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Statement of Preliminary Issues

New Zealand Banking Association: Application seeking authorisation for collective bargaining over cash-in-transit services

22 September 2025

Introduction

1. On 12 September 2025, the Commerce Commission (**Commission**) registered an application (**Application**) under sections 58 and 65AAA of the Commerce Act 1986 (**Act**)[1] from the New Zealand Banking Association (**NZBA** or the **Applicant**).

2. The Applicant seeks:

   2.1 authorisation under section 58 of the Commerce Act 1986 (the **Act**) to collectively negotiate, enter into, and give effect to an arrangement with Evergreen International NZ, LLC (trading as **Armourguard**) for wholesale cash-in-transit (**CIT**) services, retail CIT services, ATM maintenance services, and guarding services for a period of up to 11 years (**Arrangement**); and

   2.2 interim authorisation under section 65AAA of the Act to allow participants in the Arrangement to collectively negotiate with Armourguard to extend their existing terms while the substantive application is under consideration, to plan and prepare for collective negotiation, and to commence negotiations (but not to enter any agreements).

3. Authorisation allows firms to engage in conduct that they perceive would otherwise breach the Act. It is a voluntary process that parties may avail themselves of if they perceive a competition law risk with the arrangements they wish to enter into or conduct they wish to engage in.

4. The Commission will authorise an arrangement if it is satisfied that:

   4.1 in relation to an application under section 58(1) to 58(6A) of the Act, the arrangement will result, or is likely to result, in a benefit to the public which would outweigh the lessening of competition;[2] or

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1 Sections 58(1), 58(2), 58(6B), 58(6D) and 65AAA of the Act.

2 Section 61(6) of the Act.

4.2 in relation to an application under section 58(6B) to 58(8) of the Act, the arrangement will result, or is likely to result, in such a benefit to the public that the arrangement should be permitted.[3]

5. The Commission is able to grant interim authorisation in respect of an application for authorisation if it considers it appropriate to do so, and it may grant such interim authorisation for such period as it sees fit.[4] If the Commission grants an interim authorisation, it remains in force until the Applicant withdraws the application for authorisation, the Commission revokes the interim authorisation under section 65 of the Act, or the Commission declines or grants the application for authorisation.[5]

6. This Statement of Preliminary Issues (**SOPI**) sets out the issues we currently consider to be important in deciding whether to grant authorisation.[6]

7. We invite interested parties to provide comments on the issues set out in this SOPI, including the likely benefits and detriments of the Arrangement. Parties who wish to make a submission should do so by **6 October 2025**.

8. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

The Applicant and Participants

9. NZBA is an industry representative organisation that represents and advocates for interests of the New Zealand banking industry. There are 17 registered banks in New Zealand that are members of NZBA.[7] Its work includes engagement with government and regulators on policy and legislative matters, promoting industry standards and best practice, and supporting public understanding of banking. NZBA also facilitates industry collaboration on issues of shared importance, including financial inclusion, sustainability, and operational resilience.

10. NZBA submits that the **Participants** in the Arrangement include:[8]

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3 Section 61(8) of the Act.

4 Sections 65AAA(1) and 65AAA(5) of the Act.

5 Section 65AAA(4) of the Act.

6 The issues set out in this statement are based on the information available when it was published and may change as our investigation progresses. The issues in this statement are not binding on us.

7 NZBA's member banks are ANZ Bank New Zealand Limited, ASB Bank Limited, Bank of China (NZ) Limited, Bank of New Zealand, China Construction Bank, Citibank, N.A., The Co-operative Bank Limited, Heartland Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Industrial and Commercial Bank of China (New Zealand) Limited, JPMorgan Chase Bank, N.A., Kookmin Bank, Kiwibank Limited, Rabobank New Zealand Limited, SBS Bank, TSB Bank Limited, and Westpac New Zealand Limited. See: https://nzba.org.nz/about-us/.

8 Application by New Zealand Banking Association for authorisation and interim authorisation (11 September 2025) (the Application) at [1.1]. A public version of the Application is available on our website at: https://www.comcom.govt.nz/case-register/case-register-entries/new-zealand-banking-association/.

10.1 itself;

10.2 NZBA's current and future members that choose to participate in the Arrangement. NZBA's members that currently intend to participate include ANZ, ASB, BNZ, Kiwibank and Westpac; and

10.3 any other customers of CIT services in New Zealand that choose to participate in the Arrangement. That could, for example, include ATM providers, larger retailers, and other businesses that procure CIT services.

