



ANNUAL REPORT

2015-16

Contents

- 1 Letter to the Minister**
- 2 Access**
- 3 Message from the Minister**
- 4 Message from the Customer Service Commissioner NSW**
- 5 Message from the CEO**
- 6 About Service NSW**
 - What we do
- 7 Legislation and Charter
- 8 Our Network**
- 10 Management Structure**
- 12 Year at a Glance**
- 13 Highlights and Achievements**
 - Expanding the Service NSW Network
 - Improving Access to Government Services
- 15 Digital Services
- 17 MyServiceNSW
- 18 Digital Licensing
 - Making it Easy to do Business
- 19 Driver Testing Services
- 20 Improving Services for Business and Industry
 - Delivering Services to Rural and Regional Communities
 - Transactional Services Board
- 21 Community Engagement
- 22 Circle of Service
- 23 Looking Ahead**
- 24 Autonomy
 - Digital
 - Growth
- 25 Relationships
 - Team
 - Culture
- 26 Our People**
 - Executive Leadership Team
- 28 Pulse and People Matters Survey
- CEO and BRAVO Awards
- 29 Senior Executive Structure Transition
 - Female Senior Executive Roles
- 30 Staff Profile by Employment Category
 - Movement in Wages, Salaries or Allowances
 - Workforce Diversity
- 31 Trends in the Representation of Workforce Diversity Groups
 - Trends in the Distribution of Workforce Diversity Groups
- 32 Multicultural Policies and Services
 - Disability Plan
 - Workplace Health and Safety (WHS)
 - Employee Assistance Program
- 33 Governance**
 - Audit, Risk Management and Insurance Activities
 - Internal Audit and Risk Management
 - Policy Attestation
- 35 Disclosure of Controlled Entities and Subsidiaries
 - Government Information (Public Access) Act 2009 (GIPA Act)
- 38 Digital information Security
 - Policy Attestation
 - Privacy
- 39 Public Interest Disclosures
- 40 Customer Response
- 41 Appendices**
 - A** Financial Statements
 - B** Number of Executive Officers
 - C** Credit Card Certification
 - D** Funds and Grants
 - E** Promotion – Overseas Visits
 - F** Payment of Accounts
 - G** Time for Payment of Accounts
 - H** Expenditure on Consultants
 - I** Multicultural Policies and Services Program Report 2015-16



30 October 2016

The Hon Dominic Perrottet MP

Minister for Finance, Services and Property
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Service NSW Annual Report 2015-16

I am pleased to submit the annual report for Service NSW for the year ended 30 June 2016, for your information and presentation to the Parliament of NSW.

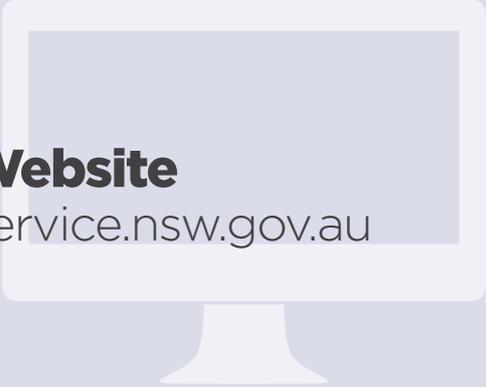
The report was prepared in accordance with the provision of the *Annual Reports (Departments) Act 1985* and the *Annual Reports (Departments) Regulation 2015*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rachna Gandhi', with a stylized flourish above the name.

Dr Rachna Gandhi
Chief Executive Officer
Service NSW

Access



Website

service.nsw.gov.au



Email

info@service.nsw.gov.au



Phone

13 77 88



Head office

Level 2
66 Harrington Street
Sydney
NSW 2000

Details of Service NSW centres and Service NSW agents can be found at our website including opening hours and the transactional services available.

This Annual Report has been produced by Service NSW using in-house resources only.

An electronic copy of this Annual Report is available on our website, by email or by calling 13 77 88.

Message from the Minister



In the three years since it first launched, Service NSW has steadily transformed government service delivery in NSW, and the 2015-16 financial year has been no exception.

Service NSW reflects the NSW Government's deep commitment to meet citizens where they are, and to design our services and transactions around what customers want: convenience, choice, and great customer service. Whether for individuals or businesses, our goal is for every interaction with government to be positive, seamless and productive.

That means providing more services and transactions in the one convenient location, and with over 100 additional services added since July 2014, customers can now access more than 950 services across the Service NSW network of one-stop shops, contact centre and digital channels.

The Service NSW network itself has also expanded across the state, with 27 new Service Centres opened in 2015-16 bringing the total to 63, and with just two more stores to open before the NSW metropolitan network is complete.

Digital platforms are also growing rapidly in 2015-16, with 14.3 million website visits, over 850,000 app downloads, and 535,000 citizens registering a MyServiceNSW account to make online transactions easier to complete than ever.

In all of this, we have not lost sight of our number one priority for Service NSW, both now, and as we look to future challenges: to put the citizen at the centre of everything we do.

With a customer satisfaction rating of 97 percent across the Service NSW network, I take heart that we are on track, and I look forward for the challenges

that lie ahead as we continue our mission to revolutionise customer service for the people of NSW.

A handwritten signature in black ink, appearing to read 'Dom Perrottet'.

Dominic Perrottet MP
Minister for Finance, Services
and Property

Message from the Customer Service Commissioner NSW



I am passionate about the difference that Service NSW makes every day to the lives of people across our state

Service NSW continues to be central to the NSW Government's customer reform agenda. Year on year the organisation continues to grow and achieve its goals. It has now reached over 40 million customer interactions with continued high customer satisfaction scores of 97 per cent. This is a remarkable achievement and shows a commitment to improve customers' experience with NSW Government services.

As well as continuing to deliver a superior experience for NSW citizens and businesses, Service NSW has forged ahead with large transformation in service delivery, in particular with the development of Digital Licencing and Easy to do Business programs. The public sector's interface with customers has seen radical positive change. Citizens and businesses achieve faster and more efficient results thanks to the digital achievements of Service NSW. At the core of these successful achievements is Service NSW's DNA, which is centred on its vision to

be recognised as a leader in providing world class government transactional services.

Service NSW consistently achieves high employee engagement results. This is outstanding, and in line with its continual positive customer feedback demonstrating the commitment of all Service NSW team members who live and breathe its values of passion, teamwork and accountability.

I am passionate about the difference that Service NSW makes every day to the lives of people across our state and I am excited about what the future brings.

A handwritten signature in black ink, appearing to read 'Michael Pratt', is positioned above the printed name and title.

Michael Pratt

Customer Service Commissioner NSW

Message from the CEO



I am pleased to present the 2015-16 Annual Report for Service NSW.

It is exciting to take the position of CEO at a time when Service NSW is young, outwardly oriented and highly motivated to refresh the customer service experience in NSW.

Service NSW is tasked with delivering to NSW citizens a high value proposition in terms of service delivery. It does so at a time when there are increasing consumer expectations with the delivery of government services, a significant movement from physical over-the-counter transactions to digital delivery, and an imperative to reduce red tape and improve the customer experience in dealing with government. For Service NSW, this requires us to be customer-centred in the way we design and deliver our services, technologically adept in designing digital solutions, and innovative in the way we think about how customers interact with government agencies. We also have to deliver services on a value for money basis for NSW taxpayers.

The achievements of Service NSW to date are impressive – we have had more than 40 million customer visits across our multi-channel network, we offer over 950 services on behalf of more than 40 government agencies, and we have a 97 per cent customer satisfaction rating.

However, there is no space for complacency. Many of our customers demand quick and easy access to a broadening array of digital services. These expectations will only increase. At the same time, we have an obligation to preserve and expand our physical network so that Service NSW can continue to offer outstanding service to all our customers – whether they are connected and digitally savvy, or want services with a human face.

In the near future, we will continue to expand our network and assist in the migration of many services to the digital medium. We also have a number of innovative programs under development: making it easy to do business in NSW by facilitating small businesses

We also have to deliver services on a value for money basis for NSW taxpayers.

interacting with government through a single online platform; and developing the first digital licences in Australia. These programs will roll out within our immediate three year horizon.

I am very proud of the Service NSW team. They are highly engaged, and have a passion and an appetite to help our customers and to build trust and engagement with government through outstanding service delivery. It is a privilege to work with them.

Dr Rachna Gandhi
Service NSW CEO

About Service NSW

Service NSW is an award-winning NSW Government initiative delivering improved one-stop services for customers and businesses.

What we do

Service NSW is shaped by our customers as they demand easier and greater access to government services online. We continue to meet these demands by implementing cutting-edge digital solutions which provide customers with a single point of contact and a culture of passionate team members who are committed to delivering a world class customer service to the people of NSW.

A positive customer experience is our highest priority. Service NSW draws on the best service delivery from public and private sectors to provide an even better and more efficient customer experience. The development of the Service NSW Strategy 2016-19 comes at a vital time for the organisation. It is important for us to reflect on where we have come from and where we are headed as we transition from a start-up to a mature organisation. Our culture's building blocks called our 'DNA' was refreshed during 2015-16 to further strengthen our commitment to deliver key objectives by the end of 2019. Our DNA begins with our vision to be the leader in transactional services for the NSW community with our mission to transform transactional services through excellent customer service and effective partnerships. Our service values chain represents our passion for the delivery of world class customer services. Through the Service NSW Strategy 2016-19, we will achieve our strategic outcomes through:



Autonomy

Creating a commercially robust business



Digital

Lead the government digital agenda through our culture of innovation



Growth

Grow our business sustainably



Relationships

Strengthened ties in our communities and partnerships



Team

Creating a world class team that attracts and retains the best talent



Culture

Nurture our unique and valuable culture

Between July 2013 and 30 June 2016, Service NSW had over 40 million customer interactions, delivering services as diverse as driver testing to positive parenting, registering a car to getting a Working with Children Check, the full suite of life events all under one roof and becoming more digital by the day.

Service NSW is spearheading the digital journey for customers and is responding to the growing appetite from customers for mobile digital services. The number of digital transactions increased from 30 per cent in June 2014 to over 40 per cent by 30 June 2015. The Service NSW website continues to be a gateway to hundreds of digital services and the number of digital transactions available to customers is increasing all the time.

With one digital service, one phone number and one shop front – Service NSW is providing customers with greater access to government services. We are very proud of establishing a culture of customer service excellence, meeting and exceeding customers' expectations from government by keeping the customer at the heart of what we do.

Citizens of NSW are mobile, connected and digitally savvy and Service NSW is all about offering customers choice and convenience. Customers expect to transact with government online, when they want and how they want. We are a recognised leader delivering a new era in customer service by embracing the future of the economy and society – and that is digital.

Legislation and Charter

On 18 March 2013, the Public Sector Employment and Management (Service NSW Division) Order 2013 established Service NSW as a Division of the Government Service responsible to the Premier and Minister for Western Sydney.

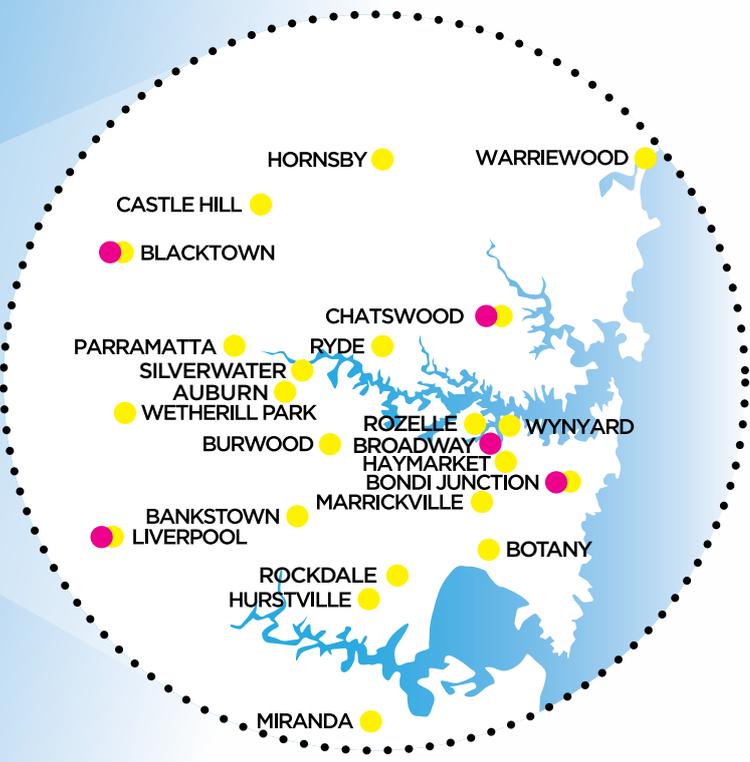
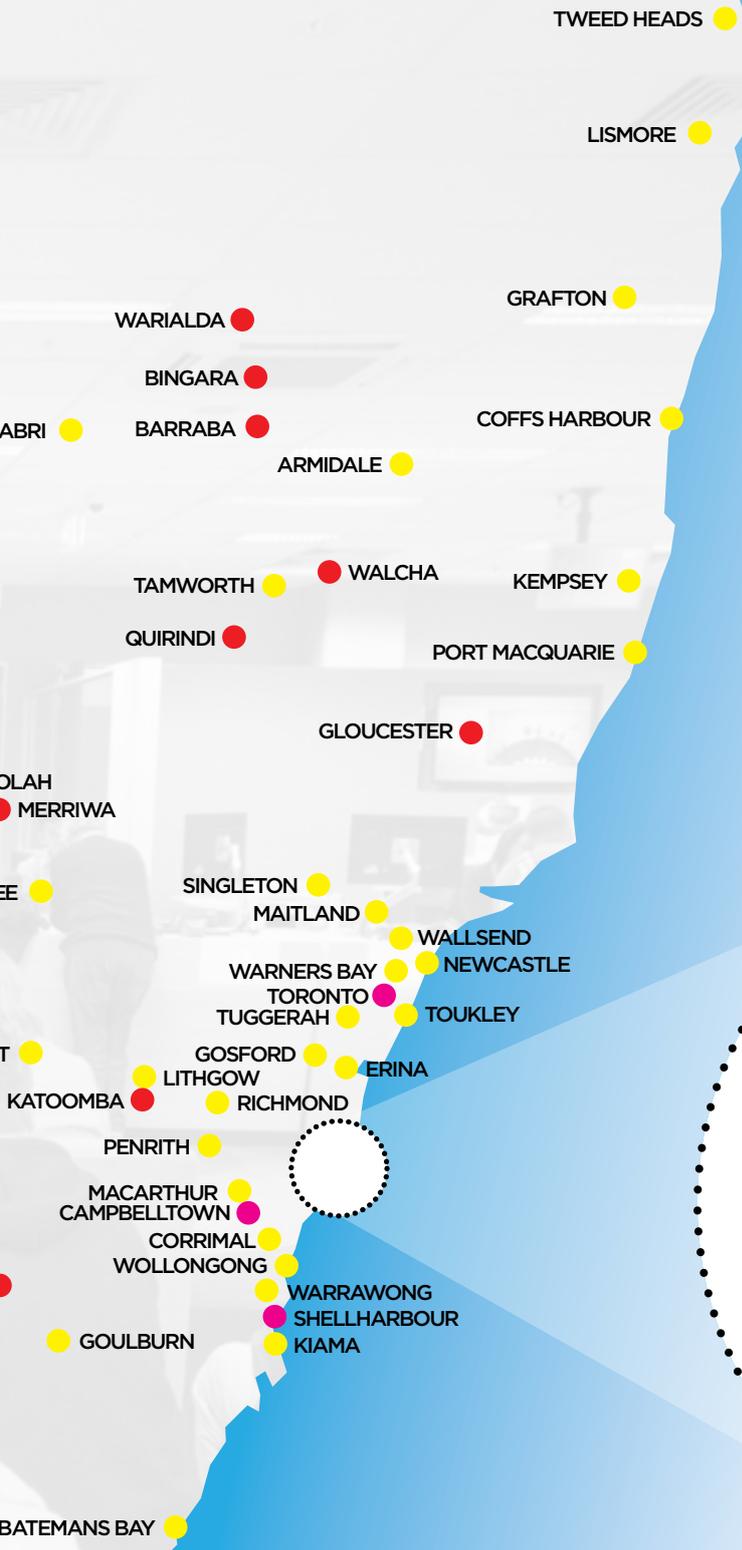
Initially, Service NSW did not have any employees, assets and liabilities until the transfer of the Service NSW function from the Department of Premier and Cabinet on 14 June 2013. Pursuant to Public Sector Employment and Management (Service NSW Division Staff Transfer) Order 2013, activities were transferred to Service NSW Division with effect from 14 June 2013.

