



Annual
Report
2018

Author

Service NSW

Further information

© Service NSW. Users are welcome to copy, reproduce and distribute information contained in this report for non-commercial purposes only, provided acknowledgement is given to Service NSW as the source.

CONTENTS

Letter of submission	2
Message from the Minister	3
Message from the CEO	4
Access	5
About Service NSW	6
What we do	6
Legislation and Charter	6
Our network	7
Year at a glance 2017/18	8
Our year	9
Autonomy	9
Growth	9
Digital	10
Relationships	11
Team	11
Culture	11
Highlights of our year	12
Recognising our people	26
Looking ahead	28
Appendices	30
1. Customer response	31
2. Executive Leadership Team	32
3. Management structure	34
4. Workforce	35
5. Governance	44
6. Financial statements	56



30 October 2018

The Hon Victor Dominello

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

Dear Minister

Service NSW Annual Report 2017-18

I am pleased to submit the annual report for Service NSW for the year ended 30 June 2018, 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 "Damon Rees".

Damon Rees

Chief Executive Officer
Service NSW

MESSAGE FROM THE MINISTER

After five years, Service NSW has cemented itself as the flagship of the NSW Government and as a world leader in customer service.

The last year has seen Service NSW expand and take on multiple new large volume Government transactions, designed to be 'digital first' and delivered with enormous success. In January, the Active Kids Program launched and over 600,000 vouchers have been created with a customer satisfaction rating of 99.8 per cent. In March we launched the CTP Refund Program and we have delivered more than \$128 million in refunds for private vehicle owners. Finally, in July the NSW Government launched the Toll Relief Program, and in just over 2 months, almost 23,000 people have claimed approximately \$10 million in free car registration.

What these transactions prove is that in Service NSW, the NSW Government has an agile agency able to deliver large scale programs efficiently whilst maintaining the high quality customer satisfaction that is now expected by citizens across our state.

Looking ahead, the rollout and introduction of the Cost of Living service, Creative Kids Program and the Energy Switch Initiative are a big step towards the growth of Service NSW as a reflection of the NSW Government's responsiveness to the needs of its citizens beyond just transactional services.

As the Treasurer said in his 2018-2019 Budget Speech, Service NSW has become 'Savings NSW', and to that end helping our citizens take advantage of rebates, grants and savings they may not be aware of will become a core part of how Service NSW operates.

Progress has also been made on the innovation and agility front with several trials having been conducted for Digital Drivers Licences in NSW. Given the cyber security risks that are posed by any use of technology, these trials have allowed for a robust review of any such risks, how they can be mitigated, all while maintaining the focus on making it easier for

the citizens of NSW.

Although our focus is in driving digital adoption and digital transactions, Service NSW is also committed to its face-to-face and telephone customer service offerings. This year will see our geographical footprint continue to expand with the Rural and Regional strategy that will ultimately deliver 107 Service Centres across NSW, ensuring our state has physical access to more government services than ever before.

Service NSW is the envy of governments across Australia and the world. Our challenge is to maintain and support the extraordinary culture of this great agency and empower it to continue to deliver world-leading customer services to the people of our great state.

The Hon Victor Dominello

Minister for Finance, Services and Property

MESSAGE FROM THE CEO

It is now five years since our first Service Centre at Kiama opened for business, pioneering a new one-stop-shop for Government service delivery in NSW.

Service NSW has now grown to service over 47.2 Million customer interactions per year online, in person and over the phone, setting a new standard for customer service in Government with 97% customer satisfaction underpinned by one of the best teams you could ever wish for serving the citizens and businesses of our state.

This year has seen us continue to make it easier for our customers, opening 11 new Service NSW Service Centres to support our Regional and Rural customers, expanding our award winning Contact Centre services in Parramatta, enhancing our digital experiences and continuing to introduce new services for our customer such as CTP Refunds in partnership with the State Insurance Regulatory Authority, and Creative Kids vouchers in partnership with the Office of Sport.

We have increased our support for small and medium business customers in 2018 and accelerated our efforts to make NSW the easiest state to start, run and grow a business in partnership with the Office of the NSW Small Business Commissioner and local governments around the state. We are on track for the 100th council to go-live on the Making Business Easier platform before the end of 2018. Service NSW business concierges are now supporting all industries and our new digital experiences have expanded to support Housing and Construction businesses in addition to cafes, small bars and restaurants.

With over 3.3 Million MyServiceNSW Account holders, digital services are playing an increasingly important role in

providing our customers with convenient, personalised and cost efficient services. We are building core digital skills within Service NSW and evolving our technology architecture and platforms to support a step change in our ability to deliver digital services for customers. Underpinned by lean, agile, cross-functional teams, Service NSW core capabilities in digital will provide customers with great digital experiences, and Government with the ability to quickly, cost effectively and sustainably deploy new services and policies to the citizens and businesses of NSW.

Finally, our commitment to creating a truly inclusive culture has been the key to continuing to attract great people to Service NSW and ensuring we have the diversity of perspective, experience and talent we need to deliver great results for our customers. We are meeting the NSW Public Sector target for gender diversity with 50% women in senior leadership roles across Service NSW. Our partnership with the Hunter Valley Training Company has introduced over 100 new trainees into our organisation with a focus on disadvantaged young people and was recently recognised for Industry Innovation at the 2018 NSW and ACT Group Training Awards.

I'm very proud of the difference that Service NSW is making for customers every day and the truly special group of people who chose to be part of the Service NSW team. I want to thank our people for their unwavering commitment to our customers and the communities we serve; past and present leaders who have laid strong foundations for us; our colleagues in other agencies across the sector who are an integral partner in everything do; and for the trust placed in us by the NSW Government and our customers.

Damon Rees
CEO, Service NSW

ACCESS

web service.nsw.gov.au

email info@service.nsw.gov.au

phone 13 77 88

head office McKell Building
2-24 Rawson Place
Haymarket 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.

ABOUT SERVICE NSW

What we do

Service NSW is an award-winning NSW Government executive agency that delivers improved one-stop services for our customers and businesses. We are shaped by our customers as they demand easier and greater access to government services online.

We have a reputation for delivering a high standard of customer service and maintain a customer satisfaction rating of 97 per cent. Our customers tell us we are making it easier by providing a single point of contact to access government services, supported by passionate team members committed to delivering world-class customer service.

Between 1 July 2013 and 30 June 2018, Service NSW assisted more than 43.8 million customers.

We are a key contributor to the NSW Government's commitment of having 70 per cent of government transactions conducted via digital channels by 2019. This year, 66.7 per cent of our transactions were handled digitally.

We deliver services to customers and businesses through our network of 90 Service Centres, 32 Council agencies and six self-serve digital kiosks, a Contact Centre with a single phone number, a transactional website and the Service NSW app.

Service NSW continuously draws on the examples of best service delivery from public and private sectors to deliver a better and more efficient customer experience.

Our mission is to transform transactional services through excellent customer service and effective partnerships.

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.

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 the Public Sector Employment and Management (Service NSW Division Staff Transfer) Order 2013, activities were transferred to the 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. It was transferred to the newly created Finance, Services and Innovation cluster from 1 July 2015.

YEAR AT A GLANCE 2017-18

At 30 June 2018, Service NSW provided customers to access to more than 1000 transactions with 35 government entities.

New partner agencies added during the year were the State Insurance Regulation Authority, the Office of Sport, the Subsidence Advisory Board and Queanbeyan-Palerang Regional Council.



Opened 11
service centres



6.5 million customers served with an average wait time of **7 minutes**



5.8 million calls answered by our contact centres



4 store-in-store
agencies opened



1.7 million MyServiceNSW accounts created



47.2 million customer interactions



Service NSW app
737,000 downloads



35 partner agencies



34.8 million online customer visits

1000+

Transactions and services



97 per cent
customer satisfaction



YouTube, LinkedIn +
Instagram channels created
14,000 Facebook followers

OUR YEAR

Service NSW continued to manage our business against our 2016-19 Strategy. This was built with the involvement of the entire Service NSW team to ensure a clear, shared vision of our objectives and where we wanted to be in 2019.

This year we continued to reinforce the quality of service of our existing business, but also worked with our partner agencies on new initiatives designed to deliver an improved customer experience.

Our performance in 2017-18 continued to be directed by the six strategic outcomes that underpin our 2016-19 Strategy.

Autonomy

Service NSW aims to have a robust revenue framework and funding sources to ensure our long-term financial stability.

On 1 July we introduced a comprehensive fee-for-service model with Roads and Maritime Services (RMS), our largest business partner.

Fee-for-service pricing is based on full cost recovery of Service NSW's operating expenditure, excluding depreciation. There are no margins applied above our operating costs to deliver government transactions to customers.

Growth

The opening of 11 Service Centres enhanced the services we can deliver to people living in rural and regional areas.

They are at Moruya, Nowra, Maclean, Murwillumbah, Gunnedah, Wentworth, Muswellbrook, Glen Innes, Wellington, Walgett and Lightning Ridge.

We now have 90 Service NSW centres in the state, with another 17 planned to open in 2018-19.

Digital

Increase digital adoption

Service NSW is a key contributor to the NSW Government's target of achieving 70 per cent of government transactions to be conducted via digital channels by 2019-20.

At 30 June 2018, almost 67 per cent of our transactions were conducted online, up from 56 per cent last year.

Active Kids

An initiative to cut childhood obesity by making it financially easier for youngsters to play sport has been highly successful.

Active Kids, which offers a \$100 voucher towards the cost for every school-enrolled child to play sport.

It has been accessed 387,000 times through the MyServiceNSW accounts of parents, carers or guardians in six months.

CTP refunds

Reforms of Compulsory Third Party vehicle insurance saw Service NSW deliver \$128 million to private motor vehicle owners in the state through their MyServiceNSW accounts.

It is expected the reforms will eventually return \$300 million to motorists.

Making business easier

Our service makes it easier to do business in NSW by replacing the need to deal with multiple government agencies when setting up or growing a new business.

It offers a single entry point digital business navigator solution in highly regulated industries: Cafes, Restaurants and Small Bars; Housing Construction; Road Freight Transport; Clothing Retail; and Print Manufacturing.

As an example, it has reduced the average time to start a café, restaurant or small bar from 18 months to around 90 days.

Digital licensing

The NSW Government is working to deliver a Digital Driver Licence (DDL) statewide in 2019.

A DDL was trialled earlier this year in the Dubbo region. It will be further tested in the eastern suburbs of Sydney from November 2018.

An initiative to digitise Vocational Licences is also being delivered.

There are more than 23 million licences and permits issued in NSW each year across 769 categories.

Relationships

Service NSW continuously seeks to better its understanding of our customers' requirements to deliver offerings best matched to their needs.

We do this formally through relationship management and surveys, but less formally by involvements in community events that allow us to inform and learn. This year our staff showed their support of their communities in more than 130 events.

Team

Establish a people development strategy

As part of its People Development Strategy, Service NSW implemented its talent and succession planning framework, Development Opportunity Portal and Get That Job workshops.

They are to identify and develop talent, promote internal movement and support career progression.

Culture

Increase engagement with our people

Our March 2018 internal Pulse Engagement Survey showed that 75 per cent of our employees are engaged: they feel proud, motivated, inspired and would recommend Service NSW as a great place to work.

This was an improvement of 6 per cent over the March 2017 Survey.

The Service NSW Circle of Service is a staff-led continuous improvement program established in 2014. There were 1159 ideas from our people in 2017-18, and 250 were implemented.

HIGHLIGHTS OF OUR YEAR

We handled over 47 million interactions with customers

In 2017-18 Service NSW handled 47.2 million transactions, assisting with more than 13 million customer enquiries. We maintained a customer satisfaction rating of 97 per cent.

At 30 June 2018, Service NSW provided customers to access to more than 1000 transactions with 35 government entities.

New partner agencies added during the year were the State Insurance Regulation Authority, the Office of Sport, the Subsidence Advisory Board and Queanbeyan-Palerang Regional Council.

We helped our customers:

- At our network of 90 Service Centres and 32 Council agencies we provided personal assistance to 6.5 million customers.
- Through our Contact Centres, where we assisted 5.8 million customers with an average waiting time for customers of less than 3 minutes
- At our Middle Offices and other locations, where we completed more than 450,000 transactions and printed and delivered 2.4 million cards ranging from driver licences, photo identity and Responsible Service of Alcohol and Gambling cards. We also averaged 15,000 motor vehicle dealer transactions a week through online and service centre channels
- At our Silverwater Driver Test Centre, where we carried out 23,929 assessments, and
- At our motor and vessels Dealer Business Centres, where we handled 10,086 customer visits.

Notably, there was strong growth in the number of people who accessed our services online. The number of digital visitors was 34.8 million, up from 23.3 million in 2016-17, driven mainly by two transactions: free vehicle registration checks and driver licence demerit point checks.

The strong growth of digital access to our services was demonstrated by the opening of more than 1.7 million new digital MyServiceNSW accounts, taking the total to 3.5 million, and more than 737,000 downloads of the Service NSW app, taking the total to 1.55 million.

Online vehicle registration renewal rose to more than 83 per cent, while digitised driver licence renewal - which became available in July 2016 - was used 351,490 times, representing 17 per cent of total NSW driver licences.

We processed more than \$5.5 billion in payments across government in the year, under a fee-for-service arrangement.

While Roads and Maritime Services remained our biggest source of customer transactions, other initiatives such as the Active Kids rebate and the Compulsory Third Party vehicle insurance green slip refund scheme increased demand for our services.



Five years of Service NSW

On 30 June, Service NSW completed five years of service to the people of our state.

Our first service centre, offering a radical change from the way business had traditionally been done with government, opened at Kiama on 1 July 2013.

