

17 August 2025

The Secretariat
Council of Financial Regulators
CFR and ACCC Cash Distribution Consultation Submissions
c/- Note Issue Dept
Reserve Bank of Australia

By Email: CashDistributionRegulationConsultation@cfr.gov.au

Dear Secretariat,

Submission: Consultation on Regulating Cash Distribution

Authentic Security welcomes the opportunity to provide this submission in response to the Council of Financial Regulators' consultation on regulating cash distribution. We strongly support the development of a proportionate, fit-for-purpose regulatory framework that safeguards the public interest, ensures long-term sustainability, and maintains resilience and efficiency across the cash ecosystem.

Authentic Security recognises that the dominant provider will continue to play an essential role and that sustainable pricing is critical if the industry is to invest and modernise. However, to date, all direct industry support has been channelled to a single provider on the assumption that competition could not be sustained.

Authentic has since demonstrated that competition is viable, building a national network and servicing significant customers without subsidy. The regulatory framework must now reflect this changed reality: support and obligations should not be exclusive, but accessible to all capable providers, ensuring sustainability for the system as a whole.

Our key positions are:

- The four proposed policy principles – access, sustainability, resilience, and efficiency – are sound, but must be underpinned by competition and innovation if they are to succeed.
- A two-tier designation framework is appropriate, with obligations differentiated between dominant and significant providers. This will ensure both universal service obligations are met and that capable alternative providers are supported to grow.

- Pricing and funding arrangements must be transparent, contestable, and accessible to multiple providers. This includes the proposed Sustainability Fund for regional and remote services, as well as pricing and funding mechanisms developed under the ABA's Independent Pricing Mechanism (IPM).
- A regulated access regime, pre-approved service standards, and functional separation of wholesale cash governance are essential to prevent abuse of market power.
- Protections against predatory pricing and exclusionary conduct must be included, with a rapid complaints process (30 days) and meaningful enforcement powers.
- Industry codes should be updated with regulator-led, modern operational standards that maintain strong safety obligations, national enforceability while enabling innovation.

We also recommend the establishment of a small, focused Implementation Advisory Group, chaired by the regulator and including representation from industry participants, to finalise the technical detail of service levels, pricing structures, and reporting obligations.

Authentic Security has invested heavily in building a national network and in new technologies, including AI and smarter servicing solutions. We are committed to continuing this investment, but smaller providers cannot carry this burden alone. For the regulatory framework to deliver on its objectives, it must actively support innovation and provide funding mechanisms that are fair, contestable, and inclusive.

We would welcome the opportunity to discuss these issues further with the Council of Financial Regulators or to provide any clarification on the detail of our submission.

Yours sincerely,

Andrew Nathan
Chief Executive Officer
Authentic Security

Executive Summary

Submission to the Council of Financial Regulators (CFR) and the Australian Competition and Consumer Commission (ACCC)

Authentic Security Pty Ltd

15 August 2025

Authentic Security supports a proportionate, fit-for-purpose regulatory framework for cash distribution that safeguards the public interest, ensures long-term sustainability, and maintains resilience and efficiency. The framework must address structural risks from reliance on a single dominant provider, foster genuine competition, and ensure equitable treatment of all capable market participants.