Service NSW's authorising legislation is the Service NSW (One-stop Access to Government Services) Act 2013, which came into effect on 21 June 2013.

From 1 July 2014, Service NSW was transferred to the Treasury and Finance cluster. From 1 July 2015, Service NSW was transferred to the newly created Finance, Services and Innovation cluster.

Our Network





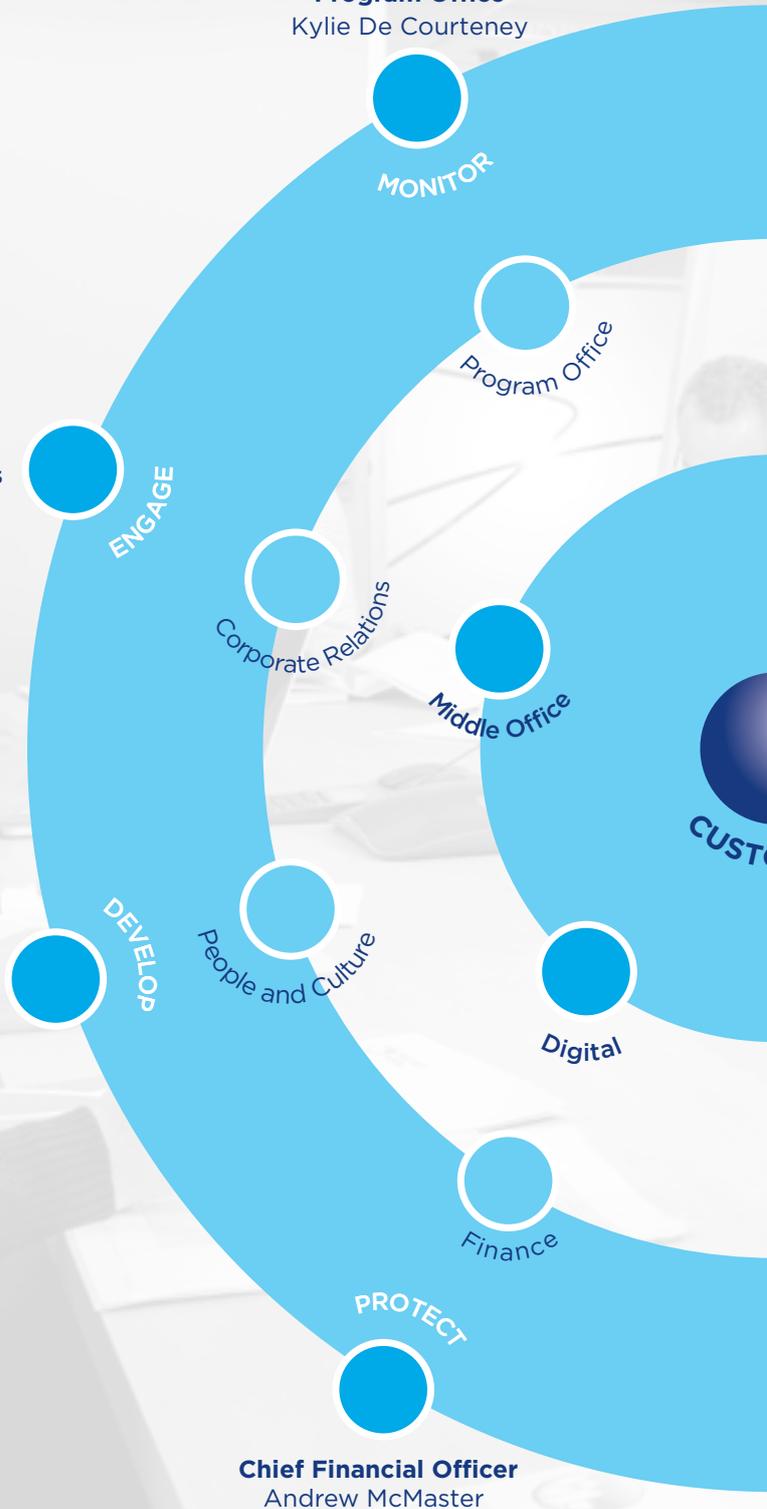
Management Structure

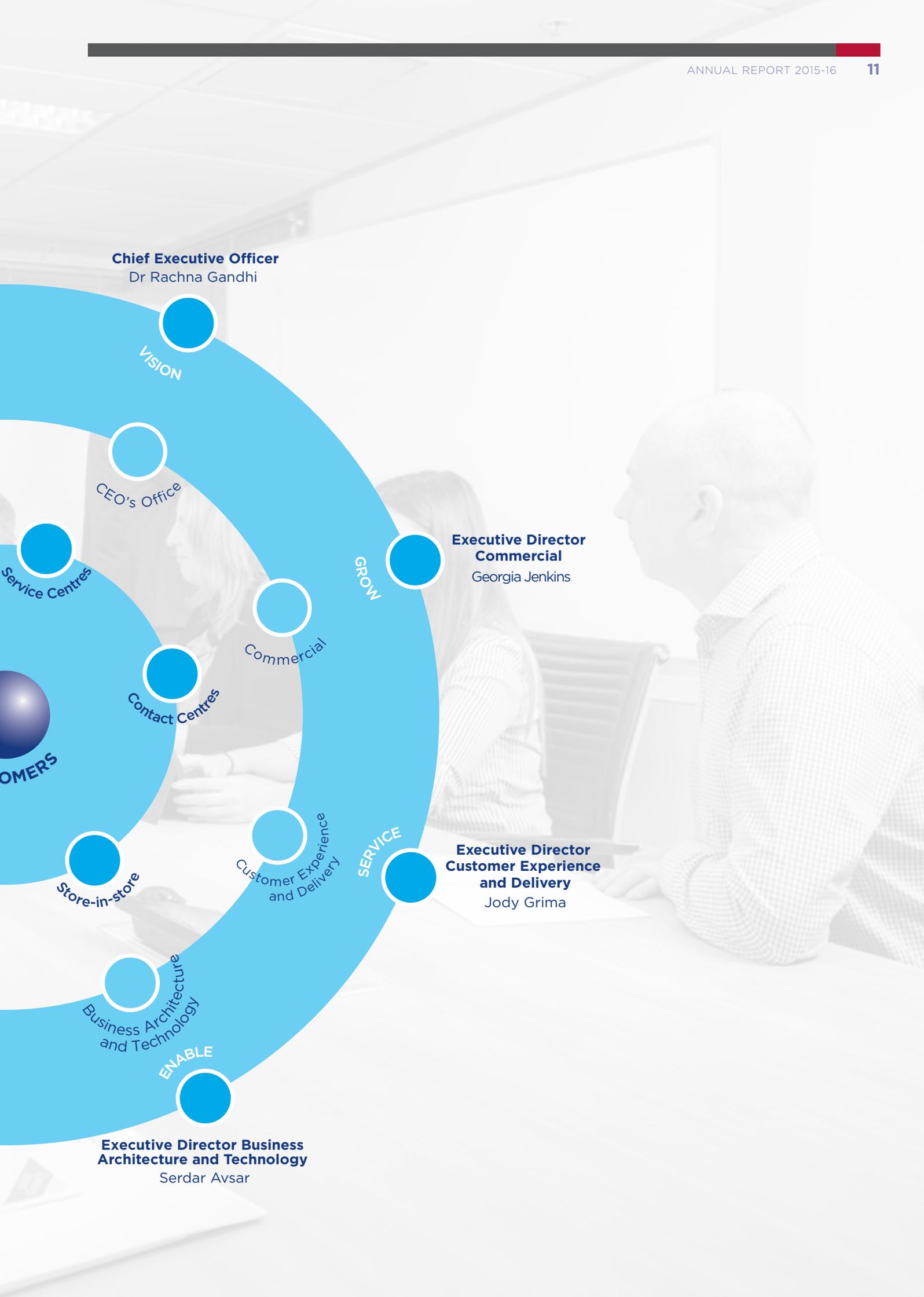
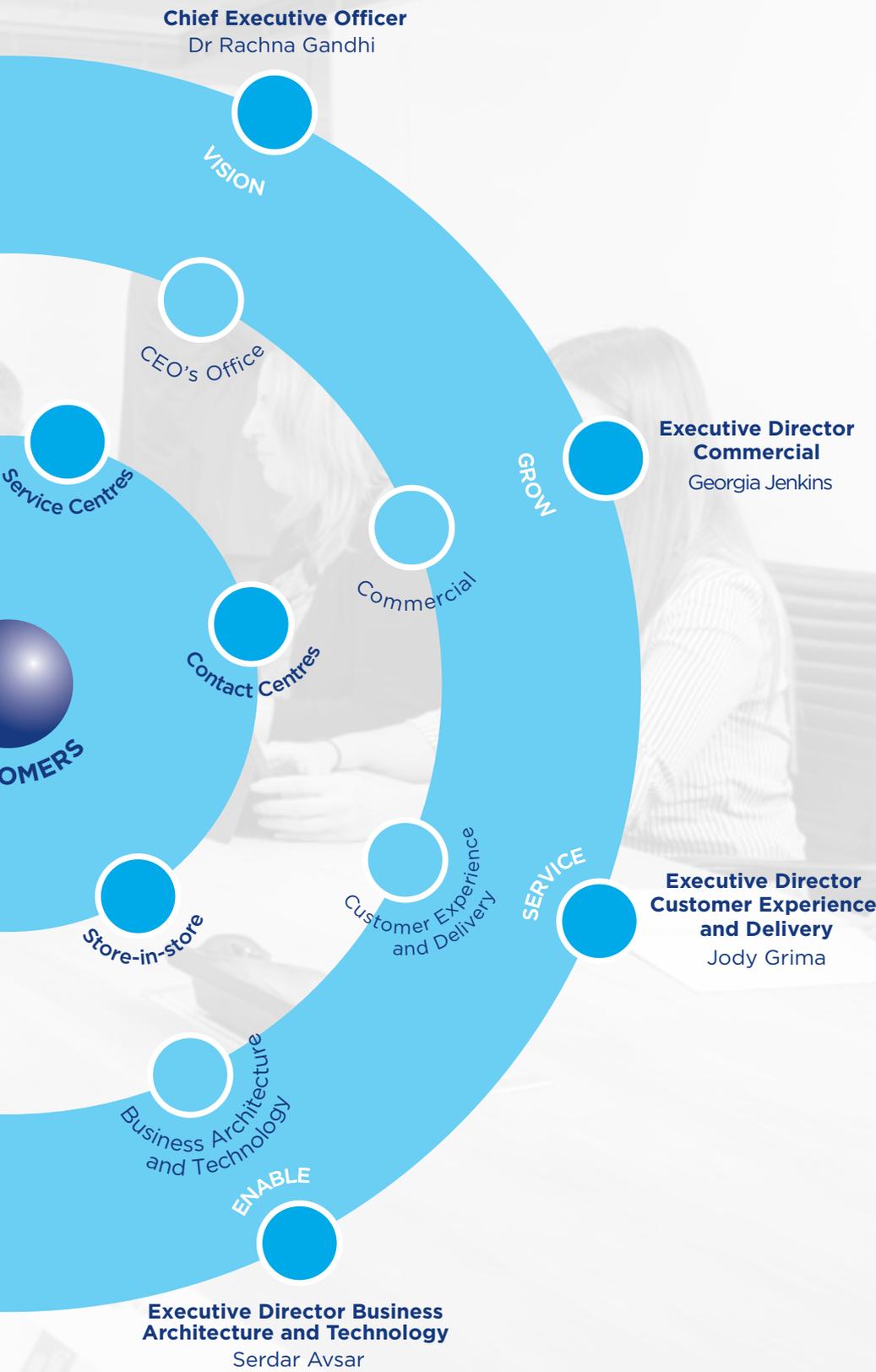
In order to achieve our vision for the future we work as one team, collaborating in cross-functional teams across the organisation.

**Executive Director
Corporate Relations**
Angela Kamper

**Executive Director
People and Culture**
Anne Cosgrove

**Executive Director
Program Office**
Kylie De Courteney





Year at a Glance

2015-2016



Opened 27
service centres



7.2 million customers
served with an average
wait time of **8 minutes**



3.2 million
customers served
by our contact centres



Opened 28
store-in-store agencies



535,000 MyServiceNSW
accounts created



25 million customer
visits in 2015-16



YouTube, LinkedIn + Instagram
channels created
6,306 Facebook followers



20 new partner agencies
added to the Service NSW
multi-channel network



14.3 million online customers
600,000 customer
interactions/week

950+

Transactions
and services



97 per cent
customer satisfaction



14 new
digital transactions



Service NSW app
850,000+ downloads



Payment Services Platform
Processed **\$470+** million
since launching

Highlights and Achievements

Service NSW has successfully delivered increased customer satisfaction and seamless end-to-end transactional capabilities for key agencies through a network of service centres, a telephone service and website delivering over 40 million cumulative customer interactions across these three channels.

The development of the Service NSW Strategy will enable us to deliver on a number of NSW Government priorities over the next three years. During 2015-16 we made significant progress improving the Service NSW physical network, expanding the digital network with more transactions available via the digital, the development of digital licences, on-boarding more agencies to the Service NSW platform, making it easier to do business in NSW and significantly reducing driver testing wait times across the state.

Expanding the Service NSW Network

Service NSW is establishing a sustainable multi-channel network to give customers greater access to services and importantly, choice in how they conduct business with government. As Service NSW continues to build the network, it will continue to evolve and change in response to our customers' needs. The Service NSW network includes service centres, contact centres, digital stores, store-in-store agencies and digital self-serve kiosks. During 2015-16 we opened an additional 27 service centres across NSW

Improving Access to Government Services

Service NSW provides access to over 950 transactions from over 40 government agencies. Access to government services is continuously enhanced as more agencies and transactions are brought on board to Service NSW - delivering on the NSW Government's priority to Improve Government Services.

Improving Government Services across NSW is met by Service NSW responding to the changing customer environment. It is streamlining processes, reducing inefficiencies and realising savings by consolidating duplicate shop front assets.

Service NSW operates two contact centres based at Parramatta and Newcastle. In 2015-16 our contact centres assisted over 3.2 million customers. In May 2016, our 13 77 88 telephone service was enhanced through the introduction of an automated call back feature, removing the need for customers to remain on hold during peak periods. This feature maintains a customer's place in the queue and returns the call with an immediate connection to a customer service representative. Over 1,000 customers per week take up this option of virtual call back since it launched. The customer response to this enhancement has been overwhelmingly positive.

