



Armed and Safe

Enhancing public safety and preventing crime through better regulation of Canada's armoured car industry



UNIFOR
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Issue:

Public safety, and the safety of armoured car employees, is increasingly jeopardized by the lack of comprehensive industry regulation. New entrants to the industry and established firms are engaging in heightened price competition on the basis of lowered security standards, resulting in a higher risk of gun crime through armed robbery and providing easier targets for organized crime.

Recommendation:

Develop a comprehensive federal regulatory framework for the armoured car industry to enhance safety and prevent crime by establishing minimum standards in employee training, vehicle specifications, crew compliments and safety equipment requirements.

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1. THE ARMoured CAR INDUSTRY

The need for the secure transport of valuables has been with us since the origins of trade in precious metals and jewels, and expanded with the introduction of the earliest forms of currency. In modern times, the armoured car industry grew with the evolution of retail banking and has followed the move to servicing widely-dispersed ATMs. To the average citizen, the armoured car industry remains largely un-noticed except for witnessing a cash pick-up or drop-off, seeing armoured cars parked outside banks and shops, and the periodic news story of robberies – or worse. Yet despite its day-to-day low profile, the broader secure logistics industry is an integral part of our financial system and daily commerce with far-reaching impact.

Every piece of currency in your billfold, every coin in your pocket, spent at least part of its life in an armoured car before it got to you. And that's not the half of it. The ATM and credit cards you carry, gemstones and precious metals in your jewelry, bonds and stock certificates underlying your investments, disputed election ballots, famous works of art, rare manuscripts, collectibles of every sort... all, at one time or another, have found their way onto armoured car manifests.

James L. Dunbar, founder of Dunbar Armored Inc., the U.S.'s third-largest armoured-car company and co-author of *Bulletproof, a history of the industry.*

The global secure logistics market is worth an estimated \$14 billion annually, with nearly 60% of the industry dominated by five global firms, the largest of which is Brink's with 23% of the market and 70,000 employees in more than 100 countries¹. The U.K.-based integrated private security firm, G4S, is estimated to capture about 14% of the global market, Preosegur 13%, Loomis 11%, and Quebec-based Garda, 4%. Literally thousands of smaller firms, typically operating in single countries or smaller regions, make up the remainder of the industry. The global industry has witnessed considerable consolidation in recent years, and given the large numbers of small firms still in operation, more should be expected ahead. The Canadian industry is dominated by three of the largest global firms: Brink's, G4S and Garda.

The secure logistics industry (or "cash-in-transit", or "armoured car," industry as it is more commonly known), remains an expanding and lucrative business. The latest annual financial reports for Brink's reveal global operating profits of \$260 million (all figures \$US) on revenues of \$3.8 billion, yielding a healthy operating margin of 7%². The latest full-year results for the cash-in-transit segment of G4S's global business show revenues of \$2.0 billion and an operating margin of 10.5%³. While the much smaller Garda saw its North American cash logistics revenue grow 5% in 2012 to \$584 million, and an overall corporate operating profit of 11%⁴. Despite the advance of debit card, credit card and internet-based retail, the armoured car industry is far from being in decline.

One of the security strategies of the armoured car industry is the practice of providing few operational details in public forums in an effort to avoid giving criminals insight. In Canada, there are few public records on the scope and size of the industry in terms of the number of firms, locations, operational fleet, employment levels or value of goods transported.

¹ The Brink's Company: Investor Overview, February 6, 2013

² The Brink's Company: Fourth Quarter 2012 Earnings, February 1, 2013

³ G4S plc Preliminary Results for the Year Ended December 31, 2012, March 13, 2013

⁴ Company financial reports, latest release prior to completion of privatization and de-listing in November, 2012

To provide some perspective on the size of the industry elsewhere, the armoured car industry association among E.U. member states (ESTA) estimates that there are 74,000 employees operating 20,000 dedicated security vehicles across the E.U.⁵. While the U.S. Independent Armoured Car Operators Association estimates that there are between 65 to 80 firms in operation in the U.S industry⁶.

Statistics Canada does provide some insight on the number of “business locations” for the armoured car industry and their employment size ranges. Many locations are branches of the large firms, and in 2012 there were 63 separate armoured car business locations across the country. Based on the employment size ranges of these locations, the data suggest a total of between 4,000 – 5,000 employees⁷. In 2006 an access to information request by Conservative MP Garry Breitkreuz concerning the number of people with firearms “authorization to carry” permits indicated that 5,831 armoured car guards had such permits at that time⁸. A 2010 situational analysis of the private security industry for the Police Sector Council of HRDSC cited industry estimates that upwards of 9,000 people are employed in the armoured car industry, a figure likely to include behind-the-scenes cash management personnel, dispatch and administration, in addition to armed guards⁹.