Key Positions

- **Public Interest & Policy Principles** – Agree with the proposed objective and principles (access, sustainability, resilience, efficiency) but stress the need to embed competition and innovation as core drivers.
- **Two-Tier Designation** – Support registration and designation with two classes:
 - **Class 1 Dominant** – Universal Service Provider (USP) obligations for service delivery and cash processing/storage, enhanced reporting, third-party access, and service continuity requirements.
 - **Class 2 Significant** – Full eligibility for funding and benefits, proportionate obligations, and targeted access duties only where locally dominant.
- **Pricing & Funding** – Recommend a cost-plus pricing model with benchmarking, supported by a Sustainability Fund for regional and remote services subsidy:
 - **Preferred (Model 1 – Per-Service Subsidy Voucher)** – Subsidy paid per eligible service, contestable and customer-driven.
 - **Model 2 – Customer-Linked Subsidy** – Credits assigned by customers to chosen providers.
 - **Model 3 – Service Area Obligation** – Least preferred; use only for extreme access-gap areas.
 - **Funded by mandatory contributions from major cash users; administered by the regulator.**
- **Access Regime** – USP terms with pre-approved pricing and service levels; two categories of wholesale cash facilities with interest compensation for both; lodgement rights to USP facilities; functional separation of wholesale cash governance from operations.
- **Regional Service Standards** – Baseline standards (e.g. weekly frequency, next-day processing, ATM uptime targets) open to any accredited provider who can meet criteria.
- **Penalty & Enforcement** – Graduated enforcement from warnings to escalating penalties; step-in powers for persistent failure; regulator-supervised dispute resolution.

Implementation

- Implementation Advisory Group – Small, focused group with representatives from key industry bodies and providers, chaired by the regulator, to finalise SLAs, pricing, KPIs, and technical specifications under NDA.
- Additional Measures:
 - Require transparent and inclusive consultation under existing ACCC interim authorisations.
 - Regulated transition processes for customer transfers.
 - Obligation for the dominant provider to offer surplus depots/equipment to other licensed providers before disposal.
 - Adequate resourcing and expertise for the regulator.
 - Governance protections against regulatory capture.
 - Two-year post-implementation review.

Conclusion. Authentic Security's support for the framework is conditional on these provisions being adopted. They will ensure a competitive, transparent, and resilient cash distribution system that benefits all Australians.



Protecting your valuables

Introduction

Authentic Security welcomes the opportunity to provide input to the Council of Financial Regulators (CFR) and the Australian Competition and Consumer Commission (ACCC) on the proposed regulatory framework for cash distribution.

We support, in principle, the establishment of a proportionate, fit-for-purpose regulatory framework that safeguards the public interest, ensures the long-term sustainability of cash distribution, and maintains the resilience and efficiency of the system. Our primary concern is that the framework must address the structural risks inherent in a single-provider dependency, promote genuine competition, and ensure equitable treatment of all capable market participants.

However, it is essential that regulation addresses not only the risks posed by a single dominant provider, but also the impact of concentrated purchasing power among major customers, including the large banks and national retailers. Both provider market power and buyer market power have historically driven uneconomic outcomes in this industry. Providers have aggressively defended market share, while large customers have exercised their bargaining strength to push pricing below sustainable levels. Together, these dynamics have weakened the industry and contributed to the failures that now require regulatory intervention.

A balanced framework is therefore required. Sustainability cannot be achieved by focusing solely on the conduct of providers. The regulatory model must ensure that obligations and protections are applied symmetrically — providers must not misuse dominance, and large customers must not exploit their purchasing power. Only with such balance will the framework achieve its intended goals of resilience, efficiency, and fair competition.

Authentic Security is Australia's second-largest cash-in-transit (CIT) provider, with a national network of Approved Cash Centres (ACCs), extensive armoured fleet capacity, and the capability to service both metropolitan and regional markets. We have achieved this position without financial support from the major banks or large retailers, relying instead on disciplined investment and commercial innovation. Our growth demonstrates that competition in CIT is possible – and that it brings benefits in service quality, efficiency and resilience.

Given the likely progression from this consultation directly to drafting instructions for the appropriate legislative drafting party, we set out explicit recommendations for the regulatory framework and a practical process for finalising the detail.

Authentic Security Pty Ltd

ABN 87 126 849 018

Ph 1300 389 509

14 Kelso Crescent Moorebank NSW 2170

Section 2 – Overarching Objective and Policy Principles

2.1 – Public Interest Objective

Is the overarching objective for the proposed regulatory framework – to ensure the cash distribution system operates in the public interest – appropriate? If not, why?

Yes. The overarching objective – to ensure the cash distribution system operates in the public interest – is appropriate. However, this will only be achieved if the framework is designed for fairness, transparency and inclusivity.