**As at 30 June 2016,
Service NSW operated:**

63

service centres

28

store-in-store
council agencies

8

digital stores

6

self-serve kiosks

During 2015-16 we redesigned the vehicle registration and licensing self-service interactive voice response functions leading to easier and quicker transactions for customers over the telephone. We also introduced our live chat function providing real time support for customers with online transactions. Since its launch in April 2016, the contact centre has supported more than 10,000 live chats.

Service NSW continues to expand the call centre offering by onboarding new clients with call centre requirements. Our contact centres can also operate as virtual contact centres. We provide contact centre support for other agencies and services including WestConnex and the Office of Environment and Heritage.

When customers transact with us face-to-face, their needs are met in one location. Service NSW consistently evaluates service centre locations against a strict set of criteria to ensure maximum access for communities across the state. In 2015-16, we opened 27 one-stop shops, completed the transition of 28 store-in-store agencies from Roads and Maritime Services to Service NSW, and established six self-serve digital kiosks in rural locations.

Looking ahead, Service NSW will deliver more services - delivering on the NSW Government priorities of improving government services and increasing digital transactions.

The expansion of Service NSW has gained widespread community and stakeholder support with high levels of customer satisfaction and significant local stakeholder endorsement.

Over 40 agencies have been on-boarded to Service NSW for citizen and business transactions.

JUSTICE

Office of Liquor and Gaming
 NSW Police
 Rural Fire Service
 State Emergency Services
 Ministry of Police and Emergency Services
 Births Deaths and Marriages
 Racing NSW
 Department of Justice
 Sydney Opera House
 NSW Art Gallery
 NSW State Library

TRANSPORT & INFRASTRUCTURE

Roads
 Maritime
 E-toll
 WestConnex
 Transport for NSW
 Port Authority

FAMILY & COMMUNITY SERVICES

Housing NSW
 Office of Children's Guardian
 Office of Ageing
 Multicultural NSW
 Families NSW
 Communities NSW

EDUCATION

Department of Education

FINANCE, SERVICES & INNOVATION

Fair Trading
 Office of State Revenue
 Commerce Regulator
 SafeWork NSW
 icare NSW
 Workcover
 Public Works
 Procurement NSW

INDUSTRY, SKILLS & REGIONAL DEVELOPMENT

State Innovation Process
 Energy
 Department of Resource and Energy
 Department of Industry
 Primary Industries
 Office of Local Government
 Office of NSW Small Business Commissioner

PREMIER & CABINET

Department of Premier and Cabinet

PLANNING AND ENVIRONMENT

Office of Environment and Heritage
 Department of Planning and Environment

OTHER

NSW Electoral Commission
 Sydney Water

Digital Services

Building digital channels is only one way of transforming how citizens interact with government. Service NSW has brought digital to life thanks to its human-centred approach. The seamless digital link between customer and government provides customers with easier access to digital services. Service NSW is making it easier for customers to transact online through the MyServiceNSW account, the Service NSW mobile app and a secure online payment system. This allows customers to access online services through a single, central digital profile.

Service NSW provides a new era in customer service delivery and directly responds to the growing customer appetite for mobile digital services. We are a key contributor to the NSW Government's target of having 70 per cent of government transactions conducted through digital channels by 2019.

As at 30 June 2016, over 40 per cent of Service NSW transactions are completed through the digital channel. This is an increase from under 30 per cent in 2014.

We are pivotal in meeting customers' expectations that services can be accessed online in a simple and secure way. We have been instrumental in establishing systems to guide our customers to transition to online services. Within a year, Service NSW introduced the following initiatives:

- Doubling the number of self-serve online kiosks across our 63 service centres, with over 170,000 customer transactions completed through digital channels each week
- Introducing a specialist role at our service centres called 'Digital Customer Service Representative' to assist customers with online transactions
- Collaboration with Roads and Maritime Services to enable eligible customers to renew their driver licence online for the first time. Thousands of customers have renewed their licences online since this service launched in June 2016
- Operated eight digital pop-up stores – providing access and promoting the growing number of digital transactions available through Service NSW
- The Service NSW Payment Services Platform was launched in early 2016 and is being integrated into our customer channels. This solution will reduce duplication of payments infrastructure, streamline payment processes and deliver value for money. Service NSW is on track to be the first government agency to accept Android Pay, in response to customer demand and industry innovation, Service NSW is investigating additional payment systems, such as PayPal, Master Pass, Visa Checkout and Apple Pay.

- Over 850,000 Service NSW app downloads – the Service NSW app is the official free NSW Government app that can be linked to a MyServiceNSW account for customers to view and manage licence and vehicle registration details through a mobile device
- In June 2016, more than 45 per cent of all residential and mailing address changes were completed digitally and around 440,000 demerit point enquiries were completed online or via the Service NSW mobile app
- The NSW Police Force Portal - launched on 15 June 2016, allowing customers with a MyServiceNSW account to report lost property, and other non-emergency matters. The portal is secure, quick and easy to use, allowing police officers on the ground to act quickly on crime reports, while also freeing-up the emergency triple 000 number. The portal can now be linked through a MyServiceNSW account
- Social media - this formed an important strategic tool in promoting the suite of services and transactions available through Service NSW's one-stop shop model. Throughout 2015-16 our social media network more than doubled. Our in-house imagery production, infographics and a series of instructional videos have all been instrumental in expanding our social media outreach and increasing awareness of digital transactions. Social media has played a significant role with the increase of customer awareness of Service NSW to 57 per cent in 2015-16.
- Service NSW website was enhanced and now includes:
 - the availability of LiveChat on the Service NSW website – providing quick access to real time support when completing an online transaction
 - quick access to social media
 - a simpler customer feedback form

Service NSW has also extended the one-stop shop principle through the creation of a single digital 'shop front' that has seen the realignment of the OneGov platform to the Service NSW brand and will see further paper based transactions digitised in the near future.

I am very, very impressed with the Service NSW app. I found it very easy to setup and link my accounts. I was also very glad to see that you could set reminders... top job everyone!

Lovely to see and use the new E-services provided by Service NSW. Very practical. I thank you

I just wanted to say that I think your website is one of the most user friendly websites available.



MyServiceNSW

MyServiceNSW is an online account providing customers with a single profile for online services and transactions. In just seven months of launching in October 2015, 535,000 customers created a MyServiceNSW account. The platform is a one-stop shop for customers, providing immediate real-time access to key services. At any time, customers can access a range of services including viewing driver licence, registration, demerit points, and update contact details. Service NSW partnered with the Office of State Revenue to update and extend the functionality of the mobile app and customers can also view fine details and pay any fine.

The platform also allows partner agencies to verify customers' credentials to perform digital transactions. It will, over time, provide customers with a single view of their various interactions with the NSW Government, and will facilitate all customer interactions for citizens and businesses with the NSW Government.

This platform provides customers with a single trusted access point to online services, customer details are securely stored in Service

NSW systems, saving time when accessing the portal for additional government services. MyServiceNSW has freed-up over 1.5 million counter transactions annually.

MyServiceNSW builds on the Service NSW website and associated platform capabilities. These were launched in 2013 following extensive customer research. They provide simple and easy to use functions which work across desktop and mobile devices. The digital customer profile is an extension of these platforms, which have proven to be a great success with customers and are highly regarded by the government sector.

MyServiceNSW employs a customer-centric approach to verifying a customer's ability to complete a wide range of transactions online – particularly those who require identity authentication and/or proof of eligibility. The 'tell us once' approach is streamlined for the customer when using the customer's data which has already been provided and captured in the platform.

Digital Licensing

In an Australian first, NSW digital licences will provide customers with a simple, easy to use and convenient alternative to physical licences.

NSW currently administers more than 23 million licences covering 769 categories. Digital licences will cut red tape and streamline processes. They will allow customers to apply for, receive, update, show and renew licences using a smartphone or tablet and will offer a range of other features including new ways to communicate with customers via digital channels.

Digital licences are a significant advance in terms of convenience for customers and government. Development of the first series of licences is well underway. The first phase of digital licences are expected to be integrated into the existing Service NSW app and be available by the end of 2016. Additionally, the program is on track to deliver Australia's first digital driver licence by 2019. The Digital Licence Program is being delivered by Service NSW. The Program is overseen by a Steering Committee chaired by the Customer Service Commissioner.



Making it Easy to do Business

NSW's 690,000 small businesses employ half the State's workforce, contributing around \$269 billion to the economy every year. When starting or growing their business, customers need to navigate complex processes across all tiers of government – including understanding over 75 regulations, completing up to 48 forms, accessing information from around 30 phone lines and over 13 agencies – which may take up to 18 months.

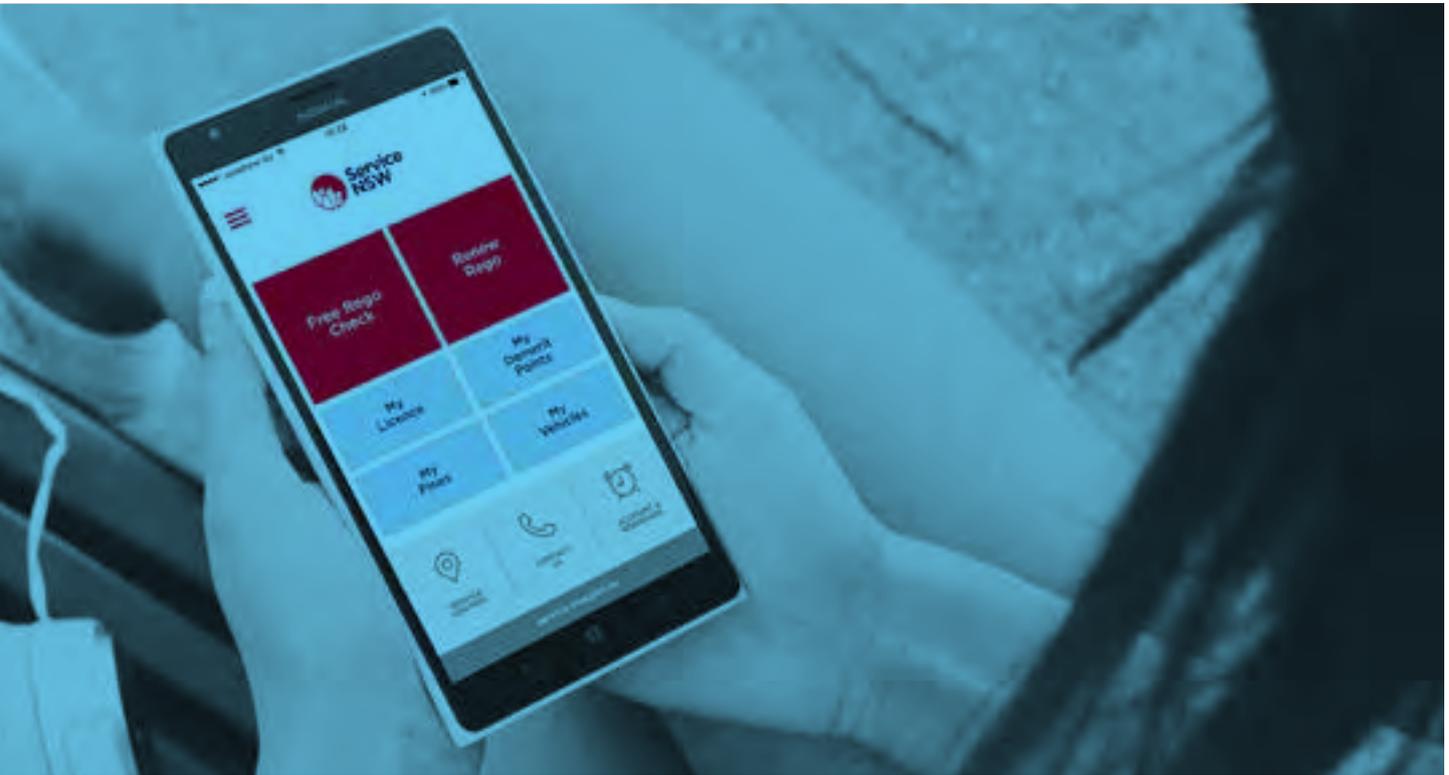
Recognising the red tape and priority to make NSW the easiest state to start a business, the NSW Department of Premier and Cabinet, Service NSW and the Office of the NSW Small Business Commissioner developed Easy to do Business, targeting five highly-regulated sectors: cafés, restaurants, small bars; housing construction; road freight; clothing retail and printing.

After extensive customer workshops and consultation with the project's business and agency reference groups, Easy to do Business published online resources featuring a series of 'how-to' guides on starting a new business in the five target sectors.

After establishing a partnership with the City of Parramatta in February 2016, a trial of Easy to do Business in the café, restaurant and small bar sector opened to customers in April 2016. The trial will be extended to other local government areas and rolled out to other industry sectors.

Using learnings from the initial trials, Easy to do Business will introduce a single digital application. This will enable business customers to simultaneously provide information to all levels of government, reducing entry field duplication by at least 40 per cent on a consolidated digital platform. This will allow businesses to transact with government on the Service NSW website via desktop, tablet or mobile.

By reducing the time spent on research, administration and streamlining processes, Easy to do Business will support customers to start or grow their café, bar or restaurant business within 90 days, signalling a shift to government working for customers and not the other way around.



Driver Testing Services

74 per cent reduction in driver test wait times

Driver testing operations transitioned to Service NSW in July 2014. Since then, we have significantly reduced wait times for driver testing services across NSW. For the first time since 2011, Service NSW, and the motor registry network it manages, is delivering on average around 4,500 tests per week in Sydney with a total of up to 7,000 across the state. Waiting times to book a test have been cut from an average of 35 days in early 2015 to an average of around 7 days across NSW.

On 14 December 2015, Service NSW opened the Silverwater Driver Test Centre, a specialist Driver Testing facility which has the capacity to deliver more than 450 tests per week. The facility offers 10 driver test counters and six self-service counters providing both assisted and self-service completion of transactions, and one meeting zone for private appointments. It has already delivered over 12,000 driver tests and is expected to reduce driver test waiting times even further.

Service NSW has also completed sites catering for high levels of driver testing at Blacktown, Wetherill Park, Liverpool, Botany, Ryde,

Macarthur and Castle Hill. These are known as high capacity driver testing hubs. Service NSW also actively engages with key driver testing bodies such as, Australian Driver Trainers Association and the NSW Driver Trainers Association. As a result, various initiatives have been developed, including preview events at local service centres, allowing local driving schools to become familiar with the new driver testing service offerings and other features.



The Minister for Finance, Services and Property, Dominic Perrottet, MP (second from right) opened the Silverwater Driver Test Centre in December 2016.

Improved Services for Business and Industry

The Auburn Dealer Business Centre launched in May 2016. It provides a facility for motor and marine dealers, as well as fleet operators to transact with Service NSW. These services provide dealer business customers with access to bulk transactions and advice on how to transact with Service NSW online. The dealer business centre is a first for Service NSW, providing a specialised function to strengthen partnerships with industry.

The Parkes Agency Business Centre transitioned to Service NSW in June 2016. It delivers a range of transactional services including some specialised transactions (organisational mobility parking permits and photo licence kit processing). This provision supports the Service NSW customer service objectives around access and ease of transacting with government for customers and businesses.

Delivering Services to Rural and Regional Communities

In addition to service centres opening at Lithgow, Cowra, Deniliquin, Batemans Bay, Parkes, Mudgee, Narrabri, Cooma, Singleton, Young and Kempsey, we further expanded services across rural and regional NSW with the transition of 28 store-in-a-store council agencies from Roads and Maritime Services to Service NSW. We also established six self-serve kiosks to increase access to government services in Scone, Culcairn, Holbrook, Gundagai, Kyogle and Peak Hill.

