

8th April 2021

Senator Glenn Sterle
Chair of Rural and Regional Affairs and Transport References Committee
Shadow Assistant Minister for Road Safety
Senator for Western Australia
Via email: senator.sterle@aph.gov.au
Cc: rrat.sen@aph.gov.au

Dear Senator,

I thank the Rural and Regional Affairs and Transport References Committee (the Committee) for the opportunity to provide a submission to the Inquiry into the Importance of a viable, safe, sustainable, and efficient road transport industry (the Inquiry).

Prosegur Australia Pty Limited ("Prosegur") has been a major operator in the Australian cash in transit (CIT) industry for over 40 years. Having previously been the Brambles Armoured division, and the Chubb Cash in Transit division, the business was purchased by Prosegur Compañía de Seguridad, S.A. in December 2013.

In Australia, Prosegur operates over 200 vehicles and has over 1,000 employees. We are the second largest CIT operator in the world. With operations on four continents, nearly 5,000 vehicles, and over 155,000 employees, there is a deep, diverse knowledge of all aspects of CIT operations.

We are committed to the viability and sustainability of the CIT industry in Australia and most importantly the workplace safety, wellbeing, and fair reward of our employees.

We note with concern unsubstantiated claims made by witnesses at a hearing of this Inquiry held on 11 March 2021. We believe these unsubstantiated claims abused the processes and intent of this Inquiry to achieve the commercial objectives of our competitor Armaguard.

We outline herein a number of key unsubstantiated claims made at that hearing, and the facts in relation to each of those claims.

Claim 1: Prosegur is still receiving the JobKeeper allowance from the Federal Government while Linfox Armaguard's entitlement ceased in September 2020.

Prosegur Response to Claim 1: This is false. Prosegur ceased receiving JobKeeper payments in October 2020.

Claim 2: Prosegur is using the JobKeeper subsidy to under-price Linfox Armaguard and to price at half of Linfox-Armaguard's cost.

Prosegur Response to Claim 2: This is false. The receipt and on-payment of the JobKeeper subsidy to Prosegur's employees is not being used by Prosegur to support commercial offers to any customers. As above, that subsidy ceased being paid to Prosegur at a similar time to when Linfox-Armaguard says it ceased receiving JobKeeper.

There is no proper basis to assert that Prosegur's prices submitted to customers are "half of Linfox-Armaguard's cost". Indeed, Prosegur's prices are submitted to customers on a confidential basis and are subject to confidentiality obligations. It is not clear what possible basis the witnesses would have to assert that it is aware of Prosegur's prices and Prosegur would be extremely concerned if the witnesses or their representatives are

interfering with Prosegur's commercial relations by inducing customers to breach their obligations of confidence to Prosegur.

Claim 3: Prosegur is paying its employees less than the award rate, is not complying with industrial relations laws or rules, and is paying wages that are:

- a. 42% less than Linfox Armaguard in Victoria;
- b. 13% less than Linfox Armaguard in NSW;
- c. 38% less than Linfox Armaguard in country NSW;
- d. 12% less than Linfox Armaguard in Queensland;
- e. 20% less than Linfox Armaguard in Cairns;
- f. 20% less than Linfox Armaguard in SA;
- g. 7% less than Linfox Armaguard in Northern Territory;
- h. 10% less than Linfox Armaguard in ACT; and
- i. 3.5% less than Linfox Armaguard in Tasmania.

Prosegur Response to Claim 3: Contrary to representations by the witnesses, Prosegur pays all employees at or above industrial awards in all States. All of Prosegur's industrial agreements are individually reviewed and approved by the Fair Work Commission to ensure, among other things, that Prosegur's employees are better off overall under those agreements than they were prior to the new agreements.

There is no proper basis to assert that Prosegur is not complying with industrial relations laws or rules.

Claim 4: Prosegur has not given employees wage increases in recent years and did not give any pay increases for four years following Prosegur's acquisition of Chubb's cash in transit business.

