**For a cash mandate to work, small businesses need a place to bank it—time for a post office People’s Bank!**

Rumours of the death of cash are greatly exaggerated!

After years of growing pressure from the public, the Albanese government has acknowledged Australians do not want to join the banks’ dystopian cashless society, and has opened a public consultation on a proposal to mandate businesses selling essential goods and services to accept cash payments.

The premise of the demise of cash was always false: despite the banks deliberately making cash harder to access by closing 30 per cent of branches since 2017 and ripping out 8,000 ATMs since 2016, actual cash use has held fairly steady, even since 2019 and the COVID disruption.

The Reserve Bank’s 16 March 2023 Cash-Use Cycle in Australia paper reported its annual Online Banknotes Survey showed that in 2022 “cash was used by 25 per cent of respondents in their most recent in-person transaction, which is similar to the previous two years”.

This shows only a minor fall from the 32 per cent of transactions recorded in a 2019 survey—despite the COVID disruption.

It is also at odds with the RBA’s 2022 Consumer Payments Survey results, which purported to show just 13 per cent of transactions were made in cash, leading to myriad media headlines trumpeting the demise of cash.

Meanwhile, the amount of cash on issue, and being withdrawn from the far-fewer ATMs every year, is over $103 billion, a record high.

The real headline is that despite the banks’ cashless agenda, cash is still king for many Aussies.

**Reality**

Now, after years of government inaction while the banks have tried to do away with cash, the government’s Mandating Cash Acceptance consultation paper finally acknowledges the reality that cash is necessary.

It notes that reduced levels of cash acceptance most impact:

* Regional and remote areas more vulnerable to digital outages and natural disasters;
* Older Australians who are familiar with and trust cash, and don’t want to go digital;
* Low-income households without access to credit cards or which benefit from budgeting in cash;
* Privacy and security from fraud, identity theft and digital abuse.

The 2023-24 Senate inquiry into bank closures in regional Australia heard from these cohorts, and more, confirming the damaging impact of losing access to cash following bank branch closures.

The government’s stated reasons for proposing a cash acceptance mandate include:

* Promoting social inclusion, ensuring all Australians can participate in the economy, including the elderly, low-income, immigrants, and First Nations people;
* Enhancing payment systems resilience, ensuring cash is always available during power and digital outages and natural disasters.

These reasons also reflect the reality expressed at the Senate inquiry hearings.

**Mandate**

The government’s proposed cash acceptance mandate for the sale of essential goods and services includes corporations and governments, but excludes small businesses with a turnover under $10 million.

This proposal complicates the issue unnecessarily.

Mandating for only essential goods and services requires defining what is essential, which could be complex and confusing, reminiscent of then-Opposition Leader John Hewson in 1993 struggling to explain the GST on a birthday cake

Exempting small businesses, except in very specific circumstances, is also a mistake, and takes the pressure off the banks to fulfill their responsibilities to provide branch services so small businesses can bank their takings (the lack of banks is a major reason small businesses go cashless).

The Australian Citizens Party is calling on the government to make the cash acceptance mandate universal, and to make it workable by establishing a public post office bank that would provide full banking services to every community in Australia, including guaranteed access to cash.