It opened as a pilot centre and was closely followed by others at Tweed Heads and in the Sydney Central Business District. Initially these centres offered customers assistance with their dealings with Roads and Maritime Services, Fair Trading NSW and the NSW Registry of Births, Deaths and Marriages.

In the following year we had opened 18 service centres and we served 3.5 million customers in store, on the phone or online.

Five years after our Kiama Service Centre opened its doors, we have served more than 125 million customers across all channels, including 26.3 million through our 90 service centres.

New service centres enhance rural and regional services

The reach of Service NSW and the services we can deliver to people living in the state's rural and regional areas was enhanced during the year by the opening of 11 service centres.

They are at Moruya, Nowra, Maclean, Murwillumbah, Gunnedah, Wentworth, Muswellbrook, Glen Innes, Wellington, Walgett and Lightning Ridge.

Customers and businesses in all these communities now have access to the same services delivered in metropolitan areas with low wait times, higher levels of customer satisfaction and greater access to more services at one location.

There will be further investment to assist in the regions in 2018-19, with service centres to open at Leeton, Hay, Yass, Springwood, Nambucca Heads, Cootamundra, Wauchope, Narrandera, Moree, Forbes, Toronto, Finley, Tumut, Nyngan, Tenterfield, West Wyalong. A Digital Hub will open at Woy Woy.

This will bring our service centres network to 107 by the end of 2018-19.

Contact Centres serve 5.8 million customers

In 2017-18 our telephone Contact Centres, which complement our physical and digital networks, served more than 5.8 million customers. Since 2013 this service has assisted more than 17.8 million customers.

The average wait time for customers calling Service NSW on 13 77 88 was 67 seconds.

Our Contact Centres, located at Parramatta and Newcastle, are significant local employers with a total of more than 550 team members, 390 of which are full-time employees.

1.7 million new MyServiceNSW online accounts

Customers continue to open our MyServiceNSW accounts at a rapid rate.

This year, more than 1.7 million were created, which was a significant increase on 1 million in 2016-17. There are now more than 3.2 million My Service NSW account holders.

A customer's digital profile in a MyServiceNSW account allows them to securely store profile details and validated identity credentials to simplify access to government transactions. Our partner agencies are also able to verify an individual's credentials for other digital transactions.

Service NSW apps top 1.5 million

This year, customers downloaded the free Service NSW app more than 737,000 times, taking total downloads of the app to more than 1.55 million. It delivers 24-hours-a-day, seven-days-a-week access to a range of government services.

The app allows customers to:

- Check and renew their NSW government licences, permits and registrations;
- Check and renew their NSW driver licences for eligible customers;
- Check and renew registration of their vessels and vehicles;
- View current and demerit points balance;
- View vehicle-related penalty notices and fine details, including photos (if available); and
- Pay a fine by entering the penalty number or by scanning the barcode on a penalty letter.

Middle Office expansion

Service NSW operates Middle Offices that allow our service centre and Call Centre staff to focus on core, customer-facing tasks.

Our Middle Offices are the Parkes Agency Business Centre and Parkes Card Operations, Goulburn Business Centre, Auburn Dealer Business Centre, Castle Hill Business Centre, Brookvale Business Centre and Newcastle Card Operations.

They also assist with delivering key initiatives such as Active Kids and Compulsory Third Party green slip insurance reform.

In mid-2017 our Brookvale Middle Office was created to manage business refunds and customer resolution for CTP refunds.

Additionally, our Goulburn Middle Office assisted the Office of Sport with assessing sporting organisations for the Active Kids initiative.

Our Auburn Dealer Business Centre and our Castle Hill Business Centre, with their specialised services for motor and marine dealers and fleet operators, completed more than 230,000 transactions.

These teams also manage 440 agreements between Roads and Maritime Services and individual motor dealers, assisting with dealer online access and on-site training.

Driver testing services

Getting a driver licence is an important milestone in people's lives, and Service NSW continued to make it faster and more convenient to do so.

During 2017-18, we offered more than 288,000 driver test appointment times, with more than 275,000 tests booked. Up to 6,000 driver tests were held in some weeks.

Waiting times to book a test continued to remain low: the average was around nine days. In 2015, the average waiting time was 35 days.

We also continue to deliver a best-practice driver testing experience for our customers. We held bi-monthly consultations with business stakeholders and driver testing bodies such as the Australian Driver Trainers Association and the NSW Driver Trainers Association.

In March 2018, we surveyed more than 800 driving instructors about our services which returned a satisfaction rate of 97 per cent across all areas.

The discussions and the responses to the survey delivered valuable information that will ensure we continue to deliver high standard services.

Registration renewal made easier

Each week about 2000 customers phone Service NSW's Contact Centre to obtain their individual billing numbers for paying their vehicle registrations.

In June 2017, we launched a feature on our website that allows customers to retrieve their registration billing number details instantly.

They now can do this by entering their plate number instead of a billing number to quickly and easily renew their registration online.

Registration renewal is Service NSW's most popular online transaction with more than 5 million transactions each year, or about 80 per cent of re-registrations in 2017-18.

Assisting NSW TrainLink customers

In September, our Newcastle Contact Centre began taking calls from NSW Trainlink customers.

TrainLink operates intercity train services between Sydney, Newcastle and Wollongong, as well as train and coach services supporting regional areas of the state.

Our Contact Centre had answered 360,000 Trainlink customer calls to 30 June. Interactions included trip enquiries, ticketing, booking changes and payments.

Enhanced accessibility services

Service NSW offers in-store and online features to assist our customers with special access needs. We continue to work with local councils to ensure that our Service Centres have accessibility parking bays.

At the end of 2017, we held a Disability Inclusion Workshop with peak disability groups to gather further insights from those who best understand challenges encountered by people with disability.

These insights are being used to draft our Disability Inclusion Action Plan 2018-2020, which will build on our 2015-2017 plan.

Digital Driver Licences

A Digital Driver Licence will be introduced throughout NSW in 2019. In advance of this, the Digital Driver Licence is being trialled in the Dubbo area and will be further trialled in five postcode areas in Sydney's eastern suburbs from November 2018.

The digital licence can be accepted as proof of identity and/or proof of age for the purchase of restricted products such as alcohol and tobacco, for the hire of cars or for entry to clubs, pubs and hotels. Dubbo trial surveys have shown a 97 per cent acceptance of it in pubs and liquor stores.

The digital licences are a simple, easy-to-use alternative to a physical licence. Benefits of the state-wide rollout will include:

- Fewer cards to carry. Holders can show identity, age and 'permission to drive' with a secure mobile device app at no extra cost to standard licence fees
- Convenience. Holders can update details and renew their licence from their mobile device
- Security. Personal information can be controlled; and
- Real-time information. Holders can get real-time updates and licence-specific information, including renewal reminders.

All driver licence holders, including provisional license holders, will be eligible for the digital licence. The Learners Permit is not included. There are no plans to phase out plastic driver licence cards.

The new licence will complement licences already available through a customer's MyServiceNSW account on an opt-in basis. These include the Recreational Fishing Licence, Responsible Service of Alcohol and Responsible Conduct of Gambling competency cards and Vessel Registration and Personal Watercraft/General Boat Licences.

More than 114,600 digital licences have been downloaded by NSW people.

Cost of Living service

The NSW Government is committed to easing cost of living pressures for the people of the state. Research indicates that around 50 per cent of residents rate cost of living pressures as a concern, while awareness of existing rebates and savings offered by the government is low.

In June, the government announced a Cost of Living initiative to be delivered through Service NSW to increase awareness and uptake of NSW Government rebates and savings.

We will bring together more than 40 new and existing rebates and savings from more than 20 government agencies in one convenient location. These will include Active Kids vouchers, Compulsory Third Party vehicle insurance refunds, Toll Relief and the Family Energy Rebate.

The Cost of Living service will make it easier for customers to view, access and apply for rebates and savings online, by calling us or visiting a service centre. From July 2018, an online assessment tool will be available to help customers determine their eligibility for particular rebates and savings.

The service will also include the ability to make an appointment for customers who need more help to access and apply for rebates and savings.

Initially, the appointment service was trialled from 1 July at our Lismore, Taree, Parramatta, Wynyard and Wetherill Park Service Centres. It is expected that the Cost of Living appointment service will be available at selected service centres across NSW by the end of October 2018.

Compulsory Third Party Insurance insurance refunds

Since 1 December 2017, when reforms were introduced by the NSW Government to Compulsory Third Party green slip insurance, we delivered more than \$128 million in refunds for private vehicle owners through their MyServiceNSW accounts.

It is anticipated that \$300 million will be returned to NSW motorists.

The systems developed to deliver the refunds were extensively tested by Service NSW. These began with fleets of less than 50 vehicles and taxis, followed by a sample of 100,000 customers.

The CTP reforms were driven by findings that:

- An injured person often had to wait on average 3-5 years after a motor accident to receive compensation;
- Only 45 cents in every CTP dollar collected by insurers (excluding GST and a Lifetime Care and Support Levy) went to injured people as benefits. The rest went in scheme costs, insurer profit and legal and investigation costs;
- NSW had some of the highest premiums in Australia and without reform, prices would have continued to rise; and
- Fraudulent claims were estimated to add up to \$75 to the cost of each Green Slip.

The reform aims to make the insurance scheme fairer and more affordable.

The background of the page features a light grey silhouette of a woman and a child running together. The woman is on the left, and the child is on the right, both in mid-stride. The overall tone is active and positive.

Getting Kids Active

From its launch in January until 30 June, Service NSW distributed \$38.7 million to customers under the NSW Government's Active Kids program. It aims to cut levels of childhood overweight and obesity rates in the state by 5 percentage points by 2025.

Active Kids, which became available from 31 January, offers a \$100 voucher each calendar year to every student enrolled in school to help cover the cost of sports and active recreation fees.

To date, parents, carers and guardians have redeemed 387,000 vouchers through their MyService NSW accounts.

A total of \$207 million has been allocated over four years to help parents with the costs of getting their kids into sport. More than 1 million school children across NSW are eligible for the annual \$100 voucher.

Toll Relief

My Toll Relief, to come into effect on 1 July, will ease costs for frequent toll road users by providing free registration to owners of privately registered light vehicles who spend an average of \$25 or more per week in a year.

Most eligible motorists will save \$358 a year on their vehicle registration costs, with potential savings of up to \$715 a year.

The scheme is backdated, with spending calculated from 1 July 2017.

Making it easier to do business

Our business assistance service, which aims to cut the time, cost and complexity of launching a business in NSW, began the year with four council partners across the state.

By 30 June, this had grown to 50 council partners, with another 27 councils committed.

Since the service was launched in 2016, it has assisted 419 customers.

It has developed specific assistance for NSW small businesses in the Cafe, Restaurant and Small Bar, Housing Construction, Clothing Retail, Print Manufacturing and Road Freight Transport industries, including:

- 'How-to' guides
- A tailored and personalised Business Concierge service to assist business owners, and
- A digital platform.

In February, a new digital platform was launched.

This service simplifies dealing with government by bundling together the information required for starting or managing, growing or adapting a business in the Café, Restaurant and Small Bars and Housing Construction industries.

The service is a partnership between Service NSW, the Office of the NSW Small Business Commissioner and the Better Regulation Division in the Department of Finance, Services & Innovation.

This cross-government collaboration leverages Service NSW as an integrated customer service interface for access to information, transactions and government services for new and existing small and medium businesses.

The service has received \$60 million of Commonwealth funding for the 2018-19 and 2019-20 financial years. This will be used to accelerate program implementation and provide assistance to businesses looking to start, manage, grow or adapt in the Café, Restaurant and Small Bar and Housing Construction industries.

All NSW businesses in these industries will be able to access relevant information on Local, State and Commonwealth Government regulatory obligations online, electronically complete and submit applicable application forms and access pre-filled online application forms where practicable.

The Business Concierge service will be offered and scaled up to provide assistance and guidance to small businesses within 24 hours.

The background of the page features two large, light grey silhouettes of people in profile, facing each other as if in conversation. The silhouette on the left is smaller and appears to be a man, while the one on the right is larger and appears to be a woman. They are positioned behind the text, creating a subtle, artistic backdrop.

“It really made it easier to open a business”

When Colin Church launched his tribute to genuine Mexican street food dining on Sydney’s northern beaches, it had some background help from Service NSW’s business assistance service.

After his years of living in and travelling around Mexico, he wanted El Gusano Taqueria to offer authentic Mexican food, not influenced by other cuisines or adapted to other palates.

But first, there was the job of actually getting his restaurant opened.

“There is a lot of information out there which you need to know and information from well-meaning people with small businesses, which is not always accurate,” he said.

“The making business easier service was very personalised: it was really like having a small business helping me with my small business. I had one contact point from beginning to end,” Colin said.

“A Business Concierge helped me from the onset with legislation I needed to know about, which forms to complete, deadlines, application forms etc. My Business Concierge was very clear of what needed to be done and when, and also followed up with me to check on how I was progressing, what he could do to help to make things easier.”

Our quality of service recognised

Service NSW was again recognised by both the public and private sectors for the quality of service it delivers to its customers.

Our business assistance service won the Creating Jobs category of the 2017 Premier's Awards for Public Service.

The awards, established in 1996, recognise excellence in delivering public services to the NSW community by the public sector, not-for-profit organisations and private businesses.

The Creating Jobs award category acknowledges those who have worked on programs, initiatives, innovations or improvements that have contributed to creating new jobs in NSW. It supports the Premier's priority to create 150,000 new jobs by 2019.

