



Mandating cash acceptance

Consultation paper

December 2024

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Consultation process

Request for feedback and comments

The purpose of this consultation paper is to seek comments on the Government’s intention to mandate that businesses supplying essential goods and services must accept cash as payment method, with appropriate exemptions for small businesses. Interested parties are invited to provide responses to one or more of the consultation questions outlined in this paper and comment on implementation considerations more generally.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses sent via email in a Word or RTF format. An additional PDF version may also be submitted. All information (including name and address details) contained in submissions may be made available to the public on the Treasury website unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails are not sufficient for this purpose. If you would like only part of your submission to remain confidential, please provide this information clearly marked as such in a separate attachment.

Closing date for submissions: 14 February 2025

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The concepts outlined in this paper have not received Government approval and are not yet law.

Foreword

The Albanese Government is creating a modern, world-class and efficient payments system that is safe, trusted and accessible, enabling greater competition, innovation and productivity.

Part of the Government's *Strategic Plan for Australia's Payments System* is about maintaining access to cash for essential items, so Australians can pay cash if they want to.

We know people are increasingly using digital payments, but there is an ongoing place for cash in our society. About 1.5 million Australians use cash to make more than 80 per cent of their in-person payments and cash also provides an easily accessible back-up to digital payments in times of natural disaster or digital outage.

According to the most recent data, up to 94 per cent of businesses continue to accept cash, and we want to see cash acceptance continue. Mandating cash for essential purchases, such as groceries and fuel, means those who rely on cash will not be left behind.

The Government expects industry to play a crucial role in supporting this initiative, ensuring that the shift towards digital payments does not disadvantage those who must rely on cash payment. This is in everyone's best interest.

This consultation paper seeks to gather insights and feedback on the proposed cash acceptance mandate. Your input will help shape the path forward, ensuring that the mandate effectively balances the needs of all Australians and supports a more efficient and inclusive payments system.

We will consider the needs of those who rely on cash, including people in regional areas and those unable to use digital payments, as well as the impact on businesses, particularly small businesses.

We're also seeking views on what further steps are required to ensure the long-term and sustainable distribution of cash to enable adequate access.

Modernising Australia's payments infrastructure will ensure our financial sector is competitive, efficient and delivering for the economy and the Australian people.

While the benefits of these reforms will be widespread, we recognise that the transition may pose challenges for some. The Government is dedicated to minimising any adverse impacts and ensuring that cash remains a trusted and accessible payment method.



The Hon Jim Chalmers MP
Treasurer



The Hon Stephen Jones MP
Assistant Treasurer
Minister for Financial Services

Chapter 1: Introduction

Overview

While Australians continue to shift toward digital methods to make and receive payments there remains a strong role for cash as part of a modern and efficient payments system that is safe, trusted and accessible.

The Government's 2023 Strategic Plan for Australia's Payments System (the Strategic Plan) set out the Government's vision for the payments system. Maintaining access to cash remains a key priority as part of modernising payments infrastructure.¹ Despite the rise of digital payments, cash remains a vital option for many, particularly in regional and rural communities.

Currently, there is no regulation that mandates businesses must accept cash as a means of payment. In the absence of legislative change, there is no guarantee that Australians will be able to continue to buy essential goods and services with cash in the future.

The Government has announced an intention to mandate that businesses supplying essential goods and services must accept payment in cash, with appropriate exemptions for small businesses. The Government wants to ensure that Australians can continue to access cash and use it to buy essential items, such as groceries and fuel. The Government also wants the mandate to assist with payment system resilience, for example, during natural disasters or digital outages.

The Government is consulting to ensure it understands the drivers of cash reliance, to seek feedback on the proposed mandate scope and application and measures needed to support the mandate, and to gain a better understanding of regulatory impacts and implementation timeframes.

Cash acceptance

What is cash acceptance?

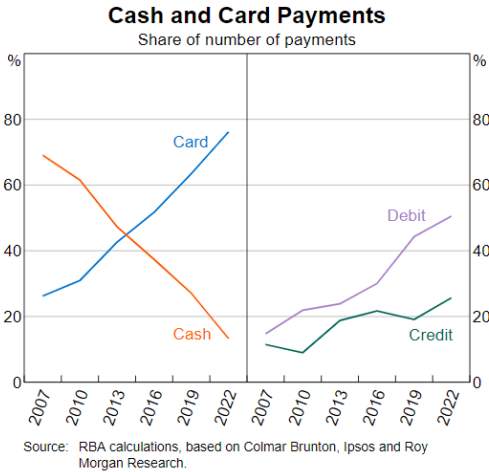
Cash acceptance refers to the practice of businesses accepting cash as a form of payment for goods and services. Cash acceptance levels must remain sufficient to enable consumers, including those unable to use digital payment methods, to participate in the economy.

A cash acceptance mandate aims to guarantee cash remains a viable and accessible in-person payment option for essential items. Successful implementation of a mandate requires collaboration and will ensure the benefits of continued growth in the use of digital payments do not leave parts of the community behind and weaken payment system resilience.

¹ Treasury, A Strategic Plan for Australia's Payment System (2023), Treasury website.

Changing levels of cash acceptance

Cash as a method to pay for goods and services has declined substantially in recent years. Australians are increasingly preferring to use card or digital payments to pay for goods and services.



The RBA’s 2022 Consumer Payments Survey found that 13 per cent of transactions were conducted using cash, with electronic payment methods making up the other 87 per cent.² However, high cash users, that is, those that use cash for 80 per cent or more of their in-person transaction now include around 1.5 million people (as of 30 June 2024) or approximately 7 per cent of adult Australians.³ Accordingly, while electronic payments are growing in popularity, it is clear some Australians retain a strong preference or need to use cash and that cash serves an important role for many Australians.

Transactions are continuing to shift from in-person to online forms of shopping and there is an increasing demand for near-instant and seamless payment experiences. There is less reliance on physical forms of payments such as cash and cheques and increasing reliance on contactless card payments. The trends observed in Australia’s payments system mirror those happening globally, and the growing complexity of payments presents challenges to regulatory frameworks worldwide.

Although the share of retail payments made in cash has fallen from 27 per cent in 2019 to 17 per cent in 2022,⁴ cash is still accepted as a form of payment by between 78 and 94 per cent of Australian businesses.⁵ However, the Reserve Bank of Australia’s Consumer Payments Survey found around half of all businesses planned to discourage cash payments in the near future.⁶ If many more businesses refuse to accept cash, there will be significant social inclusion implications for those Australians who depend on cash to pay for essential goods and services. This includes regional and remote communities, those living with a disability, the elderly, culturally diverse Australians, and First Nations peoples.

Mandating that businesses who provide essential goods and services accept cash will ensure these groups can continue to make cash payments and support their ongoing inclusion in the economy.

Impacts of reduced levels of cash acceptance

Reduced levels of cash acceptance can have significant impacts on the community, particularly those who rely heavily on cash transactions. These impacts are not felt uniformly across society.

² Livermore T and J Mulqueeny (2023), ‘Cash Use and Attitudes in Australia’, RBA Bulletin, June.
³ Estimate derived from proportion of the population as high cash users as reported in Livermore T and J Mulqueeny (2023), ‘Cash Use and Attitudes in Australia’, RBA Bulletin, June and Table B9 Population projections, by age and sex, Australia – medium series in ABS Population Projections, Australia, released 23 November 2023
⁴ Treasury, A Strategic Plan for Australia’s Payment System, 7 June 2023
⁵ Guttman R, T Livermore and Z Zhang (2023), ‘The Cash-use Cycle in Australia’, RBA Bulletin, March.
⁶ Guttman R, T Livermore and Z Zhang (2023), ‘The Cash-use Cycle in Australia’, RBA Bulletin, March.

Regional and remote areas can be more reliant on cash as a payment method. This may be because disruptions in regional areas (such as through digital outages or natural disasters) may have a more significant impact than in metropolitan areas.

Older Australians may be disproportionately impacted by reduced cash acceptance given their longstanding familiarity and trust in the cash system. Many individuals prefer using cash due to its simplicity and the sense of control it provides over their finances. Transitioning to digital payments can be daunting, leading to a sense of exclusion and frustration.

Low-income households, younger Australians and individuals without access to credit cards can rely more on cash for daily transactions and as a means of household budgeting. For these groups, cash can be a tangible way to manage their finances, helping them to avoid overspending.