11. To ensure transparency and facilitate the administration of the Arrangement, any party that wishes to become a Participant must notify NZBA in writing within 20 working days of the publication of the application, which was on 12 September 2025.

Background to the Arrangement

12. In October 2024, the Commission cleared Evergreen NZ Holdings, trading as Armourguard (**Evergreen NZ**) to acquire 100% of ACM New Zealand Ltd (**ACM**).[9] This merger considered the provision of the following services:[10]

12.1 wholesale and retail CIT services, which facilitate the secure use, movement and availability of physical cash in and around New Zealand:

12.1.1 wholesale CIT refers to the movement of cash between the Reserve Bank of New Zealand (**RBNZ**) and major banks, and between major banks, through depots owned by CIT providers; and

12.1.2 retail CIT refers to the secure movement of cash between CIT providers' depots and locations where consumers access or use cash (including retailers);

12.2 Automated Teller Machine (**ATM**) maintenance services, which secure a steady supply of public access to cash through ATMs; and

12.3 precious cargo services, which provide safe transportation of precious cargo (such as bullion).

13. Evergreen NZ had applied for clearance or authorisation to acquire ACM. The Commission granted clearance for Evergreen NZ to acquire ACM as it appeared ACM would exit the market in the short term and no credible alternative buyer was likely to acquire ACM's assets to continue competing with Evergreen NZ.[11]

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9 Commerce Commission, *Evergreen NZ Holdings and ACM New Zealand Limited* [2024] NZCC 23 (the Evergreen Decision).

10 Ibid, at [18] and [26]-[27].

11 Ibid, at [52].

14. No new entrant has entered the market since that merger, leaving Evergreen NZ (Armourguard) as the sole provider of wholesale CIT services in New Zealand and a predominant provider of retail CIT services.[12]

The Arrangement for which authorisation is sought

15. The Arrangement for which the Applicant seeks authorisation and interim authorisation is described in the Application.

16. In summary, the Applicant seeks authorisation for it and the Participants to: [13]

    16.1 collectively bargain in relation to wholesale CIT services, retail CIT services, ATM maintenance services, and guarding services with Armourguard;

    16.2 engage in discussions and exchange information to the extent relevant and reasonably necessary for those collective negotiations;

    16.3 enter into a collective agreement and/or separate agreements based on a common contractual framework collectively negotiated between Armourguard and the Applicant (and/or the Participants); and

    16.4 give effect to provisions of agreements collectively negotiated between Armourguard and the Applicant (and/or the Participants).

17. As at the date of the Application, the Participants have not commenced collective negotiations. However, the Applicant expects the scope of the collective negotiations to include (but not be limited to):[14]

    17.1 key commercial and operational terms such as pricing, minimum service levels, security commitments, and opportunities to rationalise Armourguard's costs in providing CIT services across the network;

    17.2 “step-in rights”, which relate to the circumstances under which a Participant or Participants have the right to “step in” and control the operations of Armourguard’s CIT services in the event of service disruption or failure, and how the exercise of such rights would be communicated to all customers;

    17.3 operational sustainability and efficiency opportunities that can be implemented across services provided to each Participant which may include (but is not limited to):

        17.3.1 standardised commercial deposit products;

        17.3.2 pre-registration of collection values;

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12 Ibid, at [35].

13 The Application, above n 8 at [5.2], referring to the definition of ‘CIT services’ at [1.3] of the Application.

14 Ibid, at [5.3].

17.3.3 standardisation of delivery and collection schedules;

17.3.4 standardisation of coin order values and format;

17.3.5 use of integrated safes by retailers;

17.3.6 a simplified discrepancy process; and

17.3.7 standardised treatment of cassettes / bags on site; and

17.4 exploring the development of an alternative pricing mechanism to fairly contribute to the costs of the CIT infrastructure in the best interests of all stakeholders.

18. The Applicant is seeking authorisation for a period of up to 11 years, comprising:[15]

18.1 a period of up to 12 months to allow the Participants to engage in collective bargaining with Armourguard; and

18.2 a period of up to 10 years to give effect to any collective agreement and/or separate agreements based on a common contractual framework negotiated between Armourguard and the Participants.

