



ANNUAL REPORT 2019-20

Our vision

We are a connected, trusted and caring part of NSW communities providing a world-class experience to access anything you need from NSW government in person, online or over the phone.

Our mission

We are committed to enhancing the quality of life in NSW by making it easy for people, businesses and communities to access the support and services they need.

Our values

- Passion
- Teamwork
- Accountability
- Service
- Integrity
- Trust

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 locations, opening hours and the services available can be found on our website at www.service.nsw.gov.au. 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.

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	02
Message from the Minister	03
Message from the CEO	04
About Service NSW	06
What we do	06
Customer commitments	07
Our network	08
Year at a glance 2018-19	09
Highlights of our year	10
Looking ahead	30
Appendices	32
1. Customer response	33
2. Executive Leadership Team	34
3. Management structure	36
4. Workforce	37
5. Governance	50
6. Financial statements	65
List of tables	115



30 October 2020

The Hon Victor Dominello
Minister for Customer Service
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Service NSW Annual Report 2019–20

I am pleased to submit the annual report for Service NSW for the year ended 30 June 2020, 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', followed by a rectangular stamp or seal.

Damon Rees
Chief Executive Officer
Service NSW

Message from the Minister



Service NSW and the NSW Government continued to demonstrate their commitment to the people of NSW during 2019–20. While the significant challenges through the year were not unique to NSW, the world-class government assistance provided by Service NSW was.

Dedicated Service NSW staff focused on providing essential services to NSW citizens and businesses impacted by drought, a devastating bushfire season and the global COVID-19 pandemic.

This customer-centric service provided to NSW communities was supported by colleagues from the newly-formed Department of Customer Service (DCS), established on 1 July 2019, to further increase focus on providing the people of NSW with the personalised service they deserve.

Digital transformation groundwork undertaken by Service NSW during 2018-19 laid the foundation for a rapid response to the needs of NSW citizens, facing the bushfires and COVID-19.

The 2019–20 bushfires in New South Wales were unprecedented in their extent and intensity. The sheer scale of area burnt, properties and animals destroyed, and lives lost, was heart-breaking.

In January 2020 Service NSW collaborated with DCS colleagues and other business partners, to establish the world-leading Bushfire Customer Care initiative and lead the NSW Government's response to the State's devastating Bushfire crisis. More than 10,000 customers were assisted through the Bushfire Customer Care program, and a further 32,000 customers were provided relief through the bushfire clean-up program, volunteer firefighter payments, Disaster Assistance Finder tool, and council rate relief. Service NSW also received over 22,000 support and recovery Small Business Bushfire Grant applications, totalling \$270 million.

As many NSW citizens and businesses struggled to recover from the bushfires, NSW and the rest of the world faced a new challenge – the global COVID-19 pandemic.

Once again, the Service NSW team stepped up.

An additional 1,000 staff were quickly added across Service NSW and a new customer service 24/7 hotline was introduced. Face-to-face services were provided to about 120,000 customers

a week with the help of public health measures in-store, to keep staff and customers safe.

Through their ongoing partnerships with government, non-government and private sector partners, Service NSW further enhanced their response to the COVID-19 challenges by repurposing their website, launching a new online Assistance Finder tool, which provided personalised assistance for thousands of NSW citizens and businesses.

Through the year, Service NSW staff also continued to deliver their regular important customer service initiatives.

The Cost of Living program saved the people of NSW more than \$1.06 billion through NSW government rebates and savings to ease the cost of living in 2019–20, a total saving more than \$3 billion dollars since July 2018.

The Digital Driver Licence (DDL) was made available across the state in October 2019. On 30 June 2020, over 1.57 million NSW drivers, accounting for more than 28 per cent of licence holders, had a DDL. The digital adoption by NSW citizens also saw an additional 882,929 MyServiceNSW accounts created.

The Service NSW for Business team helped businesses to access grants and services of more than 20 government agencies via a dedicated team of more than 200 staff across the state. COVID-19 assistance included the \$10,000 Small Business Grant program, with over 57,000 applications totalling over \$566 million.

The vital government assistance provided to the people of NSW during this difficult year was made possible with the dedication and commitment from those at Service NSW. Through their passionate world-class customer service, and digital leadership and innovation in government services, Service NSW has continued to evolve into a truly world-leading service provider.

The Hon Victor Dominello
Minister for Customer Service



Message from the CEO

In a year of unprecedented uncertainties, one thing remained certain at Service NSW – the dedication of our teams to provide personalised support and assistance for NSW citizens struggling to navigate challenging circumstances. Since joining the new Department of Customer Service on 1 July 2019, we have strived to lead service delivery from the front.