Cash transactions can provide individuals with more confidence that they can maintain their privacy and safety, and avoid or reduce the risk of fraud, identity theft or digital abuse which can be associated with electronic payments. The anonymity of cash transactions means that personal information is not shared, reducing the risk of data breaches and financial fraud.

Existing regulation of cash payments

Currently, businesses can choose what payment methods are best for them to accept. The regulation of cash – coins and notes - in Australia is governed by a legislative framework that is designed to maintain the integrity of the currency. There is currently no regulation that mandates businesses must accept cash as a means of payment.

Currency Act and Reserve Bank Act

The *Currency Act 1965* and the *Reserve Bank Act 1959* establish the legal framework for Australian currency. The *Currency Act 1965* designates the dollar as the monetary unit and requires transactions to be in Australian currency (unless specified to be in a foreign currency). The *Currency Act 1965* and the *Reserve Bank Act 1959* designate authorised coins and notes, respectively, to be legal tender.⁷ Both Acts also prohibit the unauthorised issue of coins and notes.⁸

Criminal law

Criminal law in Australia addresses various offences related to cash payments, including the use of counterfeit currency. The *Crimes (Currency) Act 1981* makes it an offence to make, utter or possess counterfeit money. These laws are designed to maintain the integrity of the currency and protect the economy from the adverse effects of counterfeit activities.⁹

International experience

Overseas jurisdictions are adopting cash acceptance mandates. In June 2023, the European Commission put forward a proposal to ensure widespread acceptance of cash payments, as well as sufficient and effective access to cash.¹⁰ If the proposals are adopted, EU Member States will need to ensure widespread acceptance of cash payments, as well as sufficient and effective access to cash.

⁷ See sections 8, 9 and 16 of the *Currency Act 1965* (Cth) and section 36 of the *Reserve Bank Act 1959* (Cth).

⁸ See section 44 of the *Reserve Bank Act 1959* (Cth) and section 22 of the *Currency Act 1965* (Cth).

⁹ In addition, for cash transactions above \$10,000 or where a suspicious matter has arisen, there are reporting requirements for some businesses under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

¹⁰ European Commission, *Press Release: Single Currency Package: new proposals to support the use of cash and to propose a framework for a digital euro* 28 June 2023

They will need to monitor and report on the situation and take measures to address any problems identified. The European Commission could step in to specify measures if needed. These mandates are driven by the recognition that cash plays a vital role in communities, particularly for vulnerable populations who may not have access to digital payment methods. The European Court of Justice has also supported the view that each member state can oblige its administrative bodies to accept payment in euro banknotes, although member states can also limit payment options on public interest grounds.¹¹

In the United States, the approach to cash acceptance mandates is more fragmented. While there is no federal mandate, several states, including Colorado, Illinois, Montana, Massachusetts, New Jersey, and New York, have introduced localised mandates requiring businesses to accept cash for payments below a certain value. These mandates vary in their protections but generally aim to ensure that consumers who prefer or rely on cash are not excluded from participating in the economy. The Payment Choice Bill, currently before a Senate Committee, proposes to require all retail businesses to accept cash for purchases under \$500.¹²

Other countries are also exploring, implementing or have introduced cash acceptance mandates. For example, Austria, Denmark, Ireland, New Zealand, Norway, and Sweden. These initiatives have generally received strong public support and draw on the lessons learned from other jurisdictions to develop flexible legislation that balances the need for cash acceptance with the growing trend towards digital payments.

Internationally there is a common goal to create a resilient payment system that ensures no one is left behind in the transition to a digital economy. This international experience highlights the importance of cash acceptance mandates in promoting financial inclusion.

Government decision to mandate cash acceptance

The objective of the cash acceptance mandate is to ensure that cash remains a viable and accessible in-person payment option for essential items, allowing consumers, including those unable to use digital payment methods, to participate in the economy. Implementing a cash acceptance mandate while cash is still a widely accepted form of payment will help to avoid additional costs down the track where infrastructure would otherwise need to be rebuilt. Any businesses covered by the mandate should be of sufficient scale to enable it to manage the current and future costs of handling cash.

The mandate's design will be guided by key design principles to meet community expectations that cash can be relied on as a payment method when transacting in-person with businesses supplying essential goods and services.

Promote social inclusion. The mandate will assist in ensuring individuals, including those unable to use digital payment methods, can participate in the economy. This is particularly important for groups such as older Australians, low-income households, and culturally and linguistically diverse Australians, and First Nations peoples.

Enhance payment systems resilience. The mandate will assist in ensuring that cash remains a reliable and accessible form of payment available during outages to digital payment systems, such as during natural disasters or technological failures. A cash acceptance mandate should provide confidence that businesses can continue to operate and serve their communities even when digital payment systems

¹¹ Judgment of the Court (Grand Chamber) of 26 January 2021 in Johannes Dietrich and Norbert Häring v Hessischer Rundfunk.

¹² Payment Choice Act of 2023, introduced as a Bill to the US Senate on 14 June 2023.

are disrupted. The mandate must also be able to operate effectively through disruptions and shocks to cash demand.

Be proportionate and achievable. The mandate should have a proportionate impact on business. Mandate compliance must be achievable with the support of cash-in-transit services and access to cash on reasonable terms. A resilient and robust cash supply without excessive pricing is needed for Australians to continue to rely on cash and for the acceptance mandate to meet its objectives.

Be transparent and responsive. The Government is committed to ensuring that the mandate is implemented in a clear and open manner. Businesses and consumers will be provided with information about the requirements of cash acceptance, fostering trust and understanding. The mandate must respond to changes in consumers expectations and behaviour over time.

Consultation scope

What this consultation will cover

Chapter 2 will seek to ensure the Government understands the drivers of cash reliance. The chapter will explore maintaining social inclusion, the maintenance of payment system resilience, and the need for privacy, safety and trust.

Chapter 3 will seek feedback on the proposed mandate scope and application. The chapter will explore proposed definitions of “essential good or service”, “in-person payment”, and “exempt small business”. The chapter will also consider options for limiting the mandate, including that a dollar limit apply, a time limit apply, or a combination of limits apply.

Chapter 4 will seek feedback on measures needed to support the mandate. The chapter will explore how to promote compliance (including through education and enforcement), the need for anti-avoidance measures, the need to maintain cost-effective cash distribution and cash access, and the need for monitoring mechanisms so the mandate remains fit-for-purpose over time.

Chapter 5 will seek to gain a better understanding of regulatory impacts and to explain implementation timeframes.

What consultation will not cover

The consultation will not consider issues related to: foreign exchange; the phasing out of cheques; credit or debit card surcharging; or issues related to the shadow economy.

Chapter 2: Why paying in cash matters

Overview

The Government recognises that cash remains an important form of payment for many individuals and communities. There are a range of circumstances where cash continues to play an important role. This chapter explores some of these circumstances including:

- Maintaining social inclusion – cash payment helps ensure that community members without the ability to use digital payment methods can still participate in the economy.
- Providing reliability during outages of digital payment systems – cash payment provides a default option when technology is disrupted.
- Privacy, safety and trust – cash payment offers an immediate exchange of value that maintains privacy, may assist with safety, and may increase confidence among users.
- Budgeting – the tangible nature of cash can allow individuals to more easily manage their finances by giving a clear and physical representation of spending.

The RBA's 2022 Consumer Payments Survey has shown a trend, over time, of consumers shifting from cash to electronic payment methods and shows that cards are now used for most in-person payments.¹³ The survey found that people over the age of 65, in regional areas, or in lower income households were more likely to be high cash users.¹⁴

Even though the preference for cash is declining, the survey found that just over a quarter of respondents, regardless of how often they use cash, said that they would be negatively impacted if cash was difficult to access or to utilise as a payment method. The survey shows that there is still a preference and reliance on cash in the economy. This chapter discusses some of the reasons that consumers may still prefer the use of cash for goods and services. The Government welcomes feedback on whether it has a sound understanding of these circumstances, and whether there are other circumstances where cash remains important to the community.