19. The Applicant considers the requested authorisation period to be appropriate and necessary for the following reasons: [16]

19.1 it is anticipated that the collective negotiations with Armourguard may take up to 12 months to complete;

19.2 the objective of the negotiations is to establish a long-term agreement of up to 10 years;

19.3 a long-term agreement is likely essential to provide commercial certainty and support investment and planning by both Armourguard and the Participants;

19.4 capital investment is likely to be required to maintain and enhance the sustainability of CIT services, and a 10-year agreement would allow Armourguard a reasonable period over which to recover those costs; and

19.5 accordingly, the Applicant submits the requested 11-year authorisation period would cover both the negotiation phase and the full term of the resulting agreement(s), as well as the need, if ever required, for any further collective negotiations during the term of the agreement – for example, if changed circumstances require changed terms.

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15 Ibid, at [1.6].

16 Ibid, at [5.6].

Arrangements for which Interim Authorisation is sought

20. The Applicant also seeks interim authorisation for it and the Participants to:[17]

    20.1 collectively negotiate an extension of existing contractual arrangements (and the proposed terms of such extension) between Armourguard and each Participant until such time that authorisation is granted for the Arrangement, to ensure uninterrupted CIT services in the interim;

    20.2 undertake preparatory work necessary to support the collaboration envisaged under the Arrangement including sharing competitively sensitive information about their respective CIT requirements to identify opportunities for synergies and cost savings;

    20.3 commence negotiations in relation to the Arrangement, specifically excluding entry into any new contract or contracts with Armourguard; and

    20.4 facilitate discussions and exchange of information to the extent reasonably necessary to support the above.

21. The Applicant has not sought interim authorisation by a specific deadline but has noted the urgency of its application and that continuation of the status quo risks undermining the reliability of cash services across New Zealand.[18]

Our framework for authorisations

22. We undertake a two-stage assessment in any authorisation application under section 58 of the Act:[19]

    22.1 first, establishing whether the Commission has jurisdiction to authorise (the 'jurisdictional threshold'); and

    22.2 second, assessing whether the associated benefits mean that authorisation should be granted (the 'public benefit test').

Jurisdictional threshold

23. The Applicants have applied for authorisation under section 58(1) and (2), and section 58(6B) and (6D) of the Act.

    23.1 The Commission has jurisdiction to consider an application for authorisation under section 58(1) and (2) of the Act where a person wishes to enter into and/or give effect to a contract, arrangement or understanding which it considers might substantially lessen competition in a market such that

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17 Ibid, at [9.2].

18 Ibid, at [9.1]-[9.12].

19 See Commerce Commission, *Authorisation Guidelines* (June 2023) at https://comcom.govt.nz/__data/assets/pdf_file/0012/91011/Authorisation-Guidelines-June-2023.pdf.

section 27 would, or might, apply.[20] In order to grant authorisation, the Commission is required to be satisfied that engaging in the conduct would, in all the circumstances result (or be likely to result) in a benefit to the public that would outweigh the lessening of competition, substantial or otherwise, that would result (or be likely to result) from the conduct.[21]

23.2 The Commission has jurisdiction under section 58(6B) and (6D) of the Act where a person wishes to enter into and/or give effect to a contract, arrangement or understanding which contains a provision that is, or might be, a cartel provision.[22] In order to grant authorisation, the Commission is not required to determine whether a particular provision is in fact a cartel provision, provided there are reasonable grounds for believing that it might be.[23]

24. In respect of the Application:

24.1 The Applicant considers that the Arrangement may have the effect, or likely effect, of substantially lessening competition in a market for the acquisition of CIT services in potential contravention of section 27 of the Act:

24.1.1 The Applicant submits that, were Armourguard to change its position and contemplate different terms for different users, the Arrangement may eliminate the prospect of competition between the Participants for the acquisition of Armourguard's services.[24]

24.1.2 Even if no further stakeholders were to become Participants, the current Participants account for a significant proportion of the demand for CIT services such that any arrangement between them with respect to the acquisition of CIT services carries a real risk of having the effect or likely effect of substantially lessening competition for the acquisition of those services.[25]

24.2 The Applicant also believes that the Arrangement would or may contain a cartel provision under section 30 of the Act:[26]

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20 Section 27(1) of the Act prohibits entering into a contract or arrangement, or arriving at an understanding, containing a provision that has the purpose, or has or is likely to have the effect, of substantially lessening competition in a market. Section 27(2) of the Act also prohibits giving effect to a provision of a contract, arrangement, or understanding that has the purpose, or has or is likely to have the effect, of substantially lessening competition in a market.