The 2019–20 bushfire season was the worst on record in NSW, wreaking havoc across the state. Millions of hectares and hundreds of millions of animals were destroyed. Communities across NSW were impacted greatly, with thousands of homes, many livelihoods and, sadly, scores of lives lost.

In response to the devastation faced by so many NSW communities – individuals, families and businesses – Service NSW was called upon to assist with the Bushfire Recovery Response. Service NSW became a critical single-point-of-contact link between NSW citizens and government and non-government services. Through the personalised Bushfire Customer Care program, thousands of customers were able to apply for funding relief and services through the bushfire clean-up program, volunteer firefighter payments, the Small Business Bushfire Grant, council rate relief and many other forms of assistance.

The COVID-19 pandemic resulted in further challenges for the people of NSW. We were all faced with major changes to our daily lives. Social-distancing, increased personal hygiene and other public health measures were introduced to restrict the spread of the virus. Gatherings among families and friends were limited and together we grieved the loss of many NSW citizens who sadly succumbed to the virus.

Non-essential service workers worked remotely, students were taught online and non-essential travel was discouraged across NSW. As a result of the reduced community movement, many businesses suffered financial losses and thousands of workers became unemployed.

In response to these sudden unexpected and challenging changes in circumstances for so many NSW citizens, Service NSW collaborated with our partners to rapidly improve access to government, community and private sector services.

An additional 1,000 staff were added across Service NSW and our contact centre service was expanded to provide customers with a 24/7 hotline.

Measures were also implemented to ensure Service NSW frontline teams were able to safely continue providing essential services face-to-face for our customers. To keep our customers and staff safe we introduced social distancing markers and ‘traffic controllers’ to help with customer flow, hygiene officers to provide increased all-day cleaning; hand sanitiser and single-use pens for customers; optional masks and face shields for staff; and protective screens on our counters.

In addition to the disaster-relief changes we implemented in our Contact Centres, Service Centres, and Service NSW for Business, we were also well positioned to leverage off our existing digital services to cater to the growing customer reliance on digital technology, as their preferred go-to means for accessing government services.

1.8 million people accessed the online Savings Finder tool for the popular Cost of Living program. During 2019–20, the number of NSW Government rebates and savings to ease the cost of living grew to 68 and, in addition to the online savings, over 55,843 specialist appointments were conducted, saving customers an average of \$580.

Thousands of NSW households continued to save hundreds of dollars in savings on electricity and gas, \$100 Active Kids and Creative Kids vouchers, and other rebates including the new Regional Seniors’ Travel Card (RSTC) launched in January 2020. The RSTC provides eligible seniors living in regional, rural and remote areas of NSW with a \$250 pre-paid card to help with the cost of travel. Through our partnership with Transport for NSW and Westpac, 310,356 eligible customers had successfully applied for the RSTC.

The popularity of the Service NSW App also continued to grow among our customers. Active users of the App increased by more than 100 per cent, including adoption of the NSW Digital Driver Licence, which grew by 28 per cent since being introduced in October 2019.

In response to the bushfire and COVID-19 crisis our website was rapidly repurposed in early 2020 to make it easier for our customers to find end-to-end assistance when they needed it most.

A major initiative for Service NSW in response to COVID-19 was the rapid repurposing of the Cost of Living rebates online platform, to provide a wider array of assistance for NSW citizens and businesses impacted by the pandemic. In collaboration with government, non-government and private sector business partners, Service NSW launched a new online Assistance Finder tool to provide customers struggling with changes in their circumstances with personalised assistance, including disaster business grants, unemployment support, help with emergency housing, referrals to mental health services and domestic violence support.

Without doubt our disaster assistance efforts were a major priority for us in 2019–20. However, we also continued to build strong partnerships and deliver other initiatives. Our network of 63 partner agencies have helped us to provide targeted support for NSW businesses through our Service NSW for Business team; provide more options for our customers to interact with us; and for us to share our customer service experience with select NSW hospitals to improve the customer experience in waiting rooms. I look forward to continued collaboration with our partners in 2020-21.

I'm proud that despite the unforeseen disasters in 2019–20, Service NSW has been able to contribute toward several of the Premier's Priorities during the year. Firstly, through various initiatives, we made dealing with government easier.

Enhancements to the MyServiceNSW Account mean customers only have to provide us their information or prove their identity once for 13 services. We also led the NSW Government's Bushfire Recovery Response efforts through the end-to-end Bushfire Customer Care program, and we expanded our assistance for businesses through the Service NSW for Business team. In response to the COVID-19 pandemic, we launched the new single contact point COVID-19 Assistance Finder, and we introduced a 24/7 Call Centre hotline.