Maintaining social inclusion

Digital inclusion requires the affordability of an internet connection, access to an appropriate device and good internet connectivity, and the ability to use a range of devices to engage with online systems. The COVID-19 pandemic marked a significant shift to digital technologies; this can be seen in how consumers shifted at a more rapid pace to digital payment methods but also in how businesses and governments shifted to a greater digital focus. At the same time, there are cohorts of people that have struggled with some of these digital shifts.

The Australian Digital Inclusion Index (ADII) is a measure of affordability, access and digital ability. The 2023 report found that while the digital gap between capital cities and regions continues to narrow, the gap in access and digital ability remains significant. The same report also found that despite some gains, Australians aged over 65 maintain lower scores in digital ability, and those over the age of 75 also face higher disparities in access and ability compared to younger cohorts.¹⁵ The ADII defines a

¹³ The RBA Consumer Payments Survey asks participants to record each payment they make as well as when they top up with cash. RBA surveys have collected this data every three years since 2007.

¹⁴ Livermore T and J Mulqueeney (2023), 'Cash Use and Attitudes in Australia', RBA Bulletin, June.

¹⁵ Australian Digital Inclusion Index: 2023.

person receiving an index score of 45 or below as being highly digitally excluded. The latest ADII data shows that 19 per cent of people aged 65 to 74 are highly digitally excluded; it also shows that 42 per cent of people aged over 75 are highly digitally excluded.¹⁶ Applying these proportions to population estimates, as of 30 June 2023, provides an estimate of over 1.3 million people aged over 65 being highly digitally excluded.¹⁷ For these Australians, particularly older Australians outside of capital cities, cash is likely to remain a preferred payment method.

First Nations peoples are particularly affected by digital exclusion, with the 2024 Regional Telecommunications review identifying that there are currently 670 First Nations communities and homelands that do not have mobile coverage.¹⁸

People with disability also face significant digital exclusion. The latest ADII data shows that 24 per cent of people with a disability are highly digitally excluded.¹⁹ Applying this proportion to 2018 population estimates provides an estimate of around 1.1 million people with a disability being highly digitally excluded.²⁰

The Government recognise the challenge of digital inclusion. [Appendix B](#) describes Government initiatives to promote digital inclusion for older Australians, people with disability and First Nations peoples. A cash acceptance mandate could help to ensure that these people are not left behind and able to engage in the economy.

Box 2.1: Margaret

Margaret is 76 years old and lives in regional New South Wales. While internet services are available in her area, Margaret does not have the ability to confidently operate online. Margaret uses the local bank branch to withdraw cash and the local post office to pay bills. Margaret uses cash to purchase most goods and services. A cash acceptance mandate would provide Margaret assurance that she can continue to access the things she needs with cash.

Providing reliability during outages of digital payment systems

RBA data shows that Australia's retail payment services have an average availability of at least 99.8 per cent each quarter.²¹ Data showing average service availabilities, total significant outages and total duration between the September quarter 2021 to March quarter 2024 and is in Table 2.1.

¹⁶ See 'Understanding digital exclusion' by age on the Australian Digital Inclusion Index dashboard at: <https://www.digitalinclusionindex.org.au/dashboard/Exclusion.aspx>

¹⁷ Estimate derived from proportions shown on the Australian Digital Inclusion Index dashboard and Table 8 Estimated resident population by age and sex-at 30 June 2023 in ABS, National, state and territory population, released 19 September 2024.

¹⁸ Regional Telecommunications Review, 2024 Regional Telecommunications Independent Review April issues paper, issued April 2024.

¹⁹ See p10 of the Australian Digital Inclusion Index: 2023.

²⁰ Estimate derived from proportion shown on p10 of the Australian Digital Inclusion Index: 2023 and 2018 population data from AIHW, People with disability in Australia 2024.

²¹ Griffiths J and Joyce M (2024), 'The Reliability of Retail Payment Services', RBA Bulletin, October.

Table 2.1: Availability of retail payment services

Service	Total number of significant outages	Total length of significant outages (hrs)	Average availability (%)
ATMs	39	379	99.91
Branches	42	101	99.90
Make card payments	79	249	99.97
Accept card payments	23	72	99.98
Fast transfers	415	1316	99.81
Online banking	532	1478	99.82
Next-day transfers	36	477	99.85

Source: Griffiths J and Joyce M (2024), 'The Reliability of Retail Payment Services', RBA Bulletin, October.

While these figures show a high level of overall availability, when outages do occur they can be highly consequential for people.

Natural disasters can cause disruptions to electricity and telecommunication infrastructure and payment system contingencies for these events are critical. This will continue to be important as Australia is subject to recurring natural disasters such as bushfires, floods and cyclones. During these events communities can be left without telecommunication or electricity. Cash in the immediate aftermath of events allows communities to keep functioning while the telecommunications or electricity infrastructure is being repaired. Cash provides a lifeline in these situations to allow people to buy the essential goods they need and serves to provide stability and confidence to consumers and the broader economy. The recent CrowdStrike outage, while temporary, showed that electronic systems can be prone to disruption and consumers can be unable to make payments. Cash is a durable form of exchange and provides an important resilience measure in the payment system.

During the 2022 floods that impacted Northern New South Wales nearly 70,000 Essential Energy customers were affected by power outages and during the peak of the floods, 18 communities across northern NSW had no telecommunications access through mobile, internet or landline. Telecommunications companies said the scale of the outages was due to power loss, flood damage to land-based infrastructure like fibre-optic cables, and sites like mobile base stations being inaccessible.²²

Natural hazard events are becoming more intense and more frequent in Australia and around the world. While the Government has made commitments to address the underlying risks related to natural hazards and prepare for these events, such as through the Disaster Ready Fund, the exposure of Australians to climate change and extreme weather events will continue to present challenges to communities.

²² ABC reporting, *In harm's way*, 27 February 2023

A cash acceptance mandate can help minimise the impacts on communities in emergency situations.

Box 2.2: John

John lives in a regional town in Far North Queensland. A cyclone has struck the region and while his town has not been directly affected, there are downed powerlines which have disrupted the supply of power to his town causing significant damage to local telecommunications infrastructure. In preparation for the cyclone, John withdrew some cash. John is well prepared for the cyclone, however, it has taken longer than expected for power to be restored. John runs a generator to keep some of his household appliances (like his fridge) going but he is now running out of fuel. John drives to the local service station and can purchase fuel with cash to refuel his generator. In this situation, a cash acceptance mandate is a critical element of disaster resilience planning and would provide John with confidence that he can manage the disruption.

Privacy, safety and trust

Privacy, safety and trust are often reasons cited by consumers as reasons to pay cash for goods or services.²³ Where consumers don't feel safe or comfortable with a business or individual they are transacting with, they may prefer to use cash to protect their privacy and safety. Given digital payment systems rely on third-party access to personal information, cash payment provides a method of maintaining an individual's privacy as it does not require additional data disclosure.

The Government continues to progress reforms to Australia's privacy framework and is committed to improving privacy protections while encouraging digital innovation and increasing consumer trust where people do choose to engage with the digital economy.²⁴ This includes the passage of the Privacy and Other Legislation Amendment Bill 2024 in November 2024, which legislates a first tranche of reforms. The Government is also committed to undertaking targeted consultation on draft provisions to inform a second tranche of reforms. Among the Government's focus areas for a second tranche is to improve control and transparency for individuals over their personal information.

When buying goods and services online, consumers are often prompted to provide personal information such as their name, address and email. While some of this information serves a practical purpose such as a delivery address, some businesses require consumers to provide additional information that is not strictly necessary to facilitate the purchase. For consumers, this may be a source of concern as individuals may not wish to provide these details to a business. The Government is currently considering submissions on design elements of proposed general and specific prohibitions on unfair trading practices that follows an earlier consultation on options to address unfair trading practices.²⁵ Furthermore, concerns about the provision of such data can be heightened by the risk of scams. In response to this, the Government has established the National Anti-Scams Centre as part of a 2023–24 Budget measure, to disrupt and deter scammers by taking a whole-of-economy, cross-industry approach to scams and fraud.²⁶ The Government has also recently introduced legislation to establish a Scams Prevention Framework, which will impose obligations of industry to take action to reduce the impact of scams on consumers.

²³ Livermore T and J Mulqueeney (2023), 'Cash Use and Attitudes in Australia', RBA Bulletin, June.

²⁴ Government Response to Privacy Act Review Report, released 23 September 2023.