The OpenGov Recognition of Excellence was awarded to Service NSW for our Digital Licence platform and our business assistance service. OpenGov celebrates the successful stories of the best performing government agencies for achieving excellence in strategies, policies and initiatives.

The award recognises government agencies that have achieved excellence in using Information and Communications Technology, creating a digital NSW Government and working continuously to create better outcomes in the lives of citizens.

This award, for Designing our Digital Future, sets out the next phase of reform in NSW to deliver smart, simple and seamless policies and services.

The strategy prioritises customer experience, data and digital transformation inside government, while committing to experiment with new and emerging technologies to drive transformation.

The Australian Financial Review Top Service Innovation award

The Australian Financial Review newspaper ranked Service NSW 24th in its list of Australia and New Zealand's top 50 Most Innovative Companies.

This was for our MyServiceNSW portal in the Top Service Innovation category. It was recognised as a top-scoring innovation to help the citizens transact seamlessly with the NSW Government through any device.

NSW citizens can manage their own single, secure profile to find transactions from 35 government agencies in three clicks or less. MyService NSW helps customers to launch, track and complete transactions all within the single portal.

The Australian Financial Review list ranks the most innovative organisations in Australia and New Zealand, featuring firms at the cutting edge. It is the only cross-industry list of its kind.



Refugee Internship

Service NSW took considerable pride this year in the success of its inaugural Refugee Internship Program. While delivering notable benefits to individuals and their families, it is also greatly enhancing the levels of service we can offer to our customers.

Programs like this strengthen our employee value proposition and our employee engagement, grow our talent pipeline and contribute meaningfully to NSW government priorities.

Our program was initially a workplace immersion program to allow refugees to experience paid work in an Australian workplace. Our service centre network with entry level customer service roles provided the opportunity.

We had 22 refugee interns begin with us in customer service, administrative and various professional roles.

In recognition of the wealth of talented people with a variety of professional qualifications and experience coming through this program, we started to focus on enhanced career development and opportunities for career pathways for our interns.

Graduates of the Refugee Internship Program typically go on to gain permanent employment within our service centres. Other graduates have gained employment in their area of expertise such as procurement, finance, technology services, human resources and corporate relations.

The internship experience has also enabled further employment across other government agencies as well as in the private sector.

Our program graduates have fitted especially well into our service centres. It is the central principle of Service NSW that our customers are at the heart of everything we do, so great importance is attached to having our people reflect the communities they serve.

Our initial intake of 11 interns, recruited on six-month terms, all became permanently employed. Our program expanded to employ a further 11 people, making our 22 staff the largest contributors to the Premier's goal of 100 refugees employed across government in 2018.

Our Program's participants were 12 men and 10 women from four countries: Syria (11), Iraq (8), Tibet (2) and Egypt (1).

Service NSW is regularly asked for advice from other government agencies about how to successfully attract, develop and retain talent from disadvantaged groups within our communities.

External organisation visits

We continued to provide tours this year for visitors from both international organisations and other Australian government agencies.

They come to see how Service NSW has changed the way NSW Government transactions are handled and the best practices of our one-stop shop service.

This year, we welcomed visitors from Kenya, Hong Kong, Singapore, South Africa, Canada, Jakarta, China and Taiwan, as well as Australian government entities such as the Civil Aviation Safety Authority, and Departments of Education, Health and Transport.

Breaking down barriers for service

We regard it as crucial that Service NSW's network and services are accessible to all, regardless of language, cultural background or physical location. We continued to encourage our teams to implement ideas that allow them to better engage with their local communities.

Each year our frontline teams take part in more than 150 events in their local communities. All our service centres can offer tailored information sessions to help groups such as seniors, school students and community groups. Information about using our digital services and how to obtain licences are popular requests.

This year, our staff took part in NAIDOC Week, Seniors Week, local shows and charity events.

NAIDOC Week

Many of our staff prepared for their involvements in Australia's annual commemoration of our Aboriginal and Torres Strait Islander people, which celebrated the theme 'Because of Her, We Can!'.

The origins of NAIDOC can be traced to Aboriginal groups in the 1920s that sought to increase awareness in the wider community of the status and treatment of Aboriginal and Torres Strait Islander Australians.

A number of events were held this year by Service NSW staff across NSW to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.

In Sydney, at our head office, we hosted an event open to all employees of the Department of Finance, Services and Innovation. Guests heard from a panel of inspiring Aboriginal women and enjoyed Aboriginal-inspired catering.

Our Newcastle Service Centre staff celebrated "Because of Her We Can!" by honouring the contribution of Aboriginal and Torres Strait Islander women to the community, acknowledging the Mum of one staff member, and through a custom art piece.

At Ulladulla, our Service Centre staff took part in the local Ngulla NAIDOC Festival, with a presence at staffing a stall and participating in cultural events.

Many of our service centres took part in multicultural events, with Wallsend supporting the Northern Settlement Services Afghan Women's Group and Queanbeyan taking part in the Queanbeyan Multicultural Festival.

Seniors Week

Seniors Week gave the opportunity again for people of all ages to celebrate the valuable contributions of older Australians. This year's theme was improving community attitudes towards older people and ageing.

Our staff took part in events at Port Macquarie, Grafton, Castle Hill and Gosford.

One of our Castle Hill Service Centre staff took part in a Computers with a Cuppa event aimed at familiarising seniors in the Baulkham Hills community with useful technology and apps.

Community members were shown how the Service NSW app works, and how easy it is to do transactions online from home.

Other community events

Our Newcastle Service Centre staff were involved in a Buy-a-Bale event that raised \$5,573 to support drought-affected local farmers.

Our Deniliquin Service Centre team hosted a sausage sizzle to raise funds for kitchen facilities at Deniliquin Hospital's new dialysis unit. The team aimed to raise \$775 to buy kitchen facilities for use by patients and families, but donations continued after the event and they exceeded their goal.

Nine service centres assisted the Children's Medical Research Institute's Jeans for Genes Day, raising money for treatment of genetic disease; five supported Australia's biggest fundraiser, the Cancer Council Australia's Biggest Morning Tea; while three supported the Australian Cancer Council's Daffodil Day to raise funds for cancer research.

Service NSW at O Week

Service NSW's assistance can cross every age group, so our staff took the opportunity to talk to many hundreds of young students about to take the step into tertiary education.

O-Weeks, or Orientation Weeks, were the venues for us to talk to students at seven regional and metropolitan universities: Charles Sturt University Albury, Charles Sturt University Bathurst, University of Wollongong, University of Newcastle, Western Sydney University, Macquarie University and Sydney University.

Our teams showed students how to open a MyServiceNSW account, and handed out free pairs of earphones.

Defibrillators to save lives

The collapse from a heart condition of a customer at our Liverpool Service Centre in May led to a program that will see a defibrillator at every service centre in the state by the end of 2018.

The customer had just successfully completed a driving test when he collapsed.

Three staff, assisted by phone instructions from NSW Ambulance, gave him mouth-to-mouth resuscitation and chest compression for 10 minutes until paramedics arrived.

Our customer was successfully treated at Liverpool Hospital and later returned to our Service Centre to thank our staff for their help.

The event led to a decision that all of our service centres should have a defibrillator and staff trained in their use. The machines are automated and provide voice prompts and pictures for guidance.

A person's chance of surviving a heart attack drops by 10 per cent for every minute that passes without resuscitation or the use of a defibrillator.

Social media engagement

With our presences on Facebook, Twitter, LinkedIn and Instagram, we continued our emphasis on using social media to inform customers about service centre developments and newly available services.

We engage with many of our customers through Facebook, addressing questions and complaints and obtaining positive feedback. In the year, we responded to more than 7,600 inbound messages and more than 8,000 comments.

We enhanced our social media team to create and efficiently and effectively deliver content that is useful to our customers. This was also to ensure fast response times to growing customer interaction with our channels.

Rita the Robot transforming work

Rita joined Service NSW this year to end long hours of dull, repetitive work for staff who manually recorded number plates returned to Roads and Maritime Services.

Equipped with a flat conveyor belt with a camera and number plate recognition software, Rita scans and digitises each plate's details and automatically stores them.

Designed by Service NSW's information technology team, Rita can record the details of up to 600 plates an hour. It took a person a day to manually sort 600 plates.

The verdict was that Rita took the robot out of humans by automating repetitive tasks, allowing our staff to focus on interacting with and serving the community.

RECOGNISING OUR PEOPLE

Attracting the right talent

The people of Service NSW are central to achieving our strategic and operational outcomes. We strive to attract talented people who are passionate about our vision to provide customers with a great experience.

By year's end we had a headcount of 2,284 staff, or the equivalent of 1988.25 fulltime Service NSW people. This compared to 1989 and 1758 respectively at 30 June 2017.

During the year, almost 32,500 people applied for 463 opportunities to join our team.

We began examining the effectiveness of our recruitment practices in terms of structure, timeliness and cost.

The review, which will continue into 2018-19, is developing improvements and building a better understanding, both internally and with our hiring managers, of contemporary recruitment practices that deliver a modern, more skilled and diverse workforce.

Developing our workforce

Service NSW has a dynamic people development strategy to support the employee lifecycle and create a continuous improvement culture.

It includes structured interventions and programs aimed at setting standards and expectations for our people, and enhancing skills and capabilities for present and future needs.

These include:

- Onboarding and induction curriculums
- Compliance and technical curriculums
- Leadership Fundamentals
- Future Leaders Program
- Short programs of training
- Building commercial acumen
- Talent reviews, and
- On the job learning and development opportunities.

Pulse Engagement Survey

Service NSW tracks staff engagement through regular internal Pulse Engagement Surveys.

Our March 2018 survey showed that 75 per cent of our employees are engaged: they feel proud, motivated and inspired and would recommend Service NSW as a great place to work.

This was an improvement of 6 per cent over the March 2017 Survey.

People Matter Employee Survey

The People Matter Employee Survey, a whole of NSW public sector survey, is an important opportunity for almost 400,000 employees to have a say about experiences with their own work and working with their team, managers and the organisation.

Service NSW's staff responded enthusiastically, with 1,830 or 94 per cent of our people completing the survey.

They told us they would like more development and career opportunities, greater confidence in how recruitment decisions are made, more recognition of the work they did and a greater focus on health and wellbeing - particularly relating to flexible working arrangements.

In response, to support development and career opportunities, another, improved, Future Leaders Program was planned for 2018, while a Women in Leadership event was held. We also committed to give all employees the opportunity to complete the 7 Habits of Highly Effective People program.

The 2018 People Matters Employee Survey was conducted in June. Results and key themes will be released in August.

The response rate across the NSW Public Sector was 50.7 per cent, while the Finance, Services and Innovation cluster, of which Service NSW is part, recorded 94 per cent.

Each survey informs our People Development Strategy and all people-related initiatives to ensure we build and support a world-class team.

BRAVO Awards

Service NSW values the great work of our people. We celebrate those who embrace our DNA and values of Passion, Teamwork and Accountability.

Teams and individuals who go the extra mile to make a difference to our customers are recognised monthly in the Being Recognised as a Valuable member of our Organisation (BRAVO) Awards and in the annual Service NSW CEO Awards.

Over the year, 784 outstanding team members were nominated for BRAVO Awards, with 38 recognised for their exceptional contributions to our success.

Service NSW CEO Awards

The annual Service NSW CEO Awards are considered the most prestigious of internal awards.

Nominees are drawn from BRAVO award winners and others who have been notable in our support of our customers.

There were 14 individual and team CEO Award winners recognised for their exceptional contributions to our success.

The winners received their awards at a presentation ceremony held at NSW Parliament House.



LOOKING AHEAD

As Service NSW made its annual review of its 2016-19 Strategy, we again consulted our staff about how best to deliver success for us and our customers.

The Strategy, developed with people across our organisation, is our blueprint. Each year we measure our success against a series of Strategic Outcomes - the key actions and activities we undertake to drive progress.

Each year Service NSW's leaders and staff also work together to refresh our approach to implementing our Strategic Plan, identifying the areas where we need to focus to ensure we deliver against the Plan and that we stay true to our values and our vision.



Growth

Grow our business sustainably

We will bring on board more partner agencies and transactions in such a way that we can absorb and support the change.

Managing our continued growth means that we can achieve our mission to transform transactional services while bringing our people and our systems along and maintaining very high levels of quality and customer experience.



Relationships

Strengthen ties in our communities and partnerships

We'll continue to build strong relationships, and to maintain a culture that drives the delivery of outcomes for client agencies.

Our relationships with our partners and our community will build on their trust and confidence in our capability and our capacity to deliver will build on our strong and positive brand.



Digital

Lead the government digital agenda through our culture of innovation

We'll continue the shift from paper-based and labour-intensive service delivery to better and faster digital services - expanding access and convenience, and allowing us to support more agencies, transactions and innovations. Our digital capability will underpin, for example, making NSW the easiest state in Australia in which to do business.



Team & Culture

Create a world class team and culture that attracts and retains the best talent

We'll maintain our focus on our team and the way we work together, and ensure that we have the tools, the systems and the mindset that makes Service NSW a workplace of which to be proud. We will make our people the basis for an enduring transformation in customer service delivery.