We contributed to the Premier's Priority of reducing childhood obesity rates by five per cent by 2025, by helping kids to get moving with Active Kids vouchers.

Through our partnerships with various agencies and not-for-profit organisations, we also contributed to the Premier's Priority of tackling intergenerational disadvantage. We also piloted a unique consultation process with Aboriginal elders for Aboriginal customers to access cost of living assistance, piloted prisoner release outreach, and helped drought-affected customers to access more than \$1.5 million in savings, rebates and subsidies in the first month of the Drought Support program. We also made a difference to homeless customers and disadvantaged women through various initiatives.

I look forward to continuing to work alongside Service NSW's passionate teams in 2020-21. Our people are truly our greatest asset. The increase in the approval ratings for our frontline teams during these trying times is testament to their selfless dedication and to the trust customers have in Service NSW. The approval rating for our Service Centre increased by nearly one per cent from the previous year to 97.7 per cent, and the approval of Contact Centres increased by more than two per cent from 96 per cent to 98.3 per cent. Work behind the scenes to ensure we provided a first-class digital service to customers also resulted in a 98 per cent approval rating for the Service NSW website.

During the year, we actively strived to create a positive, inclusive and innovative culture, and continue to support our team members to allow them to balance work/life commitments. However, I believe most of what makes Service NSW such a great place to work, is the positive and respectful culture fostered among the teams themselves.

I commend our business partners for their willing cooperative attitude and our teams for their passion and dedication which allowed us, together, to provide the people of NSW with a customer-centric service to help them through the challenges of 2019–20.

Damon Rees
CEO
Service NSW

What we do

Service NSW is a NSW Government executive agency, that joined the newly-formed Department of Customer Service on 1 July 2019. We deliver world-class one-stop-shop services for our customers, business and our partner agencies.

At Service NSW, a positive customer experience is our highest priority. We draw on the best in service delivery from the public and private sectors to provide leading customer experiences.

We take great pride in being rated as one of the best places to work. This is reflected through the selfless dedication from our people to provide personalised assistance to the people of NSW when they need it most.

We make it easier for customers to access government services online, over the phone or face-to-face through one of our 107 Service NSW Centres across the state, 77 of which are in regional NSW. Overall, Service NSW has 153 points of presence which includes the Service Centres, 32 council agencies, 10 digital self-serve kiosks, and 4 Mobile Service Centres, covering 99 per cent of NSW Local Government Areas.

The Service NSW team delivers on the NSW Premier's Priorities and NSW State Priorities of improving government services, providing better government digital services, making it easier to do business and driving public sector diversity. We do this by:

- Providing a customer-centric service for the NSW Government through a single point of contact
- Transforming our customers' digital experience with government
- Expanding access to face-to-face services across metropolitan and regional NSW
- Supporting our people who help customers across NSW every day
- Building awareness of the services we offer and the brand we proudly stand behind.

Our omni-channel approach of face-to-face, phone and online services provides our customers choice.

We know people increasingly want to perform simple digital transactions from their own home or mobile phone, but also recognise there are many people in the community who prefer the face-to-face experience.

During 2019–20 we have continued increasing our business partnerships with agencies across government to deliver more services through our one-stop-shop, as well as building relationships with the non-government sector to leverage value for the customer who may have additional, specialised needs. This has been especially important during the year with many NSW citizens and businesses having had unexpected changes to their circumstances.

We have a 97.7 per cent customer satisfaction rate for our Service NSW Centres, 98.3 per cent for our two contact centres which field customer calls, and 98 per cent for our online experience. These satisfaction rates tell us that our customers appreciate the efforts by our passionate and dedicated team members, to make it easier for the people and businesses of NSW to access government services.

Authorising legislation

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's authorising legislation is the *Service NSW (One-stop Access to Government Services) Act 2013*, which came into effect on 21 June 2013. On 24 February 2014, Service NSW was established as an executive agency and all parts of the Service NSW Division were transferred to Service NSW by the *Administrative Arrangements Order 2014*.

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

The Department of Customer Service came into effect on 1 July 2019 and Service NSW was transferred to this cluster.

Our commitment to our customers

As the service delivery face for the Department of Customer Service, we strive to deliver the NSW Government Customer Commitments to the highest standard, every time we interact with our customers.

Our commitment to our partner agencies

Our partner satisfaction has grown from 18.5 per cent in 2018 to 86 per cent in 2020.

We cannot deliver anything in isolation. Everything we do is in partnership. We can only optimise the end-to-end outcomes for customers and Government by working together. We are committed to working together collaboratively, respectfully and

transparently. We will try to bring the voice of the customer and a whole of government perspective into every partnership. We value agility and the ability to respond quickly to agency and customer needs.