The current dominance of a single incumbent, coupled with sustained financial support and complete approval of funding requests, has created structural barriers for other capable providers. A public-interest framework should therefore ensure:

- Contestable access – any regulated benefits, service obligations or support measures are allocated through a transparent process open to all capable providers, rather than granted automatically to one incumbent.
- Equitable treatment of all providers that meet capability and compliance standards.
- A structure that avoids entrenching single-provider dependency and promotes multi-provider resilience.

2.2 – Policy Principles

Are the four policy principles (access, sustainability, resilience and efficiency) for the proposed regulatory framework appropriate? If not, why?

Yes. The principles of access, sustainability, resilience and efficiency are sound. To deliver these outcomes, the framework must:

- Ensure genuine competition, as competition is the primary driver of service quality, cost efficiency and innovation.
- Include **innovation** as a required factor in regulatory decisions on designation, funding and pricing – to encourage adoption of efficient service models.
- Recognise that cash usage has plateaued in recent periods for many segments; assumptions of inevitable decline should not dictate policy.

Section 3 – Registration and Designation Framework

3.1 – Two-Tiered Approach

The proposed framework distinguishes between registration (for general oversight) and designation (that applies more substantial regulatory obligations and powers reflecting the critical cash services being provided). Is this two-tiered approach proportionate to the challenges facing the cash distribution sector? Are there alternative models that should be considered?

Yes, we support the two-tiered model of registration and designation. Within designation, two classes should be recognised to reflect market structure:

- **Class 1 – Dominant Designated Provider:** Holds substantial market power and carries a **Universal Service Provider (USP)** obligation for service delivery and cash processing/storage, with enhanced reporting, third-party access and service continuity requirements proportionate to its dominance.
- **Class 2 – Significant Designated Provider:** Has substantial capability (e.g. national or multi-state coverage) but does not dominate the market. Class 2 entities should be fully eligible for funding, service obligations and regulated benefits, with proportionate obligations and without automatic third-party access duties unless they become locally dominant in a defined geographic market.

This approach preserves resilience and contestability, while ensuring obligations fall where they address actual competition problems.

3.2 – Reporting Obligations

What baseline obligations should apply to all registered entities to support sector transparency? What additional reporting obligations should designated entities have, particularly in relation to service continuity, crisis preparedness, performance reporting, and/or compliance with industry codes of practice?

Baseline obligations for registered entities should include:

- Geographic service coverage.
- Operational capacity metrics (e.g. fleet, depots, approved facilities).

Additional obligations for designated entities should include:

- Crisis preparedness and continuity planning.
- Compliance with industry codes of practice and relevant standards.
- Service performance against regulated standards (with regular reporting).
- Notification of significant operational changes that could affect continuity.

Compliance costs and reporting granularity should be proportionate to entity size and market share.

3.3 – Designation Criteria

What factors should be considered when determining whether a cash distribution provider should be designated (e.g., criticality of services provided, market share and/or geographic coverage)? Should designation be the responsibility of a regulator or the Minister? What protections should be in place to ensure the designation process is fair?

The factors should include:

- Service criticality and geographic reach.
- Compliance with Approved Cash Centre standards (or equivalent) and security/quality requirements.
- Ability to meet regulated service obligations and interoperability requirements.

Designation decisions should be made by an independent regulator on published criteria, with transparent processes and rights of review. Ministerial involvement may be appropriate, supported by regulator assessment, to ensure accountability without politicising determinations.

Section 4 – Crisis Readiness and Resolution Powers

4.1 – Crisis Triggers

What key indicators or thresholds should trigger crisis resolution powers, to support the continued operation of cash distribution services and the functioning of the cash system?

Appropriate triggers include:

- Significant or repeated service outages.
- Failure to meet USP or regional service standards.
- Inability to maintain interoperability with other providers for contingency coverage.
- Persistent breaches of performance KPIs.
- Operational indicators such as extended ATM downtime, depot closures or sustained cash shortages.