²⁵ Australian Government, Unfair trading practices Consultation on the design of proposed general and specific prohibitions, November 2024

²⁶ Treasury Ministers, Fighting back against scammer scourge – Government announces new anti-scams centre (2023), Treasury portfolio Ministers website.

The RBA's 2022 Consumer Payments Survey found the most important reason for the use of cash was privacy and safety concerns.²⁷ This is particularly apparent in culturally and linguistically diverse communities where cash can serve as a more preferable option to electronic methods. As of 30 June 2023, it was estimated that of the estimated resident population of 26.6 million, 8.2 million people were born overseas.²⁸ Some migrants have experienced war or authoritarian regimes in their countries of origin and this can impact levels of trust in electronic payments or financial institutions.

Box 2.3: Lorna

Lorna has a visual and mobility impairment. Lorna has a support worker that comes over a few times a week to assist with household tasks. Lorna takes out cash in advance to pay for the support workers services and does not feel comfortable with online payments. Some websites are not digitally accessible and point-of-sale systems can be hard to see. A cash acceptance mandate would ensure Lorna is able to continue to pay cash for essential goods and services.

Furthermore, cash is also relied upon by survivors of domestic violence to save money in cases of financial abuse, which disproportionately affects women and First Nations people. A cash acceptance mandate would ensure cash can still be widely used to support people escaping domestic abuse.

Budgeting

Some households and younger Australians rely on budgeting strategies that involve the use of cash. One commonplace budgeting strategy involving cash is for a household to take out in cash what can be spent for the week ahead. Cash in this sense is used as a physical limiter and to assist in keeping track of where the money goes. Cash budgeting in this way allows a more tangible tracking all cash inflows and outflows. The RBA's Consumer Payments Survey found that lower household income was associated with more intensive cash use.²⁹ For some lower income households, cash remains an important part of how they budget and purchase goods and a cash acceptance mandate would assist in preserving this approach.

Box 2: Paul

Paul is 24 and takes out \$300 a week in cash to assist as a budgeting tool. The \$300 a week is to cover his day-to-day expenses such as food, transport, social outings, among other expenses. Paul's ability to rely on banknotes allows for him to see where his money is being spent and how much he has left. While a cash mandate would likely not cover all the businesses Paul buys goods or services from, it would cover the essential goods and services. The mandate therefore means Paul can continue to rely on a form of budgeting he is comfortable with.

Consultation Questions

1. Are there other important reasons for people relying on cash payment?

²⁷ Livermore T and J Mulqueeney (2023), 'Cash Use and Attitudes in Australia', RBA Bulletin, June.

²⁸ Australian Bureau of Statistics, Australia's Population by Country of Birth, June 2023

²⁹ Livermore T and J Mulqueeney (2023), 'Cash Use and Attitudes in Australia', RBA Bulletin, June.

Chapter 3: Cash mandate scope and application

Overview

The Government is seeking to ensure the cash acceptance mandate balances the needs of those in the community that rely on cash to purchase essential goods and services and the impact on business, especially small business. To be successful, the scope of the mandate and small business exemption needs to be clear to consumers and businesses.

Box 3.1: Mandate scope and application

It is proposed that a corporation, in trade or commerce, that:

- supplies an essential good or service to a consumer; and
- offers in-person payment; and
- is not an exempt small business;

must accept cash payment for those goods and services.

This chapter explores each element of the proposed mandate. As each element is discussed, the chapter will explain what the mandate is proposed to apply to, what the mandate would not apply to, and any options or further matters that require consideration.

A corporation in trade or commerce

Mandate would apply to business

Corporation

The mandate is proposed to apply to corporations, ensuring that the mandate is clearly within the Commonwealth's constitutional power.

The proposed small business exemption means that the mandate would not apply to the majority of businesses. The larger businesses that the mandate is proposed to apply are likely to be corporations. As a result, there is likely to be minimal benefit in extending the mandate to other business structures, such as sole traders, partnerships, trusts and unincorporated joint ventures.

Trade or commerce

The mandate is proposed to apply to conduct in trade or commerce within Australia. Generally, if an entity engages in repeated transactions where it provides goods or services in exchange for payment, it will be carrying on a business and doing so in trade or commerce.

The mandate would therefore not apply to private conduct, such as the private sale of second-hand furniture, or to non-business conduct, such as a local school or community fete.

Mandate would apply to government to the extent it is carrying on a business

The mandate is proposed to apply to goods and services supplied by the Commonwealth, state, territory and local governments to the extent that the government is carrying on a business.³⁰

Many services supplied by governments to consumers, such as the issuing of passports by the Commonwealth government, vehicle registration by state and territory governments and domestic waste management services provided by local government, do not involve carrying on a business. As a result, the provision of such services would not be subject to the mandate. Governments carefully consider the impact of payment methods for the provision of these non-business services and are directly accountable to their electorates through regular elections for the decisions they make.

Box 3.2: Post Billpay

Post Billpay is a service provided by Australia Post that enables consumers to pay more than 1,000 different types of bills including gas, electricity, phone, council rates, insurance and tax. Payment is secure and can be by cash, card, cheque or PayPal. Post Billpay can be used at one of 3,400 post offices Australia wide by paying a bill over the counter or at a self-service terminal. Post Billpay can also be used over the phone, online, and via the AusPost mobile phone app. Post Billpay protects a consumer's personal details and provides proof of payment.

Supplies an essential good or service to a consumer

Supply

For the purposes of the mandate, supply is proposed to include, in relation to goods, the supply (or re-supply) by way of sale, exchange, lease, hire or hire purchase and, in relation to services, the provision, granting or conferral of the service.³¹

Consideration is being given as to whether supply, for the purposes of the mandate, should disregard the supply of an essential good or service where that supply is inconsequential to the supply of non-essential goods or services by a corporation. The purpose of this limitation is to avoid a business being required to accept cash for the sale of an essential good or service when they do not amount to a material part of their business.

Essential good or service

Existing definitions of an essential good or service

There is no universally applied definition of an essential good and service in Australian Commonwealth, state or territory law. Governments have sought to identify essential services for a range of specific purposes. A related term of 'essential worker' was used by governments during the

³⁰ This is consistent with the application of general consumer protection provisions; see sections 2A, 2B, 2BA and 2C of the *Competition and Consumer Act 2010* (Cth) and section 12AD of the *Australian Securities and Investments Commission Act 2001* (Cth).

³¹ See the definition of 'supply' in section 4 of the *Competition and Consumer Act 2010* (Cth) and the definition of 'supply' in section 12BA of the *Australian Securities and Investments Commission Act 2001* (Cth).

COVID-19 pandemic to implement public health measures.³² Also, the New South Wales and Victorian governments have designated particular services (such as public health, firefighting and ambulance) or industries (such as fuel, power and water) as essential and conferred upon themselves broad powers to intervene to maintain the orderly functioning of those services where they are disrupted or there is an emergency.³³

The Australian Bureau of Statistics (ABS) measures the Consumer Price Index (CPI) by classifying 87 components of spending into 11 groups, including: food and non-alcoholic beverages; alcohol and tobacco; clothing and footwear; housing; furnishings, household equipment and services; health; transport; communication; recreation and culture; education; and insurance and financial services. The ABS has also analysed the 87 components by dividing them into “non-discretionary” and “discretionary” spending. The ABS notes that there is no international standard or definition for “non-discretionary” and “discretionary” household spending and acknowledges that any such distinction is somewhat subjective. For the purposes of analysis, the ABS defined “non-discretionary” goods and services to be:³⁴

Goods or services which are purchased to meet a basic need (food, shelter, healthcare), are required to maintain current living arrangements (car maintenance, school fees), or are a legal obligation (compulsory insurance, stamp duty).

The ABS defined “discretionary” goods and services to be optional purchases which included take away meals, alcohol and holidays.³⁵

The Melbourne Institute’s Household Expenditure Measure classifies the ABS 87 components into three broad categories of “absolute basics”, “discretionary basics” and “non-basics”.³⁶

- Absolute basics are most foods items, children’s clothing, utilities, transport costs and communications.
- Discretionary basics include take-away food, restaurants, confectionery, alcohol and tobacco, adult clothing, and entertainment.
- Non-basics include luxury services such as gardeners and overseas holidays.