Our commitment to Government

We will help make the NSW Government the most customer-centric government in Australia. We will maintain an unwavering focus on building trust and engagement with the communities we serve and providing the people and businesses of NSW with an exceptional customer experience. We will respond quickly to the priorities of Government and ensure that Government programs are delivered quickly, cheaply and successfully for the people and businesses of NSW. We will work to continuously maximise the value, efficiency and productivity of Service NSW and ensure we maintain a lean, cost effective, high performing organisation.

Customer Commitments

 <p>Easy to engage</p> <p>Make it easy to access what I need Make it simple for me to understand</p>	 <p>Act with empathy</p> <p>Show you understand my situation Treat me fairly and with respect Provide service in my time of need</p>	 <p>Respect my time</p> <p>Tell me what I need to know beforehand Minimise the need for me to repeat myself Make what I need to do straightforward</p>	 <p>Explain what to expect</p> <p>Be clear about what steps are involved Contact me when I need to know something Let me know what the outcomes could be</p>	 <p>Resolve the situation</p> <p>Be accountable for your actions Be clear in decision-making Reach an outcome</p>	 <p>Engage the community</p> <p>Listen to the community to understand our needs Ask us how we want services delivered</p>
--	--	--	--	---	---





6

Opened 6 Service NSW Centres in Woy Woy, Narrandera, Moree, West Wyalong, Forbes and Tenterfield



119,562

customers served per week in service centres



882,929

MyServiceNSW accounts created



\$1.06 billion

saved through the Cost of Living program (includes savings from 42 of the 68 rebates)



84,000

Calls to the Service NSW for Business Concierge team



113,475

calls per week to our contact centres



573

community engagement events



97.7%

customer satisfaction in Service NSW Centres



940,626

visits per week to the Service NSW website



98.3%

customer satisfaction for our Contact Centres



63

partner agencies



98%

customer satisfaction for our website



61 million

customers assisted in our Service NSW Centres, contact centres and website



32

store-in-store council agencies



1.57 million

Digital Driver Licence downloads, supporting the digital-first vision across NSW



100%

increase in active users of the Service NSW app, to a total 1.6 million customers

Highlights of our year



In 2019–20, Service NSW continued to strive to deliver exceptional customer service across all aspects of our business.

The following overall customer satisfaction ratings were achieved across Service NSW's key delivery channels: 97.7 per cent for Service Centres, 98 per cent for the Service NSW website, and 98.3 per cent for Contact Centres.

Service NSW is now accessible to more citizens than ever before, with 107 Service NSW Centres, 77 of which are in regional NSW. Overall, Service NSW has 153 points of presence which includes the Service Centres, 32 council agencies, 10 digital self-serve kiosks, and 4 Mobile Service Centres, covering 99 per cent of NSW Local Government Areas.

Service NSW assisted with over 61 million interactions in 2019–20 in our Service Centres, through our Contact Centres, and online, with 3.4 million of our customers providing feedback on their experience. There were also 882,929 new MyServiceNSW accounts created during the year.

Supporting the response to bushfires

In December 2019, Service NSW was approached by Resilience NSW to assist in the Bushfire Recovery Response. We were asked to be the first point of contact for NSW residents seeking government services due to being affected by the bushfire disaster in our state.

This led to Service NSW becoming the link between our customers and all parts of government and non-government organisations (NGOs) that provided disaster relief assistance, through a wrap-around case management service.

In delivering the new sector-leading Bushfire Customer Care program, which provides a single point of contact to help customers navigate bushfire support services, Service NSW has pivoted to deliver a much wider array of support for customers.

Service NSW also worked with numerous government, non-government and not-for-profit agencies, as well as local councils to provide support and deliver various grants, initiatives and referral services. This included support in Bushfire Recovery Centres prior to their closure, active participation in the Minderoo Pod Committee delivering temporary housing to those that lost homes, providing hypercare escalation to customers who could not find available assistance, and working with NGOs to assist people who did not qualify for government-funded relief.

Key highlights of Service NSW's bushfire response:

8,000

Customer affected by the bushfires assisted to apply for the bushfire clean-up program.

3,000

Council rate relief applications processed, to deliver rate relief for properties lost through the fires.

3,000

Claims processed for volunteer firefighter payments.

40,000

Customer calls received to our bushfire line.

10,000

Customers assisted through the Bushfire Customer Care program.

18,000

Customers assisted via the online Disaster Assistance Finder tool.

22,000

Support and recovery Small Business Bushfire Grant applications received, totalling over \$270 million.