APPENDICES

1	Customer response	31
2	Executive Leadership Team	32
3	Management structure	34
4	Workforce	35
	a. Senior executive	
	b. Female senior executive roles	
	c. Number of Executive Officers and remuneration	
	d. Workforce profile by employment category	
	e. Diversity	
	f. Workforce diversity report	
	g. Movements in wages, salaries or allowances	
	h. Multicultural Policies and Services	
	i. Disability Inclusion Action Plan	
	j. Work Health and Safety	
5	Governance	44
	a. Service NSW Audit and Risk Committee	
	b. Risk management	
	c. Internal Audit	
	d. External audit	
	e. Insurance	
	f. Internal audit and risk management policy attestation	
	g. Digital information security policy attestation	
	h. Payment of accounts	
	i. Time for payment of accounts	
	j. Credit card certification	
	k. Promotion (Overseas travel)	
	l. Disclosure of controlled entities and subsidiaries	
	m. Payments to consultants	
	n. Government Information (Public Access) Act 2009 (GIPA Act)	
	o. Privacy	
	p. Legal change	
6	Financial statements	56

1 CUSTOMER RESPONSE

Our customers can lodge feedback about Service NSW services at our service centres, by telephone to our contact centres, via email, through the mail or on our website.

We assisted 47.2 million customers during the year in our service centres, contact centres and on our digital page. More than 2.1 million customers provided feedback on their experiences. Service NSW maintained a customer satisfaction score of 97 per cent.

We received 3,327 complaints about our services, with 3,354 resolved (some of these matters were raised in 2016-17).

The five main complaint areas were:

- Quality of service
- Procedure not followed
- Website and MyServiceNSW account issues
- Wait times, and
- Incorrect information provided.

The main areas of complaint remained the same as for 2016-17, with the exception of wait times.

This increase was attributable to the introduction of graduated licencing changes, Compulsory Third Party green slip motor insurance reform and related refunds to motorists, and technical outages in November and December 2017 and in March 2018.

The Complaints Resolution team continues to work with Service NSW's Digital Team and Middle Office and our highest volume stakeholder client, Roads and Maritime Services, to improve customer complaint submission and triage.

Targeted training strategies, with revised frontline support material, are being developed to address quality of service issues, including process and information gaps that affect customer service.

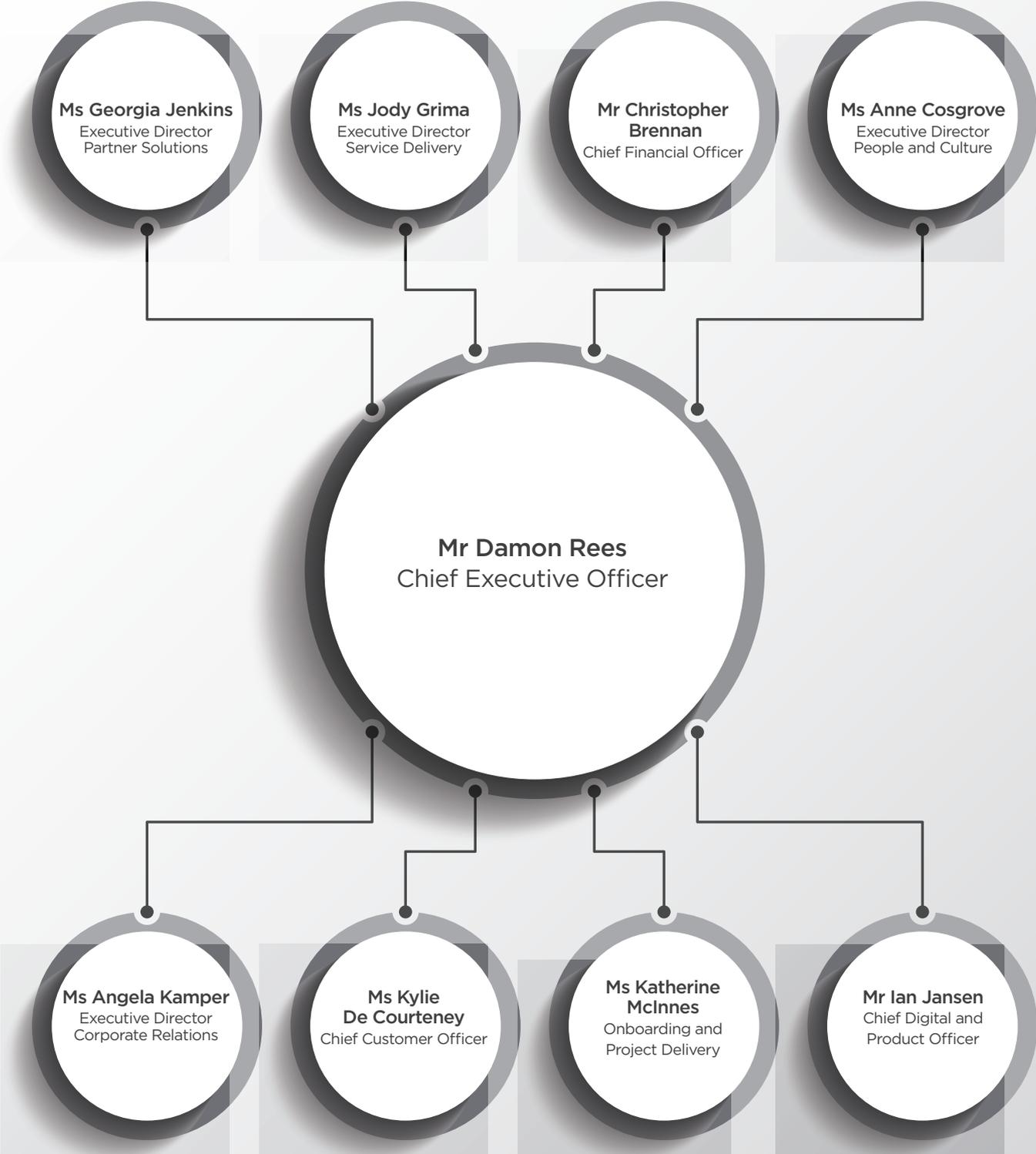
Customer feedback relating to the Service NSW website and suggested improvements are used to update content, and to strengthen connectivity to the Service NSW website and MyServiceNSW accounts.

2 EXECUTIVE LEADERSHIP TEAM

Name and Qualifications	Role	Overview
Mr Damon Rees Executive Master of Business Administration	Chief Executive Officer	<ul style="list-style-type: none"> The CEO is responsible for the strategic leadership and operational performance of Service NSW. The CEO 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 CEO leads the Service NSW strategic direction to ensure the delivery of timely, integrated and cost-effective transactional service delivery to customers and businesses, and meets the NSW Government's commitment to simplify customer access to government services.
Ms Georgia Jenkins Bachelor of Business (Banking and Finance)	Executive Director Partner Solutions	<ul style="list-style-type: none"> The ED Partner Solutions drives the sustainable commercial growth of Service NSW. The ED Partner Solutions leads the identification and implementation of business development opportunities for Service NSW and explores new business models and new market opportunities to drive revenue generation opportunities through the Service NSW network.
Ms Jody Grima Master of Public Administration	Executive Director Service Delivery	<ul style="list-style-type: none"> The ED Service Delivery leads and delivers optimal, sustainable, complex and diverse multi-channel government customer service delivery. The ED Service Delivery is the principal authority for advice and advocacy for service delivery practices across all Service NSW delivery channels and leads the Service NSW agenda to continually optimise services, including digital migration.
Mr Christopher Brennan Bachelor of Arts (Honours)	Chief Financial Officer	<ul style="list-style-type: none"> The CFO leads the strategic finance, risk management, governance, procurement, property and facilities management functions for Service NSW to enable the delivery of current and future business and service needs. This includes delivering the financial and governance systems and reporting integration across Service NSW to meet Treasury and other requirements for budget planning, monitoring and reporting.
Ms Anne Cosgrove Master of Business Administration	Executive Director People and Culture	<ul style="list-style-type: none"> The ED People and Culture leads the development and implementation 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. The ED People and Culture is accountable for leading the people development strategy, programs and services, and leads the continued innovation of human resources functionality to achieve Service NSW strategic priorities.

Name and Qualifications	Role	Overview
<p>Ms Angela Kamper Bachelor of Arts</p>	<p>Executive Director Corporate Relations</p>	<ul style="list-style-type: none"> • The ED Corporate Relations leads the delivery of targeted customer marketing, communications, industry, government, media, social media, stakeholder and community relations. • The ED Corporate Relations leads and develops communications in partnership with internal and external stakeholders and advisors to deliver on market, communication, advocacy and stakeholder engagement strategies designed to support the delivery of Service NSW objectives.
<p>Ms Kylie De Courteney Bachelor of Commerce</p>	<p>Chief Customer Officer</p>	<ul style="list-style-type: none"> • The CCO provides the comprehensive and authoritative view of the customer, and shapes the framework for the customer relationship with Service NSW. This includes creating and leading the customer service strategy across Service NSW to ensure consistency and accessibility of the customer experience. The CCO will engage across Service NSW to improve customer understanding and ensure customer centric design and decision making. • The CCO establishes the corporate strategic planning framework and leads implementation of the strategic planning and reporting across Service NSW, and has strategic oversight of a significant portfolio of programs across Service NSW, including the most complex and high profile projects characterised by multi-channel, multi-division and multi-functional impact and which deliver transformational change and reform outcomes across the sector.
<p>Ms Katherine McInnes Graduate Certificate in Mining Engineering Bachelor of Business Certificate IV in Business Management</p>	<p>Executive Director Onboarding and Project Delivery</p>	<ul style="list-style-type: none"> • The ED Onboarding and Project Delivery leads strategic program management, structures, frameworks and onboarding activities across Service NSW, including leading transformational, cross-agency, and cross-functional programs, to deliver NSW Government customer service delivery reform programs and objectives. • The ED Onboarding and Project Delivery is responsible to senior stakeholders, including the Service NSW Executive, Program Sponsors and multiple external Steering Committees, to deliver program outcomes within timelines, resources, and ensuring benefits realisation.
<p>Mr Ian Jansen</p>	<p>Chief Digital and Product Officer</p>	<ul style="list-style-type: none"> • The CDPO leads the strategic oversight of product management within Service NSW including the management of cross-functional teams with end-to-end oversight for their products, and diverse interrelated business functions to improve products which provide the platform for superior customer service delivery and client management. • The CDPO ensures that key products are being executed in the most efficient way possible, leading to the overall efficiency of the Service NSW suite of products.

3 MANAGEMENT STRUCTURE



4 WORKFORCE

a. Senior executive

At 30 June 2018.

Senior Executive Band	Total 2017 18	Total 2016-17	Total 2015-16
4	-	-	-
3	1	1	1
2	8	6	6
1	29	18	14
Total	38	26	21

b. Female senior executive roles

At 30 June 2018, 19 (50%) of the senior executive roles at Service NSW were held by female employees. This compares to 11 (42%) at 30 June 2017.

Senior Executive Band	Total 2017 18	Total 2016-17	Total 2015-16
4	-	-	-
3	-	1	1
2	6	5	2
1	13	5	3
Total	19	11	6

c. Workforce profile by employment category

At 30 June 2018, 19 of the senior executive roles at Service NSW were held by female employees. This compares to 11 female executives at 30 June 2017.

Staff category		Permanent full time	Permanent part time	Temporary full time	Temporary part time	SES full time	SES part time	Total
Female	2017-18	1012	460	100	11	16	3	1,601
	2016-17	887	439	59	5	10	1	1,401
	2015-16	767	481	29	6	6	-	1,289
Male	2017-18	548	72	39	5	17	2	683
	2016-17	470	83	20	-	15	-	588
	2015-16	429	102	14	1	17	-	563
Total	2017-18	1560	532	139	16	33	5	2,285
	2016-17	1357	522	79	5	25	1	1,989
	2015-16	1196	583	43	7	23	-	1,852

d. Number of Executive Officers and remuneration

In 2017-18, 4.4 per cent of Service NSW employee related expenditure was related to senior executive employees. In 2016-17, 3.9 per cent of Service NSW employee related expenditure was related to senior executive employees.

Band	Female 2017-18	Male 2017-18	Remuneration range (at 30 June 2018)	Average remuneration
4	-	-	\$463,551 - \$535,550	-
3	-	1	\$328,901 - \$463,550	\$463,326
2	6	2	\$261,451 - \$328,900	\$301,778
1	13	16	\$183,300 - \$261,450	\$230,077
Total	19	19	-	

e. Movements in wages, salaries or allowances

The Service NSW (Salaries and Conditions) Employees Award 2016 expired on 30 June 2018. On 8 June 2018, the NSW Industrial Relations Commission made the new award, the Service NSW (Salaries and Conditions) Employees Award 2018, which came into effect on 1 July 2018.

During the two-year Award, Service NSW employees (excluding senior executive employees) will benefit from two pay increases of 2.5 per cent to their salary: the first 2.5 per cent increase being from the first full pay period on or after 1 July 2018; and the second 2.5 per cent increase from the first full pay period on or after 1 July 2019.

On 29 August 2017, the Statutory and Other Officers Remuneration Tribunal determined an annual increase to remuneration package ranges for Public Service senior executives and executive office holders, effective on and from 1 July 2017. As a result, senior executive employees in Service NSW received a 2.5 per cent increase to their remuneration packages in accordance with the Tribunal's determination.

f. Diversity

Service NSW has a diversity and inclusion strategy that aligns with the NSW Government's commitment to a diverse and inclusive public service workforce.

The strategy embeds the values of equal employment opportunity and inclusion of under-represented groups to reflect the residents of NSW.

This year, Service NSW launched its Aboriginal Employment and Community Engagement Plan. This integrated the experience of the customer with the employee experience for Aboriginal communities.

Service NSW is committed to growing its Aboriginal workforce and, in turn, enhance the customer experience in Aboriginal communities. Specialised employment programs provided opportunities for young Aboriginal people to gain meaningful employment within their own communities.

Opportunity arose during the year for traineeships and programs to bring diversity and jobs as Service NSW began delivering government programs like the Compulsory Third Party vehicle insurance refund and Active Kids. The required growth in the customer service network and produced jobs for Aboriginal people, graduates and refugees involved in the organisation's programs.

