTRALIA

Overview of the cash distribution system

12. The cash distribution system in Australia has evolved over time. In essence:
 - (a) Prior to the 1990's, the distribution of cash was primarily carried out by the RBA;
 - (b) In the late 1990's, 'Note and Coin Pools' were established which meant RBA-owned banknotes were held in the depots of CIT companies rather than at RBA-owned depots;
 - (c) Following the introduction of polymer banknotes, the RBA began rationalising its role in cash processing. This led to the ownership of Note and Coin Pools being transferred from the RBA to the private sector through the major banks in 2001.
13. The current outsourced nature of the cash distribution system has been in place since 2001. The RBA has transitioned from an 'operator' to 'regulator' and established a note pool system that requires banks to have their own 'working stock' of cash. As an Approved Cash Centre Operator (**ACCO**), Armaguard through its network of purpose-built, high security RBA Approved Cash Centres (**ACCs**) manages and stores commercial bank note pools which are fitness sorted and segregated according to the RBA's strict Note Quality Standards.
14. Armaguard plays a pivotal role in the wholesale cash and retail cash distribution system in Australia which in turn allows the RBA to meet its published currency related objectives, provides the Banknote Distribution Agreement (**BDA**) participants (i.e. the major banks) with both a trading capability and ability to meet their obligations to the RBA. Armaguard's infrastructure investment and know-how provides the necessary security framework, systems, and coverage to safely and accurately manage, authenticate, circulate and withdraw Australian currency serving wholesale and retail cash users.
15. For instance, in times of crisis and natural disasters (such as floods and bushfires), cash plays an essential back-up role that serves as a safety net for consumers, businesses and communities in affected areas. For example:

- (a) During the COVID-19 pandemic, Armaguard played a crucial role in maintaining the ongoing operation of the cash distribution system by working closely with the RBA to [REDACTED]
[REDACTED] It also accommodated demand from the major banks to hold greater amounts of banknotes to enable them to deal with the increased demands for cash withdrawals as the Australian community grappled with the uncertainty stemming from the pandemic.
- (b) During the NSW bushfire emergency in late 2019 / early 2020, Armaguard mobilised its workforce and resources to respond to the emerging situation. For example, Armaguard activated a Crisis Management Team in the South Coast region so that it was able to support its major bank and retail customers by ensuring cash was able to be quickly transported to where it was needed most, such as the town of Bega (which was a main evacuation point);
- (c) During the recent Northern NSW and Queensland floods in 2022, Armaguard provided cash services to pop-up ATMs across a number of flood-affected regions, including Byron Bay, Gympie, Toombul and Lismore. It also supported pop-up bank branches and accommodated out of schedule and emergency deliveries of cash to ensure the community had safe and reliable access to cash.

16. In addition to the day to day functions that maintain and uphold and safe and secure cash distribution system, I consider that Armaguard's demonstrated ability to maintain the provision of, and access to, cash in times of need is critical to ensuring that communities, businesses and customers' confidence in cash is maintained.

Decline in CIT and ATM services

17. Since 2012, I have observed a steady decline across the industry in the use of cash in Australia,¹ moving to a sharp decline from 2018 onwards. For example, in considering recent payment trends in Australia, cash was used for almost 70 per cent of consumer payments in 2007 but only 27 per cent of consumer payments in 2019. Further, the share of consumers not using cash at all has also increased, with one third of consumer payments survey participants not recording any cash payments in 2019, compared to 18 per cent in 2016. In my view, this is consistent with consumers increasingly preferring to pay with cards or other forms of electronic payment, which is being facilitated by fewer to no barriers to making such payments at a range of merchants (while cash continues to face increasing barriers to its use).

¹ See 'Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey, Research Discussion Paper', dated September 2020 (2019 CPS Paper), here: [Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey \(rba.gov.au\)](https://www.rba.gov.au/consumer-payment-behaviour-in-australia-evidence-from-the-2019-consumer-payments-survey).