Case Study 1

Personalised ‘Customer Care’ small business support helps heal bush-fire-impacted community

For seven years Amrei Marden ran a studio of health and healing for travellers and the townspeople of Cobargo NSW. Her thriving Bikram Yoga sanctuary came to a catastrophic end when the New Year’s Eve bushfire burnt her beloved business to the ground. Ms Marden lost everything, with the studio reduced to rubble, equipment in ashes and little left to support her family of five.

“While the fires were still burning on New Year’s Eve, about 20 of my students came up to me at the rescue centre in Bermagui and said things like ‘you have to rebuild your studio as soon as possible so we can all start to heal from this!’” Ms Marden said.

Initially, to help the community heal, Ms Marden held free yoga classes from a local shed.

“For months after the fire, we discussed many different ideas from rebuilding a studio in Cobargo, to waiting for Main Street to re-open and purchasing an empty block of land,” she said.

Ms Marden approached Service NSW for help. She registered with the Bushfire Customer Care program and her case manager was able to process the \$50,000 Small Business Grant and guide her through the low-interest loan. Ms Marden was successful with both.

“I am incredibly thankful for all the support from Service NSW for Business. It made the rebuild of my purpose-built yoga space possible. We are now open for business in nearby Brogo with the world’s first completely off-grid solar Bikram studio in the world!” she said.



Helping the community respond to COVID-19

Service NSW has been instrumental in supporting the NSW Government's response to COVID-19 since March 2020. Service NSW teams collaborated closely with colleagues from the Department of Customer Service, other parts of the NSW Government (notably NSW Health), local councils, NSW Police, and businesses to deliver a number of vital COVID-19 initiatives to support communities through the crisis.

Service NSW expanded its disaster recovery support capacity by onboarding 1,000 new team members. In our Contact Centres, staff have been ramped up to help affected citizens and business with the latest information and to connect with Government and other support available. Our Contact Centre service expanded further to provide a 24/7 hotline.

In our Service Centres, new Security Officers and Hygiene Officers were introduced to help keep staff and customers safe. To better digitally assist our customers, Service NSW also established the COVID-19 Assistance Finder to allow customers to quickly access online information and services available for their individual circumstances.

Key COVID-19 related service highlights:

Creative

Creative Kids vouchers were expanded to include use for online activities and programs, cultural and creative activities that support the NSW 2020 school curriculum, and creative supplies, equipment and materials through approved Creative Kids providers.

23,464

Over 23,464 visits to the digital COVID assistance finder.

Delivered

Collaborated with Transport for NSW to deliver a simplified digital customer experience for customers requiring a Mobility Parking permit, which limits the need for vulnerable customers to transact instore in a face-to-face setting.

12

Licence, registration and permit fees waived for 12 months on new applications and renewals lodged by eligible businesses and individuals.

5,000+

Over 5,000 International students applied for temporary accommodation through the International Student Temporary Accommodation initiative.

31,500

Processed 31,500 Accounts Payment Assistance vouchers and other licensing fee waiver applications, delivering millions of dollars of savings to NSW customers.

Thousands

Helped to distribute thousands of food boxes to families struggling as a result of COVID-19 restrictions.

10,000

Delivered the \$10,000 Small Business Grant program with 57,000 applications totalling over \$566 million.

1,000

Onboarded over 1,000 new staff members to help assist customers in response to unemployment caused by the COVID-19 pandemic.

Measures

Introduced measures to help landlords and residential tenants work together during the COVID-19 pandemic.

Land Tax

Worked with Revenue NSW to deliver Land Tax Relief for NSW businesses.

Outbound

Outbound welfare checks made to returned overseas travellers.

Partnered

Partnered with the Department of Communities and Justice, and Woolworths to validate Seniors Cards for the purposes of enabling priority grocery orders.

Case Study 2

New Assistance Finder provides personalised support for customers impacted by COVID-19

In what has been a truly unprecedented year many NSW citizens and businesses have had unexpected changes to their circumstances. The COVID-19 pandemic led to increased pressures placed on individuals, families and businesses across NSW. The downturn in bricks and mortar businesses, following the introduction of public health measures, has meant that many workers experienced reduced shift hours and others became unemployed, some for the first time. Things like unemployment and isolation have led to an increased number of people experiencing problems with mental health, domestic violence and other community issues.

While there is a range of government, not-for-profit and private sector support for people affected by COVID-19, locating these support options was confusing and overwhelming for some customers.

In order to support our customers facing COVID-19 related challenges, Service NSW developed the COVID-19 'Assistance Finder', an online tool that helps customers find a range of benefits and services available to them – all in one place.