4.2 – Powers and Interventions

Are the proposed powers and interventions appropriate for the cash distribution sector?

Yes. Powers to direct service continuation, require specific remedial actions, or appoint a statutory manager are appropriate, with safeguards to ensure proportionality and time-bounded intervention. Where there is continued failure, the regulator should be able to execute step-in powers to reallocate service delivery in the affected area to another capable provider. Court action should be available as a last resort.

Section 5 – Pricing and Dispute Resolution

5.1 – Regulator Intervention

Under what circumstances should the regulator intervene on price and non-price terms in cash distribution agreements of designated entities to ensure they are in line with the objectives of enabling adequate access and being industry-led, sustainable and efficient?

Intervention should occur where:

- Pricing or access terms depart from pre-approved schedules or service agreements.
- Independent Pricing Mechanism (IPM) outcomes are not implemented.
- A dominant provider refuses to supply contestable services or infrastructure access on regulated terms.
- There is evidence of exclusionary or discriminatory pricing that undermines contestability or regional access.

5.2 – Pricing Model

In the instance that the regulator applies a pricing model, what is the most appropriate approach for setting prices?

We recommend a cost-plus model with independent benchmarking that:

- Incorporates regulated funding support for regional and remote services via a Sustainability Fund.
- Incentivises efficiency and innovation (e.g. route optimisation, hub-and-spoke models, SmartSafes).
- Ensures fair, predictable returns to enable reinvestment and capability maintenance.

Sustainability Fund – Models for CFR to consider

The consultation paper notes that “for these terms to be fair across Australia, some cross-subsidisation from metropolitan areas to regional areas may be required.” The Sustainability Fund options outlined below are provided for CFR consideration in that context.

Authentic’s preferred approach is Model 1, which keeps funding aligned with customer-driven procurement.

Model 1 – Per-Service Subsidy Voucher (Preferred)

- The regulator publishes a schedule of eligible service types (e.g. “delivery/collection >X km from nearest ACC or depot”, “air transport legs”, “island or remote routes”).
- Any accredited provider delivering an eligible service can claim a fixed subsidy per instance, invoiced quarterly with audit checks.

- Works seamlessly with current customer-run tenders; subsidy follows the service, not the geography.
- Advantages: low administration, immediate contestability, preserves customer choice.

Model 2 – Customer-Linked Subsidy (Secondary Option)

- Eligible customers in high-cost areas receive subsidy credits they can assign to their chosen provider at contract time; the provider redeems the credit from the regulator.
- Advantages: puts allocation with customers, preserves competition on service, creates a direct price incentive for customers to consider alternative providers.

Model 3 – Service Area Obligation (Least Preferred)

- Regulator defines funded service obligations for high-cost regional/remote areas, with minimum service standards.
- Competitive process awards a provider the obligation for the area; customers contract directly with them, and they claim a quarterly subsidy for qualifying services.
- Risk: strongly favours the incumbent with existing infrastructure and relationships, reducing actual contestability unless heavily safeguarded.

Hybrid option

- Use Model 1 as the default mechanism, with Model 2 as an additional customer-incentive tool, and Model 3 reserved only for extreme access-gap areas where no provider is otherwise willing to serve.

Funding sources and governance (common to all models):

- Mandatory contributions from major cash users (e.g. Big 4 banks, large national retailers, other significant cash-dependent organisations), calculated by share of withdrawals/deposits.
- Ring-fenced Fund administered by the lead regulator, with annual publication of funded services, KPIs and performance outcomes.
- Contracts should be 2–3 years where relevant, KPI-based payments, clawbacks for non-performance, and retendering if obligations are not met.

5.3 – Dispute Resolution

Should dispute resolution processes for designated entities be regulated by a regulator or a third party?

Pricing and access disputes should be resolved via independent, regulator-supervised arbitration with binding outcomes and prescribed timeframes to avoid prolonged uncertainty.

