

12 August 2025

Regulating Cash Distribution

Submission from Mr G. LaChina,
Independent Economist

G. LACHINA – SUBMISSION
I INDEPENDENT ECONOMIST

Regulating Cash Distribution – Submission by G. LaChina

Contents

Introduction	2.
Critical Considerations	2.
Relevant Stakeholders and Distribution of Cash	4.
Summary of Recommendations	5.
Conclusions	6.
About The Author	7.
References	8.

SUBMISSION from ECONOMIST Mr G. LaChina

CASH DISTRIBUTION REGULATION CONSULTATION

12 August 2025

Introduction

As an independent Economist, a keen social analyst and a private Australian citizen, I tender my submission of professional observations, proposals and recommendations in the consultation process relating to the Cash industry, the Cash distribution processes and the associated role of Government. In my considerations, I raise several key points and offer solutions for the essential requirements for cash distribution and the benefits to the Australian economy (including government and non-government sectors), as well as encompassing consumers, businesses, banks and vulnerable members of our nation's community within the greater economy.

The contribution in this submission aims to provide views that may assist the Australian Government's Strategic Plan for Australia's Payments System. The timing of this Governmental consultation provides the opportunity for all stakeholders in Australia to review the important "role of cash" going forward and not to diminish its role.

Moreover, this is an opportune time to engage in government, business and community consultation to refresh our view of what "cash" actually stands for in light of a modern technological landscape where electronic and digital payment networks which is at odds with long-standing cash payment systems.

In my professional view, a myriad of questions as to who or what should take responsibility of Cash distribution in Australia, could be broken down or synthesized into just two questions. Firstly, do we progress down the path of establishing new regulatory bodies? Or second, do we regulate or bolster the Banking industry which is and has primarily been in the "Cash business," for well over a century.

Critical Considerations

Before answering the pivotal questions to resolve Australia's cash distribution regulation system and summarizing the crucial recommendations, later outlined in this submission, there are four primary considerations to be taken into account, in order to support Cash – the nation's "store of value."

Firstly, I stress the importance of upholding our Cash System and the availability of Cash which is a fundamental requirement of our functioning Australian economy and society. The Cash distribution system and the role of Cash importantly promotes trust and encourages confidence in our financial system. Moreover, the paramount value of free-flowing legal tender in circulation is the value-added benefit – and that is, social and economic cohesion. This benefit has been rarely highlighted by commentators in recent decades, or perhaps has been taken for granted in modern times where “Cashless payments” are increasingly popular.

Secondly, reliability in the accessibility of cash is vital at all times. This is particularly so in times of crisis, natural disasters and during technological outages. Our changing society in these modern technological times, has seen the use of electronic payment systems becoming more prevalent, further raising the importance of cash distribution for those in our community who rely on it for their very survival. It is widely known that the power-grid is, at times, unreliable and the electronic system has failed on occasions due to transmission failures and thus vulnerable persons with health issues would be heavily disadvantaged and suffer from an inadequate cash regulation and/or distribution system. With the cash distribution system safeguarded, these vulnerable people have the ability to purchase urgently prescribed medicines, both quickly and reliably during intermittent electrical outages. Cash availability is also a safeguard to any potential or actual cyber attacks from either domestic or foreign interferences.

Thirdly, the cash distribution system should effectively be classified as an essential service – or a necessity, if you will. This status should be a “non-negotiable” at all times, and thus should not be questioned, irrespective of the evolving payments landscape that is placing pressure on the cash distribution system and the economics of providing cash services across Australia. Cash distribution costs associated with our legal tender uses in our community, are clearly costs that must be borne and shared amongst key Stakeholders, (to keep these vital services operating cohesively and continuously), but these costs to be shared proportionately, in the public interest.

Fourthly, a formal **regulatory framework would support the simple right or freedom to “exercise choices”** which is extremely significant in a functioning democratic economy like Australia. This right must not diminish, along with the entitlement for privacy for those who seek it in our democracy. Despite the increase of electronic or digital payments, reliable access to cash and the associated choice this provides, should be prioritised in a modern payments system, as is the case in Australia and given that physical cash remains vital for many Australians to transact.