Launched in May 2020, the Assistance Finder allows individuals and businesses to quickly access online information and services available for their individual circumstances. Specifically-tailored assistance includes benefits and services in:

- health and wellbeing
- food
- housing
- employment
- finances
- skills and training

Those who have used the tool have predominantly sought financial assistance, followed by food-specific and household-specific support.

Since its launch, more than 23,464 visitors accessed the COVID-19 Assistance Finder, with 13,914 visitors accessing the Finder and being provided tailored results based on their personal circumstances. The tool helps customers access personalised benefits and services available to them on both the NSW Government and Service NSW websites.



Helping the people of NSW with their cost of living

In July 2018, Service NSW launched its Cost of Living program to help customers to view, access and apply for an initial offering of more than 40 rebates and savings available through the NSW Government. Key initiatives include Toll Relief, CTP Refund, Active Kids, Creative Kids and Energy Switch. During 2019–20 the number of NSW government rebates and savings to ease the cost of living grew to more than 68.

Throughout the year, the Cost of Living service was available to customers online through the Service NSW website, and face-to-face via an appointment with a Cost of Living specialist in person at Service NSW centres, and over the phone. Due to COVID-19 public health measures restrictions were placed on face-to-face instore appointments.

As of 30 June 2020, over 55,843 specialist appointments had been completed saving customers an average of \$580, while over 1.8 million people had accessed the online Savings Finder tool.

Through Cost of Living rebates and savings, the people of NSW

have saved more than \$1.06 billion in 2019–20.

In January 2020, the Regional Seniors Travel Card was launched in partnership with Transport for New South Wales. The Regional Seniors Travel Card is a 2019 Election Commitment by the NSW Government to assist seniors in regional, rural and remote NSW with travel costs.

The pre-loaded card provides regional age pensioners who hold a valid Pensioner Concession Card or Commonwealth Seniors Health Card with \$250 to access essential travel services.

In April eligibility was extended to Department of Veterans' Affairs customers of pension age. The card can be used for taxis, fuel and with NSW TrainLink services. As of 30 June 2020, 310,452 applications had been made through Service NSW's Service Centres, Contact Centres or through the online application process.

In November 2019, the Pre-IVF Fertility Testing Rebate was launched which helps eligible NSW residents cover the costs of fertility testing. Around, 2,183 applications were fulfilled, with a total of \$1.1 million delivered back to customers.

MyServiceNSW Account improvements make dealing with government easier

The MyServiceNSW Account provides one place for customers to access, connect and manage all their digital services with the NSW Government.

More than 882,900 new customers registered for a new MyServiceNSW Account in the reporting period. As at 30 June 2020, there were about 5.26 million accounts, which represented about 80 per cent of the NSW adult population. Growth in adoption of the MyServiceNSW Account was driven through a mix of digital services such as the Digital Driver Licence, vouchers, rebates and grants, from our business partners including Transport for NSW, Liquor and Gaming NSW and the Office of Sport.

Key enhancements were made to the MyServiceNSW Account during 2019–20 to enable the Premier’s priority Government Made Easy (GME) initiative. This included new “Tell Us Once” features for 13 services allowing customers to provide their information to prove their identity once and reuse it for other services. Key GME features launched during this period included the Digital Proof-of-Identity, Digital Notifications and a new Business Profile.

Transforming Digital Services

Service NSW launched the NSW Digital Driver Licence in October 2019. In the time since, it has achieved a 28 per cent adoption rate (of total NSW driver licence holders), exceeding expectations by 10 per cent in its first year. In addition, the Service NSW app, which hosts the Digital Driver Licence, has seen a 100 per cent increase in active users, to a total 1.6 million customers.

The new Service NSW website launched in July 2019. A key new feature of the website is a much-improved search function which utilises machine learning to continuously improve search results for customers.