We also trialled a mobile service in conjunction with the Department of Family and Community Services to bring more services to rural locations. From July to September 2015, Service NSW set-up mobile pop-up sites providing access to government services in Western NSW at Gilgandra, Dubbo, Bourke, Brewarrina, Walgett, Ballimore, Nyngan, Baradine, Bathurst, Mendooran, Coonabarabran, Dunedoo, Brocklehurst, Goolma, Red Hill and Gulgong.

In June 2016, we delivered the Service NSW Middle Office at Parkes. The Middle Office is a business process optimisation initiative aims to remove non-core, or non-customer facing tasks from our frontline and to centralise the delivery of services. The Middle Office also provides support to our 28 Service NSW store-in-store council agencies throughout rural and regional NSW.

Transactional Services Board

The NSW Government established a Transactional Services Board (TSB) to approve agency plans and proposals for investment in physical and digital distribution of transaction services through Service NSW.

The Board is Chaired by the Secretary, Department of Finance, Services and Innovation with membership comprising senior staff at the Deputy Secretary level of Transport, Treasury, the Department of Premier and Cabinet, the Department of Justice, the Customer Service Commissioner and the Government Chief Information and Digital Officer. The CEO of Service NSW attends all meetings. The first board meeting was held on 16 June 2016.

The Board's key objectives are to:

- Work with agencies to identify future needs for physical or digital distribution of transaction services.
- Review proposed agency expenditure (capital and recurrent) on physical and digital distribution of transaction services and assess suitability of using Service NSW.
- Apply reasonable and appropriate industry benchmarks to verify agency baseline costs for transactions to be on-boarded by Service NSW.
- Manage impact of legacy system changes by overseeing prioritisation of system updates and releases.
- Oversee the benefits realisation model of the Service NSW initiative on a whole-of-government basis, including the transition of on-boarded agencies to an agreed cost and funding model.

Overall, the Board ensures that Service NSW meets the NSW Government's target of improving customer service. It oversees the implementation of the principle of 'Service NSW by default', where agencies consider Service NSW for transactional service delivery as their first option. This ensures 'value for money' by comparing proposed Service NSW pricing with appropriate industry benchmarks and consideration of overall benefits for government.

Community Engagement

Engaging with the community, and placing the customer first, is at the heart of Service NSW. Over the reporting period, Service NSW engaged in key community events across the state, particularly in regional and rural parts of NSW. Ongoing community engagement allows Service NSW to expand its outreach and provide information to communities about our digital services. We provided free digital 'how-to' classes for seniors and other community groups, to increase the awareness of digital services. Community engagement also allows us to increase our brand awareness. To support brand awareness Service NSW carried out various promotional activities including a strong push through social media. Through this effort, awareness of Service NSW increased to 57 per cent over the 2015-16 financial year. This is up from 32 per cent in 2014. Ongoing engagement at key community events across NSW also provides Service NSW with customer feedback, allowing us to continuously improve our services.



The 2016 Royal Easter Show in April was an opportunity for our team to engage with more than 10,000 customers. In addition to being a fully functional pop-up Digital Store the exhibit was a chance for our team to engage with customers of all ages, offering a kid's colouring-in competition, 'Transaction Tornado', and specially designed Seniors Card information sessions.



In February 2016 our team was out at several university campuses across the state, pictured here at Newcastle, as part of the Orientation Week (O-Week). The event was an opportunity to engage with local and international students, raise awareness of the services we offer, and help with any digital transactions or queries.

Circle of Service

In June 2014, Service NSW introduced the Circle of Service, based on the Kaizen philosophy of continuous improvement. The key objectives of the Circle of Service are to:

- Establish a staff-led continuous improvement culture.
- Give all employees a voice and input in 'what we do and how we do it'.
- Apply the extensive knowledge, skills and experience of all employees.
- Encourage sharing internal best practice.

All Service NSW staff have access to the Circle of Service online platform and the ability to submit, view, vote for and receive feedback on ideas.

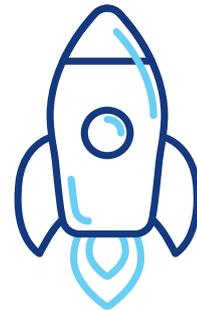
Since it was launched, more than 2,200 ideas have been submitted. Of these, nearly 800 ideas have been implemented. Early indicators suggest that the Circle of Service program has resulted in 20 per cent efficiency gains across Service NSW's frontline teams and contributes to the NSW Government's agenda to improve government services.

Examples of ideas which have been implemented include:

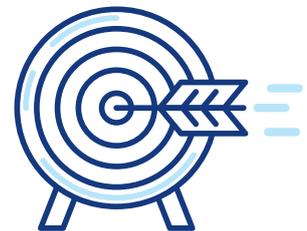
- Queanbeyan National Parks Passes – After tracking a high volume of customers stopping at the Queanbeyan Service Centre on their way to the NSW snowfields, the Queanbeyan team submitted the idea of issuing National Park passes over the counter so customers could receive their pass on the spot on their way to the NSW snowfields.
- MyServiceNSW instructional videos – a series of step-by-step videos have been created to assist customers with a range of digital transactions including linking a MyServiceNSW account to other agencies.
- More than 130 digital ideas with improvements made to information on the Service NSW website, the online customer experience and our digital stores.



2,200
ideas submitted



800
ideas implemented



20%
efficiency gains

Looking Ahead

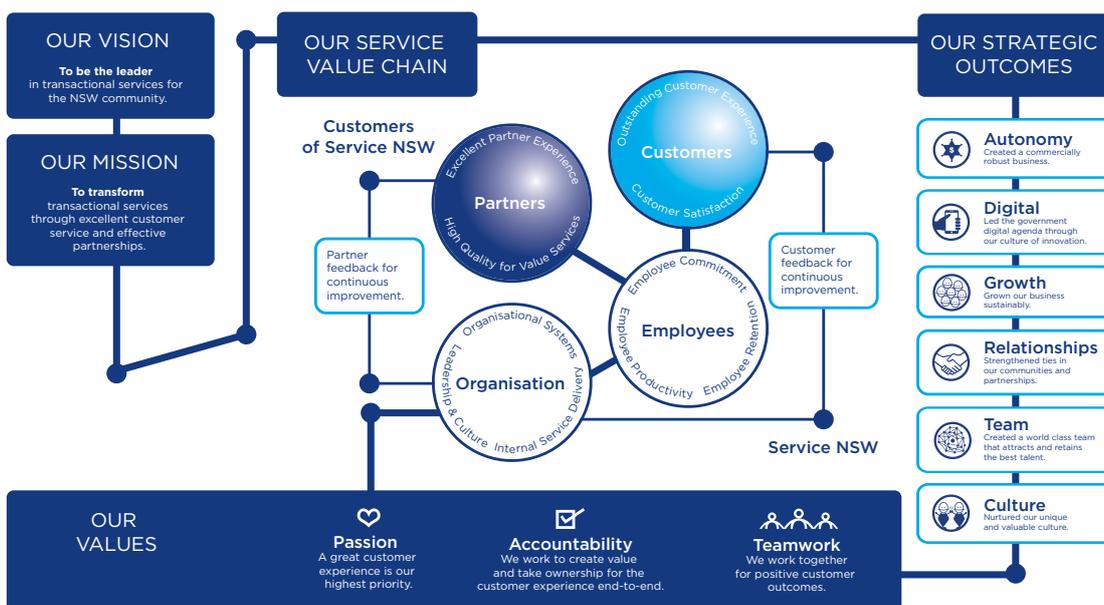
Over the last 12 months Service NSW has been deeply engaged in developing a Service NSW Strategy for 2016-19. This Strategy was collaboratively built with input from the whole organisation. The Executive Leadership Team worked closely with our frontline and head office staff in a series of sessions which were designed to understand how our people think about the destiny of our organisation, and how we can best serve our customers. It was through this lens that we developed our Strategy, which provides us with a clear blueprint for the future.

Our vision will help us to hold ground in customer satisfaction, and to progressively enhance the services we offer. The Service NSW Strategy 2016-19 developed during the year outlines our vision for the future and provides us with our 2016-17 plan to deliver on our priority initiatives. With our refreshed DNA, our vision for Service NSW is encapsulated in six strategic outcomes to be achieved by the end of 2019 which are:

- Autonomy
- Digital
- Growth
- Relationships
- Team
- Culture

The foundational elements of these six outcomes are team, culture, sustainable growth and strengthened relationships. These four elements are the engine that we need to achieve our two most important outcomes - to drive digital adoption and to gain financial autonomy as an organisation.

Our refreshed Service NSW DNA



Our six strategic outcomes for 2016-17 are as follows, and in future years we will be reporting against these outcomes to track progress:

Autonomy

Creating a commercially robust business

An important initiative for Service NSW to become a commercially robust business is to develop a fee for service model for all agency transactions. A key component of this initiative is to migrate the transactions of major agency, Roads and Maritime Services from a baseline lump sum to a fee for service model per individual transaction. This will result in fees charged according to volumes, the resources consumed by transaction at a consistent grade of service, and the channel through which the service is delivered (service centre, contact centre, digital).

Digital

Lead the government digital agenda through our culture of innovation

We will continue to invest in the required technology capabilities to support our commitment to increase digital transactions conducted via digital channels to 49 per cent in 2016-17. We will empower all citizens in NSW to transact online with intuitive and compelling solutions that deliver a better customer experience. This will include simplifying and streamlining the interactions that service centre staff have with the technology used in the delivery of customer transactions.

Digital innovation allows us to create an approach to operating service centres with greater flexibility as we increasingly become more digital. Our plan will ensure that we retain a physical point of contact for our customers, while making us more adaptable to their needs.

Over the next two years, we will transition to digital licensing – with an emphasis on driver licences – to reduce the need for customers to transact face-to-face.

We will also deliver the Easy to do Business program, which will make NSW the easiest state in Australia to start a business and minimise the time and costs involved. This program puts business customer needs front and centre, seeking business advice on the implementation of customer-centric services and business friendly solutions.

Growth

Grow our business sustainably

Over 2016-17 Service NSW will develop an effective and scalable knowledge management system and accompanying processes to ensure that all staff will have easy access to a singular and up to date source of knowledge across all of our channels.

By establishing a consistent approach for partnerships with new clients, Service NSW will implement a systematic approach that touches on all points of the experience. This will enable deliberate and consistent engagement with clients during the pre-sales, sales and on boarding phases. In turn, Service NSW can expect to receive

greater repeat business. Through thoughtful planning, we will ensure effective use of resources and the sustainable growth of Service NSW.

Early training and greater visibility of future development will improve the front line experience of client onboarding. We have prioritised a number of agencies to be onboarded for 2016-17 where the creation of an agency engagement policy will be key.

Relationships

Strengthened ties in our communities and partnerships

We want Service NSW to be our customers' preferred partner for service delivery. Once we have established a relationship with a client, we will ensure we continue to nurture the relationship and provide a single point of contact within Service NSW.

Service NSW will tell a clear and accessible story about our role and the benefits we deliver to our partners, customers and the citizens of NSW. In 2016-17 we want to increase awareness of the Service NSW brand from 57 per cent to 64 per cent. This will enable us to reach our goal of 70 per cent of transactions online and be a key contributor to the NSW Government's priorities of improving government services.

Team

Creating a world class team that attracts and retains the best talent

Service NSW is committed to building a world class team and ensuring our people feel empowered and engaged. During 2016-17 we will review and streamline the recruitment and onboarding processes. We will continue to invest in our talent and provide more technical training. We will also manage performance and leadership development for both front line and head office staff.

Culture

Nurture our unique and valuable culture

Our culture is unique, and we will continue to increase the strength of our Circle of Service (CoS) program. The process involves the assessment of ideas that are submitted by staff to improve internal processes. Through focused consultation, we will achieve a greater understanding of how CoS is functioning in order to create a sustainable blueprint for the future.

As Service NSW grows and matures the need to continually drive alignment across the organisation through connected pathways has become necessary. The Chief Executive's Office leads a program of deliberate and inclusive communication which breaks down silos and encourages cross-functional collaboration. Some examples are a quarterly 'all staff' teleconference with the CEO, the People Leader Forum, which happens every six months and team meetings with the Executive Leadership Team across the Service NSW network.

Our People

Executive Leadership Team

Dr Rachna Gandhi PhD Consumer Behaviour

Chief Executive Officer of Service NSW

The CEO of Service NSW is responsible for the strategic leadership and operational performance of Service NSW. The CEO role leads, drives and shapes reform of integrated transactional customer service delivery, in line with the Service NSW Strategic Roadmap and NSW Government priorities for customer service delivery. The role leads the Service NSW strategic direction to ensure the delivery of timely, integrated and cost effective transactional services to customers and businesses.

The CEO leads the Service NSW Executive Leadership Team and manages diverse interests and priorities across the agency. The CEO plans, implements and monitors strategies to improve the overall customer experience and meets the NSW Government's commitment to simplify customer access to government services. The CEO is a member of the NSW Customer Advisory Board.

Georgia Jenkins Bachelor of Business (Banking and Finance)

Executive Director Commercial

The Executive Director Commercial drives sustainable commercial growth of Service NSW. The Executive Director leads the identification and implementation of business development opportunities for Service NSW across both government and non-government sectors, and explores new business models and new market opportunities, to drive revenue generation opportunities from new distribution and premium quality service delivery through the Service NSW network.

Jody Grima Master of Public Administration

Executive Director Customer Experience and Delivery

The Executive Director Customer Experience and Delivery leads and delivers optimal, sustainable, complex and diverse multi-channel government customer service delivery. The Executive Director is the principal authority for advice and advocacy for service delivery practices across all Service NSW service delivery channels, and leads the Service NSW agenda to continually optimise channel costs through an omni-channel blended cost model and digital migration.

Serdar Avsar PhD in Economics and Finance

Executive Director Business Architecture and Technology

The Executive Director Business Architecture and Technology leads strategic information, communications and technology functions at Service NSW. The role seeks and builds collaborative partnerships with diverse stakeholders to lead the delivery of optimum ICT capability and related services to enable the delivery of superior customer experience performance for Service NSW service delivery channels.

Andrew McMaster Bachelor of Commerce (Honors)

Chief Financial Officer

The CFO leads the strategic finance, risk management, governance, procurement, property and facilities management functions for Service NSW. This enables the delivery of current and future business and service needs. This role is accountable for delivering the financial and governance systems and reporting integration across Service NSW to meet Treasury and other requirements for budget planning, monitoring and reporting.

Anne Cosgrove Master of Business Administration

Executive Director People and Culture

The Executive Director People and Culture leads the development of leadership of contemporary human resources strategy, frameworks, policies and procedures to ensure Service NSW's ability to attract, retain, develop and manage a highly engaged and committed workforce. This role is accountable for leading the people development strategy and leads the continued innovation of HR functionality to achieve Service NSW strategic priorities.

Angela Kamper Bachelor of Arts

Executive Director Corporate Relations

The Executive Director Corporate Relations leads the delivery of strategic marketing, communications, industry and community relations, advocacy and stakeholder relations programs. The Executive Director leads and develops programs and initiatives in partnership with internal and external executives, advisors and stakeholders to deliver on market, communication, advocacy and stakeholder engagement strategies designed to support the delivery of Service NSW objectives.

Kylie De Courteney Bachelor of Commerce

Executive Director Program Office

The Executive Director Program Office leads the delivery of a portfolio of transformational programs and projects to meet Service NSW strategic priorities and NSW Government objectives for customer service delivery. The Executive Director provides strategic direction on program leadership and structure, and collaborates with senior internal and external stakeholders to procure, lead and manage a range of specialist resources including financial, human, physical and intellectual capital for optimum program management and delivery and benefits realisation.