The Household Expenditure Measure does not include rents or mortgage payments as it is a measure that excludes housing costs. This has allowed the Household Expenditure Measure to be used to assess the ability of borrowers to service a housing loan.

A table at [Appendix C](#) provides a list of the 87 components of the CPI and shows their classification by the ABS into non-discretionary and discretionary items and shows their classification by the Melbourne Institute into absolute basic need, discretionary basics and non-basics.

³² See, for example, the definition of ‘essential worker’ in the Emergency Management (Stay at Home) (COVID-19) Direction 2020 made under section 25 of the *Emergency Management Act 2004* (SA).

³³ *Essential Services Act 1988* (NSW) and *Essential Services Act 1958* (VIC)

³⁴ See Australian Bureau of statistics, *Measuring Non-discretionary and Discretionary Inflation*, released 25 May 2021, accessed 10 November 2024 at: <https://www.abs.gov.au/articles/measuring-non-discretionary-and-discretionary-inflation>.

³⁵ See Australian Bureau of statistics, *Measuring Non-discretionary and Discretionary Inflation*, released 25 May 2021, accessed 10 November 2024 at: <https://www.abs.gov.au/articles/measuring-non-discretionary-and-discretionary-inflation>.

³⁶ See Melbourne Institute, *Household Expenditure Measure*, accessed 10 November 2024 at <https://melbourneinstitute.unimelb.edu.au/publications/social-indicator-reports>

Proposed definition of essential goods and services

Without a universal definition of essential goods and services available we have drawn on the above examples from the Commonwealth, state and territory governments, the ABS and the Melbourne Institute. The mandate is proposed to apply to corporations supplying essential goods or services, that is goods or services that are purchased by consumers to meet absolute basic needs, are critical to maintaining day to day living arrangements, or are compulsory. In applying this definition, the focus is on typical circumstances for consumers. While some goods or services may be essential for a minority, the mandate is focused on cash acceptance for goods and services needed by most consumers.

Goods or services are required to meet absolute basic needs if there is no reasonable substitute that can meet that need. Where goods or services can be substituted to meet absolute basic needs, they are not essential. For example, restaurant meals are not essential as the need for food can be met through a home cooked meal prepared with food from a supermarket.

Goods or services that are critical to maintaining day to day living arrangements are those without which a person's circumstances may be altered in a fundamental way, for example, their housing would become uninhabitable, or the person would be unable to maintain employment.

Goods or services that are compulsory are those required by law, for example, compulsory third party insurance required when a motor vehicle is registered.³⁷

Essential goods and services by CPI group

Drawing on the proposed definition, Table 3.1 provides a proposed classification of goods and services into "essential goods and services" and "non-essential goods and services".

Table 3.1: Proposed cash acceptance mandate classification of goods and services

CPI group	Essential good or service	Non-essential good or service
Food and beverage	Most bread and cereal products; all meat and seafood; milk and cheese; all fruit and vegetables; most other food products; and coffee, tea and cocoa	Cakes and biscuits; snacks and confectionery; ice cream and other dairy products; and soft drinks and juices; and meals out and take away foods
Alcohol and tobacco		All alcoholic beverages and tobacco
Clothing and footwear	Garments and footwear for infants and children	Garments, footwear, accessories and jewellery for women and men; and tailoring, dry cleaning and shoe repairs
Housing	Utilities: including water and sewerage, electricity, gas and other household fuels; and dwelling maintenance and repair services	
Furnishings, household equipment and services	Childcare; cleaning and maintenance products; and personal care products	Furniture and furnishings; household textiles; household appliances; utensils and tools; and hairdressing services
Health	Medicines, medical products, appliances and equipment; and medical, dental, and allied health services	Private hospital services
Transport	Automotive fuel, spare parts and accessories; and automotive maintenance and repair services	Motor vehicles and transport services

³⁷ In the case where Compulsory Third Party insurance is unbundled from vehicle registration and paid separately.

CPI group	Essential good or service	Non-essential good or service
Communication	Postal services (excluding parcel services); and telecommunications equipment and services	
Recreation and culture	Pets; pet products; and veterinary services for pets	Audio, visual and computing equipment and services; newspapers, books and stationery; holiday travel and accommodation; sporting, camping, boating and recreational activities and equipment; games, toys and hobbies; galleries, museums, parks and gardens; creative and performing arts; and gambling activities
Education	Preschool, primary and secondary education	Vocational education and training; and higher education
Insurance and financial services	Compulsory insurance associated with another essential item (e.g., unbundled compulsory third-party insurance)	

Consumer

For the purposes of the mandate, a person is proposed to have acquired goods or services as a consumer if, in general, the amount payable or paid for the goods or services supplied does not exceed a specified dollar amount or the goods or services were of a kind ordinarily acquired for personal, domestic or household use or consumption.³⁸ As noted below in the discussion on ‘must accept cash payment’, consideration is being given to limiting the mandate to transactions up to a prescribed value.

Offers in-person payment

Mandate will apply where in-person payment is offered

Offer in-person payment

The mandate is proposed to apply where there is the offer of in-person payment. This would be treated the same as a business making it known that it would accept a proposal to pay in-person.

For the purposes of the mandate, an in-person payment is proposed to occur when a consumer is physically present to pay for the supply of the good or service. This includes traditional retail transactions in a physical store where a customer pays for goods or services at a point of sale such as a supermarket check-out or a shop sales counter. ‘In person’ payments would also include circumstances where transactions occur through a suitably accessible third-party or in-person intermediary.

Consideration is being given to circumstances where physical payment is made by a consumer interacting with a machine, for example, using a machine to pay for parking in a private car park. Consideration is also being given to circumstances where the essential service is mobile and in-person payment is offered, for example, mobile automotive repair services.

³⁸ See the definition of ‘consumer’ in section 4 of the *Competition and Consumer Act 2010* (Cth), as modified by regulation 77A in the *Competition and Consumer Regulations 2010* (Cth).

Mandate will not apply to on-line sales

The mandate is proposed to not apply where payment for an essential good or service may only be made online, that is, where the consumer is not physically present and pays for the supply through an e-commerce website (such as acquiring physical goods from an online store), a digital marketplace (such as acquiring physical goods from a website offering the consumer multiple suppliers to choose from), a mobile app (such as mobile apps for food delivery or ride sharing services), and digital services (such as subscriptions for streaming services for entertainment or education or the purchase of software downloaded to a phone or a computer).

Is not an exempt small business

The mandate is proposed to not apply to an exempt small business. The Government recognises that the mandate will place an ongoing obligation on sections of industry to accept cash payment and that the mandate should minimise additional costs of doing business as far as possible.

Implementing a mandate now, while cash payment remains broadly accepted for many essential goods and services, will assist in avoiding additional costs for business down the track. Larger firms already typically accept cash and, in any case, have a wide customer base and significant economies-of-scale to spread costs associated with cash acceptance with the result that each consumer will likely face minor impacts. Smaller firms, however, cannot typically spread the cost across a large customer base or absorb the cost themselves. Smaller businesses may have limited available capital to enhance their ability to safely hold larger amounts of cash on premises. Smaller businesses also lack the bargaining power to negotiate favourable rates to receive cash-in-transit services. Establishing a small business exemption for the mandate is therefore an effective way to limit inadvertently imposing significant price increases on consumers.

It is proposed that an exempt small business be one that:

- if it is not part of a franchise arrangement – has aggregate turnover of under \$10 million; or
- if it is part of a franchise arrangement – the franchise arrangement’s turnover is under \$10 million.

Aggregate turnover is the annual turnover of the entity plus the annual turnovers of any entities that are connected with it or that are its affiliates.³⁹

The Australian taxation law includes a definition of a small business entity as being one that has aggregate turnover of under \$10 million.⁴⁰

A turnover threshold is a common method to determine what constitutes a small business and using an existing definition would reduce regulatory burden on business. According to ABS data, as of 30 June 2023, there were 2,542,155 businesses (98.2 per cent) with a turnover of less than \$10 million and 47,718 businesses (1.8 per cent) with a turnover of \$10 million or greater.⁴¹

Many small businesses would be familiar with the tax law definition and have regular interactions with the Australian Taxation Office, leading to a better understanding of such a definition.

³⁹ See the definition of “aggregated turnover”, “connected with” and “affiliate” in, respectively, sections 328-115, 328-125 and 328-130 of the *Income Tax Assessment Act 1997* (Cth).

