

# **CPSA submission to The Treasury**

## **Mandating Cash Acceptance**

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**Combined Pensioners & Superannuants Association of NSW Inc (CPSA)**

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CPSA receives funding support from the New South Wales Government

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## **Combined Pensioners and Superannuants Association**

Combined Pensioners and Superannuants Association (CPSA) is a non-profit, non-party-political membership association that promotes the rights and interests of pensioners of all ages, older people on low incomes and self-funded retirees. Founded in 1931, our aim is to improve the standard of living and well-being of CPSA's constituents.

CPSA's core work is:

- Systemic advocacy on issues that impact our constituents, as identified through engagement and consultation.
- Providing information and referrals to the public through our information line and other communication channels.
- Publishing news, commentary and informational articles on our website that are circulated through a regular e-newsletter and monthly print publication, THE VOICE of Pensioners and Superannuants.

Our services are free to all members of the public, regardless of association membership.

CPSA's local branches provide members with the opportunity to have a say in their local community, as well as shaping the policy and advocacy work of the organisation. Many of our branches are in regional areas, and CPSA is proud to be a voice for all our constituents.

CPSA receives funding support from the NSW Government Department of Communities & Justice under the Ageing Peaks program.

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## 1. Introduction

Combined Pensioners and Superannuants Association (CPSA) welcomes the opportunity to make a submission to The Treasury consultation on mandating cash acceptance.

Nearly 80% of CPSA members live in a rural or regional area, and nearly 30% use the internet either rarely or not at all. Like many other Australians in similar circumstances, they are reliant on cash and are highly vulnerable to isolation and exclusion if the switch to digital payments continues.

Cash is more than a convenience. For many older Australians, the loss of financial independence associated with dwindling acceptance of cash can also make them more vulnerable to financial abuse as they may be less able to safely and independently manage their own finances, or keep some portion of their finances separate from a partner or family member.

Likewise, cash can provide much greater financial safety and security for someone who may require a support worker, neighbour or family member to assist them with shopping or running errands. For anyone requiring this type of support, it is much easier and safer to give someone cash to pay for purchases than it is to hand over your bank card.

While CPSA supports Treasury's broad aim to ensure that cash can be used to purchase essentials, we are concerned that this does not go far enough, especially for people living in rural or regional areas who may be unable to find a local business that accepts cash for goods and services deemed 'non-essential'. Even if these purchases are deemed non-essential, they may still be important for a variety of reasons. Losing access to them will see many people who are already digitally excluded be further marginalised.

## 2. Responses to Consultation Questions

**Question 1. Are there any other important reasons for people relying on cash payment?** There are many marginalised groups who use cash for a variety of reasons. Along with people who are digitally excluded or who prefer to use cash for reasons of security or

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budgeting, young people, homeless people and workers facing exploitation may all be dependent on cash rather than electronic payments. As mentioned above, cash is also an essential safety tool for people who rely on family or support workers to shop or run errands for them. Sadly, financial abuse is a real and prevalent risk for many people, especially older people. Maintaining access to, and use of cash can make it easier for people to keep track of their own finances and can help to reduce the risk of them being subject to financial abuse.

**Question 2. Do you support the proposed mandate scope and application as described in box 3.1? If not, what are alternative approaches?** It is the position of CPSA's members that all brick-and-mortar businesses must be required to accept cash transactions up to the value of \$1,200.

**Question 3. Do you support the proposed application of the mandate to “corporations in trade or commerce”? If not, what are alternative approaches?** CPSA argues that the mandate should also apply to government branches offering non-business services such as issuing of passports and vehicle registration. These services are essential for many people and should therefore not be exempt from the mandate especially as governments have the scale and infrastructure to support cash payments.

**Question 4. Do you support the proposed definition of “essential good or service”? If not, what are alternative approaches?** The proposed definition captures many goods and services that CPSA agrees are essential but fails to capture many others. We argue that many goods and services that may be deemed ‘non-essential’ for some, are essential for others. As an example, transport is an essential service for many older people who are unable to drive themselves. Therefore, public transport, taxis and rideshares should all be included in this definition.

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Likewise, there are some categories of goods in which parts of the category may be deemed 'non-essential', but other parts should nonetheless be included. As an example, there are many items of clothing that may not need to be covered by the mandate, but everyone should be able to clothe themselves, even those who are reliant on cash payments. For this reason, CPSA argues that the mandate should be based on access to goods and services, rather than type of goods and services. This means that, while all of the goods and services listed as essential in table 3.1 should be covered by the mandate, the Australian Government should ensure that every community has access to both essential and 'non-essential' goods and services that can be purchased with cash.

