



NSW Government takes action after customers unlawfully charged for merchant fees

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Merchant fee surcharges were levied on tens of millions of customer card transactions, despite repeated legal advice during the term of the former Liberal-National government that the government agency surcharges were unlawful.

The issue was identified by the NSW Auditor-General during settlement of the Department of Customer Service (DCS) financial statements for 2023-24 and brought to the attention of the current Government.

The current Secretary of DCS, Graeme Head, sought further information from his Department which revealed that Service NSW's practice of charging merchant fees had been flagged as unlawful in legal advice received from the Crown Solicitor's Office between February 2016 and December 2022. Despite this, merchant fees continued to be passed onto customers.

Merchant fee surcharges are levied to recoup transaction fees charged by payment providers including banks. Recouping the cost of merchant fees was directed by NSW Treasury in 2012.

Typical surcharges on Service NSW transactions include 30 cents for a 1-year licence renewal, 29 cents for a marriage certificate and \$1.92 to renew registration for a small car (like a Toyota Corolla). The average surcharge on a Revenue NSW payment in 2023-24 was \$0.92.

It's currently estimated that 92 million transactions unlawfully incurred about \$144 million in merchant fees from 2016 across Service NSW and Revenue NSW.

The Minns Labor Government has established an incident management taskforce and is progressing urgent work to shut down the unlawful charging of merchant fees.

People who have been charged fees are encouraged to register for updates on the Government's response at www.service.nsw.gov.au or by calling Service NSW on 13 77 88.

The Treasurer, Minister for Customer Service and Digital Government, and Minister for Finance have written to the NSW Ombudsman requesting an investigation into possible serious maladministration.

The Secretary of DCS has also referred the matter to the Ombudsman and the Independent Commission Against Corruption, noting the apparent failure to act on the 2016 Crown Solicitor's advice.

The taskforce led by DCS has switched off fees being charged directly by Revenue NSW and the Rental Bond Board, and stopped fees on more than 80 per cent of Service NSW transactions.

Merchant fee surcharges have been switched off for more than 90 per cent of online payments, including the top 12 Service NSW transactions such as renewing a driver licence or vehicle registration or paying a fine.

Service NSW is urgently continuing work to switch off fees on all remaining transactions, including thousands of credit card terminals in Service NSW Service Centres. These transactions span several technology platforms and are conducted on behalf of multiple agencies.

While this work is being completed, alternate payment methods are available which do not incur a surcharge, such as paying in a Service Centre by cash or online with over-the-counter support from Service NSW staff.

The majority of Government transactions take place through Service NSW, but as a result of this information being uncovered, all departments have been instructed to report to NSW Treasury by 30 November on whether they charge merchant fees for services and to confirm they have the legal authority to do so.

Quotes attributable to Minister for Customer Service and Digital Government Jihad Dib:

“Our most immediate priority has been to stop these charges as quickly as possible.”

“It is deeply concerning that this practice has been ongoing, despite legal concerns being raised.”

“While the individual amounts typically charged may appear to be small, they have been charged unlawfully.”

“The community rightfully deserves an explanation about how this was allowed to continue for so long under the previous government.”

Quotes attributable to Minister for Finance Courtney Houssos:

“We have acted swiftly to establish a taskforce to deal with this issue. Our immediate efforts are focused on switching off the payment methods that charge these merchant fees as quickly as possible.

“We will get to the bottom of what happened and why millions of people were unlawfully charged merchant fees.

“Families, households and businesses expect governments to conduct themselves lawfully. That’s why all agencies have been instructed to examine their own processes.”

To register for updates visit [Changes to merchant fees](#).

Media enquiries

For all media enquiries, please email media@customerservice.nsw.gov.au