Prosegur Response to Claim 4: This is false. Prosegur has given pay increases to most employees of its cash in transit business each year since entering the Australian market.

The vast majority of Prosegur's employees are employed under Enterprise Bargaining Agreements (**EBAs**) which include agreed pay review mechanisms. Prosegur has provided pay rises to employees in line with EBAs in all years since Prosegur has been present in Australia.

Claim 5: Prosegur does not bargain with employees in good faith, does not adhere to high safety standards, provides unsafe working conditions to employees, and does not comply with workplace safety laws.

Prosegur Response to Claim 5: Prosegur bargains with employees in good faith (and has entered into EBAs as a result of that bargaining process), provides safe working conditions and complies with workplace safety laws.

Prosegur has historically had, and continues to have, among the highest safety standards in the industry. Prosegur is a self-insured entity under the Comcare scheme. For a company to qualify as a self-insurer, it must demonstrate superior workplace health and safety practices. To retain its self-insured status, Prosegur must pass periodic internal and external audits against a detailed set of criteria of Prosegur's Environment, Health and Safety Management System (**EHSMS**). Prosegur's EHSMS is a robust system and has helped it achieve "Tier 3" (which is the top tier) in the Comcare licensee rating scheme.

By way of further example, Prosegur is the only operator in the Australian cash in transit industry to require all armoured vehicle operators to wear personal body armour. Prosegur does this at considerable expense, to ensure employees are safe while performing their duties.

Claim 6: Prosegur has three workplace agreements in Victoria – one with a union and two that are non-union agreements.

Prosegur Response to Claim 6: This is incorrect. Prosegur has five workplace agreements in Victoria. Two of them involve a union and three of them do not.

Claim 7: Prosegur is running a loss-leading business in Australia, is using foreign profits to "subsidise" losses in Australia and is trying to drive Linfox Armaguard out of the market.

Prosegur Response to Claim 7: These assertions are false. Contrary to representations by the witnesses, Prosegur does not run loss-leading models in any country including Australia and is not using foreign profits to "subsidise" losses in Australia. While Prosegur has endured difficult trading conditions because of the impact of COVID-19 and the ongoing decline in use of cash by Australian consumers and businesses, exacerbated by conduct within the market. Prosegur operates to make a profit in Australia and, notwithstanding the difficult trading conditions, is committed to the Australian market and focused on returning its business to profitability as soon as possible in a manner that supports the safety and fair reward of our employees. Prosegur competes within the CIT market on the merits.

Claim 8: Prosegur makes seven to eight hundred billion euros per year and has eight or nine hundred million dollars' worth of profits.

Prosegur Response to Claim 8: It is unclear precisely what was meant by the term "makes" but it appears from the subsequent statement at the hearing that it refers to the profits of Prosegur's parent companies and give the Committee a false impression that Prosegur's parent companies are larger and more profitable than they actually are.

Relevantly, for the most recent financial year (2020):

- (a) Prosegur Cash S.A. (the listed holding company of Prosegur Australia Pty Ltd) had revenues of approximately €1.5 billion and EBIT of €134 million.
- (b) Prosegur Compañía de Seguridad, S.A. (the ultimate listed holding company of Prosegur Australia Pty Ltd, which has a majority interest in Prosegur Cash S.A.) had revenues of approximately €3.5 billion and EBIT of €69 million.

The revenues and EBIT figures of Prosegur's parent companies do not accord with the statement made by the witnesses to the Committee. They are orders of magnitude lower than the incorrect assertions made by the witnesses and grossly mischaracterise the size and position of Prosegur's parent companies. The witnesses could have, and should have, verified the correct figures through publicly available materials.

Prosegur respectfully asks the Committee to accept and publish this letter on both the 'Public Hearings' and 'Additional Documents' pages of the Inquiry website.

Yours sincerely



Janine Copelin
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Prosegur Australia