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Cash Distribution Framework Bill 2026 Exposure Draft

May 2026

The Australian Retail Council (ARC) welcomes the opportunity to respond to Treasury's consultation on the exposure draft *Cash Distribution Framework Bill 2026 (Bill)*.

ARC represents Australia's \$444 billion retail sector, the nation's largest private sector employer. Retail employs more than 1.4 million Australians, representing one in ten workers, and is the single largest employer of young Australians aged 15 to 24.

ARC's membership spans the full breadth of Australian retail, from family-owned small and independent businesses, which comprise 95 per cent of our membership, through to large national and international retailers that support thousands of jobs and sustain communities across metropolitan and regional Australia. The sector operates more than 155,000 retail outlets nationwide, with the majority also maintaining an online or e-commerce presence. A significant portion of every dollar spent in retail flows back to employees, suppliers, superannuation funds, and local communities.

ARC is committed to supporting Australian retailers by collaborating and advocating for policy settings and reforms that drive growth, resilience, and long-term prosperity for the retail sector and the millions of Australians who rely on it.

Executive Summary

In retail, while consumers are increasingly using electronic payment methods, handling cash is a routine occurrence. ARC recognises that cash continues to play a role in the economy, including for consumers and communities who rely on it for budgeting, accessibility, privacy, resilience or everyday purchases. This is particularly the case in regional and remote communities, where access to electronic payments, banking services or reliable telecommunications can be limited. Some retailers support consumers by providing access to cash at the point of sale. Retailers are also end users of the cash system and, in some cases, are required by the Government to continue accepting cash. Retailers are not, however, cash distribution providers.

ARC's key concern with this Bill is the potential to capture everyday cash handling activities by retailers. The Bill should be focused on major cash distribution providers and critical cash infrastructure.

ARC acknowledges that the Bill includes a separate designation threshold, and we understand ordinary retail cash handling is not intended to be captured. However, the definition of "cash distribution service" is broad enough to include the movement or storage of cash and could be interpreted as applying to retailers. As part of normal operations, retailers may accept cash, provide change, store cash temporarily, arrange collection, deposit cash, offer cash-out, operate ATMs on premises or manage cash within their own networks. These activities should not, of themselves, expose a retailer to designation or obligations under the framework.

ARC submits that the final Bill should specifically exclude retailers and these ordinary operational activities. ARC also recommends that crisis powers remain focused on designated entities, and that the framework support competition and access where this improves service availability and affordability for business end users.



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ARC's Position

A sustainable, reliable and secure cash distribution system is important for consumers, communities and businesses. ARC supports a regulatory framework for cash distribution, provided it remains focused on the major providers and infrastructure that are critical to the cash system and does not shift additional cost, risk or regulatory burden and complexity onto retailers.

Government policy continues to recognise cash as a critical payment option, including through the cash acceptance mandate for fuel and grocery retailers. This places practical obligations on retailers, at a time when the decline in cash use has placed increased pressure on the economics underpinning cash distribution. For the mandate to work in practice, retailers need access to cash services that are reliable, affordable and safe. ARC supports the proposed role for the Reserve Bank of Australia (RBA) in designating critical cash distribution providers, and the proposed role for the Australian Competition and Consumer Commission (ACCC) in setting standard terms, access arrangements, dispute resolution and service-level standards.

For retailers, the key issue is the downstream impacts for cash distribution and handling. If the outcomes from this Bill lead to an increase in the cost of handling cash, reduced service availability, or businesses holding more cash on premises for longer periods, then the Bill will not achieve its broader policy objective of maintaining reliable, sustainable and safe access to cash.

In our previous submission to the Council of Financial Regulators and ACCC consultation on regulating cash distribution, ARC supported a proportionate framework based on access, sustainability, resilience and efficiency, provided any changes did not add disproportionately to the cost of doing business. We also raised regional cost impacts, the interaction with the cash mandate, bank branch closures, safety concerns and the risk of retailers being expected to operate as de facto banks. Those issues remain relevant and are not adequately addressed in the draft Bill.

Clarifying the scope of designation

ARC understands the Bill is intended to apply to designated cash distribution providers, not to retailers or other businesses that accept or manage cash in the ordinary course of business.

As part of normal retail operations, retailers may accept cash from customers, provide change, store cash temporarily, arrange collection, deposit cash, offer cash-out, operate ATMs on premises, or manage cash within their own store networks. These activities should not be treated as cash distribution services in the sense intended by the framework.

However, the exposure draft defines "cash distribution service" broadly, including services that facilitate the movement or storage of cash. The explanatory materials make clear that designation requires more than falling within that definition, and that an entity must have a significant role in the cash distribution system.

Given the breadth of the definition, ARC considers the final explanatory materials should state clearly that ordinary retail cash handling is not intended to be captured. This would provide greater certainty for retailers and avoid any perception that businesses could be drawn into the framework simply because they handle cash as part of normal trading.



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Managing downstream cost impacts

Retailers already face increased costs associated with accepting and managing cash; including banking fees, staff time, cash handling, insurance, safe storage, security arrangements, collection fees and deposit arrangements. These costs can be more acute in regional areas, where service options are limited and bank branch closures have reduced access to deposit services.