As it expanded to meet the demand, Service NSW received more than 2900 applications for 100 roles at 65 locations across the state. The successful trainees are 8 per cent Aboriginal, 2 per cent identify as having a disability and 81 per cent are under 25 years, contributing to Service NSW's diversity profile.

During the year, employment progression opportunities for women were further enhanced by career development programs, a Women in Leadership breakfast series - held regionally and in metropolitan locations - and through practical strategies like developing a Flexible Work Policy.

Service NSW also continued to engage and develop its diverse workforce with wider government programs like the Young Professionals Network and the Public Service Commission Graduate and Aboriginal Workforce Development programs.

It continued to work with Multicultural NSW to explore cross-cultural communication, address stereotypes, unconscious bias and diversity in the workplace.

The success of Service NSW's Refugee Internship program provided an opportunity to further engage the workforce to continue to be effective and efficient in dealing with people from diverse cultures, to build respectful relationships, and to understand and appreciate the value of diverse cultures.

g. Workforce diversity report

Table 1. Size of Agency (Headcount)

	2016	2017	2018	% Change 2017 to 2018
Headcount at Census Date	1,849	1,992	2,285	14.7%
Non-casual Headcount at Census Date	1,849	1,992	2,285	14.7%

Table 2. Workforce Diversity Survey Response Rate (Non-casual Headcount at Census Date)

	2016	2017	2018
Non-casual Headcount at Census Date	1,849	1,992	2,285
Non-casual Workforce Diversity Survey Respondents at Census Date	1,683	1,858	2,114
Response Rate	91.0%	93.3%	92.5%

Note: Survey Respondents are employees who have provided an answer for any of the Workforce Diversity questions, whether they have chosen to withdraw their response or not. In other words, a respondent is an employee with at least one non-missing value for the set of Workforce Diversity questions.

Table 3. Workforce Diversity Actual Staff Numbers (Non-casual Headcount at Census Date) - 2018

Remuneration level of substantive Position	Total Staff (Men, Women & Unspecified)	Respondents	Men	Women	Unspecified gender	Aboriginal and/or Torres Strait Islander people	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
\$0 - \$46,945	1	1	-	1	-	-	-			
\$46,945 - \$61,658	685	652	161	524	-	13	83	120	16	2
\$61,658 - \$68,929	452	418	99	353	-	5	52	93	11	4
\$68,929 - \$87,225	773	708	259	514	-	19	86	133	19	7
\$87,225 - \$112,797	135	126	45	90	-	3	19	30	1	0
\$112,797 - \$140,996	130	119	59	71	-	0	26	42	4	0
\$112,797 - \$140,996 (SES)	1	1	1	0	-	0	0	0	0	0
\$140,996 > (Non SES)	69	66	39	30	-	0	17	23	1	1
\$140,996 > (SES)	39	23	20	19		1	3	2	0	0
Total	2,285	2,114	683	1,602	0	41	286	443	52	14

Note: "Unspecified Gender" incorporates unknown, withdrawn, and indeterminate/intersex values.

**Table 4. Workforce Diversity Actual and Estimated Staff Numbers
(Non-casual Headcount at Census Date) - 2018**

Remuneration level of substantive position	Actual					Estimated				
	Total Staff (Men, Women & Unspecified)	Respondents	Men	Women	Unspecified gender	Aboriginal and/or Torres Strait Islander People	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
\$0 - \$46,945	1	1		1	-	-	-	-	-	-
\$46,945 - \$61,658	685	652	161	524	-	14	87	126	17	2
\$61,658 - \$68,929	452	418	99	353	-	5	56	101	12	4
\$68,929 - \$87,225	773	708	259	514	-	21	94	145	21	8
\$87,225 - \$112,797	135	126	45	90	-	3	20	32	1	0
\$112,797 - \$140,996	130	119	59	71	-	0	28	46	4	0
\$112,797 - \$140,996 (SES)	1	1	1	0	-	0	0	0	0	0
\$140,996 > (Non SES)	69	66	39	30	-	0	18	24	1	1
\$140,996 > (SES)	39	23	20	19	-	2	5	3	0	0
Total	2,285	2,114	683	1,602	0					

Note 1: Estimated figures are only provided for agencies with a response rate greater than 65%. For agencies with a response rate less than 65%, actual figures are reported in all instances.

Note 2: Estimated figures are calculated for each salary band by taking the number of employees who have responded "yes" to the Workforce Diversity question as a proportion of the total number of employees who have responded to the Workforce Diversity survey, multiplied by the total number of staff. E.g., Estimated number of People with a Disability in Salary Band 1 = (Actual number of People with a Disability in Salary Band 1 / Total number of Survey Respondents in Salary Band 1) * Total number of Staff in Salary Band 1.

**Table 4a. Workforce Diversity Actual and Estimated Staff Numbers
(Non-casual Headcount at Census Date) - 2018**

Remuneration level of substantive position	Actual					Estimated				
	Total Staff (Men, Women & Unspecified)	Respondents	Men	Women	Unspecified gender	Aboriginal and/or Torres Strait Islander People	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
\$0 - \$46,945	1	100.0%	0.0%	100.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%
\$46,945 - \$61,658	685	95.2%	23.5%	76.5%	-	2.0%	12.7%	18.4%	2.5%	0.3%
\$61,658 - \$68,929	452	92.5%	21.9%	78.1%	-	1.2%	12.4%	22.2%	2.6%	1.0%
\$68,929 - \$87,225	773	91.6%	33.5%	66.5%	-	2.7%	12.1%	18.8%	2.7%	1.0%
\$87,225 - \$112,797	135	93.3%	33.3%	66.7%	-	2.4%	15.1%	23.8%	0.8%	0.0%
\$112,797 - \$140,996	130	91.5%	45.4%	54.6%	-	0.0%	21.8%	35.3%	3.4%	0.0%
\$112,797 - \$140,996 (SES)	1	100.0%	100.0%	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%
\$140,996 > (Non SES)	69	95.7%	56.5%	43.5%	-	0.0%	25.8%	34.8%	1.5%	1.5%
\$140,996 > (SES)	39	59.0%	51.3%	48.7%	-	4.3%	13.0%	8.7%	0.0%	0.0%
Total	2,285	92.5%	29.9%	70.1%						

Note: Table 4a presents the figures in Table 4 as percentages. E.g., Estimated % of People with a Disability in Salary Band 1 = (Estimated number of People with a Disability in Salary Band 1 / Total number of Staff in Salary Band 1) * 100. Estimated figures are only provided for agencies with a response rate greater than 65%. For agencies with a response rate less than 65%, actual figures are reported in all instances.

Table 5a. Trends in the Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2016	2017	2018
Women	50%	69.6%	70.4%	70.1%
Aboriginal and/or Torres Strait Islander People	3.3%	1.7%	1.6%	2.0%
People whose First Language Spoken as a Child was not English	23.2%	21.0%	20.3%	20.9%
People with a Disability	5.6%	2.9%	2.7%	2.4%
People with a Disability Requiring Work-Related Adjustment	N/A	1.0%	0.9%	0.7%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector’s salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for ‘People with Disability Requiring Work-Related Adjustment’ was not updated.

Table 5b. Trends in the Distribution Index for Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2016	2017	2018
Women	100	89	88	87
Aboriginal and/or Torres Strait Islander People	100	105	107	98
People whose First Language Spoken as a Child was not English	100	97	101	106
People with a Disability	100	99	97	97
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

6. Representation of Workforce Diversity Groups - Groups

Workforce Diversity Group	Benchmark	2016	2017	2018
Women	50%	69.6%	70.4%	70.1%
Aboriginal and/or Torres Strait Islander People	3.3%	1.7%	1.6%	2.0%
People whose first language spoken as a child was not English	23.2%	21.0%	20.3%	20.9%
People with a disability	N/A	2.9%	2.7%	2.4%
People with a disability requiring work-related adjustment	N/A	1.0%	0.9%	0.7%

h. 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 Plan is being reviewed.

To ensure that activity aligns with the Plan, there is a three-stream framework:

- Planning and Evaluation
- Capacity Building and
- Resourcing, and Programs and Services.

As Service NSW grows and its regional footprint expands, it continues to ensure that its people strategies support and enable its organisation to reflect the communities it serves. All Service Centres and Contact Centres offer customers free access to language support through either staff capability or translating and interpreting services.

As an example of the multicultural diversity of the Service NSW workforce, 46 of its total 325 staff at its Parramatta and Newcastle Contact Centres can speak a language other than English.

Highlights of the year include:

- Customers can be assisted by staff who speak at least 32 languages
- Tickets issued to customers as they select their transactions at Service Centres can be produced in six languages
- The Service NSW website offering:
 - A free service that can automatically translate content into almost 60 community languages, and
 - Direction to translator services
- To broaden awareness, compliance training that includes culturally sensitive examples of customer service, and
- Continued involvement in local community programs and activities to enhance relationships in the diverse communities served.

i. Agreements with Multicultural NSW

Service NSW provides translation services that support Multicultural NSW's obligations under the *Multicultural NSW Act 2000*, "to provide whether within or outside New South Wales interpreter, translation or other services approved by the Minister."

Under the agreement, Service NSW assists customers at its Service Centres, telephone Contact Centres and Virtual Contact Centre, while inbound telephone calls may be transferred to Multicultural NSW.

More than 16,700 translation services were delivered in the year at the centres.

Service NSW also promotes Multicultural NSW services on its website, where assistance is offered in almost 60 languages. At its service centres a total of 32 languages are spoken.

j. Disability Inclusion Action Plan

Service NSW's Disability Inclusion Action Plan 2015-2017 is Service NSW's commitment to ensuring that all services meet the needs of all its customers and ensure an inclusive approach. The Plan was developed in consultation with people with disability.

It demonstrates our commitment to:

- Increasing engagement with, and accessibility to information, services, and its network for people with disability
- Ensuring respectful, positive, and inclusive interactions, between staff and with our customers, and
- Building representation, and supporting and retaining people with disability in the workforce.

At the end of 2017, we held a Disability Inclusion Workshop with peak disability groups to gather insights from those who best understand challenges encountered by people with disability.

Service NSW already offers in-store and online features to assist our customers with special access needs. The workshop identified further opportunities to assist. They will be introduced over the next year.

The initiatives will be outlined in our Disability Inclusion Action Plan 2018-2020, which is being drafted and will build on our 2015-2017 Plan.

k. Work Health and Safety

Service NSW prioritises a workplace culture that values and promotes wellbeing and healthy living for all staff, contractors and visitors. We strongly support agreed initiatives and programs that promote greater workforce performance by delivering a sense of wellbeing, positive mental health and engagement.

We aim to provide a supportive environment that encourages employees to feel and behave in line with our values and workplace culture. We focus on the commitment to fostering relationships with managers and employees to work together to identify and resolve safety issues.

During the year, we:

- Reduced the number of workers compensation cases by 20 per cent. This was done by collaborating with the insurer and by management of the claim site being proactive in its management and by providing suitable alternate duties
- Continued to monitor compliance with emergency arrangements across our network
- Provided training for Executive Directors and Directors on due diligence and responsibilities under legislation
- Deployed defibrillators and delivered information sessions on how to use them to 10 Service NSW locations. They will be delivered to the remainder of the network in 2018-19, and
- Developed a Work Health and Safety calendar of events.

As part of the Wellness Strategy that promotes wellbeing and healthy living, we:

- Continued to provide flu vaccinations to our workforce
- Launched a Weight Watchers-at-work initiative
- Implemented voluntary hearing checks for employees, and
- Continued to support the Fitness Passport offering for all employees, other eligible staff and immediate family members, to encourage the use of gymnasiums and other fitness facilities at multiple locations.

5 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.

a. Service NSW Audit and Risk Committee

The Service NSW Audit and Risk Committee has been established in compliance with the Treasury Circular TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03). It provides independent assurance to the CEO.

During 2017-18, the Committee met five times (three times in 2017 and twice in 2018) to provide oversight of financial reporting, risk management, internal and external audit activities and the operational management of Service NSW.

There were no changes to the membership of the Committee during the financial year. Its members are listed below in Service NSW's Internal Audit and Risk Management Attestation Statement.

b. Risk Management

In 2017-18, the focus was on embedding risk management within the operational areas of Service NSW and ensuring risk management activities support the achievement of strategic objectives. Service NSW's Strategic Risk Register was updated and a review of all Business Unit risk registers commenced through risk workshops with the senior leadership team. The updated Strategic Risk Register was tabled with Service NSW's Audit and Risk Committee on 18 July 2018.

Risk reviews were undertaken by Divisions as part of the implementation of new operational activities, transactions and services. The recommendations from these reviews were used to support the transition of those activities into business as usual, maximising opportunities towards strategic objectives and delivering value to citizens and clients.

Service NSW is an active participant of Department of Finance Services and Innovation Risk and Opportunity Management Community of Practice, as well as other NSW Government Communities of Practice aimed at embedding resilience into government operations.

c. Internal Audit

Service NSW established a co-sourced Internal Audit model from May 2018, assuming functions formerly carried out by Ernst & Young. Service NSW's Internal Audit function consists of two audit professionals and allows it to draw on the Department of Finance, Service and Innovation Audit Panel, where required, for supplementary or specialist audit skills.

The Internal Audit function provides independent, objective assurance to the CEO and the Executive Leadership Team. It also plays an important role in supporting Service NSW to achieve its strategic objectives by providing independent assurance that reviews the effectiveness of our risk management practices and internal controls framework.

In 2017-18, internal audits were:

Follow-up review of card operations

These Service NSW operations include producing and distributing cards such as driver licences.