Pulse and People Matters Survey

Service NSW continues to track staff engagement with the internal Pulse Engagement Survey that measures employee engagement internally every six months. The engagement score for October 2015 was 72 per cent and in March 2016 it was 73 per cent. This is a significant achievement in a rapidly growing organisation and an outstanding result when compared to benchmarks across the public and private sector.

The People Matters Survey which is a whole of NSW public sector survey was conducted in May 2016. Service NSW scored an impressive 76.3 per cent employee engagement rate with 99 per cent of employees having a say. Service NSW scored the highest engagement level of all agencies from within the Department of Finance, Services and Innovation cluster (the DFSI average was 61 per cent) and the whole of government (65 per cent). There were just 300 permanent employees in 2014 when Service NSW last participated in the survey. This compares to 1800 permanent employees, at the time of the 2016 Survey.

The results of the survey will inform the continued development of our People Development Strategy, and all people related initiatives to continue to build and support a world-class team.

Recruiting people on merit who are passionate about customer service, and have the requisite skills and qualities to deliver the Service NSW vision, is a key component to our success. During 2015-16, more than 47,000 people applied for jobs at Service NSW and 812 candidates were placed.

CEO Awards and BRAVO Awards

At Service NSW, we value the great work of our people and we are committed to celebrating those employees who embrace our DNA of passion, teamwork and accountability.

The Service NSW CEO Awards and Being Recognised as a Valuable member of our Organisation Awards (BRAVO) are our formal recognition programs for those who go the extra mile to make a difference to our customers.

The Service NSW BRAVO Awards recognise individuals' and teams' outstanding achievements across the organisation on a monthly basis. Our award categories include:

- Voice of the customer
- DNA all-star
- Make it happen

The annual CEO awards represent the best of the best from BRAVO winners and nominees. In addition to the above, the CEO Awards also include categories for:

- Fostering collaboration
- Fostering engagement
- Customer Service Commissioner's award



BRAVO



Senior Executive Structure Transition

With the commencement of the Government Sector Employment Act 2013 (GSE Act) on 24 February 2014, each government agency within the Public Service was required to review its executive structure and develop a plan for implementation of new executive structures that aligns with the requirements of the GSE Act and design principles established by the Public Service Commission.

Implementation of the new senior executive structure is being rolled out in a three-part staged approach, with stages one and two completed on 24 February 2015, and 30 June 2015 respectively. Service NSW remains on track to meet completion of this transition by 31 December 2016.

Senior Executive Band	SES Level	Total 2015-16	Total 2014-15	Total 2013-14	Total 2012-13
4	Level 8	-	-	-	-
3	Level 7	1	2	2	2
	Level 6	-	-	-	-
2	Level 5	6	5	2	3
	Level 4	-	-	2	-
1	Level 3	14	17	8	4
	Level 2	-	-	4	1
	Level 1	-	-	-	1
	Total	21	24	18	11

Female Senior Executive Roles

At 30 June 2016, six of the senior executive roles at Service NSW were held by female employees. This compares to eight female executives at 30 June 2015.

Level	Total 2015-16	Total 2014-15	Total 2013-14	Total 2012-13
Level 8	-	-	-	-
Level 7	1	1	2	2
Level 6	-	-	-	-
Level 5	-	-	2	3
Level 4	2	-	2	-
Level 3	-	-	8	4
Level 2	-	-	3	1
Level 1	3	7	-	1
Total	6	8	17	11

Staff Profile by Employment Category

Category	Female				Male				Total			
	15-16	14-15	13-14	12-13	15-16	14-15	13-14	12-13	15-16	14-15	13-14	12-13
Permanent full time	767	581	247	6	429	301	77	-	1196	882	324	6
Permanent part time	481	269	137	-	102	59	23	-	583	328	160	-
Temporary full time	29	9	30	5	14	8	18	2	43	17	48	7
Temporary part time	6	4	5	-	1	-	1	-	7	4	6	-
SES full time	6	8	2	5	17	16	4	5	23	24	6	10
SES part time	-	-	-	-	-	-	1	1	-	-	1	1
Total	1289	871	421	16	563	384	124	8	1852	1255	545	24

Movements in Wages, Salaries or Allowances

Service NSW is expected to grow with an anticipated FTE in 2016-17 of 1,657. Approximately 1,372 (FTE) are covered by the Service NSW (Salaries and Conditions) Employees Award 2015 on 30 June 2016.

On 24 May 2016, the NSW Industrial Relations Commission made the Service NSW (Salaries and Conditions) Employees Award 2016. The new Award will come into effect on 1 July 2016 and will expire on 30 June 2018.

The new Award enables Service NSW to continue growing as a sustainable public sector organisation that is a good place for our employees to work, enabling us to keep the customer at the heart of what we do.

During the two year Award, employees will benefit from two pay increases of 2.5 per cent from the first full pay period on or after 1 July 2016 and 2.5 per cent from the first full pay period on or after 1 July 2017.

Workforce Diversity

Service NSW is committed to the principles of Equal Employment Opportunity and our organisation already represents the diversity of the wider NSW community which we serve.

Trends in the Representation of Workforce Diversity Groups

Workforce diversity group	NSW Government benchmark	2016	2015	2014	2013
Women	50%	69.9%	69.3%	77.2%	66.7%
Aboriginal People and Torres Strait Islanders	2.6%	1.7%	1.9%	2.3%	0.0%
People whose first language spoken as a child was not English	19.0%	21%	20.2%	17.9%	22.2%
People with a disability	N/A	2.9%	2.5%	3.1%	0.0%
People with a disability requiring work-related adjustment	1.5%	1.0%	1.2%	1.2%	0.0%

Trends in the Distribution of Workforce Diversity Groups

Workforce diversity group	NSW Government benchmark	2016	2015	2014	2013
Women	100	89	88	89	N/A
Aboriginal People and Torres Strait Islanders	100	105	104	N/A	N/A
People whose first language spoken as a child was not English	100	97	99	101	N/A
People with a disability	100	99	97	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A	N/A

Note 1 A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the Workforce Diversity group is less concentrated at lower salary levels.

Note 2 The Distribution Index is not calculated where Workforce Diversity group or non-Workforce Diversity group numbers are less than 20.

The above statistics indicate:

- The percentage of females continues to exceed the NSW Government benchmark
- Service NSW will continue to promote the diversity principles and ensure that workforce diversity is integrated into broader workforce planning processes

Multicultural Policies and Services

The Service NSW Multicultural Plan 2014–2017 outlines its commitment to delivering products and services to a culturally and linguistically diverse NSW.

The Multicultural plan provides the framework for activity divided into three streams in line with the Multicultural framework - Planning and Evaluation, Capacity Building and Resourcing, and Programs and Services. Service NSW, as a customer facing agency aims to meet the expectations of a range three agency - representing best practice.

Highlights of our activities in 2015-16 are included below:

- Our customer flow management system offers six different languages to assist customers in their visits to our service centres.
- Our website is now available in over 50 languages.
- Where appropriate we customise communications for local customers in diverse languages to provide them with the latest information on how to access government services.
- Our Code of Conduct compliance training includes culturally sensitive examples of customer service to broaden awareness.
- In 2015, we initiated a review to determine the suitability of the Community Language Allowance Scheme.
- Continued to engage in community programs and activities at the local level.

Disability Plan

The Service NSW Disability Inclusion Action Plan 2015-2017 (DIAP), developed in 2015, builds on this important customer-led approach to ensure all our services are created to meet the needs of all our customers and to ensure an inclusive approach.

Under the NSW Disability Inclusion Act 2014 (DIA), we will ensure we continue to plan our services so that customers with disability can participate fully in the community, particularly as they use government services. The DIAP complies with the requirements outlined in Section 12 of the

DIA, and is consistent with the objectives of the NSW Disability Inclusion Plan (NDIP). The DIAP has been developed in consultation with people with disability, incorporating and considering their insights.

The NDIP outcomes have been translated into practical activities divided into four streams in line with the NSW Disability Inclusion Action Planning Guidelines; Attitudes and Behaviours, Liveable Communities, Employment and Systems and Processes.

Workplace Health and Safety (WHS)

Safety will always be a priority for Service NSW. To be successful we must build and maintain a safe, capable and committed workforce. We are focusing on improving our leadership, systems and risk management, to provide our staff with the appropriate training, tools, processes and support to avoid or minimise risk to health and safety.

During the year, Service NSW:

- Continued to monitor compliance with emergency arrangements across all centres as the rollout continues.
- Conducted a risk assessment of the driver testing function.
- Develop a Service NSW specific Safe Work Method Statement template.
- Continued the rollout of the online safety system.

Employee Assistance Program

Converge International is the Service NSW Employee Assistance Program provider. The program provides a counselling and advice service for employees and their immediate families who require professional assistance for any personal or work related problem. The counselling service is confidential and aimed at enhancing personal and professional wellbeing.

During the year, employees have been offered EAP services, and a number of critical incident support sessions were organised for different teams for personal or work-related matters.

Governance

Service NSW is recognised as an executive agency under Schedule 1 of the *Government Sector Employment Act 2013*. The Chief Executive Officer is appointed as agency head.

Audit, Risk Management and Insurance Activities

The Service NSW Audit and Risk Committee (ARC) held five meetings in the reporting period. Key highlights include a review of the Service NSW Enterprise Wide Risk Profile and Risk Appetite, and appointment of a new independent member in accordance with new Treasury Policy TPP15/03. Our outsourced Internal Auditors conducted audits of IT Disaster Recovery Management, Agency Service Partnership Agreements, Hire to Retire processes, and a Fraud and Corruption Risk Assessment. Service NSW insurance covers all its assets and major risks. These insurance policies include workers compensation, building contents (including office equipment) and public liability. The Treasury Managed Fund (TMF) is our insurance provider. For 2015-16, Service NSW had 17 Workers Compensation claims lodged, and 10 remained open as at 30 June 2016. There were nil property claims, four motor vehicle claims with one remained open, and six liability claims with two remained open in the same period.

Internal Audit and Risk Management Policy Attestation

I, Rachna Gandhi, am of the opinion that Service NSW has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the in all material respects, compliant with the core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirement	Compliant/Non-Compliant/In-Transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	In-Transition. Current Charter updated, subject to formal endorsement by ARC and CEO in November 2016.
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	In-Transition. New independent member commenced 1 July 2016.
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	In-Transition. Current Charter updated, subject to formal endorsement by ARC and CEO in November 2016.

The Chair and Members of the Service NSW Audit and Risk Committee are:

- Independent Chair, Carol Holley, 18 September 2013 - 18 September 2018 (re-appointed for a further two year term from 18 September 2016)
- Independent Member, Dianne Hill, 18 September 2013 - 17 September 2018 (re-appointed for a further three year term from 18 September 2015)
- Independent Member, Stephen Horne, 1 July 2016 – 30 June 2019.
- Non-independent Member, Shoshana Wall, Service NSW (appointment concluded 10 June 2016)



Dr Rachna Gandhi – CEO, Service NSW
20 October 2016

Disclosure of Controlled Entities and Subsidiaries

Service NSW does not control any entities or have any subsidiaries.

Government Information (Public Access) Act 2009 (GIPA Act)

Service NSW regularly reviews its website to ensure information which is in the public interest and which will assist people to access NSW Government services is made publicly available.

Service NSW also encourages members of the public to access information informally. This includes providing:

- Information services for transacting with the NSW Government
- Information about Service NSW
- Policies, fact sheets and brochures
- An Agency Information Guide
- Contact details
- News updates
- During the reporting period, our agency received six formal access applications (including withdrawn applications but not invalid applications). In addition, Service NSW transferred 397 applications to other agencies and received 28 applications that were not GIPA applications. Six invalid applications were received for other agencies.
- During the reporting period, our agency refused a total of nil access applications either wholly or in part because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, nil were refused in full and nil were refused in part.

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media								
Members of Parliament				1				
Private sector business								
Not for profit organisations or community groups								
Members of the public (application by legal representative)								
Members of the public (other)	3	1						1

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	3	1						1
Access applications (other than personal information applications)				1				
Access applications that are partly personal information applications and partly other								

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

PLEASE NOTE: The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	
Application is for excluded information of the agency (section 43 of the Act)	
Application contravenes restraint order (section 110 of the Act)	
Total number of invalid applications received	
Invalid applications that subsequently became valid applications	

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used*
Overriding secrecy laws	
Cabinet information	
Executive Council information	
Contempt	
Legal professional privilege	
Excluded information	
Documents affecting law enforcement and public safety	
Transport safety	
Adoption	
Care and protection of children	
Ministerial code of conduct	
Aboriginal and environmental heritage	

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	
Law enforcement and security	
Individual rights, judicial processes and natural justice	
Business interests of agencies and other persons	
Environment, culture, economy and general matters	
Secrecy provisions	
Exempt documents under interstate Freedom of Information legislation	

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	5
Decided after 35 days (by agreement with applicant)	
Not decided within time (deemed refusal)	
Total	5

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review			
Review by Information Commissioner*			
Internal review following recommendation under section 93 of Act			
Review by ADT			
Total			Nil

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

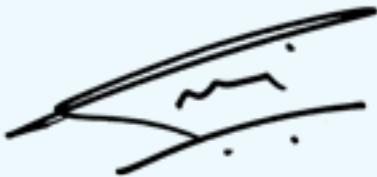
Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	

Digital Information Security Policy Attestation

I, Rachna Gandhi, am of the opinion that:

1. Service NSW had an Information Security Management System consistent with Core Requirements set out in the NSW Government Digital Information Security Policy in place during the financial year being reported on;
2. Taking into account the business requirements of Service NSW, adequate controls are in place to mitigate identified risks to the digital information and digital information systems;
3. There is no agency under the control of Service NSW which is required to develop an independent Information Security Management System in accordance with the *NSW Government Digital Information Security Policy*; and
4. Certified compliance with ISO 27001 by an Accredited Third Party was not required during the year being reported on. During the 2016-2017 year Service NSW, through a defined critical scope, will be working to expand the scope of its Information Security Management System to achieve compliance and certification with ISO 27001:2013.



Dr Rachna Gandhi - CEO, Service NSW
13 October 2016

Privacy

Service NSW takes the privacy of the citizens of NSW and of our employees seriously and has introduced various mechanisms to protect personal information held or accessed by Service NSW or its authorised representatives. These measures include compliance with our legislation, our privacy management plan, digital information security and staff on-boarding procedures, and our Service Partnership Agreements with agencies.

Our Privacy Management Plan demonstrates how Service NSW meets its privacy obligations under the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act) and upholds and respects the privacy of our clients, staff and others about whom we hold personal information.

The key principles in relation to confidentiality and security of information in the Service NSW Management Plan are security safeguards, access, use and disclosure. The Privacy Plan and brochure summarising how Service NSW handles and protects the personal information of our customers is available at all of our Service Centres and on our website.

Service NSW's approach to privacy includes the use of Privacy Impact Assessments (PIA) which can assist in identifying the practices, procedures and systems which are appropriate to implement to ensure new projects are compliant with the law and community expectations.

During 2015-16, Service NSW received one application for review of conduct relating to the use, access or release of personal information.

Digital licencing is a part of the NSW Government's commitment to delivering easier, better, and faster services to NSW citizens. Key considerations for the project include leveraging the potential of the digital environment to ensure a positive customer experience in compliance with NSW privacy law, and community values and expectations with respect to privacy.

The establishment of the Digital Licensing Program Steering Committee was a key component of the program's governance. It is comprised of high-level representatives across the NSW Government, and is chaired by Michael Pratt AM, Customer Service Commissioner. Its membership includes the NSW Privacy Commissioner.