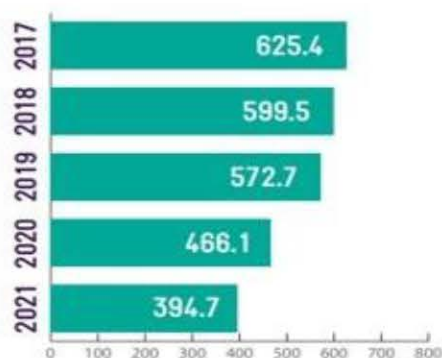
18. As a result of these trends and their impact on cash transport and management service providers, I play a key role engaging with the RBA in an attempt to address these trends and their impacts on the cash distribution system. The RBA commenced a review into the cash distribution system through the '*Review of Banknote Distribution Arrangements: Issues Paper*' dated November 2021 (**RBA Issues Paper**)². The RBA Issues Paper highlights that the decrease in the use of cash for retail payments in the Australian economy is having a significant impact on the cash distribution system and its participants, as activity within the system has fallen substantially. For example, in terms of ATM withdrawals, since 2012:
- (a) the value of ATM withdrawals has decreased by approximately 40 per cent; and
 - (b) the number of withdrawals has fallen by close to two-thirds.
19. Cash withdrawals from other sources, such as over-the-counter and debit card cash-outs, have experienced similar declines. The number and value of banknote lodgements at the major cash facilities were around 55 per cent lower in September 2021 as compared to 2012, reflecting the direct impact of the reduction in circulating cash on CIT operators.
20. The steady decline in cash circulation in Australia in FY18 and FY19 has severely accelerated in FY2020 and FY2021. The COVID-19 pandemic has expedited this decline, with State-enforced lockdowns and economic restrictions reducing the volume of cash usage in the Australian cash distribution system from a transactional perspective. In my view, these events consolidated the shift towards online transactions and alternative payment forms, whilst encouraging a general distrust of cash, which was perceived as a potential safety issue, being a vehicle to transfer the virus.
21. However, despite this decline in transactional cash use, the value of the banknotes in circulation grew by 17.1 per cent from February 2020 to 2021, reaching \$97.3 billion.³ The increase in high-denomination banknotes in circulation, coupled with reduced transactional cash use, suggests an increased desire in the community to hold banknotes as a precaution or store of wealth.
22. The reduction in the use of cash has a direct correlation to ATM usage. For example, the data in the '*AusPayNet Annual Review 2021*' (**AusPayNet Annual Review**)⁴ shows that in FY2021, withdrawals fell by 15.3% to 394.7 million, following a 18.6% drop in FY2020. Similarly, in FY2021, the value of ATM withdrawals decreased by 8.0% to \$104.2 billion, having dropped by 11.9% in FY2020. The following figures, which are extracted from the AusPayNet Annual Review, highlights this trend over the past five years:

² See RBA Issues Paper here: [Review of Banknote Distribution Arrangements: Issues Paper - November 2021 \(rba.gov.au\)](https://www.rba.gov.au/monetary-policy/2021/11/11/2021-11-11-review-of-banknote-distribution-arrangements-issues-paper).

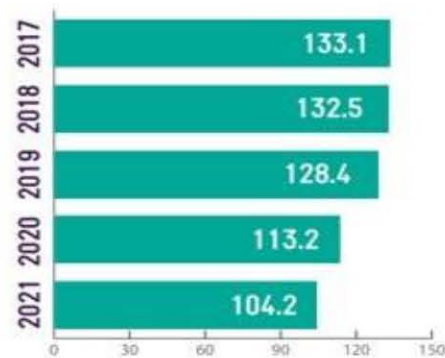
³ See RBA Covid-19 Paper here: [Cash Demand During COVID-19 \(rba.gov.au\)](https://www.rba.gov.au/monetary-policy/2020/03/19/2020-03-19-cash-demand-during-covid-19), page 1.

⁴ See AusPayNet Annual Review here: [AusPayNet Annual Review 2021](https://www.auspaynet.com.au/annual-review/2021).

**NUMBER OF CASH WITHDRAWALS
[Millions]**



**VALUE OF CASH WITHDRAWALS
[\$ Billions]**



Source: Reserve Bank of Australia

23. This decline in demand for services has left the infrastructure required for the Australian cash distribution system to function grossly underutilised. For example, the RBA estimates the aggregate approved depot utilisation based on the volume of banknotes processed, suggest that current depot utilisation may be as low as 50 to 60 per cent.⁵
24. Such a sustained high level of underutilisation is extremely costly to maintain and increasingly inefficient when considering the industry at large. As a result, CIT providers have little choice but to implement strategies aimed at reducing pricing to retain and leverage major accounts in order to offset capital-heavy overheads.