⁴⁰ See the definition of “small business entity” in sections 328-110 of the *Income Tax Assessment Act 1997* (Cth).

⁴¹ Australian Bureau of Statistics, *Counts of Australian Businesses, including Entries and Exits, June 2019 to June 2023*

Alternative definitions of a small business could be used, such as a business with less than a specified number of employees. However, a turnover test is preferred as employee counts can fluctuate on a seasonal basis, or a business may choose to use more casual or part-time staff, driving them above an employee limit.

It is proposed to treat businesses that are part of a franchise arrangement separately to increase certainty for consumers. If franchise arrangements are not dealt with separately, then two different businesses within the same franchise (brand) are more likely to be subject to different treatment under the cash acceptance mandate, which would cause confusion for consumers. However, as the relationship between franchisors and franchisees differs significantly across industries, including in relation to cash handling practices, stakeholder views are sought on how the mandate (and exemptions to the mandate) may best be calibrated to respond to the business needs of franchisees which, but for the franchise arrangement, would otherwise be regarded as small businesses.

The ABS, in examining Franchise Disclosure Register (FDR) data as of September 2023, has identified that there was an estimated 505 franchise arrangements operating in Australia with a turnover of \$10 million or over (or employing more than 20 people or with 30 or more franchisees or foreign owned), with an associated 66,008 franchisees. The 505 franchise arrangements include those selling essential goods and services (such as IGA supermarkets) and those selling non-essential goods and services (such as McDonald's restaurants).

Many franchise agreements require the use of the same point-of-sale system and thus there is a mechanism to impose consistent payment acceptance terms across the franchise. The franchisor would also be able to easily identify the turnover of the franchise arrangement, given that franchisors typically calculate their royalties or fees from franchisee turnover.

Must accept cash payment

Options

Views are invited on three options for the mandate that would apply to business.

Dollar limit

This option would apply a dollar limit to the mandate. Businesses covered by the mandate would only be required to accept cash for transactions below a certain dollar limit. This approach aims to reduce the burden on businesses by limiting the volume of cash transactions they must handle, while still ensuring that consumers can use cash for smaller, everyday purchases. It would provide a practical compromise, allowing businesses to avoid the costs and risks associated with handling large amounts of cash.

Several other jurisdictions are considering imposing a dollar-limited cash acceptance mandate, including, as noted above, the United States. Should a dollar limit apply in an Australian context, the prescribed limit must be properly calibrated toward the upper bound on items covered by the mandate, for example energy bills for larger households. Stakeholder views are sought on an appropriate dollar limit for this purpose.

Time limit

Under this option, businesses covered by the mandate would be required to accept cash for in-person payments only during certain hours of the day, such as from 6.00am to 10.00pm. This approach aims to balance the need for cash acceptance with the operational realities of businesses. By limiting the

hours during which cash must be accepted, businesses can better manage their cash handling processes and reduce the associated costs and security risks. This option also provides consumers with a clear window of time during which they can use cash, ensuring that it remains a viable payment option. However, it may create confusion and inconvenience for consumers who are unaware of the specific hours during which cash is accepted or who work in roles that require night time work.

Both dollar and time limit

This option combines the elements of the previous two, requiring businesses to accept cash for in-person payments only during certain hours of the day and for transactions below a specified dollar limit. This dual approach aims to maximise flexibility for businesses while still ensuring that cash remains an accessible payment option for consumers. By limiting both the time and the amount of cash transactions, businesses can better manage their cash handling processes and reduce the associated costs and risks. This option offers a balanced solution that addresses the needs of both businesses and consumers, but it may also be the most complex to implement and enforce, requiring clear communication and consistent application of the rules.

Under all three options, businesses can still choose to accept cash outside of the dollar and/or time limits, they are just not required to.

Box 3.3 International examples

Overseas examples of cash acceptance mandates provide valuable insights into how different regions manage cash transactions through limits on transaction amounts and specific hours of acceptance.

In the United States, A Payment Choice Bill is currently under consideration that proposes all retail businesses accept cash for purchases under \$500. Additionally, some states have specified hours during which businesses must accept cash, typically aligning with their operating hours to ensure accessibility for all consumers.

In Denmark, the Danish Payments Act requires that physical stores cannot reject cash between 6.00am and 10.00pm if the store is staffed and accepts digital payments. This mandate ensures that cash remains an accessible payment method during most business hours.

Impact examples

Table 3.2 lists examples of business types that would be likely to be subject to the proposed cash acceptance mandate, assuming all proposed legal requirements are met, and the number of outlets that each business has.

Table 3.2 Examples of business types that may be subject to the proposed mandate

CPI group	Business type
Food and non-alcoholic beverages	Supermarket
Alcohol and tobacco	N/A
Clothing and footwear	Department stores
Housing	Utilities
Furnishings, household equipment and services	Supermarkets Hardware stores
Health	Community pharmacy General practice General dentistry
Transport	Petrol station Automotive repair
Communication	Postal services (excluding parcel services) Telecommunication equipment services
Recreation and culture	Pet stores Veterinary services
Education	Pre-school Primary and secondary education
Insurance and financial services	Unbundled Compulsory Third Party insurance

Consultation Questions

2. Do you support the proposed mandate scope and application as described in Box 3.1? If not, what are alternative approaches?
3. Do you support the proposed application of the mandate to “corporations in trade or commerce”? If not, what are alternative approaches?
4. Do you support the proposed definition of “essential good or service”? If not, what are alternative approaches?
5. Do you support the proposed classification into “essential goods and services” and “non-essential goods and services” in Table 3.1? If not, what are alternative approaches?
6. Do you support the proposed definition of an “in-person payment”? If not, what are alternative approaches?
7. Do you support the proposed definition of an “exempt small business”, including the treatment of franchise arrangements?
8. Do you think any there should be additional exemptions as well as those for small businesses?
9. Should the mandate be subject to a dollar limit, time limit or combination limit? If so, what dollar and time limits should be imposed. If not, what are alternative approaches?
10. Do you have any other comments on the proposed mandate scope and application, including its impact on regional, rural and remote communities?

Chapter 4: Measures to support the mandate

Overview

Supporting measures must be in place to enable an effective cash acceptance mandate. This section discusses necessary supporting measures including:

- promoting compliance with the mandate
- ensuring that consumers are aware of where and when the mandate will apply
- maintaining reliable and cost-effective access to cash, and
- providing for ongoing monitoring of scope and application

This chapter explores these supporting measures.

Promoting compliance with the mandate

Success for the cash acceptance mandate requires consumers and businesses to be aware of and action their rights and obligations under the law.

Consumer and business awareness and education

Consumers need to have a consistent experience with how the mandate will apply in practice. This means consumers must be informed about their rights to use cash for transactions, that is for what transactions the mandate will apply and when they can expect to be able to pay cash. Businesses must understand their obligations to accept cash payments. Awareness and educational campaigns can be conducted through various channels, for example, through targeted advertising and the creation of online resources. Campaigns can lift community understanding and increase compliance without the need for enforcement.

Enforcement and anti-avoidance

To promote compliance, enforcement must deter non-compliance. Compliance with the cash acceptance mandate could be achieved through private enforcement, public enforcement or through a dual model, allowing both private and public enforcement.

Private enforcement

Should businesses fail to comply with the cash acceptance mandate, consumers could be given a right of action to enforce compliance. Remedies available to the consumer could include declarations, injunctions, and damages. To strengthen deterrence, remedies could also include punitive damages where there was systematic or egregious non-compliance. Private enforcement could be pursued either individually or collectively through a class action. All actions would be funded privately.⁴²

⁴² An example of private enforcement is the Australian Law Reform Commission's proposal to create a civil cause of action for serious invasion of privacy: see Australian Law Reform Commission, *Serious Invasions of Privacy in the Digital Era*, 3 September 2014. The Government has agreed-in-principle to the proposal.

Public enforcement

When businesses breach the mandate, a regulator could take action to ensure compliance and protect consumers' rights. A regulator could issue an infringement notice (similar to a speeding fine) or pursue court action against a non-compliant business. The regulator's actions would be funded publicly, ensuring that enforcement is not limited by the financial resources of individual consumers. The remedies available could include declarations, injunctions, civil penalties, and orders to take remedial action to address non-compliance and prevent future breaches.