Public Interest Disclosures

Service NSW values contributions of all team members to improve administrative and management practices. We encourage team members to report any wrongdoing under the Public Interest Disclosures (PID) Act 1994.

For the reporting period, we reviewed our Public Interest Disclosures Internal Reporting Policy covering employees. The policy is consistent with the NSW Ombudsman's model policy. The policy is available to employees on the Service NSW intranet, as is a list of Public Interest Disclosure Officers. During the year, additional officers were trained to expand the pool of Public Interest Disclosure Officers available across the organisation. During 2015-16 Service NSW received one Public Interest Disclosure.

Public Interest Disclosures	
Number of public officials who have made a Public Interest Disclosure to Service NSW	1
Total number of Public Interest Disclosures received by Service NSW	1
Number of Public Interest Disclosures finalised	Nil

Customer Response

Customers can lodge feedback about our services at a service centre, over the telephone, via email, through the mail or through our website.

During 2015-16, our Customer Resolution team received a total of 2,054 complaints. This was among over 10 million customers served during the same period. The complaints represent less than one per cent of all customers served during the financial year.

The five areas for which complaints were received were:

- Centralised printing of photo cards
- Merchant fee recovery (NSW Treasury requirement to recover merchant fees)
- Merging of motor registries to the Service NSW network
- Access to MyServiceNSW accounts
- Customer service

During 2015-16, the Complaints Resolution team developed a set of complaint categories that have been implemented to streamline reporting and to enable a responsive resolution for customers. The categories provide the Customer Resolutions team with robust customer data and trends from our service delivery channels to enable the recommendation of continuous improvement strategies across the network.

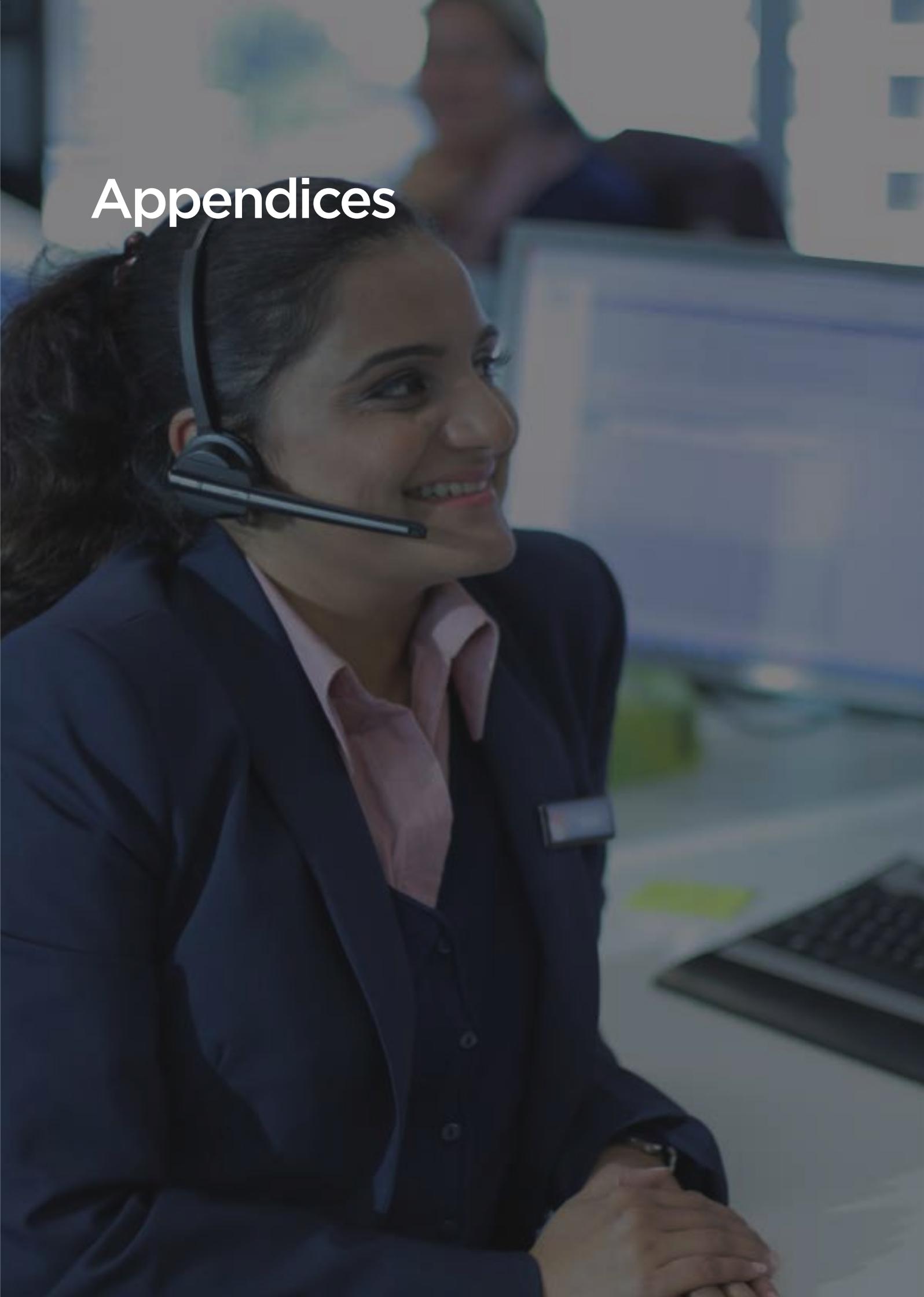
Customer feedback is essential for Service NSW to continue to deliver a world class customer service and our customers are encouraged to provide feedback about our services. Customer feedback is monitored through our frontline performance dashboards - fed through our intuitive ticketing and feedback system. Information, such as wait times and customer experience is shared across the business to create and reinforce a high performance customer-centric culture.

Staff transparency and team performance helps to drive innovation, digital adoption and a customer service ethos. In addition, live wait times are publicly available online through our website or app.

Over 2 million customers provided feedback during 2015-16 resulting in Service NSW maintaining a customer satisfaction score of 97 per cent.

Feedback from customers is used to improve procedures in several ways. For example, developing a 'how-to-guide' based on customer feedback for our frontline staff, allowing for greater accuracy when providing customers with information, assistance and advice. An additional example includes the establishment of the Auburn Dealer Centre, providing motor dealers with a dedicated service for specialist advice and support to manage bulk transactions.

Appendices





Statement by the Chief Executive Officer

Service NSW

Pursuant to Section 45(F) of the *Public Finance and Audit Act 1983*, and clause 11 of the Public Finance and Audit Regulation 2015, we state that:

- (1) The financial statements have been prepared in accordance with:
 - (a) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
 - (b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's directions; and
 - (c) the Financial Reporting Code for NSW General Government Sector Entities.
- (2) The financial statements exhibit a true and fair view of the financial position and transactions of Service NSW; and
- (3) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "Rachna Gandhi".

Rachna Gandhi
Chief Executive Officer, Service NSW
19 September 2016

A handwritten signature in black ink, appearing to read "Claran Lowndes".

Claran Lowndes
Director Finance, Service NSW
19 September 2016



INDEPENDENT AUDITOR'S REPORT

Service NSW

To Members of the New South Wales Parliament:

Opinion

I have audited the accompanying financial statements of Service NSW (the Department), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Department in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code)

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer must assess the Department's ability to continue as a going concern unless the Department's operations will cease as a result of an administrative restructure. The assessment must include, or-closing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

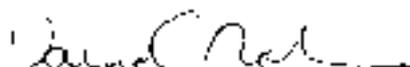
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error;
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.aasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does not provide assurance

- that the Department carried out its activities effectively, efficiently and economically;
- about the assumptions used in formulating the budget figures disclosed in the financial statements;
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Victor
Director, Financial Audit Services

19 September 2016
SYDNEY

TABLE OF CONTENTS

Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Service Group Statements.....	8
1. Summary of Significant Accounting Policies.....	10
2. Expenses Excluding Losses	18
3. Revenue.....	20
4. Service Groups of Service NSW	22
5. Cash and Cash Equivalents	22
6. Receivables	23
7. Other Assets.....	23
8. Non-Current Assets – Property, Plant and Equipment.....	24
9. Intangible Assets	26
10. Current Liabilities – Payables	27
11. Current / Non-Current Liabilities – Provisions.....	28
12. Commitments for Expenditure.....	29
13. Contingent Liabilities and Contingent Assets	30
14. Budget Review	30
15. Reconciliation of Cash Flows from Operating Activities to Net Result.....	32
16. Amounts Held on Behalf of Other Agencies.....	32
17. Financial Instruments.....	33
18. Events After the Reporting Period	35

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2a	135,622	125,641	75,376
Other operating expenses	2b	77,227	52,408	53,651
Depreciation and amortisation	2c	17,195	20,580	10,281
Grants and subsidies	2d	99,911	113,933	144,286
Total expenses excluding losses		329,955	312,562	283,594
Revenue				
Sale of goods and services	3a	19,393	28,036	14,284
Grants and contributions	3b	395,799	362,445	310,705
Acceptance by the Crown Entity of employee benefits and other liabilities	3c	5,465	523	2,718
Investment revenue	3d	1,031	-	887
Other Revenue	3e	2,749	-	6,212
Total revenue		424,437	391,004	334,806
Net result		94,482	78,442	51,212
Other comprehensive income		-	-	-
Total comprehensive income		94,482	78,442	51,212

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	5	54,286	33,224	31,845
Receivables	6	13,903	4,883	16,342
Other assets	7	1,080	-	315
Total current assets		69,269	38,107	48,502
Non-current assets				
Property, plant and equipment				
Leasehold improvements	8	64,804	-	42,930
Plant and equipment	8	15,105	83,686	12,279
Total property, plant and equipment		79,909	83,686	55,209
Intangible assets	9	127,054	92,913	46,140
Total non-current assets		206,963	176,599	101,349
Total assets		276,232	214,706	149,851
LIABILITIES				
Current liabilities				
Payables	10	63,316	25,612	35,784
Provisions	11	17,132	11,670	12,103
Total current liabilities		80,448	37,282	47,887
Non-current liabilities				
Provisions	11	4,479	4,955	5,141
Total non-current liabilities		4,479	4,955	5,141
Total liabilities		84,927	42,237	53,028
Net assets		191,305	172,469	96,823
EQUITY				
Accumulated funds		191,305	172,469	96,823
Total equity		191,305	172,469	96,823

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2015	96,823	96,823
Net Result for the year	94,482	94,482
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	94,482	94,482
	<hr/>	<hr/>
Balance at 30 June 2016	191,305	191,305
	<hr/>	<hr/>
Balance at 1 July 2014	45,611	45,611
Net result for the year	51,212	51,212
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	51,212	51,212
	<hr/>	<hr/>
Balance at 30 June 2015	96,823	96,823

STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Cash flows from operating activities				
Payments				
Employee related		(125,199)	(120,820)	(70,238)
Grants and Subsidies		(104,021)	(113,933)	(134,048)
Other		(103,588)	(86,374)	(43,903)
Total payments		(332,808)	(321,127)	(248,189)
Receipts				
Sales of goods and services		22,867	26,566	11,850
Grants and contributions		395,799	362,445	307,143
Other		34,614	23,991	27,136
Total receipts		453,280	413,002	346,129
Net cash from operating activities	15	120,472	91,875	97,940
Cash flows from investing activities				
Purchase of plant and equipment		(32,994)	(43,436)	(36,609)
Purchase of intangibles		(65,037)	(54,070)	(40,577)
Net cash from investing activities		(98,031)	(97,506)	(77,186)
Net increase/(decrease) in cash		22,441	(5,631)	20,754
Opening cash and cash equivalents		31,845	38,855	11,091
Closing cash and cash equivalents	5	54,286	33,224	31,845

The accompanying notes form part of these financial statements.

SERVICE GROUP STATEMENTS

for the year ended 30 June 2016

ENTITY'S EXPENSES & INCOME	Service Group 1*		Service Group 2*		Service Group 3*		Service Group 4*		Not Attributable**		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses												
Operating expenses												
Employee related	93,402	44,896	23,168	18,078	358	49	16,562	11,386	2,132	966	135,622	75,375
Other operating expenses	19,327	9,580	9,141	10,265	184	205	27,338	12,791	21,237	20,811	77,227	53,652
Grants and subsidies	-	-	-	-	-	-	-	-	99,911	144,286	99,911	144,286
Depreciation & Amortisation	9,247	4,988	1,193	665	632	590	6,123	4,020	-	18	17,195	10,281
TOTAL EXPENSES EXCLUDING LOSSES	121,976	59,464	33,502	29,008	1,174	844	50,023	28,197	123,280	166,081	329,955	283,594
Revenue												
Sale of goods and services	10,440	9,421	5,809	4,863	3,144	-	-	-	-	-	19,393	14,284
Grants and contributions	-	-	-	-	-	-	-	-	395,799	310,705	395,799	310,705
Acceptance by the Crown Entity of employee benefits and other liabilities	4,022	1,941	322	332	53	2	1,011	383	57	60	5,465	2,718
Investment Revenue	-	-	-	-	-	-	-	-	1,031	887	1,031	887
Other Revenue	4	69	8	11	-	19	2,339	-	398	6,113	2,749	6,212
Total revenue	14,466	11,431	6,139	5,206	3,197	21	3,350	383	397,285	317,765	424,437	334,806
Net result	(107,510)	(48,033)	(27,363)	(23,802)	2,023	(823)	(46,673)	(27,814)	274,005	151,684	94,482	51,212
TOTAL COMPREHENSIVE INCOME	(107,510)	(48,033)	(27,363)	(23,802)	2,023	(823)	(46,673)	(27,814)	274,005	151,684	94,482	51,212

* The names and purposes of each service group are summarised in Note 4.

** Cluster grant funding is not attributable to individual service groups.

SERVICE GROUP STATEMENTS

for the year ended 30 June 2016

ENTITY'S ASSETS AND LIABILITIES	Service Group 1*		Service Group 2*		Service Group 3*		Service Group 4*		Not Attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000								
Current Assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	54,286	31,845	54,286	31,845
Receivables	187	206	22	-	-	30	5,087	6,037	8,607	10,069	13,903	16,342
Other	-	-	-	-	109	-	971	295	-	20	1,080	315
Total current Assets	187	206	22	-	109	30	6,058	6,332	62,893	41,934	69,269	48,502
Non-current Assets												
Leasehold Improvements	51,904	34,027	4,515	2,972	-	-	4,185	4,088	4,200	1,843	64,804	42,930
Plant, Property & Equipment	9,407	4,196	772	574	5	10	1,664	1,150	3,257	6,349	15,105	12,279
Intangibles	2,873	8,343	2,435	-	1,558	29,959	68,825	-	51,363	7,838	127,054	46,140
Total non-current assets	64,184	46,566	7,722	3,546	1,563	29,969	74,674	5,238	58,820	16,030	206,963	101,349
TOTAL ASSETS	64,371	46,772	7,744	3,546	1,672	29,999	80,732	11,570	121,713	57,964	276,232	149,851
Current liabilities												
Payables	1,707	1,057	505	236	29	-	10,924	4,101	50,150	30,391	63,316	35,784
Provisions	9,214	4,868	1,709	1,454	188	44	2,682	1,082	3,340	4,654	17,132	12,103
Total current liabilities	10,921	5,925	2,214	1,690	217	44	13,606	5,183	53,490	35,045	80,448	47,887
Non-current liabilities												
Provisions	3,376	2,359	698	444	2	-	33	219	369	2,119	4,479	5,141
Total non-current liabilities	3,376	2,359	698	444	2	-	33	219	369	2,119	4,479	5,141
TOTAL LIABILITIES	14,297	8,284	2,912	2,134	219	44	13,639	5,402	53,859	37,164	84,927	53,028
NET ASSETS	50,074	38,488	4,832	1,412	1,453	29,955	67,093	6,168	67,854	20,800	191,305	96,823

*The names and purposes of each service group are summarised in Note 4.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a. Reporting entity

Service NSW is a not-for-profit NSW government agency and its principal objectives are:

- to provide an enhanced customer experience for residents interacting with the NSW Government through the provision of government services through service centres, a contact centre telephone service and digital channel and
- to increase the cost efficiency of providing government services in the NSW Public Sector.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive Officer on 19 September 2016.

b. Basis of preparation

Service NSW's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Non-specialised assets with short useful lives, plant and equipment and leasehold improvements are measured at depreciated historical cost, as an approximation for fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, estimates and associated assumptions about carrying values of assets and liabilities that are not readily apparent from other sources are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Judgements, estimates and assumptions made by management are disclosed in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability.