Likelihood of the continued decline of CIT and ATM services

25. Based on recent changes that I have observed and experienced in the industry, and through the interpretation of available data, I consider the decline in cash use in Australia to be highly likely to continue into the future, given:
- (a) digital payment options will continue to increase;
 - (b) Australian consumers will become more familiar with, and accepting of, alternative payment options including through increased online shopping; and
 - (c) there is no reason to suggest a reversal of such recent trends.⁶
26. The COVID-19 pandemic has largely accelerated these trends and locked in long-term behaviours that will permanently impact the volumes of cash within the Australian cash distribution system. By

⁵ RBA Issues Paper, page 19.

⁶ See 2019 CPS Paper here: [Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey \(rba.gov.au\)](#).⁷ Actual data from July 2021 to March 2022, and estimates for April 2022 to June 2022.

way of example, the 2019 CPS Paper highlights an increasing incidence of businesses operating on a cash-less basis, as greater reliance is placed on alternate payment methods.

27. It follows, as the volumes of cash for payment in the economy naturally decline, that the private infrastructure that supports the cash distribution system such as ACCs will increasingly be underutilised, placing further pressure on unit costs. Specifically, as service frequency and volumes reduce, revenues are directly negatively impacted whilst the heavy investment required in infrastructure and systems to maintain the security, standards and high levels of compliance across the network, essential to maintain confidence in and access to currency remains steady.

Specific impact of these trends on Armaguard's CIT and ATM businesses

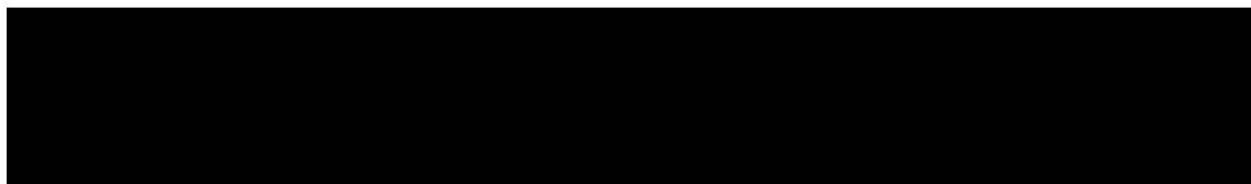
28. In my role as Executive General Manager, I have observed a consistent decline in Armaguard's CIT business with respect to both the volume of cash in the cash distribution system and the demand for its services.

29. This is exemplified by the reduction in:

- (a) cash carried per annum;
- (b) cash volumes per collection;
- (c) service frequency;
- (d) ATMs serviced per month by Armaguard CIT; and
- (e) ATM transactions,

that Armaguard has experienced to date.

30. The following table shows the change in total cash carried by Armaguard Australia from FY17 to FY22:⁷ [REDACTED]

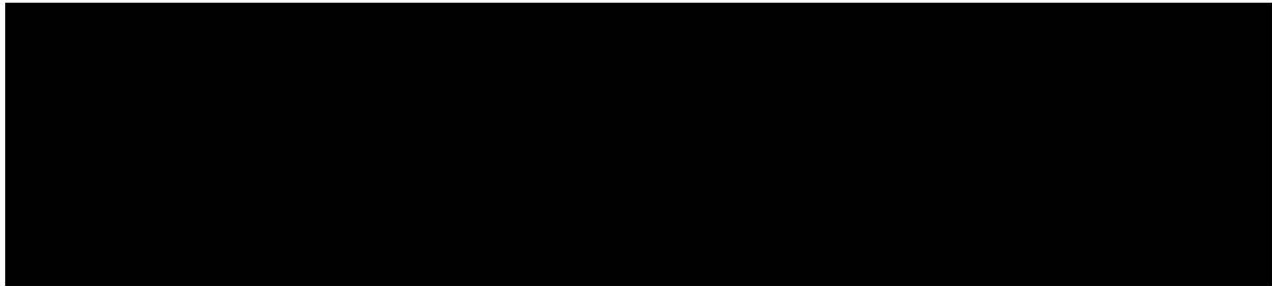



31. The following represents the total cash collected and job numbers from FY17 to FY22:⁸ [REDACTED]

[REDACTED]


⁷ Actual data from July 2021 to March 2022, and estimates for April 2022 to June 2022.