The Bill gives the ACCC a role in relation to standard terms, service-level standards, dispute resolution and access arrangements. ARC supports this in principle. However, these functions should be exercised with a clear understanding of how costs move through the system.

Many retailers will not deal directly with a designated cash distribution provider, instead accessing cash services through a bank, intermediary or other commercial arrangement. However, if costs increase or service levels change at the designated provider level, those impacts can still flow through to retailers. Where retailers cannot absorb higher cash handling costs, those costs may ultimately be passed on to consumers.

The ACCC should consider downstream impacts on retailers and other business end users when approving standard terms, setting service-level standards or considering access arrangements. This should include whether the framework could increase costs for small businesses, reduce collection frequency, limit service availability or make cash acceptance less commercially sustainable.

In developing standard terms and service-level standards, the ACCC should consult with business end users, including retailers, given these settings may affect the cost, reliability and practicality of cash handling.

Alignment with the cash acceptance mandate

The explanatory materials note that the framework is intended to complement the cash acceptance mandate, which commenced on 1 January 2026 and requires retail businesses supplying fuel and groceries to accept cash for eligible in-person transactions up to \$500 between 7am and 9pm.

Retailers play an important role in supporting consumer access to cash payments, but they can only do that if the system around them still works. The cash distribution system underpinning that obligation needs to be reliable, affordable and safe. Consumer access to cash should not depend on retailers absorbing higher costs, taking on more risk or filling gaps left by banks and cash distribution providers.

A retailer cannot meaningfully comply with a cash acceptance obligation if they are unable to access reasonable cash collection, deposit, change or banking services. Retailers should not be left bearing the risk and burden of holding larger amounts of cash on premises due to inefficiencies in the broader system.

This is particularly important in regional and remote areas, where bank closures and limited Cash-in-Transit (CIT) services can mean businesses are left performing functions that banks previously provided. Retailers should not be expected to become de facto cash access points for communities without appropriate infrastructure, service availability and safety settings.



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Government should also consider the role of banks in maintaining reasonable access to cash and deposit services, particularly in regional and remote communities where the withdrawal of banking services places greater pressure on retailers and other local businesses.

ARC recommends that the Government and regulators consider the cash distribution framework and the cash mandate together, including in any service-level standards or business continuity arrangements. Essential goods and services retailers should be prioritised in the event of a cash distribution disruption, particularly where they are subject to cash acceptance obligations.

Safety and security considerations

When businesses are unable to deposit cash easily or access regular collection services, cash may need to be held on premises for longer. This can increase risks for team members, particularly in small stores, regional locations, late-trading environments and businesses already experiencing elevated retail crime levels.

We believe the framework should avoid outcomes where access to cash is preserved in theory, but businesses are left holding higher cash volumes on premises for longer periods because collection, deposit or banking services are not available in practice.

ARC recommends that service-level standards take account of practical safety risks for businesses, including service frequency, access to deposit points, availability of collection services and the ability to manage cash securely. These considerations are particularly important for retailers in regional and remote communities, where consumers may continue to rely on cash but businesses may have limited access to banking or cash collection services.

Internal cash management should remain business-led

ARC supports crisis readiness and resolution powers where they are genuinely needed to maintain continuity of critical cash distribution services. However, those powers should remain focused on designated cash distribution providers and should not extend to directing how retailers manage cash within their own businesses.

Retailers are best placed to manage internal cash handling, float management, reconciliation, store-to-store processes, deposit practices and security procedures. These arrangements differ substantially depending on store format, location, trading hours, customer profile and risk environment. During a crisis, close engagement with retailers may be appropriate. However, regulation should not extend to directing ordinary cash-handling arrangements for retail businesses.

ARC recommends that the explanatory materials make clear that the RBA's crisis readiness and resolution powers are directed at designated entities and are not intended to regulate retailers' internal cash management practices.

Supporting competition and access in cash distribution

ARC supports the Bill's focus on access arrangements and effective competition in cash distribution. The experience of recent years has shown the risks of over-reliance on a small number of providers. A more resilient



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system will require both the sustainability of major providers and the ability for smaller providers to operate in markets they can viably service.

Access to infrastructure, such as depots and related facilities, may assist competition, particularly where smaller providers are otherwise unable to offer services because of barriers to accessing essential infrastructure.

At the same time, any price or access regulation must remain commercially realistic. The framework should support investment, innovation and efficient service delivery, rather than simply shifting costs between participants in a declining cash market.

For retailers, competition in the cash distribution sector matters because it affects pricing, service availability, reliability and choice of provider. ARC supports measures that improve access and competition where they lead to more reliable and affordable services for business end users.

Conclusion

ARC supports the objective of maintaining a sustainable, reliable and secure cash distribution system. Cash remains important for some consumers, communities and businesses.

The final framework should make clear that retailers are not intended to be captured as designated entities merely because they accept, store, deposit or manage cash in the ordinary course of business. It should also ensure that retailers do not face higher costs, reduced service levels or increased safety risks as an indirect result of the framework.

The cash distribution framework should be considered alongside the Government's cash acceptance mandate. If retailers are expected to continue accepting cash, the infrastructure supporting that obligation must remain reliable, affordable and safe.

ARC welcomes continued engagement with Treasury, the RBA and the ACCC as the framework is finalised. Any queries in relation to this submission can be directed to the ARC policy team at policy@retail.org.au.