21 Sections 61(6) and (6A) of the Act.

22 Section 30A of the Act states that a cartel provision is a provision, contained in a contract, arrangement, understanding, or covenant, that has the purpose, effect, or likely effect of 1 or more of the following in relation to the supply or acquisition of goods or services in New Zealand: price fixing, restricting output, market allocating.

23 Section 61(9) of the Act.

24 The Application, above n 8 at [5.11].

25 Ibid.

26 Ibid, at [5.9] and [5.10].

24.2.1 The Applicant submits that the Arrangement would amount to fixing, controlling, or maintaining the price (and other terms) at which the participants procure services from Armourguard. That is, the Applicant submits that the Arrangement would include both:

(a) price fixing; and

(b) output restrictions, to the extent that the Arrangement would restrict the acquisition of certain types of goods/services that the Participants might otherwise acquire from Armourguard; and

24.2.2 The Applicant does not consider that the Arrangement would be completely covered by the joint buying exception at section 33 of Act, as it submits this exception only applies insofar as the proposed conduct amounts to price fixing, not output restriction.

25. The Commission is considering whether it has jurisdiction to assess the Arrangement, and invites submissions on this point, including the extent to which:

25.1 there is a likely lessening of competition such that section 27 would, or might apply; and

25.2 there are reasonable grounds for believing that the Arrangement contain a provision that is, or might be, a cartel provision and which is not covered by a relevant exception in the Act.

Public benefit test

26. The Commission can authorise an arrangement under section 58 if it is satisfied that the arrangement will in all the circumstances:

26.1 in relation to an application under section 58(1) to 58(6A) of the Act, be likely to result in a benefit to the public which would outweigh the lessening of competition;[27] or

26.2 in relation to an application under section 58(6B) to 58(8) of the Act, be likely to result in such a benefit to the public that the matter should be permitted.[28]

27. While stated differently, the courts have held that there is no material difference between the two tests.[29]

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27 Section 61(6) of the Act.

28 Section 61(8) of the Act.

29 See *Air New Zealand and Qantas Airways Limited v Commerce Commission* (2004) 11 TCLR 347 (HC) (Air New Zealand) at [33] and also *Godfrey Hirst NZ Ltd v Commerce Commission* (2011) 9 NZBLC 103,396 (HC) (Godfrey Hirst (No 1)) at [88]-[90].

28. The benefits and detriments we include in our assessment must arise from the Arrangement for which authorisation is sought.[30] To determine whether the benefits and detriments are specific to the Arrangement, we assess:

    28.1 what is likely to occur in the future with the Arrangement (the factual); and

    28.2 what is likely to occur in the future without the Arrangement (the counterfactual).

29. As a general principle, detriments and benefits will be considered likely if there is a "real and substantial risk" or "real chance" that they will happen if the arrangement proceeds. The detriments or benefits "must be more than a mere possibility but need not be more likely than not".[31]

30. Once we have identified all likely benefits and detriments, we then exercise our evaluative judgment in determining whether the benefits outweigh the detriments. We seek to quantify the likely benefits and detriments where possible but also conduct qualitative analysis which carries independent, decisive weight where appropriate.[32] When making that assessment, matters we may take into account include how the conduct could affect:

    30.1 allocative efficiency – whether the conduct would raise or lower prices, and whether it would reduce or improve quality, choice or other elements of value to consumers;

    30.2 productive efficiency – whether the conduct could improve or worsen production processes; and

    30.3 dynamic efficiency – whether the conduct could assist or hinder innovation in products or processes.

31. However, the Commission is not limited to considering efficiencies. New Zealand courts have recognised that efficiencies are not the only benefits and detriments which are relevant to the Commission's assessment.[33] Ultimately, the Commission seeks to assess what benefits accrue to the public in the circumstances of any given case.[34]

32. If we are satisfied that the benefits of the Arrangement likely outweigh the detriments, we will grant authorisation. If we are not satisfied, we will not grant authorisation.[35]

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30 *Authorisation Guidelines,* above n 19 at [43].

31 *NZME Ltd v Commerce* Commission [2018] 3 NZLR 715 (CA) at [83] and [86(a)].