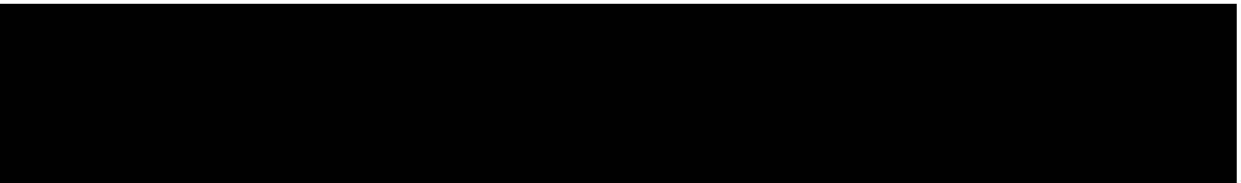
⁸ FY22 is an annualised figure based on run rate as at 1 June 2022.



32. The following represents the jobs performed for the top 30 Armaguard customers from FY17 to FY21, highlighting the reduction in service frequency: 



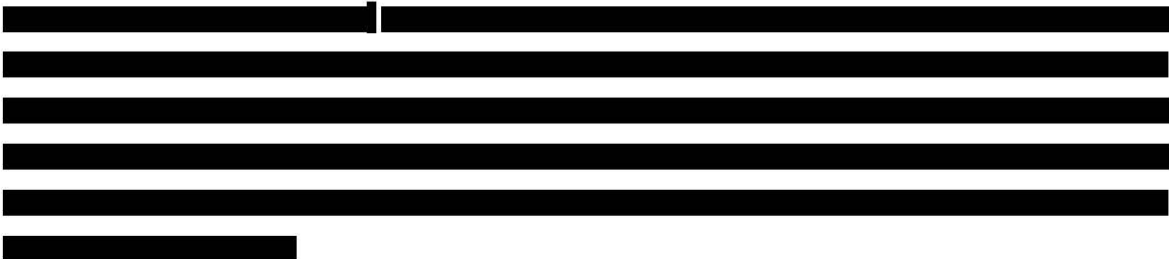
33. The following table represents the average number of ATMs serviced per month by Armaguard CIT from FY18 to FY22:⁹ 



34. The consistent reduction that is demonstrated across the figures outlined above is reflective of the ongoing decline in the use of cash, which has been exacerbated by the impacts of the COVID-19 pandemic.

ARMAGUARD'S RESPONSE TO THE DECLINE IN CASH USE

Armaguard's strategic response to the decline in cash use for CIT services

35. 

36. Some of the strategies that I have observed or overseen are set out below.

A. Cost cutting

⁹ FY22 is an annualised figure based on run rate as at 1 June 2022.

37. Armaguard has focused on cost reduction through a variety of means and measures in recent years. These measures include, [REDACTED]
[REDACTED]
[REDACTED] By way of example, Armaguard has:

(a) **Reviewed overhead and labour costs:** Armaguard has reviewed its overhead and labour costs, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(b) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(c) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

B. Investment strategies (including non-cash revenue streams)

38. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

39. [REDACTED]

40. [REDACTED]

- (a) [REDACTED]
- (b) [REDACTED]
- (c) [REDACTED]
- (d) [REDACTED]
- (e) [REDACTED]
- (f) [REDACTED]
- (g) [REDACTED]

C. Network changes

41. Since 2016, Armaguard has reduced its operating footprint by closing a number of ACCs, as well as converting some ACCs into transport only hubs or processing only hubs. In summary:

- (a) As at 2016, Armaguard operated 39 ACCs;
- (b) As at July 2022, Armaguard is operating 24 ACCs¹⁰ and six transport hubs.

42. [REDACTED] The table at Annexure A to my statement highlights these network changes.

D. Disposing of non-core assets

¹⁰ Two of the 24 ACCs are processing only hubs.

¹¹ Two of the 24 ACCs are processing only hubs.

43. [REDACTED]

E. Enterprise Agreement review

44. [REDACTED]

45. In undertaking each of the actions outlined above in Sections A to E, Armaguard is cognisant of the fact that retailers are not compelled by law to accept cash or promote cash usage. While the measures outlined above are primarily driven by reducing cost to mitigate the financial burden of reduced cash volumes, their implementation directly manages unit costs so that Armaguard's services keep the cost of cash payment at a market price point that maintains its relevance and competitiveness, and does not further discourage its use or acceptance by retailers.