Unless otherwise stated, all amounts are rounded to the nearest one thousand dollars (\$'000) and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Amounts held on behalf of other agencies

Service NSW delivers transactional services, but does not control these activities, on behalf of NSW Government agencies including NSW Housing, NSW Registry of Births, Deaths and Marriages, Office of Fair Trading, Office of State Revenue and Roads and Maritime Services. For further detail, please refer to Note 16.

The accrual basis of accounting and applicable standards have been adopted.

e. Insurance

Service NSW insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by Service NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income recognition

Income is measured at the fair value of the consideration received or receivable.

i. Sale of goods

Revenue from the sale of goods is recognised as revenue when Service NSW transfers the significant risks and rewards of ownership of the assets.

ii. Rendering of services

Fee for service revenue is recognised when the service is provided or by reference to the stage of completion.

iii. Government grants and contributions

Revenue from Government grants and contributions is recognised when the revenue is received from the relevant agencies.

iv. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Interest on bank balances is recognised monthly on an accrual basis and paid bi-annually (September and March) under the Treasury's Cash Forecasting System.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

h. Assets**i. Acquisitions of assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Service NSW. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. See also assets transferred as a result of an equity transfer - Note 1(l).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

ii. Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$2,000 and above individually (or forming part of a network costing more than \$2,000) are capitalised.

iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Non-specialised assets with short useful lives, plant and equipment and leasehold improvements are measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

iv. Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to Service NSW.

All material separately identifiable components of assets are depreciated over their useful lives at the following rates:

	2016 Years	2015 Years
Plant and equipment:		
- Office furniture and fittings	-	5
- Computer equipment	3	3
- General plant and equipment	4	3-4
- Leasehold improvements and major fit-outs	10	Shorter of estimated useful life of improvements and term of lease
- Make Good		5 if lease term is less than or up to 5 years Term of the lease if lease term is greater than 5 years

The change in depreciation rate did not have a material impact on the financial statements.

vi. Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

vii. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

viii. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

ix. Intangible assets

Intangible assets are recognised only if it is probable that future economic benefits will arise and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

Intangible assets are amortised using the straight line method over the period of estimated useful life. Software purchased is amortised over 4 years. In 2015 the useful life for software assets was reviewed. Management determined that amortisation over 4 years (rather than 5 years used in previous years) better reflects the useful life for purchased software. Software internally developed is amortised over 10 years. This change in accounting policy does not have a material impact.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

x. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

xi. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that all amounts due are not able to be collected.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised as the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised for the year.

Any reversals of impairment losses are reversed through the result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xii. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if the financial asset is transferred:

- where substantially all the risks and rewards have been transferred; or
- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

i. Liabilities

i. Payables

These amounts represent liabilities for goods and services provided to Service NSW and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ii. Employee benefits and other provisions

a. Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

b. Long service leave and superannuation

Service NSW liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. Service NSW accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

c. Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

d. Other Provisions

Other provisions exist when a present legal or constructive obligation exists as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when a detailed formal plan exists and there is a valid expectation in those affected by the restructuring that the restructuring will be carried out by way of announcing its main features to those affected or commencement of implementation.

If the effect of the time value of money is material, provisions are discounted between 1.94% and 2.65%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

j. Fair value hierarchy

A number of the entity's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation techniques used, maximises the use of relevant observable inputs and minimises the unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

Service NSW recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

k. Equity

i. Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

l. Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities are designated and required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the asset is recognised at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, these items are not recognised.

m. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 14.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

o. New Australian Accounting Standards issued but not effective***i. Effective for the first time in 2015-16***

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16. The impact of the first time adopted standards is immaterial.

- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. In accordance with the NSW Treasury mandate (TC16/02), Service NSW did not adopt any of the accounting standards and interpretations that are not yet effective.

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 9 and AASB 2014-7 regarding financial instruments;
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding revenue from Contracts with Customers;
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards;
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation;
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle;
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives;
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities.
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

2. Expenses Excluding Losses

a. Employee related expenses

	2016 \$'000	2015 \$'000
Salaries and wages (including recreation leave)	112,469	62,976
Long service leave	4,714	2,300
Superannuation - defined benefit plan	716	399
Superannuation - defined contribution plan	9,687	5,628
Payroll tax and fringe benefit tax	7,194	3,764
Workers' compensation insurance	526	215
Other	316	94
	135,622	75,376

Employee related costs that have been capitalised for sites refurbishment and therefore excluded from the above is \$444,458 (2015: \$448,457).

b. Other operating expenses

Auditor's remuneration		
- audit of financial statements	102	155
Operating lease rental expense		
- minimum lease payments	15,611	13,640
Maintenance	770	633
Insurance	56	68
Consultants	4,012	203
Contractors	17,493	17,201
Travel	2,279	1,412
Energy costs	1,270	756
Advertising, general marketing, promotions etc	1,875	1,279
Property related	811	2,593
Printing	1,152	421
Clothing	846	695
Information technology	12,801	7,754
Office equipment	104	66
Telephone and communications	4,264	2,061
Bank charges	2,217	119
Shared service charges	2,742	1,646
Courier and freight	2,547	773
Interpreters & translators	277	197
Store in Store Fees	2,303	-
Staff recruitment	557	97
Postage costs	912	463
Office supplies	810	374
Other	1,416	1,045
	77,227	53,651

Reconciliation - total maintenance

Maintenance expense - contract labour and other (non-employee related, as above)	770	633
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	770	633

c. Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation:		
Other property, plant and equipment	4,343	2,226
Leasehold improvements	6,789	5,089
	11,132	7,315
Amortisation:		
Intangibles	6,063	2,966
	17,195	10,281

d. Grants and subsidies

	2016	2015
	\$'000	\$'000
Grant to Roads and Maritime Service	99,911	144,286
	99,911	144,286

On 1 April 2014, the Expenditure Review Committee of Cabinet (ERC) approved the transfer of all the remaining Customer Support Services (CSS) activities of Roads and Maritime Services (RMS) to Service NSW following the submission of the Accelerated Distribution Strategy business case. In approving the transfer of the CSS, ERC also approved the transfer of funding relating to this function.

The transfer of the function occurred on 1 July 2014 on an assignment model. Employees, transactions and contracts for the functions of the CSS continue to be directly incurred by RMS until the relevant Motor Registries and other support functions are integrated into the Service NSW network.

The costs incurred by RMS for the functions of the CSS are reimbursed by Service NSW on a monthly basis on the receipt of an invoice accompanied by appropriate supporting documentation.

The reduction in expenses represents the absorption of employee costs directly in Service NSW, thus reducing the grant payment to RMS.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

The 2015-2016 grants to RMS are represented by the following:

	2016	2015
	\$'000	\$'000
Employee related expenses	38,698	71,767
Operating lease rental expense		
- minimum lease payments	3,274	7,940
Maintenance	-	8
Insurance	124	668
Contractors	-	173
Travel	973	958
Advertising	-	5
Property related	2,257	1,934
Printing	5,048	4,334
Information Technology	9,427	12,212
Telephone and Communications	1	140
Postage	7,984	5,974
Bank Charges	12,475	11,029
Shared service charges	4,160	6,735
Other	15,490	20,409
	<hr/>	<hr/>
Total	99,911	144,286

3. Revenue

a. Sale of goods and services

	2016	2015
	\$'000	\$'000
Rendering of Services	19,393	14,284
	<hr/>	<hr/>
	19,393	14,284

Details of services rendered to agencies as follows:

	2016	2015
	\$'000	\$'000
Registry of Births, Deaths & Marriages	3,078	3,492
Office of Fair Trading	2,404	2,400
Transport for NSW	24	1,450
Roads & Maritime Services	420	4,174
Office of Children's Guardian	3,606	-
Office of Gaming & Liquor	3,097	109
Office of Family & Community Services	634	557
NSW Police	1,288	250
Office of Environment & Heritage	1,075	150
Department of Industries	762	-
Department of Premier & Cabinet	498	96
Community Relations Commission of NSW	361	25
Other	2,146	1,581
	19,393	14,284

b. Grants and contributions

	2016	2015
	\$'000	\$'000
Recurrent grant received from NSW Treasury	-	250,520
Capital grant received from NSW Treasury	-	60,185
Grants received from other government agencies		
- Department of Finance, Services & Innovation	387,675	-
- Road & Maritime Services	6,867	-
- Department of Premier & Cabinet	1,056	-
- Other	201	-
	395,799	310,705

c. Acceptance by the Crown Entity of employee liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity:

	2016	2015
	\$'000	\$'000
Superannuation - defined benefit	716	399
Long service leave	4,715	2,300
Payroll tax	34	19
	5,465	2,718

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

d. Investment revenue

	2016	2015
	\$'000	\$'000
Interest revenue	1,031	887
	<u>1,031</u>	<u>887</u>

e. Other revenue

	2016	2015
	\$'000	\$'000
Credit card processing fee recovery	2,078	99
Grants received from other government agencies	-	4,378
Other income	671	1,735
	<u>2,749</u>	<u>6,212</u>

4. Service Groups of Service NSW

The service delivery channels of Service NSW were launched from 1 July 2013. The Service Groups of Service NSW from 1 July 2014 are described as follows:

Service Centres (Service Group 1)

Purpose: The Service Centres service group is responsible for providing one stop access to Government service in NSW by providing service centres in various locations around NSW.

Contact Centres (Service Group 2)

Purpose: The Contact Centre service group is responsible for providing a single contact phone number for dealing with NSW Government, ensuring that the number is available 24 hours a day, 7 days a week and that calls are serviced in line with performance metrics.

Digital Delivery (Service Group 3)

Purpose: The Digital Delivery service group is responsible for the provision of the Service NSW web portal which facilitates a single digital point of contact and allows Government services to be provided online.

Service Delivery Support (Service Group 4)

Purpose: The Service Delivery Support service group is responsible for providing the ongoing administrative support for the Business Service Channels.

5. Cash and Cash Equivalents

	2016	2015
	\$'000	\$'000
Cash at bank	54,052	31,707
Cash on hand	234	138
	<u>54,286</u>	<u>31,845</u>

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial period to the Statement of Cash Flows as follows:

Cash and cash equivalents	54,286	31,845
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6. Receivables

	2016 \$'000	2015 \$'000
Current		
Trade receivables - agencies	5,519	5,484
Less: Allowance for impairment	(37)	-
Goods and Services Tax recoverable from ATO	8,141	6,214
Other receivables	280	4,644
	13,903	16,342

2016 \$'000	2015 \$'000
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Movements in the allowance for impairment

Balance as at 1 July	-	-
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	37	-
Balance at 30 June	37	-

7. Other Assets

	2016 \$'000	2015 \$'000
Prepayments	1,080	315
	1,080	315

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

8. Non-Current Assets – Property, Plant and Equipment

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2015 - fair value				
Gross carrying amount	47,787	9,343	8,548	65,678
Accumulated depreciation	(6,840)	(3,629)	-	(10,469)
Net carrying amount	40,947	5,714	8,548	55,209
At 30 June 2016 - fair value				
Gross carrying amount	74,245	19,525	7,740	101,510
Accumulated depreciation	(13,628)	(7,973)	-	(21,601)
Net carrying amount	60,617	11,552	7,740	79,909

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2014 - fair value				
Gross carrying amount	24,900	6,351	3,762	35,013
Accumulated depreciation	(1,751)	(1,403)	-	(3,154)
Net carrying amount	23,149	4,948	3,762	31,859
At 30 June 2015 - fair value				
Gross carrying amount	47,787	9,343	8,548	65,678
Accumulated depreciation	(6,840)	(3,629)	-	(10,469)
Net carrying amount	40,947	5,714	8,548	55,209

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2016				
Net carrying amount at start of year	40,947	5,714	8,548	55,209
Additions	26,033	5,736	4,064	35,833
Transfers to / from WIP	426	4,446	(4,872)	-
Other movements	-	(1)	-	(1)
Depreciation expense	(6,789)	(4,343)	-	(11,132)
Net carrying amount at end of year	60,617	11,552	7,740	79,909

Assets under construction (AUC) values are included in the above balances.

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2015				
Net carrying amount at start of year	23,149	4,948	3,762	31,859
Additions	21,044	2,992	6,629	30,665
Transfers to / from WIP	1,843	-	(1,843)	-
Depreciation expense	(5,089)	(2,226)	-	(7,315)
Net carrying amount at end of year	40,947	5,714	8,548	55,209

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

9. Intangible Assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2015			
Cost (gross carrying amount)	15,933	34,946	50,879
Accumulated amortisation	(4,739)	-	(4,739)
Net carrying amount	11,194	34,946	46,140
At 30 June 2016			
Cost (gross carrying amount)	86,491	51,365	137,856
Accumulated amortisation	(10,802)	-	(10,802)
Net carrying amount	75,689	51,365	127,054
	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2014			
Cost (gross carrying amount)	13,379	781	14,160
Accumulated amortisation	(1,773)	-	(1,773)
Net carrying amount	11,606	781	12,387
At 30 June 2015			
Cost (gross carrying amount)	15,933	34,946	50,879
Accumulated amortisation	(4,739)	-	(4,739)
Net carrying amount	11,194	34,946	46,140

Reconciliation

A reconciliation of the carrying amount of each class of intangibles at the beginning and end of the current reporting period is set out below:

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at start of year	11,194	34,946	46,140
Additions	45,154	41,823	86,977
Transfers to / from WIP	25,405	(25,405)	-
Amortisation	(6,063)	-	(6,063)
	<u>75,690</u>	<u>51,364</u>	<u>127,054</u>
Net carrying amount at end of year	75,690	51,364	127,054

Assets under construction (AUC) values are included in the above asset balances.