⁵ European Security Transport Association (ESTA), 2012

⁶ Independent Armored Car Operators Association, 2012

⁷ Statistics Canada, CANSIM Table 551-0003

⁸ CBC, “Who May Carry Handguns in Canada,” August 14, 2012

⁹ Situational Analysis of the Private Security Industry and National Occupational Standards for Security Guards, Private Investigators and Armoured Car Guards. Report to the Police Sector Council of Human Resource and Social Development, 2010

2. UNIFOR IN THE INDUSTRY

Unifor represents nearly 2,000 armoured car employees in Ontario and British Columbia, of which approximately three-quarters are employees of Brink's, and one-quarter employees of G4S. We also represent employees at a smaller independent firm.

Unifor Armoured Car Members

Company	Location	Province	Local Union	Members
BRINK'S	VANCOUVER	BC	114	300
BRINK'S	THUNDER BAY	ON	229	20
BRINK'S	TORONTO	ON	112	582
BRINK'S	BARRIE	ON	112	80
BRINK'S	WINDSOR	ON	195	50
BRINK'S	LONDON	ON	27	85
BRINK'S	KITCHENER-WATERLOO	ON	1524	50
BRINK'S	HAMILTON	ON	504	90
BRINK'S	NORTH BAY	ON	103	10
BRINK'S	TIMMINS	ON	599	9
BRINK'S	SUDBURY	ON	598	17
BRINK'S	SAULT STE. MARIE	ON	1120	10
BRINK'S	OTTAWA	ON	4266	115
BRINK'S	KINGSTON	ON	4266	50
BRINK'S	PETERBOROUGH	ON	4266	50
G4S	VICTORIA	BC	114	28
G4S	OTTAWA	ON	4266	135
G4S	NANAIMO	BC	114	23
G4S	PRINCE GEORGE	BC	114	22
G4S	VANCOUVER	BC	114	166
B & L SECURITY	VERNON	BC	114	30
			Total:	1,922

3. GUN CRIME, ORGANIZED CRIME AND PUBLIC SAFETY

The transport of large amounts of cash, or other valuables, involves vastly heightened security risk compared to the storage of valuables in secure vaults in financial institutions or retail establishments. Putting valuables into motion introduces unpredictable circumstances and unknown variables that make the armoured car industry an ongoing target for criminal activity.

By their very nature, robberies, and robbery attempts, directed at armoured cars involve gun crime (to risk stating the obvious: you need a gun to rob an armoured car). Additionally, to overcome surveillance and communications systems, risk avoidance techniques, and to engage in anticipated money-laundering involves sophisticated criminal elements capable of co-ordinating multi-person planning, corporate espionage, infiltration and robbery operations. The overwhelming majority of attacks on armoured cars directly involve organized crime: street gangs, bikers and mafia. Unlike other efforts of organized crime, armoured car robbery is highly visible and the most vulnerable targets occur in crowded public environments.

In Canada, detailed statistics concerning attacks on armoured cars are not publicly available. However, industry estimates indicate that since 2000, there have been more than 70 attacks on armoured cars in Canada, including 3 fatalities and 2 serious injuries. Similar estimates indicate that successful robberies have funnelled more than \$60 million to organized crime over this period.

A higher level of detail is publicly available on U.S. attacks on armoured cars. A recent report by the U.S. National Armoured Car Association indicated a rate of 61 attacks per year, an annual rate broadly similar to that of Canada's when adjusted for the U.S. larger population¹⁰.

The tragic deaths of three armoured car guards in Edmonton on June 15, 2012 during a robbery by a co-worker underscore the dramatic risks involved in transporting massive sums of cash. Investigations and analyses continue in order to ascertain if improvements in communications, surveillance, training, employee assessment, tracking technology or the use of IBNS technology (intelligent banknote neutralization systems that deploy charged dye packs to destroy stolen currency), could have prevented the robbery and tragic deaths of Eddie Rejano (age 39, father of two) and Brian Ilesic (age 35, father of one) and Michelle Shegelski (age 26).

The armoured car industry by its very nature involves risk. However, it is the responsibility of policy makers to create a regulatory environment that minimizes that risk, and ensures that unacceptable risks to public and worker safety do not become the terrain of market competition.