An external review was commissioned to provide assurance that controls identified in a previous review had been implemented and were operating effectively and to assess current trends in mail theft.

Key outcomes of the report showed:

- Service NSW was addressing the recommendations identified in the previous review and was continuing to improve and strengthen risk management processes, control design and independent project assurance, quality controls and checks, and user access controls, and
- It had taken steps to ensure NSW citizens are aware of the risks identified by the NSW Mail Theft Working Group and actions they can take to avoid or lessen the impact of those risks.

Desktop review of procurement

Internal Audit performed a desktop review of a sample of contracts entered into during the financial year to assess whether they were executed in line with procurement policies, processes and mandated legislative guidelines.

There were several control and procedural weaknesses highlighted, which Service NSW management is addressing. As a result of this desktop review, Internal Audit has scheduled a more comprehensive Procure-to-Pay review on the Internal Audit Plan for 2018/19.

Review of Active Kids program

An external advisory firm was engaged to review the controls and risks involved in the Active Kids Program. These were its manual payment process (implemented during the first few months of the program), its automated payment process and privacy and security of customer data. There were seven recommendations and one opportunity for improvement highlighted in the report. Service NSW has considered the findings and recommendations of the report for future projects.

d. External Audit

The Audit Office of NSW audited Service NSW's financial statements as at 30 June 2018 and issued an unqualified audit opinion in October 2018.

In 2017-18, the Audit Office performed three engagements directly involving Service NSW:

1. Compliance audit on travel expenditure

Service NSW was one of 15 agencies selected for review by the Audit Office. Based on recommendations from the Audit Office, Service NSW has reviewed processes around travel to ensure compliance with government policy and maintain controls around internal travel processes. The Compliance Review report was tabled in Parliament in November 2017 by the NSW Audit Office

2. Audit to examine cyber security incident detection and response in the NSW public sector

Service NSW was one of 10 agencies selected for review by the Audit Office. The results and recommendations of the audit were anonymous and did not identify any individual agency. Based on recommendations from the Audit Office, Service NSW is carrying out its own audit to assess its cyber security risk management as part of its Internal Audit Plan for 2018/19, and

3. Performance engagement to assess the effectiveness and economy of the Department of Finance, Services and Innovations, including Service NSW's, use of the Franklin Covey '7 Habits of Highly Effective People' program. Based on recommendations from the Audit Office, Service NSW has agreed to perform a post-completion review of the program's procurement processes and evaluate whether the program is achieving intended business benefits, including culture change. A Performance Engagement report was tabled in Parliament in June 2018 by the NSW Audit Office.

e. Insurance

Insurable risk cover was primarily provided by participation in the NSW Treasury Managed Fund. This NSW Government-arranged indemnity scheme is operated by the icare self-insurer.

The fund covers Service NSW for its exposure to loss or damage for workers compensation, motor vehicles, property and legal liability. Service NSW also maintains principal-arranged insurance through SICorp for Contract Works and Public Liability for the office works and fit-outs of service centres.

Claims performance

Claims performance for the 2017-18 remained stable across all lines (except liability, where a downward trend was observed).

The following claim statistics were recorded by the NSW Treasury Managed Fund for Service NSW:

- 16 workers compensation claims (by date of injury)
- one property claim
- two motor vehicle claims and
- three liability claims

f. Internal audit and risk management policy attestation

I, Damon Rees, CEO of Service NSW, am of the opinion that Service NSW has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in TPP 15-03 (Internal Audit and Risk Management Policy for the NSW Public Sector), in all material respects, 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 Internal Audit and Risk Management Policy for the NSW Public Sector	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
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 Internal Audit and Risk Management Policy for the NSW Public Sector	Compliant

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

- Independent Chair, Carol Holley, 18 September 2013 - 17 September 2018
- Independent Member, Dianne Hill, 18 September 2013 - 17 September 2018, and
- Independent Member, Stephen Horne, 1 July 2016 - 30 June 2019.



Damon Rees - CEO, Service NSW
18 September 2018

g. Digital information security policy attestation

I, Damon Rees, am of the opinion that Service NSW had an Information Security Management System (ISMS) in place during the 2017-18 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy. The controls in place to mitigate identified risks to the digital information and digital information systems of Service NSW are adequate.

- A. There is no agency under the control of Service NSW which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy.
- B. Risks to the digital information and digital information system of Service NSW have been assessed with an independent ISMS certified in accordance with the NSW Government Digital Information Security Policy.
- C. Service NSW has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party during the 2017-2018 financial year.



Damon Rees - CEO, Service NSW
18 September 2018

h. Payment of accounts

	Sept 2017	Dec 2017	Mar 2018	Jun 2018
Invoices due for payment	1,695	1,456	1,772	1,804
Invoices paid on time	1,282	1,081	1,252	1,514
Percentage of accounts paid on time	75.6%	74.2%	70.6%	83.9%
Invoices due for payment received from small businesses	-	-	-	-
Invoices from small businesses paid on time	-	-	-	-
Amount due for payment	\$58,356,953	\$27,567,058	\$30,191,241	\$35,524,522
Amount paid on time	\$33,357,013	\$18,237,133	\$18,799,601	\$28,776,603
Amount due for payment to small businesses	-	-	-	-
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	-	-	-	-

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 value vs quote on purchase order. Service NSW is automating the approval process in 2017-18 to improve invoice processing timeframes.

i. Time for payment of accounts

No interest was paid due to late payment of accounts.

j. 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 Treasurer's Directions. The CEO certifies that credit card use at Service NSW for minor purchases as a more efficient means of payment has been used in accordance with government requirements.

k. Promotion (Overseas travel)

Service NSW incurred no expenditure for overseas travel.

I. Payments to consultants

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

Name of consultant	The title/nature of the consultancy	Cost
PreviousNext Pty Ltd	Website enhancements for Customer Experience team	59,500
Avocado Consulting Pty Ltd	Testing for NSW Police Force Staged Firearms and Licensing Information Management System Phase 1	64,970
Corporate Value Associates	Customer Experience Delivery Salesforce Development	65,249
System Partners Pty Ltd	Relationship Management and Department of Finance, Services and Innovation feedback initiative	71,440.
Acalia Pty Ltd	Vendor Management Framework for Service NSW	72,000
Sapientrazorfish Australia Pty Ltd	Metrics for Google analytics	73,410
Deloitte Touche Tohmatsu	Strategy engagement for Service NSW business support service	75,763
Ernst & Young	Senior Consultant for Service NSW business support service	80,700
Customer Science Pty Ltd	Customer Experience Consulting for Service NSW business support service	84,000
Mentally Friendly Pty Ltd	User Experience and Design Services for Active Kids	95,951
Deloitte Touche Tohmatsu	Benchmarking Service NSW	99,000
Previousnext Pty Ltd	Website Development for Continuous Improvements	105,000
Revolution IT Pty Ltd	Testing Services Road and Maritime Services - IBM Integration Bus / Facial Recognition Services	113,740
Fifty-Five Five Pty Ltd	Develop customer insights for for Service NSW business support service	128,957
Tata Consultancy Services Limited	Review of Roads and Maritime Services and Service NSW technology and processes	222,200
Deloitte Touche Tohmatsu	Benefits Realisation Framework for Service NSW business support service	269,000
Total		1,680,879

Consultancies of a value less than \$50,000

There were 59 individual consultancies with a value of less than \$50,000. They were for management services and totalled \$1,645,693.

m. Disclosure of controlled entities and subsidiaries

Service NSW does not have any controlled entities or subsidiaries.

n. 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 2017-18, Service NSW received 37 formal access applications (including withdrawn applications but not invalid applications). In addition, it transferred 522 applications to other agencies. Further, 35 invalid applications were received.

Service NSW refused one access application 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	-	1	-	-	-	-	-	-
Members of Parliament	-	4	-	2	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	-	1
Members of the public (other)	2	-	1	-	-	1	-	25

*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*	2	-	1	-	-	-	-	20
Access applications (other than personal information applications)	-	5	-	2	-	1	-	6
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).

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)	31
Application is for excluded information of the agency (section 43 of the Act)	1
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	35
Invalid applications that subsequently became valid applications	3

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	2
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	5
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	3
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)	11
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	-
Total	14

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		2	2

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations 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	Nil
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	Nil

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications for review
Agency-initiated transfers	552
Applicant-initiated transfers	23

o. Privacy

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

Service NSW's Privacy Management Plan demonstrates how it upholds and respects the privacy of its clients, staff and others about whom it holds personal information. The plan also demonstrates how Service NSW meets its privacy obligations under the Privacy and Personal Information Protection Act 1998 and the Health Records and Information Privacy Act 2002.

In 2017-18 Service NSW conducted Privacy Impact Assessments on the following:

- Toll Relief
- Active Kids, and
- Digital Drivers Licence.

Privacy reviews

During 2017-18, Service NSW received six applications to review conduct relating to the use, access or release of personal information.

Public Interest Disclosures

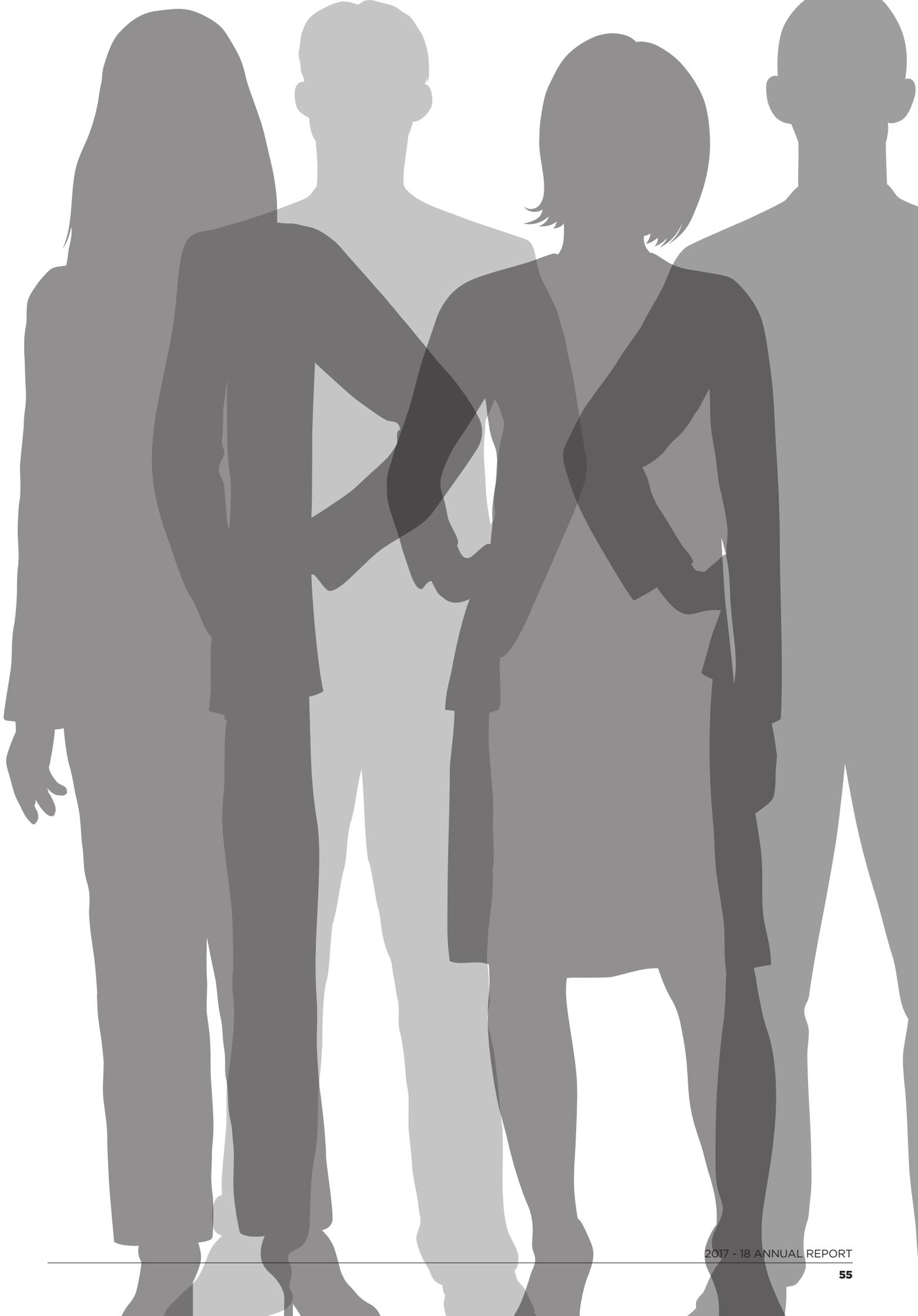
Service NSW values contributions of all team members to improve administrative and management practices. We encourage team members to report any wrongdoing under the Public Interest Disclosures Act 1994.

During the reporting period Service NSW received three Public Interest Disclosures.

Public Interest Disclosures	
Number of public officials who have made a Public Interest Disclosure to Service NSW	3
Total number of Public Interest Disclosures received by Service NSW	3
Number of Public Interest Disclosures finalised	3

p. Legal Change

Amendments were made to the Service NSW (one-stop Access to Government Services) Regulation 2013 to allow Service NSW to access additional suppliers for the provision of customer service. The amended regulation commenced on 15 December 2017.



6 FINANCIAL STATEMENTS



Statement by the Chief Executive Officer

Service NSW

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and clause 11 of the *Public Finance and Audit Regulation 2015*, I state that, in my opinion:

- (1) The financial statements have been prepared in accordance with:
 - (a) applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
 - (b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.
- (2) The financial statements exhibit a true and fair view of the financial position as at 30 June 2018 and transactions of Service NSW for the year then ended; and
- (3) I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

Damon Rees
Chief Executive Officer, Service NSW
18 September 2018



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 Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows, 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 2018, 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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are 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 requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Department's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Department is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises of the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Department's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Department's operations will cease as a result of an administrative restructure.