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at start of year	11,606	781	12,387
Additions	2,554	34,165	36,719
Transfers to / from WIP	-	-	-
Amortisation	(2,966)	-	(2,966)
	<u>11,194</u>	<u>34,946</u>	<u>46,140</u>
Net carrying amount at end of year	11,194	34,946	46,140

10. Current Liabilities – Payables

	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	-	2,712
Creditors and accruals	62,998	32,364
Other	318	708
	<u>63,316</u>	<u>35,784</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

11. Current / Non-Current Liabilities – Provisions

	2016	2015
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Recreation leave	11,165	6,472
Long service leave	1,938	1,143
Payroll tax	664	265
	13,767	7,880
Other provisions		
	\$'000	\$'000
Provision for makegood	2,201	1,215
Provision for onerous lease contracts	1,164	3,008
	3,365	4,223
Total current provisions	17,132	12,103
Non-current		
Employee benefits and related on-costs		
Long service leave	169	100
	169	100
Other provisions		
Provision for makegood	4,310	4,945
Provision for onerous lease contracts	-	96
	4,310	5,041
Total non-current provisions	4,479	5,141
Aggregate employee benefits and related on-costs		
Provisions - current	13,104	7,880
Provisions - non-current	169	100
Accrued salaries and wages	690	2,712
	13,963	10,692

Reconciliation of provision for makegood

	\$'000	\$'000
Carrying amount at the beginning of the period	6,159	1,136
Provision for makegood	1,550	5,145
Amounts used	(868)	(160)
Unused amounts reversed	(434)	-
Unwinding of discount or change in discount rate	104	38
	<hr/>	<hr/>
Carrying amount at end of financial year	6,511	6,159

Reconciliation of provision for onerous lease contracts

	\$'000	\$'000
Carrying amount at the beginning of the period	3,104	-
Provision for leases	6	3,104
Amounts used	(1,347)	-
Unused amounts reversed	(599)	-
	<hr/>	<hr/>
Carrying amount at end of financial year	1,164	3,104

The value of annual leave, including on-costs, expected to be taken within 12 months is \$7.8 million (2015: \$4.5 million).

To determine the consequential cost split on Long Service Leave, Service NSW has adopted the actuarial advice from Treasury Circular 15/09 using 92% current and 8% non-current. The amount expected to be settled after 12 months is \$168,522.

Provision for make good represents an estimate of future outgoings in respect of leasehold improvements where refurbishment activity had commenced at year end. The amount of provisioning is based on the application of a market estimate of the cost of make good in comparable buildings applied to the area of leased space.

Provision for onerous lease contracts represents estimated cost of terminating assumed lease rental commitments for sites to be converged pursuant to the Accelerated Distribution Strategy. The amount of its provisioning is based on current rental agreements plus exit costs for sites that have been designated for convergence.

12. Commitments for Expenditure

	2016 \$'000	2015 \$'000
(a) Capital Commitments		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than one year	42,334	41,362
Later than one year and not later than five years	-	57
Greater than five years	-	-
	<hr/>	<hr/>
Total (including GST)	42,334	41,419

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

	\$'000	\$'000
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	11,809	9,982
Later than one year and not later than five years	26,859	17,900
Greater than five years	-	336
	<hr/>	<hr/>
Total (including GST)	38,668	28,218

Operating lease commitments represent the unexpired portion of office accommodation property leases with state government. These commitments will be met from future revenue.

The total commitments above include total input tax credits of approximately \$7.4 million (2015: \$6.3 million) that are expected to be recoverable from the Australian Taxation Office.

13. Contingent Liabilities and Contingent Assets

Contingent liabilities

Service NSW is not aware of any significant or material contingent liability in existence at 30 June 2016 or which has emerged subsequent to this date, which may materially impact on the financial position of Service NSW as shown in the financial statements.

Contingent assets

As at 30 June 2016, Service NSW does not have a present obligation that could lead to an outflow of resources embodying economic benefits. As such, Service NSW has reported no known contingent assets at balance date.

14. Budget Review

Net result

The net result indicates a favourable variance to budget with a surplus of \$94.5 million compared with a budgeted surplus of \$78.4 million. This variance was primarily due to additional capital grants provided to accelerate key technology components of the Accelerated Distribution Strategy (ADS), the Easy to do Business program and the Digital Licence program, which were approved during 2015-16, and initial funding in respect of the proposed Strategic Roadmap program. The favourable variance was also assisted by increases in revenue being in excess of increases in expenses.

The major components of the Budget variances were:

Expenses:

- Employee expenses increase of \$10 million from the opening of new service centres;
- Other operating expenses increase of \$24.8 million primarily due to additional costs incurred in service centres and registry operating expenses;
- Grant payment \$14.0 million decrease due to the absorption of RMS related expenses into Other Expenses as Motor Registries are transitioned from RMS to Service NSW;
- Depreciation expense reduction of \$3.4 million due to revised commissioning dates.

Revenue

- Fee for service arrangements with agencies generated revenue of \$19.4 million (2014-15: \$14.3 million and budget of \$28.0 million. The budget included items of Other Revenue which are separately disclosed;
- Other Revenue included the recovery of merchant fees (\$2 million);
- The variance in Grants and contributions primarily relates to capital funding of \$11.1 million for accelerate approved service reform programs, the finalisation of the agency "true-up" process (\$6.5 million); DFSI cluster support (\$9.5 million), which includes an additional investment to complete key program technology platforms of \$3 million; and funding for the One Gov project of \$3.2 million and the Digital Licencing programs (\$1.4 million);
- The acceptance by the Crown Entity of employee benefit liability was significantly in excess of Budget due to the impact of the year-end net present value adjustment.

Assets and liabilities

Actual net assets of \$191.3 million were higher than the budget of \$172.5 million by \$18.8 million. Current assets were \$69.3 million compared to current liabilities of \$80.4 million. This deficit in the current ratio will be supported by prudent working capital management with sufficient funding available to meet liabilities, predominantly trade creditors, as and when they fall due.

In 2015-16, approved capital expenditure was \$123.1 million, which was the key factor underpinning the increase in non-current assets by \$30.4 million as at year-end.

Other balance sheet variances were primarily due to:

- Increases in cash and cash equivalents due to the delay in receiving and approving high-value invoices and other large capital orders in respect of project work;
- Increase in the receivable position, representing a return of GST payments from the ATO and prepayments paid to suppliers;
- Increase in non-current assets due to additional funding provided for new and in-flight programs;
- Increase in payables to meet increased capital spending and increase in provisions to accommodate recreation leave obligations from transfers-in to Service NSW from other agencies.

Cash flows

The actual cash balance of \$54.3 million was \$21.1 million higher than the budgeted balance of \$33.2 million primarily due to increased cash receipts for capital spending and an increase in trade creditors.

Service NSW has a working capital management strategy in place to ensure that cash and all individual trade and other creditors are appropriately managed within agreed and acceptable payment terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

15. Reconciliation of Cash Flows from Operating Activities to Net Result

	2016	2015
	\$'000	\$'000
Net cash used on operating activities	120,472	97,940
Add/(less) non cash items:		
Depreciation / amortisation	(17,195)	(10,281)
Changes in operating assets and liabilities		
(Increase) / decrease in net receivables	(1,674)	13,305
Increase / (decrease) in supplier payables	(2,758)	(36,872)
Increase / (decrease) in other provisions	(4,363)	(12,880)
Net result	94,482	51,212

16. Amounts Held on Behalf of Other Agencies

	2016	2015
	\$'000	\$'000
Service NSW remitting account	2,603	1,064
Total to be remitted	2,603	1,064
Amounts payable to client agencies	2,603	1,064
Total payable	2,603	1,064

Service NSW delivers transactional services on behalf of NSW Government agencies. Balances relating to underlying transactions owing to or from agencies are recognised as Service NSW assets and liabilities for the period until settlement (usually within 1 – 2 days).

The remitting account and amounts payable to client agencies above represent fees collected by Service Centres which have not been remitted to the agencies at year end. These include Housing NSW, NSW Registry of Births, Deaths and Marriages, NSW Fair Trading, Office of State Revenue, Roads & Maritime Services, Office of Environment & Heritage, Department of Justice (NCAT), Office of Liquor, Gaming & Racing and Community Relations Commission of NSW (Multicultural NSW).

The total value of cash remitted to client agencies in 2015-16 is \$537.5 million (2015: \$55.8 million) as follows:

Total cash value remitted to agencies	2016	2015
	\$'000	\$'000
NSW Housing	265	50
Registry of Births, Deaths & Marriages	11,059	6,969
Office of Fair Trading	37,218	31,459
Office of State Revenue	7,903	1,876
Roads & Maritime Services	477,523	11,007
Office of Gaming & Liquor	1,681	4,223
Office of Environment & Heritage	84	14
Dept of Attorney General (NCAT)	129	106
Community Relations Commission of NSW	1,600	87
	537,462	55,791

17. Financial Instruments

Financial instruments arise directly from operations or are required to finance operations. Service NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The main risks arising from financial instruments are outlined below, together with the objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included in these financial statements.

Service NSW monitors, reviews and provides advice about governance processes, risk management and control frameworks, and its accountability obligations in relation to managing risk. Risk management policies are established to identify and analyse the risks faced by Service NSW, to set risk limits and controls and to monitor risks. Compliance with these policies is reviewed annually by Service NSW.

a. Financial instrument categories

Financial Assets	Note	Category	2016	2015
Class:			\$'000	\$'000
Cash and cash equivalents	5	N/A	54,286	31,845
Receivables ¹	6	Loans and receivables (at amortised cost)	5,688	10,129
Carrying amount of financial assets			59,974	41,974
Financial Liabilities	Note	Category	2016	2015
Class:			\$'000	\$'000
Payables ²	10	Financial liabilities measured at amortised cost	63,316	35,784
Carrying amount of financial liabilities			63,316	35,784

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

b. Credit risk

Credit risk arises when there is the possibility of customer defaulting on their contractual obligations, resulting in a financial loss to Service NSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets, including cash, receivables, and authority deposits. No collateral is held by Service NSW. Service NSW has not granted any financial guarantees.

Credit risk associated with financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. The cash value at bank on 30 June 2016 was \$54.3 million.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that Service NSW will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

Service NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. The only financial assets that are past due or impaired are sales of good and services in the receivables category of the statement of financial position.

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2016			
< 3 months overdue	3,923	3,923	-
3 months - 6 months overdue	1,514	1,514	-
> 6 months overdue	82	45	37
2015			
< 3 months overdue	5,484	5,484	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes:

- Each Column in the table reports 'Gross Receivables'.
- The aging analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

c. Liquidity risk

Liquidity risk is the risk that Service NSW will be unable to meet its payment obligations when they fall due. Service NSW manages this risk through monitoring future operating cash flows and the timing of receiving approved funding allocation from NSW Treasury, which is on a cash flow needs basis, to facilitate the coordination and adoption of an optimal cash management strategy for the State. Service NSW maintains a suitable cash buffer to manage ad-hoc unscheduled payments, when required to ensure that working capital is sufficient to meet current liabilities.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000
2016							
Payables	n/a	63,316			63,316	63,316	-
		63,316	-	-	63,316	63,316	-
2015							
Payables	n/a	35,784	-	-	35,784	35,784	-
		35,784	-	-	35,784	35,784	-

Note: The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which Service NSW can be required to pay.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Service NSW has no exposure to market risk due to nil borrowings. Service NSW has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. Service NSW has no interest bearing liabilities at 30 June 2016.

e. Fair value of financial instruments

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates their fair value, because of the short-term nature of many of the financial instruments.

18. Events After the Reporting Period

Service NSW is not aware of any events after the reporting period which have an impact on the financial statements.

APPENDIX B

Number of Executive Officers and Remuneration

Band	Female 2015-16	Male 2015-16	Remuneration range (at 1 July 2015)	Average remuneration
4	-	-	\$441,201 - \$509,750	-
3	1	-	\$313,051 - \$441,200	\$400,000
2	2	4	\$248,851 - \$313,050	\$289,091
1	3	11	\$174,500 - \$248,850	\$220,724
TOTAL	6	15	-	-

In 2015-16, 3.9 per cent of service NSW employee related expenditure was related to senior executive employees. In 2014/15, 7.9 per cent of employee related expenditure was related to senior executive employees.

APPENDIX C

Credit Card Certification

Service NSW credit card policies and procedures outline conditions for eligibility, usage and management of Visa cards. These are consistent with the NSW Government policy as outlined in relevant Treasury Circulars and Treasurers Directions. The Chief Executive Officer certifies that credit card use at Service NSW has been used in accordance with government requirements.

APPENDIX D

Funds and Grants

Nil

APPENDIX E

Promotion – Overseas Visits

In 2015-16, staff at Service NSW did not undertake any overseas travel

APPENDIX F

Payment of Accounts

Annual Reporting requirements specified in the Annual Reports (Departments) Regulation 2015, obligate Service NSW to report on its performance regarding payment of accounts. Accounts due or paid within each quarter in 2015-16 are listed in the table below.

	Sep 2015	Dec 2015	Mar 2016	Jun 2016
Invoices due for payment	3,741	3,510	4,409	4,996
Invoices paid on time	2,898	2,748	2,852	3,859
Invoices due for payment received from small businesses	-	2	-	-
Invoices from small businesses paid on time	-	-	-	-
Amount due for payment	\$58,733,096	\$100,741,024	\$98,598,514	\$83,061,214
Amount paid on time	\$49,433,279	\$49,555,509	\$32,567,461	\$82,534,970
Amount due for payment to small businesses	-	\$18,491	-	-
Amount due to small businesses paid on time	-	-	-	-
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on late accounts	-	-	-	-
Number of payments to small business for interest on overdue accounts	-	-	-	-
Interest paid to small businesses on late accounts	-	-	-	-

Reasons for late payments Service NSW regularly challenges the veracity of project related invoice payments from suppliers to determine quantity delivered and/or the quality of work performed, which occasionally causes delays in invoices being returned to Service NSW due to variances in invoice versus quote on purchase order.

APPENDIX G

Time for Payment of Accounts

No interest was paid due to late payment of accounts.

APPENDIX H

Expenditure on Consultants

Consultancies of value equal to or more than \$50,000

Name of consultant	The title/nature of the consultancy	Cost
Management services		
Corporate Value Associates	Develop contestable pricing framework	\$689,363
Corporate Value Associates	Develop contestable pricing model	\$310,640
Corporate Value Associates	Strategic roadmap business case	\$216,000
Deloitte Touche Tohmatsu	Contact centre deployment and improvement	\$151,151
KPMG Australia Pty Ltd	Contact centre development proposal advice	\$158,712
KPMG Australia Pty Ltd	Contestable business model	\$150,191
KPMG Australia Pty Ltd	Independent review of ADS strategy	\$80,000
KPMG Australia Pty Ltd	Property & Facilities proposal advice	\$156,060
KPMG Australia Pty Ltd	ADS project strategy advice	\$101,549
KPMG Australia Pty Ltd	Back office improvements	\$56,304
KPMG Australia Pty Ltd	Strategic review of contact centre	\$152,000
KPMG Australia Pty Ltd	Strategic Roadmap Business Case	\$193,050
KPMG Australia Pty Ltd	NSW Digital Licence business case	\$799,334
Revolution IT Pty Ltd	SIP Jobs of Tomorrow Scholarship payments solution	\$68,020
The Customer Experience Company	Property management program	\$75,020
TOTAL number of individual consultancies with a value equal to or greater than \$50,000 is:		\$3,357,393

Consultancies of value equal to or greater than \$50,000. There were 23 individual consultancies with a value of less than \$50,000. These were for management services and totalled \$654,587.

APPENDIX I

Multicultural Policies and Services Program Report 2015-16

The Multicultural Policies and Services Program is a whole of Government responsibility overseen by Multicultural NSW. It focuses on ensuring that NSW Government agencies implement the principles of multiculturalism through their strategic plans to deliver high quality services to the people of NSW, which are inclusive of people from culturally diverse backgrounds.

During 2015-16, Service NSW formed a Multicultural Committee with representatives from a strategic cross section of the business to improve participation and decision making processes for customers from diverse backgrounds. The Committee's role is to promote the Service NSW Multicultural Plan and to recommend, implement and evaluate programs aimed at improving access to Service NSW. To ensure that our services are accessible to all community members including refugees and humanitarian entrants, Service NSW staff members who speak languages other than English, are aligned to sites across NSW. Staff members also participate in local community engagement programs to improve service delivery for community members from diverse backgrounds.