Moreover, it is of paramount importance in regional centres, remote communities and local market settings, where Cash transactions provide efficiency, convenience, transferability and confidence for those who prefer not to rely on digital or electronic payment systems that are susceptible to outages or technological transmission breakdowns on unforeseen occasions.

Relevant Stakeholders and Distribution of Cash

It should be applauded that, on reading the Consultation paper (July 2025) from the Council of Financial Regulators (CFR) and the Australian Competition and Consumer Commission (ACCC), that these agencies support the long-term sustainability of the cash distribution system, as well as promoting a system that operates in the public interest. However, I differ on some other points made in their July 2025 Paper. In particular, mandates for acceptance of cash should be for all items, not only for essential items, as I believe that this would be in the public interest, and should be legislated.

Moreover, the Reserve Bank of Australia (RBA), as at 6th August 2025 reported \$175 million worth of additional banknotes on issue, taking the total value of cash circulating in Australia to \$104.094 billion. The RBA Balance Sheet data reinforces that the cash economy and cash withdrawals remain strong. The figure of \$104 billion is the highest recorded in Australian history.

Given this clear and robust issue of banknotes, and hence Australians continuing to use cash to complete transactions and make payments, it is puzzling that the number of Automated Teller Machines (ATM) owned by the Banks have been in decline for several as at up to end of financial year June 2024. This trend was confirmed by the Australian Prudential Regulatory Authority and the Australian Payments Network Report.

Based on the RBA figures above, Banks can support the Cash Distribution system by increasing the number of ATMs around Australia and continue to provide cash access points or services to customers and others who choose, demand and rely on cash to conduct business.

As I draw closer to my final recommendations and in consideration of the key points made in this submission, I endorse the CFR and the ACCC's collaboration with other Stakeholders, to invite other views on the Cash distribution topic, so as to plan accordingly, to make the essential cash system workable in the long term.

This can be partly achieved via supportive Banks, supermarkets, businesses and the government promoting or encouraging Cash as our legal tender. Therefore, Banks should not indirectly discourage the use of cash by reducing the number of ATMs. Cash users require the Government to facilitate support of cash use by Banks, Supermarkets and other businesses.

In light of the key considerations outlined and highlighted in this submission, I propose that clear boundaries be drawn in the Australian legislation, that clearly stipulate the important role of cash and the key objectives of cash distribution designed to meet community needs, provide accountability, with the appropriate checks and balances, in view of the Australian population's expectations.

Therefore, I present the following recommendations to be carefully considered by Government in decision-making processes for setting up a regulatory framework encompassing associated practices and powers that are introduced for the public interest.

Summary of Recommendations

1. **Highlight Cash is our primary Australian Legal Tender** under the Australian Constitution 1901 and the Australian Currency Act 1965. As Cash is sacrosanct, it is thus essential for a fully functioning economy. Legislation would make it clear to all that Cash must be accepted for all items, not only essential products across industry, with compensation to small business, as appropriate.
2. **Government to legislate to Regulate the Banking Industry.** Banks should be made more accountable for maintaining and distributing cash within the community. (a) Thus, Banks need to take greater responsibility to manage cash. (b) It is more cost-efficient and sustainable to compensate the Banks for taking on the cash distribution business that they are already engaged in, rather set up a new regulatory body(s). Minimum level of standards or parameters, legislated.
3. **Government to enforce Banks to increase Bank branches and Automated Teller Machines (ATM),** to make Cash more accessible, particularly in regional centres and for Banks not to shirk their banking responsibilities.
4. **Expand the powers of the CFR and/or ACCC** to be the primary regulator/s of Australia's cash distribution system, as a cost-effective solution.
5. **CRF and /or ACCC (with expanded regulatory powers) would uphold the essential services** related to Cash, ensuring Cash distribution and exercising powers of enforcement, when required, to meet the needs of the Australian public.

6. **Legislation should be introduced to enforce all Businesses to accept Cash Payments for goods and services sold.** Government agencies, local Councils and Corporations must accept and distribute Australia's Legal Tender.

7. **Local Council Parking Meters must provide choices to make payments,** including Meters that accept cash/banknotes. All Fees, Fines, Rates, Utilities, Licenses, Rent, Mortgages should be given the option to pay in cash.