Auditor's Responsibilities 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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
- about any other information which may have been hyperlinked to/from the financial statements.



Nathan Carter
Director, Financial Audit Services

2 October 2018
SYDNEY

Table of contents

Statement of Comprehensive Income	5
Statement of Financial Position.....	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
1. Summary of Significant Accounting Policies	9
2. Expenses Excluding Losses	17
3. Revenue.....	19
4. Gains/(losses) on disposal.....	20
5. Other gains / (losses)	20
6. Service Delivery Channels of Service NSW.....	20
7. Cash and Cash Equivalents	20
8. Receivables	21
9. Other Assets	21
10. Non-Current Assets – Property, Plant and Equipment.....	22
11. Intangible Assets	23
12. Current Liabilities – Payables.....	25
13. Current / Non-Current Liabilities – Provisions	25
14. Commitments for Expenditure.....	26
15. Contingent Liabilities and Contingent Assets.....	27
16. Budget Review.....	27
17. Reconciliation of Cash Flows from Operating Activities to Net Result	28
18. Amounts Held on Behalf of Other Agencies	29
19. Financial Instruments	30
20. Related Party Disclosures.....	33
21. Events After the Reporting Period.....	34

Statement of Comprehensive Income

for the year ended 30 June 2018

		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2a	184,581	202,382	159,767
Other operating expenses	2b	149,246	103,148	102,281
Depreciation and amortisation	2c	39,758	40,294	30,143
Grants and subsidies	2d	13,267	-	40,878
		<u>386,852</u>	<u>345,824</u>	<u>333,069</u>
Total expenses excluding losses				
Revenue				
Sale of goods and services	3a	297,168	270,299	28,266
Grants and contributions	3b	82,089	69,589	341,731
Acceptance by the Crown Entity of employee benefits and other liabilities	3c	4,547	4,178	4,261
Investment revenue	3d	244	1,000	529
Other Revenue	3e	12,525	69	8,033
		<u>396,573</u>	<u>345,135</u>	<u>382,820</u>
Total revenue				
Operating result		<u>9,721</u>	<u>(689)</u>	<u>49,751</u>
Gains/(losses) on disposal	4	-	-	25
Other gains/(losses)	5	(51,448)	-	-
		<u>(41,727)</u>	<u>(689)</u>	<u>49,776</u>
Net result				
Other comprehensive income		-	-	-
Total comprehensive income		<u>(41,727)</u>	<u>(689)</u>	<u>49,776</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7	22,412	28,868	14,903
Receivables	8	41,279	17,247	20,726
Other assets	9	530	-	1,571
Total current assets		64,221	46,115	37,200
Non-current assets				
Property, plant and equipment				
Leasehold improvements	10	68,302	-	72,965
Plant and equipment	10	12,482	87,023	13,387
Total property, plant and equipment		80,784	87,023	86,352
Intangible assets	11	133,121	181,050	184,762
Total non-current assets		213,905	268,073	271,114
Total assets		278,126	314,188	308,314
LIABILITIES				
Current liabilities				
Payables	12	53,842	55,265	43,657
Provisions	13	19,560	15,149	18,299
Total current liabilities		73,402	70,414	61,956
Non-current liabilities				
Provisions	13	5,370	4,335	5,277
Total non-current liabilities		5,370	4,335	5,277
Total liabilities		78,772	74,749	67,233
Net assets		199,354	239,439	241,081
EQUITY				
Accumulated funds		199,354	239,439	241,081
Total equity		199,354	239,439	241,081

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2018

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2017	241,081	241,081
Net Result for the year	(41,727)	(41,727)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(41,727)	(41,727)
	<hr/>	<hr/>
Balance at 30 June 2018	199,354	199,354
	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2016	191,305	191,305
Net result for the year	49,776	49,776
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	49,776	49,776
	<hr/>	<hr/>
Balance at 30 June 2017	241,081	241,081
	<hr/> <hr/>	<hr/> <hr/>

Statement of cash flows

for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Cash flows from operating activities				
Payments				
Employee related		(177,806)	(199,828)	(149,510)
Grants and Subsidies		(13,267)	-	(55,614)
Other		(152,078)	(141,438)	(126,917)
Total payments		(343,151)	(341,266)	(332,041)
Receipts				
Sales of goods and services		297,359	263,952	27,349
Grants and contributions		82,089	69,589	341,731
Other		5,209	25,703	25,649
Total receipts		384,657	360,244	394,729
Net cash from operating activities	17	41,506	18,978	62,688
Cash flows from investing activities				
Purchase of plant and equipment		(10,342)	(11,348)	(22,226)
Purchase of intangibles		(23,654)	(25,000)	(79,845)
Net cash from investing activities		(33,997)	(36,348)	(102,071)
Net increase / (decrease) in cash		7,509	(17,370)	(39,383)
Opening cash and cash equivalents		14,903	46,238	54,286
Closing cash and cash equivalents	7	22,412	28,868	14,903

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2018

1. Summary of Significant Accounting Policies

a. Reporting entity

Service NSW is a NSW government agency and is controlled by the State of New South Wales, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. 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 2018 have been authorised for issue by the Chief Executive Officer on 18 September 2018.

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
- Financial Reporting Directions mandated 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.

Notes to the financial statements

for the year ended 30 June 2018

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 Housing NSW, NSW Registry of Births, Deaths and Marriages, NSW Fair Trading, Revenue NSW, Roads & Maritime Services, Office of Environment & Heritage, Department of Justice (NCAT), Liquor and Gaming NSW and Community Relations Commission of NSW (Multicultural NSW). For further details, please refer to Note 18.

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 claims 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 goods.

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

Income from Government grants and contributions is recognised when Service NSW obtains control over the contribution. It is deemed to have assumed control when the grants and contributions are received or receivable.

iv. Investment revenue

Interest income is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest on bank balances is recognised monthly on an accrual basis under the Treasury's Cash Management System.

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.

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 \$5,000 and above individually (or forming part of a network costing more than \$5,000) 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.

Plant and equipment and leasehold improvements are non-specialised assets with short useful lives, and are measured at depreciated historical cost, as an approximation of fair value. Service NSW 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. The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the entity estimates the assets recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. As a not-for-profit entity, an impairment loss is recognised in the net result.

Notes to the financial statements

for the year ended 30 June 2018

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 of years at the following rates:

	2018	2017
- Computer equipment	3	3
- General plant and equipment	4	4
- Leasehold improvements and major fit-outs	10	10
- Make Good	*	*

* 5 years or term of the lease if lease term is greater than 5 years

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.

Intangible assets are amortised using the straight line method over the period of estimated useful life. Software purchased is amortised over 4 years. Software internally developed is amortised over 10 years.

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. The entity first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they are assessed not to be impaired individually.

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. Impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the result for the year, where there is objective evidence. 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.

Notes to the financial statements

for the year ended 30 June 2018

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. Service NSW has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where Service NSW does not expect to settle the liability within 12 months as it does not have an unconditional right to defer settlement.

b. Long service leave and superannuation

Service NSW's 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 the present value of expected future payments to be made in respect of services provided up to reporting date. 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, expected future age, salary level and experience of employee departures. These factors were determined based on an actuarial review to approximate present value. Expected future payments are discounted using the Commonwealth Government bond rate at the reporting date.

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.

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 1.68% 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. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

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. 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 16.

m. 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.

Notes to and forming part of the financial statements for the year ended 30 June 2018

n. New Australian Accounting Standards issued but not effective

i. Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year.

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 (TC18/01), Service NSW did not adopt any of the accounting standards and interpretations that have been issued but are not yet effective.

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

- AASB 9 Financial Instruments;
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding revenue from Contracts with Customers;
- AASB 16 Leases;
- AASB 1058 Income for Not-for-Profit Entities;
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities;
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities.

The impact of these standards in the period of initial application includes changes to certain revenue recognition principle, additional revenue recognition disclosure and recognition of all leases as a lessee, including operating leases on the Statement of Financial Position with some exceptions.

Service NSW is still assessing the impact of these new accounting standards.

2. Expenses Excluding Losses

a. Employee related expenses

	2018	2017
	\$'000	\$'000
Salaries and wages (including annual leave)	155,944	133,579
Long service leave	3,753	3,537
Superannuation - defined benefit plan	777	702
Superannuation - defined contribution plan	13,477	11,523
Payroll tax and fringe benefit tax	9,450	8,286
Workers' compensation insurance	363	457
Other	817	1,683
	184,581	159,767

Employee related costs of \$6,493 million (2017: \$0.344 million) have been capitalised in various capital works and therefore are excluded from the above.

b. Other operating expenses

	2018	2017
	\$'000	\$'000
Auditor's remuneration		
- audit of financial statements	124	165
Operating lease rental expense		
- minimum lease payments	18,731	16,277
Maintenance	569	415
Insurance	81	57
Consultants	6,019	7,012
Contractors	41,573	24,389
Travel	2,764	2,597
Energy costs	1,751	1,235
Advertising, general marketing, promotions etc	714	1,059
Property related	4,397	3,790
Printing	2,506	3,799
Clothing	435	664
Information technology	34,358	20,179
Office equipment	5	96
Telephone and communications	5,624	5,448
Bank charges	9,387	2,775
Shared service charges	4,759	2,237
Courier and freight	2,420	2,073
Interpreters & translators	887	1,105
Other services	5,438	1,477
Staff recruitment	93	44
Postage costs	3,614	3,037
Office supplies	957	814
Other	2,040	1,537
	149,246	102,281
Reconciliation of Total Maintenance		
Maintenance expense - contract labour and other (non-employee related, as above)	569	415
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	569	415

Notes to and forming part of the financial statements

for the year ended 30 June 2018

c. Depreciation and amortisation expense

	2018	2017
	\$'000	\$'000
Depreciation:		
Plant and equipment	5,646	6,472
Leasehold improvements	10,259	9,564
	15,905	16,036
Amortisation:		
Intangible assets	23,853	14,107
	39,758	30,143

d. Grants and subsidies

	2018	2017
	\$'000	\$'000
Grant to Roads and Maritime Service	13,267	40,878

The transfer of the Registry functions occur pursuant to an assignment model. Employees, transactions and contracts for the functions of the motor registries continue to be directly incurred by Roads and Maritime Services (RMS) until the relevant motor registries and other support functions are integrated into the Service NSW network.

The costs incurred by RMS for these functions 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.

The 2017-2018 grants to RMS are represented by the following:

	2018	2017
	\$'000	\$'000
Employee related expenses	3,672	13,522
Operating lease rental expense		
- minimum lease payments	461	1,848
Insurance	86	203
Contractors	-	16
Travel	327	704
Property related	457	-
Printing	191	951
Information Technology	1,453	2,877
Telephone and Communications	153	303
Postage	6	660
Bank Charges	-	9,269
Shared service charges	1,031	1,882
Other	5,430	8,643
Total	13,267	40,878

3. Revenue

a. Sale of goods and services

	2018	2017
	\$'000	\$'000
Rendering of Services	<u>297,168</u>	<u>28,266</u>

b. Grants and contributions

	2018	2017
	\$'000	\$'000
Grants received from Department of Finance, Services & Innovation	74,589	337,819
Grants received from Department of Industry	500	-
Grants received from Roads & Maritime Services	7,000	-
Grants received from Transport for NSW	-	3,400
Grants received from NSW Treasury	-	507
Grants received from other government agencies	-	5
	<u>82,089</u>	<u>341,731</u>

c. Acceptance by the Crown Entity of employee liabilities

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

	2018	2017
	\$'000	\$'000
Superannuation - defined benefit	756	688
Long service leave	3,753	3,537
Payroll tax	38	36
	<u>4,547</u>	<u>4,261</u>

d. Investment revenue

	2018	2017
	\$'000	\$'000
Interest revenue	<u>244</u>	<u>529</u>

e. Other revenue

	2018	2017
	\$'000	\$'000
Credit card processing fee recovery	10,095	7,416
Other income	2,430	617
	<u>12,525</u>	<u>8,033</u>

Notes to and forming part of the financial statements for the year ended 30 June 2018

4. Gains/(losses) on disposal

	2018	2017
	\$'000	\$'000
Gain / (loss) on disposal of equipment	-	25

5. Other gains / (losses)

	2018	2017
	\$'000	\$'000
Impairment loss on intangible assets	(51,443)	-
Gain/(loss) on write off of equipment	(5)	-
	(51,448)	-

At 30 June 2018, Service NSW assessed whether there were any indications that assets may be impaired in accordance with Note 1(h)(iv). Indications did exist, based on significant changes in how the assets have been used, or will be used, as new capability has been developed. As a result, the impacted assets were written down to their recoverable amount resulting in an impairment loss of \$51,448 million.

6. Service Delivery Channels of Service NSW

The service delivery channels in 2017-2018 are as follows:

Service Centres

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

Contact Centres

Purpose: The Contact Centre channel 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

Purpose: The Digital Delivery channel 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

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

7. Cash and Cash Equivalents

	2018	2017
	\$'000	\$'000
Cash at bank	22,286	14,624
Cash on hand	126	279
	22,412	14,903

For the purposes of statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. 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:

	2018	2017
	\$'000	\$'000
Cash and cash equivalents (as per statement of cash flows)	<u>22,412</u>	<u>14,903</u>

Please refer to Note 19 for details regarding credit risk and market risk arising from financial statements.