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¹⁰ Mike Gambrell, President, National Armoured Car Association, Presentation to ESTA Conference: "The American Armoured Car Industry", Tallinn, Estonia, June 2007

4. CURRENT REGULATORY ENVIRONMENT

Despite the high risks involved in the armoured car industry, the prevalence of gun crime, involvement of organized crime, and the inherent threats to public safety, there exists only minimal regulation. Currently, a patchwork of legislation and regulation across jurisdictions governs only some elements of the armoured car industry.

The current patchwork highlights the lack of a comprehensive and harmonized regulatory environment.

The cornerstone federal firearms legislation provides general licencing and registration, and most critically provides for the occupation-related “authorization to carry” firearms permits and associated training requirements. Additionally, provincial jurisdictions licence and register security guards. Four provinces require specific business registration of armoured car operators, largely aimed at thwarting criminal use of armoured vehicles. And rules governing the safety of vehicles and driver licencing are governed by provincial highway traffic acts.

For employment and labour relations matters, the vast majority of armoured car operations are governed by the federal Labour Code owing to the inter-provincial nature of the business, while a few exceptions are known to be under provincial legislation.

The main areas of legislative and regulatory interaction with the armoured car industry currently include:

- Firearms licencing (federal)
 - Possession and Acquisition Licences (“P.A.L.”) and ;
 - Authorization to Carry (“A.T.C.”) permits.
- Security guard licencing and registration (provincial and federal)
- Armoured car licencing and registration (B.C., M.B., N.L., N.S.)
- Highway traffic acts for vehicle safety and driver licencing (provincial)
- Business licencing (provincial)
- Motor Vehicle Act (federal)
- Health and safety legislation (provincial and federal)

The current patchwork highlights the lack of a comprehensive and harmonized regulatory environment, and indicates that there are heightened business costs associated with regulatory compliance. However, the range of legislation also demonstrates that there are several existing areas of possible federal intervention open to policy makers.

5. LEGISLATIVE INITIATIVES AND BEST PRACTICES

A review of legislative initiatives in other jurisdictions reveals a long history and wide-range of efforts to better regulate the armoured car industry. A scan of legislation in similar economies revealed a number of examples of developed regulation:

United States:

- Federal: *Armour Car Reciprocity Act*, providing inter-state recognition of licencing and minimum training standards.
- New York State: *Armour Car Carrier Act*, providing for business registration and specific licensing of armour car guards and minimum weapons training requirements.
- Utah: *Security Personnel Licencing Act – Armoured Car Rule*: providing for business registration, specific licensing of armour car guards, and minimum armoured car operations and weapons training requirements.

Australia:

- New South Wales: *Vehicles Used for Cash Transit Activities, Regulation 38*: providing vehicle armouring specifications, safety equipment requirements, and establishing minimum crew levels.

European Union:

- Regulations were enacted by the European Parliament in 2011 governing the *Professional Cross-border Transport of Euro Cash by Road between Euro-area Member States* (Regulation 1214/2011) establishing new minimum vehicle armouring specifications, ballistics resistance levels and safety equipment requirements.
- Crew minimums are also established and vary on a number of factors including vehicle type and the presence of IBNS technology.
- Traditional armoured vehicles crossing E.U. borders now require a minimum 3-person crew compliment.
- Comparative research commissioned in advance of E.U. regulation revealed a number of jurisdictions with highly-developed armoured car legislation. Armoured car transport within EU member-state borders is still governed by domestic legislation:

Eu Member States With Advanced Armoured Car Legislation

	Minimum Hours Training	Night Driving	Vehicle Armouring Specifications	Mandatory Bullet-proof Vest	Crew Minimums
France	80	Prohibited	Yes	Yes	3 crew required for highest risk, series of pre-established risk tiers.
Belgium	144 C.I.T. 42 weapons	Prohibited	Yes	Yes	3 crew required for highest risk, series of pre-established risk tiers.
Italy	Per collective agreement	Prohibited	Yes	Yes	3 crew all operations.
Spain	180	Silent	Yes	Silent	3 crew all operations.
Finland	100 C.I.T. 40 weapons 24 gas use	Silent	Yes	Yes	Silent

Source: A Comparative Review of the Legislation Governing Cash in Transit Private Industry in the 15 EU Members, CoESS/UNI-Europa joint report funded by the European Commission, 2004 (updated 2006).

The existence of advanced armoured car legislation in other jurisdictions provides Canadian policy makers with practical guidance, and points toward industry best practices. Critically, an international review underscores that the leading global firms in the industry, such as Brink's, G4S and Garda, all operate successfully and profitably in jurisdictions with far more comprehensive regulation than exists currently in Canada.