Section 6 – Access Regime

6.1 – Access Regime

Should a new regulatory framework for the cash distribution sector seek to establish an access regime governing the terms and conditions by which third parties can access critical services operated by a designated entity?

Yes. A targeted access regime is essential to promote competition and resilience. Access obligations should apply where a designated entity has substantial market power or is the sole provider in a defined geographic area. Class 2 designated entities should not be subject to access obligations unless they become locally dominant.

6.2 – Supporting Rules

What rules would support a third-party access regime to critical cash services operated by a designated entity?

Universal service-style obligation (USP) – dominant provider

- The Class 1 dominant provider should have a USP that covers both service delivery and cash processing/storage.
- Pre-approved access pricing and service levels: terms should be set in regulations or in a standing regulatory instrument to avoid repeated case-by-case negotiation; the regulator becomes involved only on breach.
- USP must explicitly enable other licensed providers to procure processing/storage and related services at non-discriminatory prices and with defined service levels and fault restoration timelines.
- This model would ensure continuity of service and enable competition in markets, particularly regional and remote areas.

Banknote pool categories, compensation and regional efficiency

- Introduce two categories of wholesale cash facilities:
 - Category 1 ACC – Full ACC compliance: note quality sorting equipment, stringent security and process controls, external audit (e.g. under BDA standards), and RBA note-quality requirements.
 - Category 2 Regional Facility – Modified standard to enable local storage and packing for regional markets, with adjusted audit/security requirements proportionate to risk.
- Interest compensation:
 - RBA interest compensation should apply to balances held in both categories, resulting in more efficient service delivery models and removing the inefficient requirement to transport to a Category 1 ACC solely to earn interest.

- Interest compensation should also extend to SmartSafes that meet approved integrity/telemetry standards – promoting smarter, lower-cost solutions and improved regional service models.
- Lodgement rights: Category 2 facilities or Class 2 Designated Providers must be able to lodge into the dominant provider’s pools on USP terms, eliminating unnecessary line-haul to distant ACCs and reducing cost-to-serve.

Governance and access to wholesale cash

To address the current market imbalance where a [REDACTED] there needs to be clear separation between the governance of wholesale cash trading and the operational control of cash centres.

- Functional separation between wholesale cash trading/forecasting and depot operations, overseen by an independent body or rules committee to avoid conflicts of interest.
- Movement obligations: the dominant provider must fulfil reasonable intra- and inter-depot movement requests within pre-set notice periods and cut-off times, subject to safety constraints.
- Penalties: failure to fulfil reasonable movement requests triggers pre-specified penalties and, if persistent, regulator-ordered remedies.

Targeted access for non-dominant providers

- Class 2 designated entities should face access obligations only where they are locally dominant in a defined geographic market or control an essential facility not otherwise contestable. This ensures obligations are proportionate and do not deter growth by smaller competitors.

6.3 – Dispute Settlement

How should disputes under such an access regime be settled?

Access disputes should be resolved through regulator-supervised arbitration with binding outcomes, cost orders for unreasonable conduct, and fast-track timelines for urgent continuity cases.

Section 7 – Regional Service Standards

7.1 – Regional Standards

Do regional business customers require service level standards established through a regulatory framework to ensure they continue to have adequate access to cash on reasonable terms?

Yes. Standards are essential to ensure equitable access for regional and remote communities. However, the delivery of services under those standards should remain open to competition — any accredited

provider who can meet the capability and compliance criteria should be able to bid for and deliver those services under the Sustainability Fund arrangements.

7.2 – Required Standards

What standards are required for cash distribution services, including service frequency? How should this be considered by the Minister?

- Minimum service frequency (weekly baseline, with ability to scale up for seasonal demand).
- Services provided on the scheduled service day unless a force-majeure event is declared and notified.
- Cash processed and lodged into the pool on a defined day (next business day for Category 1 ACC; prescribed timeframe for Category 2 Regional Facility).
- ATM uptime and cash availability targets appropriate to the local context.
- Emergency response protocols including surge arrangements, inter-provider handover and prioritisation rules.