8. Receivables

	2018	2017
	\$'000	\$'000
Current		
Trade receivables - agencies	37,029	9,720
Goods and Services Tax recoverable from ATO	605	7,222
Other receivables	3,645	3,784
	<u>41,279</u>	<u>20,726</u>

Movements in the allowance for impairment

	2018	2017
	\$'000	\$'000
Balance at 1 July	-	37
Amounts recovered during the year	-	(37)
Balance at 30 June	<u>-</u>	<u>-</u>

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 19.

9. Other Assets

	2018	2017
	\$'000	\$'000
Prepayments	<u>530</u>	<u>1,571</u>

Notes to and forming part of the financial statements for the year ended 30 June 2018

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

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2017 - fair value				
Gross carrying amount	91,719	24,476	7,795	123,990
Accumulated depreciation	(23,266)	(14,372)	-	(37,638)
Net carrying amount	68,453	10,104	7,795	86,352
At 30 June 2018 - fair value				
Gross carrying amount	98,362	28,795	6,828	133,985
Accumulated depreciation	(33,584)	(19,617)	-	(53,201)
Net carrying amount	64,778	9,178	6,828	80,784
	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 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
At 30 June 2017 - fair value				
Gross carrying amount	91,719	24,476	7,795	123,990
Accumulated depreciation	(23,266)	(14,372)	-	(37,638)
Net carrying amount	68,453	10,104	7,795	86,352

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 2018				
Net carrying amount at start of year	68,453	10,104	7,795	86,352
Additions	-	-	10,342	10,342
Transfers to/from WIP	6,643	4,666	(11,309)	-
Disposals	-	(5)	-	(5)
Transfer between asset classes	(59)	59	-	-
Depreciation expense	(10,259)	(5,646)	-	(15,905)
Net carrying amount at end of year	64,778	9,178	6,828	80,784
Year ended 30 June 2017				
Net carrying amount at start of year	60,617	11,552	7,740	79,909
Additions	14,287	2,364	6,110	22,761
Transfers to/from WIP	3,187	2,868	(6,055)	-
Disposals	-	(282)	-	(282)
Disposals - Accumulated Depreciation	-	282	-	282
Transfer to/from Intangible Assets	-	(282)	-	(282)
Depreciation expense	(9,638)	(6,398)	-	(16,036)
Net carrying amount at end of year	68,453	10,104	7,795	86,352

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

11. Intangible Assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2017			
Cost (gross carrying amount)	149,564	59,824	209,388
Accumulated amortisation	(24,626)	-	(24,626)
Net carrying amount	124,938	59,824	184,762
At 30 June 2018			
Cost (gross carrying amount)	156,663	13,533	170,196
Accumulated amortisation	(37,075)	-	(37,075)
Net carrying amount	119,588	13,533	133,121

Notes to and forming part of the financial statements for the year ended 30 June 2018

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 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

At 30 June 2017			
Cost (gross carrying amount)	149,564	59,824	209,388
Accumulated amortisation	(24,626)	-	(24,626)
Net carrying amount	124,938	59,824	184,762

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 2018			
Net carrying amount at start of year	124,938	59,824	184,762
Additions	-	23,655	23,655
Transfers to/from WIP	66,955	(66,955)	-
Impairment loss	(48,452)	(2,991)	(51,443)
Amortisation	(23,853)	-	(23,853)
Net carrying amount at end of year	119,588	13,533	133,121

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	75,689	51,365	127,054
Additions	19,484	52,049	71,533
Transfers to/from WIP	43,590	(43,590)	-
Transfers to/from property, plant and equipment	282	-	282
Amortisation	(14,107)	-	(14,107)
Net carrying amount at end of year	124,938	59,824	184,762

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

12. Current Liabilities – Payables

	2018 \$'000	2017 \$'000
Accrued salaries, wages and on-costs	622	394
Creditors and accruals	51,940	43,229
Other	1,280	34
	<u>53,842</u>	<u>43,657</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

13. Current/Non-Current Liabilities – Provisions

	2018 \$'000	2017 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	15,094	13,422
Long service leave	2,749	2,248
Payroll tax	815	732
	<u>18,658</u>	<u>16,402</u>
Other provisions		
Provision for makegood	608	1,439
Provision for onerous lease contracts	294	458
	<u>902</u>	<u>1,897</u>
Total current provisions	<u>19,560</u>	<u>18,299</u>
	2018 \$'000	2017 \$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	239	196
Other provisions		
Provision for makegood	5,131	5,081
Provision for onerous lease contracts	-	-
	<u>5,131</u>	<u>5,081</u>
Total non-current provisions	<u>5,370</u>	<u>5,277</u>
Aggregate employee benefits and related on-costs		
Provisions - current	18,658	16,402
Provisions - non-current	239	196
Accrued salaries and wages	622	455
	<u>19,519</u>	<u>17,053</u>

Notes to and forming part of the financial statements

for the year ended 30 June 2018

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	6,520	6,511
Additional provision recognised	203	894
Amounts used	(145)	(551)
Unused amounts reversed	(939)	(441)
Unwinding of discount or change in discount rate	100	107
Carrying amount at end of financial year	5,739	6,520
Reconciliation of provision for onerous lease contracts		
Carrying amount at the beginning of the period	458	1,164
Amounts used	(164)	(40)
Unused amounts reversed	-	(666)
Carrying amount at end of financial year	294	458

The value of annual leave, including on-costs, expected to be taken within 12 months is \$11.1 million (2017: \$9.4 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 \$239,040.

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.

14. Commitments for Expenditure

	2018 \$'000	2017 \$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:		
Not later than one year	4,252	2,743
Later than one year and not later than five years	-	1,034
Greater than five years	-	-
Total (including GST)	4,252	3,777
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	16,427	12,984
Later than one year and not later than five years	24,535	24,175
Greater than five years	1,251	444
Total (including GST)	42,213	37,603

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 \$4.2 million (2017: \$3.8 million) that are expected to be recoverable from the Australian Taxation Office.

15. Contingent Liabilities and Contingent Assets

Contingent liabilities

Service NSW is not aware of any material contingent liability in existence at 30 June 2018 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

Service NSW is not aware of any material contingent asset in existence at 30 June 2018 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.

16. Budget Review

Net Result

The net result indicates an unfavourable variance to budget with a deficit of \$41.7 million compared with a budgeted deficit of \$1 million. The original budget was subsequently amended and the budgeted Net Result became a surplus of \$13.9 million. Prior to impairments, the unadjusted net surplus was \$9.7 million compared to this revised Budget, resulting in a unfavourable variance of \$4.2m. This variance was primarily due to the expensing of assets, where the asset had been delivered to SIRA and iCare (revenue was received for this capability, so there is a matching of the costs with the associated revenue in 2018), noting that the capability would no longer be used by Service NSW. This was offset by higher than expected agency fee revenue resulting in higher merchant service fees in respect of Roads and Maritime Services (RMS) transactions.

The adjusted net deficit of \$41.7 million was impacted by asset write downs and represented an adverse variance to revised Budget of \$55.6 million. This variance was non-cash, and was primarily due to a review of the carrying values of assets in the Fixed Asset Register. Consequently, assets totalling \$51.4m were impaired where it was identified that capabilities are no longer in use or have been superseded.

The major components of the Budget variance were:

Expenses

- Employee Expenses were lower than Budget by \$18.9 million, resulting from the reallocation of expenses to Other operating expenditure together with the lag in the transition of motor registries from Roads and Maritime Services (RMS), which limited the recognition of direct employee costs.
- Other operating expenses increase of \$35.3 million, primarily due the realignment of expenses to/from the Employee category to realign project related costs across the expense streams.
- Grant payment to RMS increase of \$13.3 million is due to the absorption of RMS related expenses into direct Employee Expenses as Motor Registries continue to transition from RMS to Service NSW, which was originally absorbed in the Budget for Other operating expenses.

Notes to and forming part of the financial statements

for the year ended 30 June 2018

Revenue

- Sale of goods and services includes fee for service arrangements with agencies, which generated revenue of \$270.8 million (2016-17: \$28.3 million), which was marginally higher than budget as a result of the conversion to a fee for service model and increased volumes through the year.
- Other Revenue of \$12.8 million includes the recovery of merchant fee surcharges of \$10.1 million, which was higher than the initial budget of \$9.9 million as a consequence of higher RMS transaction activity.
- Cost recoveries of \$26.3 million also contributed to the improvement to revenue generation, particularly the recovery of project-related work for the Compulsory Third Party initiative and the Active Kids program.

Assets and Liabilities

Actual net assets of \$199.4 million were lower than the budget of \$239.4 million by \$40 million. Current assets were \$64.2 million compared to current liabilities of \$73.4 million. The deficit in the current ratio is supported by prudent working capital management to ensure funding is available to meet liabilities.

In 2017-18, revised capital funding was \$52.9 million compared to actual expenditure of \$45.9 million, resulting in a favourable result compared to budget of \$7.0 million. A key factor underpinning the \$54.1 million decrease in non-current assets is the write down.

This other balance sheet variances were primarily due to:

- Reduction in cash and cash equivalents due to the timely payment of invoices.
- Increase in the receivable position, representing the equivalent of the RMS payment via fee-for-service arrangements introduced in 2017-18 (from block funding).
- Reduction in payables and an increase in provisions to accommodate recreation leave obligations from transfers-in to Service NSW from other agencies.

Cash flows

The actual cash balance of \$22.4 million was \$6.5 million lower than the budgeted balance of \$28.9 million primarily due to an increase in trade receivables.

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

	2018 \$'000	2017 \$'000
Net cash used on operating activities	41,506	62,688
Add / (less) non cash items:		
Depreciation/amortisation	(39,758)	(30,143)
Loss on write off	(51,448)	-
Changes in operating assets and liabilities		
Increase/(decrease) in receivables	19,512	7,314
(Increase)/decrease in payables	(10,185)	11,882
(Increase)/decrease in other provisions	(1,354)	(1,965)
Net result	(41,727)	49,776

18. Amounts Held on Behalf of Other Agencies

	2018 \$'000	2017 \$'000
Service NSW remitting account	<u>66,579</u>	<u>27,376</u>
Total to be remitted	<u>66,579</u>	<u>27,376</u>
Amounts payable to client agencies	<u>66,579</u>	<u>27,376</u>
Total payable	<u>66,579</u>	<u>27,376</u>

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 include 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, Revenue NSW, Roads & Maritime Services, Office of Environment & Heritage, Department of Justice (NCAT), Liquor and Gaming NSW and Community Relations Commission of NSW (Multicultural NSW).

Service NSW also processes payments on behalf of other agencies such as the Jobs of Tomorrow Scholarships Program (Department of Industry), CTP Refunds Scheme (State Insurance Regulatory Authority) and Active Kids Program (Office of Sport).

The total value of cash remitted to and on behalf of client agencies in 2017-18 is \$2,887.0 million (2017: \$1,917.0 million) with RMS representing a significant portion of \$2,825.9 million (2017: \$1,838.2 million).

Notes to and forming part of the financial statements

for the year ended 30 June 2018

19. 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	2018	2017
Class:			\$'000	\$'000
Cash and cash equivalents	7	N/A	22,412	14,903
Receivables ¹	8	Loans and receivables (at amortised cost)	40,674	12,713
Carrying amount of financial assets			63,086	27,616
Financial Liabilities	Note	Category	2018	2017
Class:			\$'000	\$'000
Payables ²	12	Financial liabilities measured at amortised cost	52,542	43,657
Carrying amount of financial liabilities			52,542	43,657

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).

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 and receivables. 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 2018 was \$22.4 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	Neither past due nor impaired \$'000	Past due but not impaired \$'000	Impaired \$'000
2018				
< 3 months overdue	36,398	34,303	2,095	-
3 months - 6 months overdue	623	-	623	-
> 6 months overdue	8	-	8	-
2017				
< 3 months overdue	9,282	8,046	1,236	-
3 months - 6 months overdue	150	-	150	-
> 6 months overdue	288	-	288	-

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.

Notes to and forming part of the financial statements

for the year ended 30 June 2018

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
2018							
Payables	n/a	52,542	-	-	52,542	52,542	-
2017							
Payables	n/a	43,657	-	-	43,657	43,657	-

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 2018.

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.

20. Related Party Disclosures

Key management Personnel

Compensation for Service NSW key management personnel is as follows:

	2018 \$'000	2017 \$'000
Short-term employee benefits:		
Salaries	2,447	2,310
Other monetary allowances	-	-
Non-monetary benefits	18	52
Other long-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	81	218
Total remuneration	2,546	2,580

During the year, Service NSW did not enter into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

Government-related Entities

During the year, Service NSW entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of its rendering of services/receiving of services.

	2018 \$'000	2017 \$'000
Sale of goods and services		
Transaction value	276,115	28,190
Net receivable	34,093	12,480
Purchases of goods and services		
Transaction value	38,912	69,570
Net payable	8,148	12,248

Notes to and forming part of the financial statements

for the year ended 30 June 2018

Services rendered to agencies that represent a significant proportion of the above transaction value are as follows:

	2018 \$'000	2017 \$'000
Sale of goods and services		
Roads & Maritime Services	221,364	-
iCare	17,822	8,668
Office of Sport	9,323	-
	248,509	8,668
	2018 \$'000	2017 \$'000
Purchases of goods and services		
Roads & Maritime Services	13,212	40,878
Government Property NSW	19,285	15,569
	32,497	56,447

21. 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.

End of audited financial statements.



**Service
NSW**

Making it easier

2-24 Rawson Place
Haymarket NSW 2000

GPO Box 7057
Sydney NSW 2001

P 13 77 88

E info@service.nsw.gov.au

W service.nsw.gov.au