32 *Authorisation Guidelines,* above n 19 at [51]-[52] citing *Telecom Corporation of New Zealand Ltd v Commerce Commission* [1992] 3 NZLR 429 (CA), (1992) 4 TCLR 648 at 666; Air New Zealand, above n 34, at [319] and *Godfrey Hirst NZ Ltd v Commerce Commission* [2016] NZCA 560, at [38].

33 *NZME Ltd & Ors. v Commerce Commission* [2018] NZCA 389 at [81].

34 *Authorisation Guidelines,* above n 19 at [42].

35 *Authorisation Guidelines,* above n 19 at [49].

Our framework for interim authorisations

33. The Commission has not, to date, granted an interim authorisation under section 65AAA of the Act, which was inserted into the Act in 2022. However, the Commission has revised and republished its *Authorisation Guidelines* since section 65AAA was inserted, to provide guidance as to the framework it will follow in respect of applications for interim authorisation.

34. The Commission's *Authorisation Guidelines* state that:[36]

    34.1 an interim authorisation may be granted in respect of some or all of the conduct for which authorisation has been sought;

    34.2 an interim authorisation may be subject to such conditions as the Commission sees fit;

    34.3 the Commission may grant an interim authorisation at any time while it considers an authorisation application, but it is more most likely to do so either at the beginning of the process or at the draft decision stage;

    34.4 the Commission is not required to issue a draft decision or hold a conference in respect of an interim authorisation and would only do so in exceptional circumstances;

    34.5 granting, or not granting, an interim authorisation should not be taken as any indication of what the Commission's decision on the authorisation application will be;

    34.6 although the Commission is not required to be satisfied that the relevant arrangements meet the public benefit test, the Commission will consider the following factors:

        34.6.1 the purpose of the Act, to promote competition in markets for the long-term benefit of consumers within New Zealand;

        34.6.2 the urgency of the application for authorisation, including whether:

            (a) there is a risk that some or all of the benefits of the authorisation may not materialise if interim authorisation is not granted; or

            (b) an emergency situation exists and interim authorisation is needed to allow parties to respond;

        34.6.3 the potential benefits and detriments based on all information available to the Commission at the time the application for interim authorisation is considered;

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36 *Authorisation Guidelines*, above n 19 at [168]-[197].

34.6.4 the extent to which any relevant market may change if an interim authorisation is or is not granted – interim authorisation is more likely to be granted when:

(a) it will maintain the market status quo; or

(b) it is unlikely to materially alter the competitive dynamics of the market;

34.6.5 the possible harm, if any, to the applicant if an interim authorisation is not granted;

34.6.6 the possible harm to other parties (such as customers and competitors) or the public if a request for interim authorisation is granted or not; and

34.6.7 the likely scope and duration of the interim authorisation, and any conditions that might be imposed within it.

34.7 Interim authorisation is unlikely to be granted if the relevant agreement or unilateral conduct could significantly alter the competitive dynamics of the market permanently, or for a substantial period, if the application for authorisation is later declined.

34.8 The Commission may exercise powers in respect of interim authorisations more than once in respect of the same authorisation application;

34.9 Where the applicant seeks interim authorisation and authorisation at the same time, the Commission will aim to make a decision on interim authorisation as soon as practicable, but by no later than when it makes a draft determination.

34.10 How quickly the Commission makes a decision on interim authorisation will ultimately depend on the facts in each particular case, including relative complexity and any urgency.

34.11 In most cases, there will be an opportunity to make submissions when the application for interim authorisation is published. The Commission may also engage in targeted consultation with parties that are likely to be affected if the interim authorisation is granted.

35. Between May 2020 and April 2023, the Commission had the power to grant provisional authorisations under sections 65AA-65AE of the Act.[37] Although the Commission will be guided by its procedure and decisions under these sections of the Act during the time they were in force, the interim authorisation power in section 65AAA is a different power to the provisional authorisation power that was

37 These provisions were inserted into the Act pursuant to the COVID-19 Response (Further Management Measures) Legislation Act 2020.

set out in sections 65AA-65AE. The Commission is not bound to follow the same procedure and/or the same guiding factors for interim authorisations as it did for provisional authorisations.

Market definition

36. When we consider an application for authorisation, we usually assess the competitive effects that the Arrangement could have within relevant markets in New Zealand.

37. The term "market" refers to a market in New Zealand for goods or services as well as other goods or services that, as a matter of fact and commercial common sense, are substitutable for them.[38] We define markets in the way that we consider best isolates the key competition issues that arise from the Arrangement. In many cases, this may not require us to precisely define the boundaries of a market.