**Question 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?** As above, CPSA members support a mandate that covers all brick-and-mortar businesses, but should treasury decide not to support this option, then any proposed mandate should be based on access to cash purchases within certain communities regardless of the nature of the purchase. It is not the role of Government to tell people that their purchases are 'non-essential'.

**Question 6. Do you support the proposed definition of an “in-person payment”? If not, what are alternative approaches?** CPSA broadly supports this definition. We argue that physical payments made to a machine, and in-person payments made to mobile services should also be included in this definition.

**Question 7. Do you support the proposed definition of an “exempt small business”, including the treatment of franchise arrangements?** As above, CPSA members support a far-reaching mandate.

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**Question 8. Do you think any there should be additional exemptions as well as those for small businesses?** See above. In the event that Treasury proceeds with exemptions, CPSA argues that businesses including franchise arrangements with an annual turnover above the proposed amount should not be exempt from the mandate regardless of the type of good or service provided, so long as the good or service is delivered in-person.

**Question 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?** CPSA members support a dollar limit of \$1,200. A time limit is more likely to add confusion and complexity.

**Question 10. Do you have any other comments on the proposed mandate scope and application, including its impact on regional, rural and remote communities?** While there has undoubtedly been a reduction in the use of cash over the past few years, this should not be taken as licence for businesses, especially large businesses, to continue down this path. Cash is essential for many people and enforcing a limited mandate risks signalling to businesses not covered by that mandate that they can accelerate their discontinuation of cash. For regional, rural and remote communities where network coverage may be sparse and where extreme weather events can be more frequent, cash is a necessary backstop that will be required by some people all the time, and all people sometimes.

Even in cities where network coverage may be more robust and predictable, many people will continue to rely on cash. The Australian Government should support them in this and should support all businesses to continue using and accepting cash. One possible way to achieve this would be for the Australian Government to nationalise the cash-in-transit system. Given the current struggles being faced by businesses in this industry, and the lack of meaningful

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distinction in services that can be offered by competing private companies, it would make sense for the Government to operate the industry as a natural monopoly and to ensure that costs are manageable for businesses of all sizes. This would also ensure that a private monopoly would not emerge in this area to exploit businesses and customers.

CPSA also opposes Treasury's decision to exclude cheques and card transaction fees from this consultation. Like cash, cheques are essential for many people and play an important role in their financial literacy and security. It is the position of CPSA members that cheques remain legal tender until 2030.

CPSA also believes that card surcharges should be included in this consultation for the simple reason that, while businesses tend to absorb the cost of using cash, many businesses pass on the cost of using a credit or debit card. If businesses are to be exempt from using cash and will therefore no longer need to absorb this cost, then it follows that they should instead absorb the cost of credit and debit card payments rather than continuing to pass this cost on to the customer who will then have no alternative, cost-free payment option.

**Question 11. What is the most effective way to educate businesses and consumers about the mandate?** CPSA urges the Treasury to ensure that any information regarding the mandate is disseminated both digitally and non-digitally to ensure that everyone can be made aware of it regardless of their digital literacy. Local libraries, government service centres, post offices and major supermarket and bank chains should all display posters containing information on the mandate. TV advertisements should also be considered by the Government.

**Question 12. What measures can help to ensure consumers have a consistent experience on where and when the mandate applies?** CPSA argues that any measures

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implemented should ensure that regional, rural and remote communities are carefully considered and protected against the loss of access to cash as much as possible.

**Question 13. How should the mandate be enforced?** CPSA supports the nomination of an ombud to enforce the mandate. While the mandate should ultimately be enforced publicly, an ombud would allow individuals to report businesses in violation of the mandate and be supported in seeking compensation.

**Question 14. Are supporting measures required in the cash-in-transit sector?** As above, CPSA argues that the cash-in-transit sector could become a public monopoly. This would give the Government the option of levying this cost differently for large and small businesses, or providing incentives for small businesses to maximise the acceptance of cash.

**Question 15. Are supporting measures required to maintain access to cash for businesses and consumers?** The decline of cash is partly a factor of the decline in face-to-face banking, so CPSA argues that this mandate should be accompanied by stricter regulations on the banking industry to maintain ATMs and face-to-face services especially in rural and regional communities.

**Question 16. What metrics or data points are important to help monitor a cash acceptance mandate?** CPSA has no comment on this question.

**Question 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.** CPSA has no comment on this question.

**Question 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?** CPSA has no comment on this question.



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CPSA appreciates the opportunity to contribute to this important consultation. CPSA is available to discuss any of the above topics in greater detail.