F. Regulatory engagement

46. Armaguard has invested a lot of effort in the RBA's Cash Distribution Consultation Process (**CDCP**), having formally engaged with the RBA to cite specific challenges and provide insight into the dire financial position of both Armaguard and the CIT industry consistently since April 2021. Put simply, to date, Armaguard has been unsuccessful in its request for meaningful reform that will return the business to a sustainable financial position. I consider the current RBA CDCP outcomes to be uncertain. In addition, any proposals are likely to take significant time and consultation to implement and have the potential to lead to greater challenges for the major ACCOs depending on the outcome. For instance, there are significant risks associated with any potential lowering of standards or a material change to the cash cycle that requires additional investment in systems and processes.

47. I further explain the nature of Armaguard's engagement with the RBA at paragraphs 54 – 58 below.

Consequences of the decline in cash use and impact of the resizing strategies

A. SAFETY AND SECURITY

48. [REDACTED]

[REDACTED]

49. There are a range of rules, regulations and protocols that CIT operators are required to observe.¹² Armaguard's internal matrix of standards, procedures, risk and assurance frameworks, which support our service offering, often exceed minimum standards. [REDACTED]

[REDACTED]

[REDACTED] Based on my experience in the industry, I consider that [REDACTED]

[REDACTED]

[REDACTED] In essence, these players are able to continue to generate revenue streams by accessing our infrastructure – directly or indirectly – without having to duplicate or replicate it.

50. Armaguard's high safety and security standards contribute to the provision of its superior service quality, which is a key selling point in its value proposition to customers. Our operational model and embedded security standards reflect a high level of investment over many years, which creates a strong deterrent in a high risk environment. For example:

- (a) we have strict onboarding processes, security and firearm licence requirements (including annual requalification);
- (b) all CIT service sites and cash points are subject of a thorough risk assessment by a qualified risk assessor prior to conducting a service;
- (c) our crews are trained to report any suspicious activity or incident in the normal carriage of their duties, and there exists a robust change of circumstances process where any change to our operating environment can be captured and fed into qualified security professionals to inform decision-making in our operations and approach;
- (d) our crews are trained specifically in attack events and are supported by tried and tested processes and investment in high level security controls [REDACTED]

[REDACTED]

¹² See, for example, ASIAL Cash-In-Transit Code of Practice here: [CIT Code of Practice \(asiac.com.au\)](http://CIT.Code.of.Practice(asiac.com.au)). CIT operators must also comply with a range of relevant State, Territory or Federal legislation applicable to their business.

- (e) we measure our safety performance by regular reporting of key indicators, including:
 - (i) Lost Time Injury Frequency Rate (LTIFR);
 - (ii) Medically Treated Injuries (MTIs);
 - (iii) Motor Vehicle Incidents (MVIS);
 - (iv) Total Recordable Injury Frequency Rate (TRFIR),

(f) [REDACTED]

[REDACTED]

51. The safety and security of our people, and compliance with our custody and compliance obligations relating to the valuable commodities we handle at scale are paramount. We are aware of the role we play in and around the communities we serve, and the fact the nature of our work requires our staff to carry a firearm and to perform high risk profile activity. This awareness informs every decision we make in relation to how we conduct our operations, how we train our staff and how we ensure ongoing compliance with our standards. This is exemplified by the significant investment in security and safety over the past 10 years, as highlighted in the tables below: [REDACTED]

[REDACTED]

[REDACTED]

52. [REDACTED]

- (a) [REDACTED]
- (b) [REDACTED]

53. In simple terms, Armaguard has no appetite to expose its staff or the public to harm – safety is our number one focus and aligned with the goodwill associated with the Armaguard brand.
[REDACTED]
[REDACTED]
[REDACTED] The Board is therefore not likely to take the reputational risk associated with lowering any standards as they apply to the public safety and the safety of our people.

B. OTHER CONSEQUENCES

54. [REDACTED]

- (a) [REDACTED]

(b) [Redacted]

[Redacted]

[Redacted]

(c) [Redacted]

(d) [Redacted]

55. [Redacted]

Armaguard's engagement with the RBA to address the issues in the CIT industry

56. The current cash distribution system has been in place since 2001, prior to which the RBA had a much greater direct operational involvement in cash distribution. However the transition of the RBA from an operator to a regulator in the cash cycle, has resulted in a highly outsourced system requiring significant compliance, specific capability to manage the inherent risk and a high reliance on a small number of private service providers to underpin an essential service critical to the

functioning of the economy. Accordingly, having regard to recent shifts in the CIT industry and, understanding that cash as a payment mechanism has been in decline and is likely to continue to reduce, Armaguard opened dialogue with the RBA to highlight and address these challenges.