38. The Applicant submits that the Arrangement affects the relevant market(s) for the acquisition of CIT services.[39]

39. The scope of the Arrangement includes wholesale CIT, retail CIT, ATM maintenance and management, and guarding when ancillary to the other services.[40]

40. In the Evergreen Decision, the Commission considered that the relevant markets for the purposes of assessing that proposed acquisition included separate markets for the supply of:[41]

    40.1 wholesale CIT services in New Zealand;

    40.2 retail CIT services in New Zealand;

    40.3 ATM maintenance services in New Zealand; and

    40.4 precious cargo services in New Zealand.

41. In that decision, we considered it necessary to functionally separate wholesale and retail CIT services, and that ATM maintenance services fell into a separate relevant market.[42] In respect of CIT services, we considered the competitive dynamics at the retail level differed from those at wholesale level with other suppliers and different types of customers present at the retail level.[43]

42. We are seeking submissions on relevant markets to consider in our assessment, including to test whether:

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38 Section 3(1A) of the Act.
39 The Application, above n 8 at [5.11].
40 Ibid, at [1.4].
41 The Evergreen Decision, above n 9 at [26] and [30].
42 Ibid, at [27].
43 Ibid.

42.1 the market definitions adopted in the Evergreen Decision are still appropriate; and

42.2 there are any other relevant markets that may be affected by and/or inform our assessment of the Arrangement. This may include:

42.2.1 whether there is a market for the acquisition of guarding services; and

42.2.2 whether the Arrangement will affect competition in any other adjacent or downstream market.

With the Arrangement (the Factual)

43. The Applicant submits that if the Commission authorises the application, the Participants will:

43.1 seek to collectively negotiate CIT service acquisition from Armourguard as set out in the Arrangement;[44]

43.2 engage in discussions and exchange information to the extent relevant and reasonably necessary for those collective negotiations;[45]

43.3 enter into a collective agreement and/or separate agreements based on a common contractual framework collectively negotiated between Armourguard and the Applicant (and/or the Participants);[46] and

43.4 give effect to provisions of agreements collectively negotiated between Armourguard and the Applicant (and/or the Participants).[47]

44. We will test the Applicant's submissions on the likely future if the Arrangement goes ahead, particularly with regard to the provision of CIT services and any potential effects of the Arrangement on competition in any relevant markets.

45. We are seeking submissions on what is likely to occur in the future with the Arrangement in place. In particular, we are seeking submissions and evidence for each relevant market on:

45.1 how the negotiation process between the Applicants and Armourguard will likely unfold, for example whether and to what degree Armouguard will engage with a collective bargaining process; and whether the Arrangement rebalances or creates an imbalance in the bargaining process;

45.2 the likely outcome of the collective negotiations in terms of continuity of provision of CIT services by Armourguard, its investment, innovation, and

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44 The Application, above n 8 at [1.5(a)].
45 Ibid, at [1.5(b)].
46 Ibid, at [1.5(c)].
47 Ibid, at [1.5(d)].

operational efficiencies; prices for CIT services; service levels; and access to cash by consumers and businesses;

45.3 whether the outcome in the factual will likely be different than in the counterfactual (see below) and if so, how;

45.4 whether the 10-year duration sought by the Applicant for the relevant agreement(s) to be in place is appropriate and justified; and

45.5 the ability of competitors in any relevant market to continue to compete against Armourguard or the Participants if the Arrangement is authorised.

Without the Arrangement (the Counterfactual)

46. The Applicant submits that the absence of collective bargaining between CIT customers creates challenges both for Armourguard and for customers:

46.1 The economics of delivering CIT services are inherently challenging, including that differing service requirements among CIT customers can create inefficiencies for the provider;[48] and

46.2 Customers negotiating individually with the monopoly provider lack the bargaining power to secure fair terms or influence service quality.[49]

46.3 The Applicant submits that without the Arrangement the status quo will persist but with increasing instability and risk.[50] In particular, banks will continue to lack meaningful countervailing bargaining power in negotiating with Armourguard, giving Armourguard disproportionate leverage in negotiations, allowing it to impose terms and extract monopoly rents (which flow to overseas based investors) without genuine commercial constraint.[51]

47. The Applicant further submits that, without collective bargaining, there is no mechanism to ensure transparency or accountability in those negotiations.[52] Furthermore, the absence of coordinated engagement increases the risk of protracted bilateral disputes or litigation, which could further disrupt the supply of CIT services.[53]

48. The Commission may be required to consider multiple counterfactuals to determine all likely benefits and detriments relevant to its authorisation assessment. We will test the Applicant's submissions, including whether there are other likely counterfactuals.

