



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	Gavin Jones, Simon Pomery, Neil Crighton, Steven Lee, Owen Fischbein		
Other parties	Authentic Security Pty Ltd (Authentic Security) <ul style="list-style-type: none">• Stephen Newton (Managing Director)• Colin Bulloch (Continuous Improvement Manager)		
Matter No	MA1000022		
Date:	Monday, 24 October 2022		
Time:	12:00 pm		
Phone to <input type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input checked="" type="checkbox"/>	Other <input type="checkbox"/>

The ACCC met with representatives of Authentic Security to discuss its written submission in relation to Armaguard and Prosegur's merger authorisation application. The following issues were discussed.

Overview of Authentic Security

1. [REDACTED]
2. Authentic Security now provides services to large customers [REDACTED]
[REDACTED] across Australia and has upwards of 30 contractors that it sub-contracts work [REDACTED]
[REDACTED]

3. Authentic Security has also worked with major banks, [REDACTED], in emergency situations like floods or through covid. [REDACTED]
4. Authentic Security sources its cash from [REDACTED]
5. [REDACTED]

Impacts of Armaguard's proposed acquisition of Prosegur

Independent ATMs

6. Authentic Security's biggest concern regarding the proposed acquisition is in relation to ATMs as both Armaguard and Prosegur have ATM networks. If Armaguard and Prosegur merge, the only independent CIT company that replenishes ATMs across Australia will be Authentic Security. Authentic Security is concerned that it will be priced out of the market, post-acquisition, and rival independent ATM operators will then have to relying on one provider, the merged Armaguard and Prosegur, to replenish their ATMs.
7. [REDACTED] has approached one of Authentic Security's large customers, [REDACTED] [REDACTED] undercuts Authentic Security's pricing by around 20%. [REDACTED] Authentic Security considers that if it was dragged into a price war, such as the one that occurred between Armaguard and Prosegur, it would be difficult to survive.

Smaller CIT providers

8. [REDACTED] If Authentic Security or other smaller CIT providers were no longer able to access the ACCs, they would be unable to supply services to customers. This issue is made worse by widespread branch closures which means that smaller CIT providers can no longer access cash at bank branches, and increasingly must use ACCs.

Competitive dynamics in CIT industry

- [REDACTED]
9. [REDACTED]

Alternative supply

10. Authentic Security considers it would have the capacity to service additional customers [REDACTED] As an example, it did so a month ago when Armaguard had a strike in Queensland which meant Authentic Security had to supply one of the major banks and one of the major ATM suppliers with their cash

supply for a week. If Authentic Security are priced out of the market, then they wouldn't be there as a back-up in the future.

11. Authentic Security advised that the back-up arrangements it provides customers is ad hoc and not governed by a contract – the customer simply rings them up if a service disruption issue arises and Authentic Security will accommodate their request to provide services.

12. [REDACTED]

[REDACTED]

13. [REDACTED]

[REDACTED]

14. [REDACTED]

Barriers to expansion

15. The security industry has lots of regulatory barriers meaning it is hard for staff to come in and get training. Because Australia has strict firearms laws, and there aren't many people who are trained to use firearms, this creates a delay in having trained staff. For example in NSW you need 12 months of training to become an armed guard.

16. [REDACTED]

17. [REDACTED]

18. [REDACTED]