57. A summary of some of the recent engagement with the RBA is set out below:

(a) [Redacted]

(b) [Redacted]

(c) [Redacted]

(d) Following the meeting above, the RBA Payments Systems Board met on 21 May 2021 and subsequently published a statement signalling the commencement of a consultation on banknote distribution arrangements.¹³

(e) [Redacted]

¹³ See Payments System Board Update: May 2021 Meeting here: [Payments System Board Update: May 2021 Meeting | Media Releases | RBA](#).

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(f)

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(g)

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(h)

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- [REDACTED]
- [REDACTED]
- (i) [REDACTED]
- [REDACTED]
- [REDACTED]
- (j) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- (k) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- (l) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

58. The option to negotiate directly with our wholesale customers (i.e. the major banks) is fundamentally flawed given we are not a party to any of the BDAs. This further highlights the challenges and improbability of achieving structural reform, when as the provider of the critical infrastructure that supports distribution of cash (to all cash users, not just our customers), we are not party to the governing BDA arrangements.

59. [REDACTED]

60. [REDACTED]

The current cash distribution system took a number of years to implement in full and was enabled by a strong, capable CIT industry and a customer base far more reliant on cash and therefore in

need of cash services. For an extended period, the CIT system served the participants in the cash cycle, users of cash and the economy very well. However, a similarly significant transformation will no doubt be required to address the current overcapacity, high fixed costs and continually diminishing addressable market. Armaguard would not be able to withstand such a process. That is – Armaguard simply cannot continue to sustain significant losses during a consultation, design and implementation phase with no guarantee that the conditions that would eventually prevail can support a return to profitability. It is also likely that any design or restructure of the CIT industry would require further investment from the core CIT operators such as Armaguard in order to adapt to a new model. This is an unduly onerous expectation to place upon a private business and may amass losses that potentially exceed exit costs.

THE PROPOSED TRANSACTION WITH PROSEGUER

61. Based on my long experience in the industry, I consider the only viable approach to attaining a sustainable future for Armaguard's CIT business is through the Proposed Transaction with Prosegur.

[REDACTED]

62. There is a point at which cost rationalisation becomes counter-productive by slowing the cash cycle such that cash is less attractive as a payment option as compared to alternative payment methods and/or increasing the holding cost of cash for customers. There is also a point at which rationalisation can go no further without impacting the safety and security of the people and process. Based on my experience and the data referred to in my statement, I consider that the decline in the use of cash is unlikely to abate as cash as a payment method competes against an increasing suite of alternative digital means that are becoming more widely accepted and adopted. Whilst the services provided by the CIT industry are essential, supply and demand are significantly out of balance.

63. In my opinion, based on the volume trends and the public statements by key stakeholders including the RBA and Treasury as to the ongoing support of and need for cash, consolidation to one main national network of ACCs is inevitable in order to maintain safe and reliable access to cash. The Proposed Transaction with Prosegur represents a viable industry solution and an opportunity for an orderly transformation to a sustainable model, mitigating the pressures and risks building in the current environment.

64. The Proposed Transaction with Prosegur addresses the overcapacity in the CIT system, which can substantially improve the financial sustainability of the industry. It follows that based on an improved financial position, the current cash distribution system has enhanced prospects for survival to support ongoing access to cash and ability to maintain the high standard of security, safety and

compliance required. Further, it is likely that the Proposed Transaction delivers benefits in the form of removing the risk of degradation in service supporting necessary reinvestment at a reasonable level whilst maintaining an ongoing national service capability.

65. In the absence of the Proposed Transaction with Prosegur, I have significant concerns about the outcome of any RBA regulatory solution, which in contrast to the certainty and benefits of the Proposed Transaction, is unknown and would likely take considerable time to execute. The rate of decline in the economic outlook for the CIT industry over recent years serves to highlight the effect of the imbalance in the system. It follows that there is considerable risk and uncertainty as to whether any regulatory solution can achieve a desired state and therefore the prospect of accruing further significant losses as we wait for an uncertain outcome is not practical nor viable.

66. [REDACTED]

67. [REDACTED]

Signed by Scott Antony Forster on 25 August 2022

[REDACTED]

Scott Antony Forster