7.3 – Ministerial Criteria

What criteria should the Minister use to determine where service level standards should apply?

While regional and remote areas are the priority, the regulator should assess whether baseline standards ought to apply nationally – with proportionality built into the KPI thresholds. Criteria could include population density, remoteness, service dependency on cash, and absence of alternative providers.

Section 8 – Penalty and Enforcement Powers

8.1 – Guiding Principles

What principles should guide the design of penalty and enforcement powers to ensure they are proportionate, transparent and effective in achieving compliance?

Enforcement should be proportionate, predictable and focused on systemic non-compliance. We recommend:

- A warning and rectification stage for first breaches.
- Escalating penalties as a percentage of the applicable service price for repeated non-performance.
- A mandatory rectification plan submitted to the regulator where breaches persist.
- Publication of enforcement outcomes (with appropriate confidentiality) to support accountability.

8.2 – Enforcement Circumstances

In what circumstances should the regulator be empowered to issue an infringement notice or take court action? In what circumstances would penalties not be appropriate?

Court action should be a last resort. Continued failures should trigger step-in powers for the regulator to reallocate service obligations in the affected area to another capable provider on interim terms, followed by retendering where required.

Protections Against Market Power Abuse – Enforcement and Safeguards

While competition law provides general protections against misuse of market power, these mechanisms are slow, retrospective, and often ineffective in preventing immediate commercial harm. In practice, by the time a matter is investigated and determined, the damage to competition is already done.

In a concentrated market such as cash distribution, risks come not only from a dominant provider aggressively defending its market share, but also from major customers — including banks and national retailers — who exercise significant purchasing power. Together, these forces have historically driven the industry to uneconomic outcomes, undermining sustainability and competition.

The regulatory framework must therefore include specific, proactive safeguards that address both provider dominance and customer buyer power, ensuring obligations and protections are applied symmetrically. Authentic recommends that the framework include:

- Accelerated arbitration mechanism – Any dispute relating to access, pricing, cancellations, or discriminatory treatment should be resolved within 30 days via regulator-supervised arbitration. Decisions must be binding and enforceable, with interim service continuation orders in place while arbitration is underway.
- Automatic penalty escalator – Breaches of access or service obligations should attract automatic, escalating penalties. First breaches would result in financial penalties equal to a percentage of affected contract revenue. Repeated breaches would lead to larger penalties and mandatory compliance plans. Persistent breaches would trigger regulator step-in powers, such as appointing an alternative operator in the affected region.
- Continuous monitoring and reporting – Dominant providers (Class 1) should be required to publish quarterly compliance reports covering access requests, cash pool transactions, and service cancellations, with reasons. The regulator should have powers to order spot audits or data verification. Misreporting should carry penalties equivalent to a deliberate breach.
- Predatory pricing safeguards – The regulator should have powers to investigate and sanction below-cost or exclusionary pricing strategies designed to eliminate competition. Tender processes

should include independent benchmarking (e.g., through the Independent Pricing Mechanism) to ensure bids reflect sustainable cost structures.

- Fair dealing obligations for large customers – Major customers, particularly banks and large retailers, should be subject to obligations not to exploit their purchasing power to drive prices below sustainable levels. Funding models such as the Sustainability Fund should be designed to neutralise this distortion by ensuring contestable, cost-reflective subsidies.
- Sustainability-first principle – The framework should make explicit that the long-term sustainability of the distribution network takes precedence over short-term pricing outcomes. Competition should be on efficiency, innovation, and service quality – not on uneconomic price suppression.

These measures are necessary to ensure that competition can be sustained in practice, rather than undermined by tactical behaviour from either the dominant provider or major customers.