6. SAFETY CONCERNS AND SOLUTIONS

Through ongoing dialogue and discussion Unifor armoured car members have developed a series of practical solutions to enhance safety and prevent crime by establishing minimum standards in the areas of training, crews, vehicles and equipment.

6.1 Training

Concerns: Current firearms, use of force and heavy vehicle training requirements are inadequate, ineffectively enforced and inconsistent across jurisdictions. New entrants to the industry are increasingly competing with firms operating to higher standards on the basis of lowered standards. Worker and public safety are routinely compromised.

Solutions: Standardized firearms, use of force and heavy vehicle training requirements including:

- 40 hours hand gun range time for new hires.
- 10 hours shot gun range time for new hires.
- Gun requalification requirements twice annually.
- Use of force training for new hires and regular updating.
- Heavy vehicle licence above 5,500 kg gvw with air brake ticket.
- Successful completion of appropriate defensive driving course.

6.2 Crews

Concerns: Increasing use of smaller crew compliments (“2-crew”), and un-armed crew members, combined with operating protocols that involve all crew simultaneously exiting the vehicle (“all-off”) create a far easier target for armed robbery and pose increasing risks to worker and public safety.

Solutions: Standardized requirements for risk-based minimum crew compliment including:

- 3-crew with driver in vehicle for higher-risk public areas, ATM night bags, cash changes and emergency cash loads.
- 2-crew with driver in vehicle for lower-risk calls.
- 2-crew for service and non-valuable calls.
- Requirement for all crew to be armed for movements of valuables.
- Site risk categories developed and determined by police.

6.3 Vehicles

Concerns: Lack of regulation and inconsistent practice have resulted in an increasing use of non-armoured vehicles (“soft-skin”) for the transport of valuables. Among armoured vehicles a lack of minimum standards, inadequate armouring, insufficient communications and emergency equipment, and irregular maintenance result in higher risk of armed robbery.

Solutions: Standardized minimum vehicle requirements including:

- All movement of valuables to be in armoured vehicles with armed crew.
- Classification of armoured vehicles as those above 5,500 kg gvw.
- Sufficient ballistic protection of body, roof, floor and glass.
- Mechanical release to allow exit of vehicle without power.
- Air conditioning and heating back-up system.
- GPS tracking and disable capacity.
- Two-way radio communications with dispatcher.
- Two-way radio communications with driver and messengers.
- Cells phones provided to all crew.
- Emergency beacon and siren.
- Back-up alarm and camera.
- Adherence to vehicle maintenance and inspection requirements.

6.4 Equipment

Concerns: Inconsistent practice in the provision of bullet-proof vests (“body armour”), and lack of mandatory requirement to wear bullet-proof vests, poses a significant safety risk for workers and raises the likelihood for armed robbery.

Solutions: standardized requirements concerning bullet-proof vests including:

- Mandatory use of bullet-proof vests.
- Employer provision of bullet-proof vests to all armoured car guards.
- Replacement of vests minimum of every 5 years to the latest police standards.

7. CONCLUSIONS

A comprehensive and harmonized federal regulatory framework that establishes minimum standards for the armoured car industry will enhance public and worker safety, and contribute to efforts to combat gun crime and diminish the influence of organized crime. Critically, establishing minimum requirements and leveling the playing field will turn around market competition based on the unacceptable lowering of safety standards.

A review of Canada's current regulatory environment reveals a patchwork of ineffective, over-lapping, and at times contradictory legislation and requirements. However, the scope of existing legislation also reveals several avenues for intervention that are open to federal policy makers.

Other jurisdictions have taken a more proactive policy stance, and there are several examples of advanced and comprehensive legislation establishing minimum standards for the industry. Most recently, after considerable review and stakeholder engagement, the E.U. parliament has adopted far-reaching and comprehensive regulations. The global reach of the industry's largest firms, such as Brink's, G4S and Garda, means that they are already in compliance with far more advanced regulation than currently in place in Canada; and given that they operate in a competitive business environment, we can conclude that they continue to operate in those jurisdictions successfully, and profitably.

Safety issues concerning the transportation of valuables have been with us since the dawn of trade and commerce. In modern times, the firms involved have demonstrated that their primary concern is the security of the valuables, while it is the responsibility of policy makers to develop and enforce regulations to ensure the safety of workers in the industry, and to manage risks to the public. In today's environment, the intersection of gun crime and organized crime with the armoured car industry, against a backdrop of falling safety standards, tells us that comprehensive regulation in Canada is overdue.

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