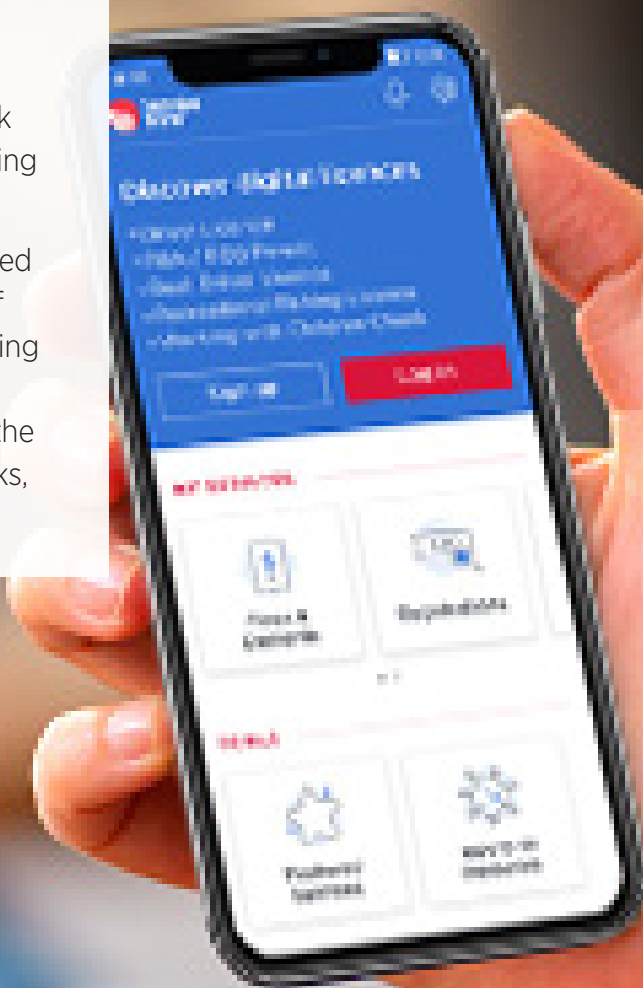
The improved search function has increased the accuracy of customers’ initial searches by more than 20 per cent. These improvements have made it even easier for customers to deal with government, to access information, advice, and services to suit their individual circumstances.

Case Study 3

Customers continue to embrace Service NSW Mobile App

The Service NSW mobile app had 400,000 active users at the start of the year. At the end of the year, that number increased to 1.6 million. The app is updated with new features and improvements every 11 days, consistently gets over 90 per cent thumbs-up feedback from customers and has maintained over 3 out of 5 rating on Google Play and Apple's App Store.

The digital credentials offered in the app are the digitised Driver Licence, Boating Licence, Responsible Service of Alcohol (RSA) Licence, Responsible Conduct of Gambling (RCG) Licence, Fishing Licence, and Working with Children Check. Other popular services offered within the app are vehicle registration details, demerit point checks, and notifications of driving fines.





Supporting businesses in NSW to start, run, adapt and prosper

During 2019–20, the Making Business Easier program transitioned to a permanent business offering and is now referred to as Service NSW for Business, which also better reflects the holistic service we provide to businesses across the state.

There are 119 councils signed up to the program, covering 95 per cent of the NSW population.

Our service was expanded to include specialist expertise to provide grants and financial assistance to small business owners impacted by natural disasters, such as the 2019/2020 summer bushfires, and emerging issues, such as the COVID-19 pandemic.

Service NSW for Business represents the offerings of more than 20 government agencies via a dedicated team of more than 200 regional and metropolitan staff, all passionate about making NSW the easiest state in which to start and stay in business.

Our team offers free, personalised support to NSW business owners at all stages of the business cycle. We provide one-stop-shop access to all three levels of government, and guide business owners through the application processes for licences, financial assistance and other business requirements.

How We Help

The Business Concierge team is available Monday to Friday 8.00am to 6.00pm, over the phone, online

and face-to-face, connecting with customers at a time and in ways that best suit them.

Our digital offering includes our online Business Profile launched this year, giving business customers access to a personalised profile, making it easier to manage their interactions with the NSW Government.

In addition, our digital business information hub was updated this year to include information specific to business support in times of crisis, including financial and mental-health support.

Service NSW for Business has developed strong partnerships with agencies across three levels of government and industry. The team works hard to understand our partners' needs and works closely with them to develop a sustainable one-stop-shop solution for our customers, including strong collaboration to develop and deploy digital tools. Our strong partnership model has been a key foundation to successfully supporting customers impacted by bushfires and COVID-19.