Proposed Regulatory Solution (Summary)

1. **Two classes of designation** – Class 1 Dominant with USP obligations; Class 2 Significant with proportionate obligations and full eligibility for funding and regulated benefits.
 2. **Contestable obligations and benefits** – All regulated benefits, service obligations and support measures must be contestable via transparent, competitive processes open to any accredited provider.
 3. **Sustainability Fund for Regional Services** – Model 1 preferred, Model 2 secondary, Model 3 least-preferred; hybrid model possible.
 4. **USP and pre-approved access terms** – Cover service delivery and processing/storage; pre-approved access pricing/service levels in regulation; regulator only steps in on breach.
 5. **Banknote pools and efficiency** – Two facility categories; interest compensation for both; SmartSafe interest compensation; lodgement rights to USP.
 6. **Wholesale cash governance** – Functional separation of trading/forecasting from depot operations; mandatory movement obligations; penalties for failure.
 7. **Pricing and transparency** – Cost-plus with benchmarking; IPM participation; confidential regulator-held pricing datasets.
 8. **Crisis readiness** – Clear triggers; proportional interventions; step-in powers.
 9. **Dispute resolution** – Regulator-supervised arbitration with binding outcomes.
 10. **Review** – Two-year post-implementation review with public reporting.
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Implementation Advisory Group

To ensure regulations are practical, proportionate and effective, we recommend the establishment of an Implementation Advisory Group to assist with drafting and operational detail of the regulations once the framework and scope are finalised. The members must commit in writing to work within this scope and not to re-litigate matters already decided.

- Small, manageable group with a single representative from relevant organisations (eg. ABA, Regional Banking Investment Alliance, Australian Retailers Association, Armaguard, Authentic, ATMIA).
- Chaired by lead regulator, with RBA/Treasury as observers.
- NDA and commitment letters from members; operate within final scope set by CFR/ACCC.
- Deliverables: SLAs, pre-approved pricing, KPI definitions, Category 2 specs, SmartSafe eligibility, movement obligation standards.
- Meetings fortnightly initially, then monthly.

Innovation and Investment

Authentic strongly supports the four policy principles of access, sustainability, resilience, and efficiency. We emphasise, however, that innovation is the enabler that underpins all four. Without innovation – in technology, infrastructure, and service models – these principles cannot be achieved in practice.

- Access – Innovative models such as smart safes, AI-driven logistics, and regional pooling allow broader access to cash services at lower cost, particularly in underserved communities.
- Sustainability – New technologies reduce cost-to-serve and optimise network utilisation, ensuring long-term financial viability.
- Resilience – Digital forecasting and diversified infrastructure enable faster recovery and continuity during service disruptions.
- Efficiency – Automation and new technology platforms allow more secure, faster, and cost-effective processing.

Authentic is already investing in these areas, including advanced technologies such as AI and new approaches to national network design. However, smaller providers face significant challenges in funding large-scale infrastructure and technology projects, particularly when competing against a dominant incumbent with greater scale and resources.

The regulatory framework should therefore ensure that support measures and funding models explicitly enable investment in innovation, not just maintenance of legacy infrastructure. By embedding innovation

into implementation and funding arrangements, the system will be positioned to deliver improved outcomes for customers, communities, and the economy as a whole.

Industry Codes and Operational Standards

Authentic strongly supports the principle of industry standards. Codes of conduct and operational benchmarks play an important role in ensuring community confidence, safety, and consistency of service.

At present, however, the standards applying to the cash-in-transit sector are fragmented, with an outdated state-based Code of Practice in NSW and an ASIAL national Code that is voluntary and not enforceable. These frameworks have nevertheless provided a foundation for consistency and industry alignment over time, and have been far better than having no common standards at all.

Both frameworks were developed in earlier market conditions and inevitably reflect the infrastructure and practices of that time. They have not kept pace with technological developments, changes in risk profiles, or the need to ensure that compliance pathways are flexible – maintaining uniform safety and security outcomes while allowing providers of different scale to achieve them in efficient, innovative ways. Without a clear, modern framework, there is also a risk that existing documents may be used selectively, creating confusion or reinforcing legacy barriers.