49. We are seeking submissions and evidence on:

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48 Ibid, at [1.12(a)].
49 Ibid, at [1.12(b)].
50 Ibid, at [7.2].
51 Ibid, at [7.2(a)].
52 Ibid, at [7.2(c)].
53 Ibid.

49.1 whether the Applicant's submitted counterfactual is an appropriate counterfactual against which to assess the Arrangement;

49.2 whether there are any other 'likely' counterfactuals, for example one in which Armourguard changes its position and contemplates different terms for different users;[54] and, if so, what the effects of that alternative counterfactual would be on the relevant benefits and detriments (discussed below);

49.3 how the negotiation process between the Applicants or any customer and Armourguard will likely unfold, ie, whether there is an imbalance in the bargaining process in the absence of the collective negotiation;

49.4 the likely outcome of the bilateral negotiations by individual customers in terms of continuity of provision of CIT services by Armourguard, its investment, innovation, and operational efficiencies; prices for CIT services; service levels; and access to cash by consumers and businesses;

49.5 whether the outcome will likely differ from the presence of collective bargaining and, if so, how; and

49.6 the ability of competitors in any relevant market to continue to compete against Armourguard or the Participants in the absence of the Arrangement.

Preliminary issues

50. At this stage of our investigation, our focus is to identify, assess, and (to the extent practicable) quantify the benefits and detriments that are likely to arise from the Arrangement.

51. We will test the Applicant's submissions, including the extent to which the benefits and detriments set out in the Application arise from the Arrangement, and thus the extent to which we can take them into account as part of our assessment.

Benefits and detriments of the Arrangement

52. The Applicant submits that authorisation should be granted because the net effect of the benefits and detriments of the Arrangement will outweigh the net effects of a situation in which Armourguard customers continue to bargain individually for their CIT services.

52.1 The Applicant submits that the following benefits result from authorising the Arrangement:[55]

52.1.1 Collective bargaining will avoid the costs of duplicative negotiations and allow the Participants to work together - and with Armourguard - to improve efficiencies in the delivery of cash-related services (CIT, ATM maintenance services, and guarding). Improvements in this

[54] Ibid, at [5.11].
[55] Ibid., at [8.8]-[8.24].

system will contribute to its resilience, helping to ensure seamless delivery of cash-related services into the future.

52.1.2 Protection and enhancement of the cash network serves the interest of all New Zealanders, especially communities reliant on cash. The physical cash system remains a critical part of New Zealand's financial infrastructure, including in times of emergency, such as natural disasters when digital payment systems may become unreliable.

52.1.3 Developing an independent and fair pricing mechanism will permit Participants to better assess their cost structures, supporting informed decision-making over time. Establishing fairer prices for cash-related service acquisition may help to avoid payment of monopoly rents to foreign interests.

52.2 The Applicant submits that no detriments arise from the Arrangement compared to a situation of no change. In particular, the Applicant submits that:[56]

52.2.1 As services are currently offered to Participants on a "take-it-or-leave-it" basis by a monopoly supplier, there is no meaningful competition (between Participants) to lessen. Permitting collective bargaining, therefore, cannot result in a substantial lessening of competition.

52.2.2 As Armourguard will likely remain a significant market power, prices are unlikely to fall below competitive levels. Cash provision is seen by consumers as a basic utility and is not a material point of competitive difference between Participants. Participants will, therefore, continue to compete with each other in delivering their services. They will not be disincentivised to operate efficiently or invest in innovation.

52.3 The Applicant submits that its assessment of possible detriments is consistent with the Australian Competition and Consumer Commission (**ACCC**)'s recent decision to authorise collective negotiations between major banks, retailers, and Armaguard – Australia's sole national CIT provider.[57]

53. We are seeking submissions and evidence for each relevant market on the benefits and detriments that will likely arise out of the Arrangement compared to a situation in which Armourguard's customers continue to bargain individually for acquisition of CIT services (the status quo) or any other counterfactual that may be appropriate. For example:

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56 Ibid., at [8.25]-[8.27].