It is important to acknowledge that a regulator would have finite resources and competing priorities. This limitation may impact the extent and speed of enforcement action.

Anti-avoidance measures

Anti-avoidance measures could assist in preventing businesses from circumventing the cash acceptance mandate. Without these measures, businesses may find otherwise lawful ways to undermine the effectiveness of the mandate. For example, a business may impose a surcharge for cash payments to discourage consumers from using cash.

Maintaining cash distribution and access

The effectiveness of a cash acceptance mandate will depend on maintaining cost-effective cash distribution and access to cash, for consumers and businesses.

The decline in the use of cash poses difficulties for businesses that distribute cash. In June 2023, the Australian Consumer and Competition Commission (ACCC) authorised the merger of the two largest businesses in the cash in transit system.⁴³ As part of the ACCC's authorisation for the Armaguard-Prosegur merger, the ACCC made the following comment:⁴⁴

The ACCC's review found that the cash-in-transit industry is in structural decline due to the decreasing use of cash as a payment method across the Australian economy. However, despite this decline, cash continues to be crucial to some parts of the economy.

Without a merger taking place the ACCC found it was likely either Prosegur or Armaguard would in any event withdraw from the market. Since the merger, Armaguard has struggled to stay financially viable. In July 2024, this led to the ACCC giving interim authorisation for ANZ Bank, Commonwealth Bank of Australia, National Australia Bank, Westpac Banking Corporation, Australia Post, Coles, Wesfarmers and Woolworths to provide financial support for Armaguard for up to 12 months to maintain the distribution of cash in the economy.⁴⁵ A cash mandate will need to consider the current headwinds to cash supply in the Australian economy and how a cash mandate may impact the challenges the sector faces.

The effectiveness of a cash acceptance mandate will also be dependent on the ability of businesses to withdraw cash for a float and to deposit takings, and the ability of consumers to withdraw cash from an ATM or a branch or Bank@Post outlet.

⁴³ ACCC, Release 78/24: Interim authorisation to ABA, banks and retailers to financially support Armaguard, July 2024

⁴⁴ ACCC, Release 60/2023: ACCC authorises Armaguard and Prosegur's merger, subject to undertaking, June 2023

⁴⁵ ACCC, Release 78/24: Interim authorisation to ABA, banks and retailers to financially support Armaguard, July 2024

Providing for ongoing monitoring of scope and application

Once implemented, the cash acceptance mandate must remain relevant and effective over time. This would require monitoring and assessing a range of quantitative and qualitative information.⁴⁶

Relevant information may include, for example:

- cash acceptance by businesses across geographic location and type of goods and services offered
- the costs and challenges faced by businesses to accept cash (including security incidents, and ability to obtain cash floats and deposit cash takings)
- consumers' perceptions of cash acceptance across diverse demographic groups.

To the extent that there are information gaps, new surveys or other data collections may be required. The development of relevant metrics would consider the need for statistically significant sample sizes while balancing the cost of additional data collection for Government, industry, and consumers.

Consultation Questions

11. What is the most effective way to educate businesses and consumers about the mandate?
12. What measures can help to ensure consumers have a consistent experience on where and when the mandate applies?
13. How should the mandate be enforced?
14. Are supporting measures required in the cash-in-transit sector?
15. Are supporting measures required to maintain access to cash for businesses and consumers?
16. What metrics or data points are important to help monitor a cash acceptance mandate?

⁴⁶ See, for example, Reserve Bank of Australia, The Cash Use Cycle in Australia, Bulletin, March 2023 for analysis of cash use, access and acceptance.

Chapter 5: Impacts and implementation

Overview

The Australian Government Guide to Regulatory Impact Analysis requires a Policy Impact Analysis be developed as part of this reform. Views on the costs and benefits of implementing a cash acceptance mandate will be collected through this consultation process to inform this impact analysis.

Impact assessment

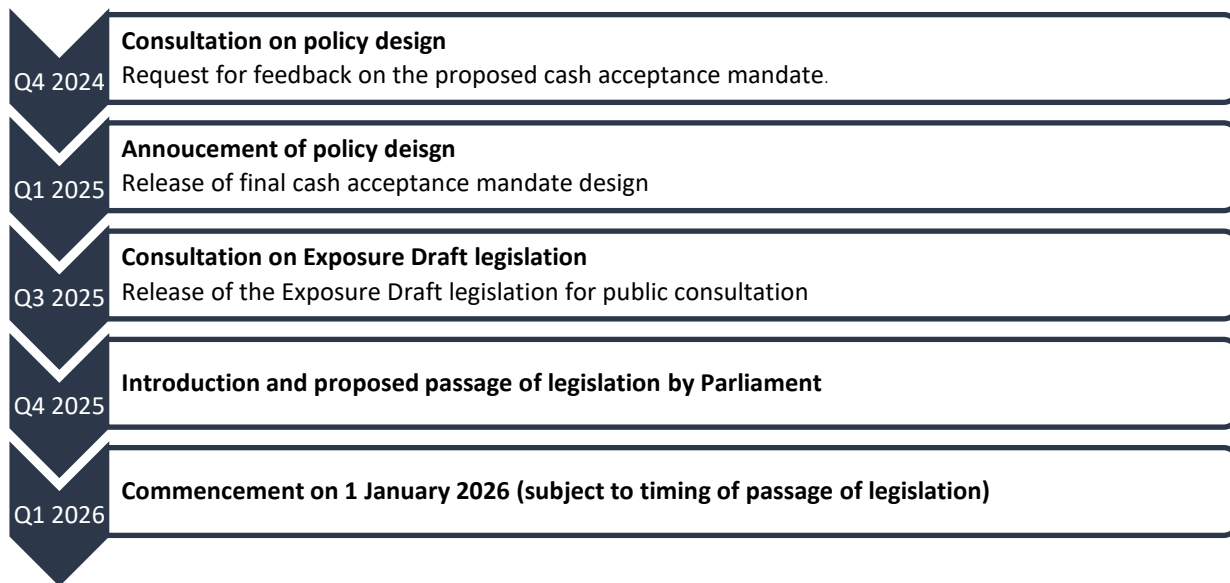
Views are welcomed in assessing the benefits and costs of cash acceptance for both consumers and businesses. The Government is interested in perspectives on several key areas, including:

- The various costs that businesses might incur due to the mandate. This includes both operating and capital costs, such as maintaining security systems and continuing to train staff on cash handling.
- The financial impacts on businesses of different sizes and sectors. It is crucial to understand how these costs might vary and the extent to which they could be passed on to consumers. This includes examining the likely materiality of increases in the price of essential goods and services and how this might impact consumer behaviour.
- The financial impacts on businesses in different location. There are significant differences in cost structures when comparing major cities, regional and remote areas. These variations can influence the overall burden on businesses and their ability to comply with the mandate.
- The adequacy of access to cash withdrawal and deposit facilities for consumers. For businesses, the flow on cost impacts of access to cash withdrawal and deposit facilities is also welcome.

Implementation process

The Government also seeks views on what constitutes an adequate lead time for businesses to comply with the new cash acceptance mandate. An indicative implementation timetable is provided below. As most businesses that would be subject to the proposed mandate are already accepting cash payment, minimal lead time is required and the mandate is proposed to commence from 1 January 2026.

Indicative implementation timetable



Consultation Questions

17. If you are able, please assist in quantifying the potential benefits of the mandate for consumers. If you are able, please assist in quantifying the potential costs of the mandate for businesses.
18. Do you have views on the appropriate lead times required for the implementation of the proposed legislation? What are the considerations that may impact these lead times?