Authentic therefore recommends that the proposed regulatory framework include the establishment of regulator-led, modern operational standards that:

- Are developed transparently with input from a balanced set of stakeholders, including industry bodies such as ASIAL.
- Focus on outcomes (safety, security, service quality) rather than mandating prescriptive legacy methods.
- Are subject to periodic review to ensure alignment with evolving risks and technology.
- Apply proportionately, consistent with the two-tier designation model.

Such an approach would not displace the important role of industry bodies like ASIAL, but rather complement it – ensuring that voluntary industry codes and regulator-led standards work together. Indeed, ASIAL has consistently advocated for a National Security Act to establish a unified regulatory framework for the security industry. The creation of modern, regulator-backed operational standards for cash-in-transit could represent an important first step in that direction.

Additional Comments

- **ACCC interim authorisations** – The ABA facilitated process under the ACCC’s interim authorisations is a critical channel for resolving industry sustainability issues – including the Independent Pricing Mechanism and ongoing funding arrangements and operational efficiencies. The process to date has been superficial in its engagement outside of the Funding Parties and Armaguard. This lack of transparency and inclusiveness undermines the stated goal of ensuring a sustainable and competitive industry. The ACCC should require genuine consultation with all capable providers, including the sharing of sufficient information to allow meaningful input into decisions, particularly on critical matters such as the Independent Pricing Mechanism (IPM).
- **Transition obligations** – Where customers or services are transferred between providers (whether by commercial decision or regulatory intervention), there should be clear, regulated processes to ensure continuity of service and give customers certainty over their service delivery. This includes the [REDACTED] and any other industry-standard equipment necessary to serve customers without unnecessary delay or duplication of cost. Without such obligations, the incumbent could use control to delay or frustrate competition.
- **Surplus assets** – Unfortunately, since the approval of the Armaguard–Prosegur merger, we have seen many depots closed and surplus equipment moved on without other market participants being given the opportunity to purchase them. The dominant provider should be required to offer surplus depots, vehicles, or other significant operational assets to other licensed providers on fair market terms before disposal, closure, or repurposing. This would prevent the removal of usable infrastructure from the market, reduce barriers to expansion for competitors, and improve network resilience. Such a requirement should have defined timelines and a transparent process.
- **Regulator resourcing** – The lead regulator must have a clearly defined mandate for cash distribution, ring-fenced funding, and access to the technical expertise required to oversee a complex operational sector. Without adequate resources, even well-designed regulations risk becoming ineffective in practice. The regulator must be able to conduct proactive monitoring, enforce compliance, and respond swiftly to service failures.
- **Regulatory capture** – Governance arrangements must be designed to prevent undue influence by a single dominant provider. This includes balanced representation in any industry forums, advisory bodies, or technical committees, transparent decision-making processes, and safeguards to ensure that rules are not shaped to suit one participant at the expense of competition and public interest.
- **Review** – two-year review to assess competition and regional outcomes.

Conclusion

Authentic Security supports the introduction of a regulatory framework for cash distribution that is inclusive, competitive and transparent. Our support is conditional on the framework incorporating the provisions outlined above and establishing an Implementation Advisory Group to finalise technical details.

We look forward to working with the CFR, ACCC and other stakeholders to design a framework that secures the future of cash distribution in Australia – for the benefit of all Australians.

Authentic supports the CFR's objectives of ensuring that the cash distribution system operates in the public interest. The proposed framework provides an important opportunity to restore balance, safeguard resilience, and ensure fair competition. To succeed, however, regulation must be more than reactive. It must address the risks of both provider and customer market power, ensure fair access to infrastructure, and establish clear service standards with meaningful enforcement.

Equally, the framework must look forward. A sustainable, efficient, and resilient cash system cannot be built solely on maintaining legacy infrastructure. It requires active support for innovation and investment in new technologies, service models, and infrastructure.

Authentic is already investing in areas such as AI, digital forecasting, and smarter regional solutions, but smaller providers cannot carry this burden alone. By embedding innovation into the regulatory and funding framework, the CFR can ensure that the system not only survives but evolves – delivering better outcomes for customers, communities, and the wider economy.