57 Ibid, at [1.15], [1.16] and [8.28], referring to Australian Competition and Consumer Commission, *Determination and interim authorisation – AA1000674* (25 June 2025).

53.1 The extent to which the Arrangement will give rise to improvements in the sustainability of CIT services, including, but not limited to, reducing costs, improving logistics, and ensuring continuity of service.

53.2 The extent to which the Arrangement will give rise to enhancements to the cash system's financial inclusion and resilience, especially with regard to vulnerable communities.

53.3 The extent to which the Arrangement will result in reduced transaction costs and improved negotiation outcomes for CIT service customers.

53.4 The extent to which the Arrangement will facilitate development of an independent pricing mechanism that promotes transparency, consistency, and fairness in the pricing of CIT services.

53.5 The extent to which the Arrangement will ensure that pricing and service outcomes are determined through a fair and transparent process that reflects New Zealand's domestic needs and priorities and, to the extent they exist, avoid extraction of monopoly rents by an overseas company.

53.6 The extent to which the Arrangement will affect the incentives of the Participants and/or Armourguard to invest and innovate in the relevant market (CIT services).

53.7 The extent to which the Arrangement will give rise to a detrimental exercise of buyer power that may negatively affect the provision of wholesale and retail CIT services and/or lead to reduced access to cash for end-users.

53.8 The extent to which the Arrangement will affect the quality and long-term security of cash-related services available to New Zealand consumers.

53.9 The extent to which the Arrangement will affect competition in any relevant market, including any effect it may have on the relative market power of Participants, compared to those who choose not to participate in the collective bargaining arrangement.

53.10 The extent to which the Arrangement may lead to foreclosure of competitors in any relevant market including retail CIT services market and adjacent/other markets.

53.11 The extent to which the Arrangement is likely to give rise to an increased risk of coordination more broadly.

53.12 The extent to which the Arrangement affects transfers of wealth between groups of interest within New Zealand and overseas groups.

53.13 The extent to which the Arrangement will affect relative bargaining power, and any associated effects from that.

53.14 The extent to which the Arrangement will affect the downstream demand in any relevant downstream market.

53.15 For each relevant market, whether there are other potential benefits and detriments that we should take into consideration when assessing the Arrangement.

Benefits and detriments of the Arrangement compared to other potential counterfactuals

54. As noted at paragraph 49 above, we are seeking submissions as to whether there are other potential 'likely' counterfactuals. To the extent that the Commission identifies another 'likely' counterfactual, we may choose to assess the likely benefits and detriments that would arise out of the Arrangement compared to that counterfactual.

55. Accordingly, we are seeking submissions as to the benefits and detriments of the Arrangement against any other potential counterfactuals that submitters consider may be likely.

Next steps in our investigation

56. The Commission is currently scheduled to decide on whether or not to authorise the Arrangement by **25 March 2026**. However, the Commission appreciates that the Applicant has submitted that there is a degree of urgency with regard to this application and will progress this as soon as possible.[58]

57. Prior to making our final decision, we will publish a draft determination and seek submissions on the draft. The draft determination sets out our preliminary view on whether we are likely to grant an authorisation, and the reasons for that view.

58. We may also make a decision on the Applicant's application for interim authorisation, at or in advance of the time we publish a draft determination. We are unlikely to make an interim authorisation decision without undertaking at least some consultation on the Application, including receiving and reviewing submissions on this SOPI. If we make such a decision, we will publish a decision document. We would not publish a draft decision in respect of an interim authorisation, but parties will have the ability to submit in respect of that decision after it is made.

59. As part of our investigation, we will be identifying and contacting parties that we consider will be able to help us assess the preliminary issues identified above. This may impact our investigation timeline.

Making a submission

60. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference "NZBA CIT Authorisation" in the subject line of your email, or by mail to PO Box 2351, Wellington 6140, or by courier to Level 9, 44 The Terrace,

[58] The Commission maintains a case register on our website at https://comcom.govt.nz/case-register where we update any changes to our deadlines and provide relevant documents.

Wellington 6011, marked for the attention of Rhyno Heydenrych, Evidence Team Leader. Please do so by close of business on **6 October 2025**.

61. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

62. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on the Commission's website.

63. All information we receive is subject to the Official Information Act 1982 (**OIA**), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information. If your submission contains information which you consider there is good reason to withhold under the OIA, please identify specifically the information which you consider should be withheld and explain the reasons for that position (preferably with reference to the criteria for withholding information under the OIA).