Appendix A: Consultation Questions

Consultation Questions

1. Are there other important reasons for people relying on cash payment?
2. Do you support the proposed mandate scope and application as described in Box 3.1? and if not, what are alternative approaches?
3. Do you support the proposed application of the mandate to “corporations in trade or commerce”? If not, what are alternative approaches?
4. Do you support the proposed definition of “essential good or service”? If not, what are alternative approaches?
5. Do you support the proposed classification into “essential goods and services” and “non-essential goods and services” in Table 3.1? If not, what are alternative approaches?
6. Do you support the proposed definition of an “in-person payment”? If not, what are alternative approaches?
7. Do you support the proposed definition of an “exempt small business”, including the treatment of franchise arrangements? If not, what are alternative approaches?
8. Do you think any other exemptions aside from “small businesses” are appropriate?
9. Should the mandate be subject to a dollar limit, time limit or combination limit? If so, what dollar and time limits should be imposed. If not, what are alternative approaches?
10. Do you have any other comments on the proposed mandate scope and application, including its impact on regional, rural and remote communities?
11. What is the most effective way to educate businesses and consumers about the mandate?
12. How should the mandate be enforced?
13. Are supporting measures required in the cash-in-transit sector?
14. Are supporting measures required to maintain access to cash for businesses and consumers?
15. What metrics or data points are important to help monitor a cash acceptance mandate?
16. If you are able, please assist in quantifying the potential benefits of the mandate for consumers. If you are able, please assist in quantifying the potential costs of the mandate for businesses.
17. Do you have views on the appropriate lead times required for the implementation of the proposed legislation? What are the considerations that may impact these lead times?

Appendix B: Digital inclusion initiatives

Overview

In recognition of the difficulties that some groups in Australia are facing in accessing digital methods of payment both Government and industry are engaging in education, infrastructure, and outreach programs to enhance the digital capabilities of Australians.

Government

The Government's [Be Connected](#) program aims to support all people aged over 50 in Australia to keep safe online and navigate evolving technology.

The Government's [Information, Linkages and Capacity Building Program](#) includes a focus on building the capacity of individuals to engage in community life, communicate their preferences and to make informed and independent decisions.

Over 5 years to 2026-27, the [Better Connectivity Plan](#) is providing more than \$1.1 billion toward telecommunications infrastructure and connectivity initiatives in regional and remote communities. This is providing infrastructure to help rural Australians realise the opportunities and meet the challenges presented by the digital economy revolution.

The Better Connectivity Plan also funds the [Regional Tech Hub](#) which assists people in regional and rural areas get connected and stay connected. Older people living in regional Australia may benefit from the Regional Tech Hub's online information or contacting its helpdesk if they are having difficulty with connectivity.

The First Nations Digital Inclusion Advisory Group (Advisory Group) was established in January 2023 to provide advice to the Minister for Communications on practical measures to support progress towards a 2026 target of equal levels of digital inclusion for Aboriginal and Torres Strait Islander peoples. An [initial report](#) by the Advisory Group was released in October 2023. Based on recommendations in this report, the Government has invested \$68 million in the 2024-25 Budget to support [First Nations digital inclusion](#).

As banks have reduced their physical branch counts, Australia Post, with its Bank@Post initiative has helped communities in regional and remote areas access basic banking and financial services through over 3,400 post offices, including over 1800 in regional and remote areas. The service includes cash and cheque deposits, cash withdrawals and balance enquiries.

Industry

Technological developments such as Star Link's low Earth Orbit Satellites are showing potential to improve levels of connectivity in regional and remote Australia. Currently these plans are offered privately and require individuals to pay for access to the satellite, but there are considerations underway for Low Earth Orbit Satellites to be part of the Government's solution to enhancing access to internet in regional and remote areas.

Appendix C: CPI groups and components

	ABS		Melbourne Institute		
	Non-discretionary	Discretionary	Absolute basic need	Discretionary basics	Non-basics
FOOD AND NON-ALCOHOLIC BEVERAGES					
Bread and cereal products					
Bread	X		X		
Cakes and biscuits		X		X	
Breakfast cereals	X		X		
Other cereal products	X		X		
Meat and seafoods					
Beef and veal	X		X		
Pork	X		X		
Lamb and goat	X		X		
Poultry	X		X		
Other meats	X		X		
Fish and other seafood	X		X		
Dairy and related products					
Milk	X		X		
Cheese	X		X		
Ice cream and other dairy products		X		X	
Fruit and vegetables					
Fruit	X		X		
Vegetables	X		X		
Food products n.e.c.					
Eggs	X		X		
Jams, honey and spreads	X		X		
Food additives and condiments	X		X		
Oils and fats	X		X		
Snacks and confectionery		X		X	
Other food products n.e.c.	X		X		
Non-alcoholic beverages					
Coffee, tea and cocoa	X		X		
Waters, soft drinks and juices		X		X	
Meals out and take away foods					
Restaurant meals		X		X	
Take away and fast foods		X		X	
ALCOHOL AND TOBACCO					
Alcoholic beverages					
Spirits		X		X	
Wine		X		X	
Beer		X		X	
Tobacco					
Tobacco		X		X	
CLOTHING AND FOOTWEAR					
Garments					
Garments for men		X		X	
Garments for women		X		X	

		ABS		Melbourne Institute		
		Non-discretionary	Discretionary	Absolute basic need	Discretionary basics	Non-basics
	Garments for infants and children		X	X		
Footwear						
	Footwear for men		X		X	
	Footwear for women		X		X	
	Footwear for infants and children		X	X		
Accessories and clothing services						
	Accessories		X		X	
	Cleaning, repair and hire of clothing and footwear		X		X	
HOUSING						
Rents						
	Rents	X		N/A	N/A	N/A
New dwelling purchase by owner-occupiers						
	New dwelling purchase by owner-occupiers	X		N/A	N/A	N/A
Other housing						
	Maintenance and repair of the dwelling	X		N/A	N/A	N/A
	Property rates and charges	X		N/A	N/A	N/A
Utilities						
	Water and sewerage	X		X		
	Electricity	X		X		
	Gas and other household fuels	X		X		
FURNISHINGS, HOUSEHOLD EQUIPMENT AND SERVICES						
Furniture and furnishings						
	Furniture		X			X
	Carpets and other floor coverings		X			X
Household textiles						
	Household textiles		X			X
Household appliances, utensils and tools						
	Major household appliances		X			X
	Small electric household appliances		X			X
	Glassware, tableware and household utensils		X			X
	Tools and equipment for house and garden		X			X
Non-durable household products						
	Cleaning and maintenance products	X		X		
	Personal care products	X		X		
	Other non-durable household products	X		X		
Domestic and household services						
	Child care	X		X		
	Hairdressing and personal grooming services		X		X	

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		Non-discretionary	Discretionary	Absolute basic need	Discretionary basics	Non-basics
	Other household services		X			X
HEALTH						
Medical products, appliances and equipment						
	Pharmaceutical products	X		X		
	Therapeutic appliances and equipment	X		X		
Medical, dental and hospital services						
	Medical and hospital services	X		X		
	Dental services	X		X		
TRANSPORT						
Private motoring						
	Motor vehicles		X			X
	Spare parts and accessories for motor vehicles	X		X		
	Automotive fuel	X		X		
	Maintenance and repair of motor vehicles	X		X		
	Other services in respect of motor vehicles	X		X		
Urban transport fares						
	Urban transport fares	X		X		
COMMUNICATION						
Communication						
	Postal services	X		X		
	Telecommunication equipment and services	X		X		
RECREATION AND CULTURE						
Audio, visual and computing equipment and services						
	Audio, visual and computing equipment		X		X	
	Audio, visual and computing media and services		X		X	
Newspapers, books and stationery						
	Books		X		X	
	Newspapers, magazines and stationery		X		X	
Holiday travel and accommodation						
	Domestic holiday travel and accommodation		X			X
	International holiday travel and accommodation		X			X
Other recreation, sport and culture						
	Equipment for sports, camping and open-air recreation		X		X	
	Games, toys and hobbies		X		X	
	Pets and related products	X		X		
	Veterinary and other services for pets	X		X		
	Sports participation		X		X	
	Other recreational, sporting and cultural services		X		X	

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EDUCATION						
Education						
	Preschool and primary education	X		X		
	Secondary education	X		X		
	Tertiary education		X		X	
INSURANCE AND FINANCIAL SERVICES						
Insurance						
	Insurance	X		X		
Financial services						
	Deposit and loan facilities (direct charges)	X		X		
	Other financial services	X		X		

Sources:

- Australian Bureau of Statistics, *Consumer Price Index, Weighting Pattern, 2020*, released 16 December 2020
- Australian Bureau of Statistics, *Measuring Non-discretionary and Discretionary Inflation*, released 25 May 2021
- Melbourne Institute, *Household Expenditure Measure*, accessed 10 November 2024 at <https://melbourneinstitute.unimelb.edu.au/publications/social-indicator-reports>