8. **Retailers and Supermarkets must accept and support cash** with more cash terminals and more generous EFTPOS cash-out rules where applicable.

9. **Government to regulate Banks to enforce supply of Cash in all regional towns** and centres around Australia (for the reasons provided in this submission). Regional communities require a continual access to Cash, for basic transactions in rural settings where no technological devices are on hand.

10. **Electronic payments should always be considered secondary to Cash –** because Australia's Legal Tender is a store of value and engenders confidence in our banking system. This should be clearly stipulated in Australian legislation.

11. **Regulatory framework legislation would enforce Duty of Care requirements** in the Australian community (ensuring reliable cash distribution), during natural disasters, emergencies and power outages.

12. **Choices to make payments in various ways should be enacted as a basic Right of citizens** in a democracy like Australia. (Thus, citizens ability to choose to or rely on cash payments, upholds our rights in modernising payments infrastructure).

Conclusions

In an open mixed economy like Australia, with her clear layers of democracy and technological advances, what should be celebrated is the achievement of a modern society which promotes "choices." Australia, being an advanced economy and society, exercises choices to make payments with Cash or in a Cashless manner to complete transactions in our community.

To ensure the fluency of Cash distribution, essential for buying and selling, whilst in the course of conducting business, a suitable long-term regulatory framework is necessary for Australia's payments system. This framework would underpin and support, with resilience, the community that still values Cash as the Constitutional legal tender, which has provided secure and inclusive transactions for over a century. The appropriate regulatory framework would continue to uphold these valuable principles longer term, even as society becomes increasingly entrenched in the digital / electronic age, which ultimately continues to promote a functioning financial system and economy.

This submission has highlighted the important role of cash in our society and economy. To sustainably and cost-effectively achieve a regulatory outcome for the vital cash distribution system, the functions of Government agencies already in existence need to be expanded or exploited. Moreover, regulators such as the ACCC or CFR should be equipped and empowered to safeguard the cash distribution system, given the changes that have occurred due to the technological landscape in which we live. Moreover, it would be highly cost-efficient for the Government to regulate the Banks (via legislation), already dealing in the "Cash business," to ensure that Banks uphold consumer choices for Cash payments, to manage cash and to ensure cash distribution services. The regulatory framework to be established and recommended here would also enforce compliance, when required. This framework suggested would set out clear legal boundaries for the key Stakeholders responsible for maintaining and facilitating the cash system, and would thereby uphold community expectations, maintain social cohesion and meet the needs of the Australian public. In turn, these outcomes would then allow market or economic forces to prevail and translate into a secure, sustainable, inclusive and functioning economy.

About the author. *Guy LaChina is an independent Economist and researcher. In the 1980's, he was engaged as an Economist at the Australian Chamber of Commerce and Industry, assisting in the writing of Submissions for National Wage Cases that were heard before the Conciliation and Arbitration Commission. In the early 1990's Mr LaChina undertook roles in London in the realms of Management accounting and Finance, resolving value-added solutions for stakeholders. In the 2000's, he continued with senior professional and public sector roles in the field of Taxation, before moving on to other public sector Compliance related roles, which relied on his unique research and investigative skill set.*

References

1. Regulating Cash Distribution – CFR & ACCC Consultation Paper – July 2025.
2. Reserve Bank of Australia, Balance Sheet as at 6th August 2025.
3. Australian Competition and Consumer Commission website.
4. Council of Financial Regulators Consultation website.
5. Australian Constitution, Section 51 (xii) giving the Commonwealth Parliament the right to legislate with respect to “currency, coinage & legal tender; Section 115.
6. Australian Currency Act 1965, referring to Legal Tender.
7. Australian Notes Act 1910; Australian Coinage Act 1909.
8. Australian Prudential Regulatory Authority and Australian Payments Network Report; statistics for the loss of 8,326 ATMs in seven financial years to June 2024 in Australia. A loss of 926 ATMs over the financial year to June 2024.

Submission delivered:

Date: 15 August 2025

Via Email To: CashDistributionRegulationConsultation@cfr.gov.au.