Service NSW for Business Key highlights for 2019–20

- The Business Concierge team helped customers over the course of 84,000 calls.
- We extended our Business Concierge (BC) offering to include mobile BCs in regional areas. They assist local businesses in person, work with local Councils and attend local business events.
- We established online business information hubs to provide easy access to the latest support for small business owners impacted by bushfires and COVID-19, including financial assistance and grants, stimulus packages, fee waivers, personalised support and community resources.
- The new Business Profile was designed with a one-stop-shop functionality to support business customers. Customers now have an integrated experience between their MyServiceNSW personal account and their MyServiceNSW Business Profile.
- Business Profile supports customers to save, prefill and check the status of applications for bushfire and COVID-19 grants. During the year there were 16,884 Business Profiles created, and 121,436 views of the Support for Business page on the Service NSW website.
- The Liquor Licence Manager pilot provided larger businesses with a one-stop-shop to manage liquor licences. This includes the ability to view, amend and pay online for licences in bulk. The product was delivered in collaboration with OneGov and Liquor & Gaming NSW. The Liquor Licence Tool was launched to help reduce the complexity of liquor licensing for small business customers. It allows customers to identify the types of liquor licences that best suit their business needs. The product was delivered in collaboration with OneGov and Liquor & Gaming NSW.
- The Development Application (DA) for businesses tool was launched. The tool provides business owners a property report outlining the zoning, environment plans and other controls that affect how premises can be used. The product was delivered in collaboration with the Department of Planning, Industry and Environment.
- The Development Application and Liquor Licensing tool was launched. The integrated tool empowers customers to understand and navigate the liquor licensing and development application processes. The tailored guidance helps customers avoid unnecessary delays and associated expenses. This tool was designed and developed with agency partners Department of Planning, Industry and Environment and Liquor & Gaming NSW.
- The intuitive Individual Contractor Licence tool was delivered, allowing electricians to apply for licences online. Tailored to customers' needs, the seamless omni-channel experience provides the necessary forms and information according to individual circumstances, and updates customers on their application status through handy notifications. The Contractor Licence was delivered in collaboration with the regulator, Better Regulation Division.
- COVID-19 Land Tax Relief online information was released to help NSW commercial landlords significantly impacted by COVID-19. Working closely with Revenue NSW, this product formed a part of the government's 'Land Tax Relief Package.'
- COVID-19 Support 'Fee Waiver for New Individual, Company and Partnership Contractor Licences' was delivered in collaboration with the regulator, Better Regulation Division.
- COVID-19 Commercial Leasing Digital Product was launched to assist customers impacted by the pandemic to resolve their commercial leasing issues. Content was designed to help customers solve their leasing issues themselves. We worked closely with Treasury NSW and the NSW Small Business Commissioner to equip customers with detailed information to provide customers with a self-help option. This also helped to ease the demand on our frontline teams.
- Digital Capability increased with a 60 per cent jump in our in-house digital capability footprint, including product managers, product engineers, product designers and content designers. We trained and upskilled new staff in lean, agile and user-centred design methodologies, in line with the Premier's priority of implementing best-practice digital capability within the NSW public sector.

Financial support

The financial assistance provided to small business owners impacted by bushfires and COVID-19 includes:

Bushfire Recovery grants

19,243

applications for the \$10,000 grant
(available to 30 eligible LGAs), totalling \$192.43 million.

158

applications for the Rural
Assistance Authority (RAA)
grant up to \$15,000,
totalling \$1.42 million.

3,076

applications for the up to
\$50,000 grant, totalling
\$77.12 million.

COVID-19 grants

57,365

applications for the up to
\$10,000 grant, totalling
\$566.60 million.

Case Study 4

Business Concierge support helps keep marine boat business afloat

When the COVID-19 pandemic struck, Peter Sutton's online inflatable boat business Sutton Marine took a nosedive. He had stocked up for summer, but his customers had dropped off. "I'd left my job in the corporate world to focus on my business and suddenly cash flow was limited. I had serious concerns on how I would manage to stay afloat," Mr Sutton said.

With the guidance of his dedicated Service NSW Business Concierge (BC), Mr Sutton was able to access assistance to scale his business to a different level and help pandemic-proof his company. He invested in technology and structural assets such as web design including online store upgrades, trailers to move inventory, and advertising.

"It was never a 'call centre' experience. The Business Concierge was paramount in opening an effective communication channel during a very stressful period. It allowed me to build a professional relationship with someone who understood business in my area," Mr Sutton said.

The Business Concierge guided Mr Sutton through government applications and checked on the status of grants.

"I would've spoken to my BC more than 15 times," he said.

Over the course of COVID lockdown, Mr Sutton successfully applied for the \$10,000 Small Business Support Grant and the \$3,000 Business Recovery Grant through Service NSW.

"Without the small business grants, Sutton Marine simply wouldn't be operational. The money instantly improved my cash flow position, renewed my focus, allowed me to gear-up and gave me the confidence to ride out the pandemic," he said.



Supporting Regional NSW through innovative partnerships

Service NSW partnered with Transport for NSW and Westpac to deliver the Regional Seniors Travel Card (RSTC) in January 2020. The Regional Seniors Travel Card is a 2019 election commitment to provide eligible seniors living in regional, rural and remote areas of NSW with a \$250 prepaid card to help ease the cost of travel. The card can be used at certain retailers to pay for pre-booked NSW TrainLink Regional trains and coaches, fuel and taxis.



310,452 customers had successfully applied for the card through Service NSW as at 30 June 2020. The RSTC is a two-year program with eligible seniors able to re-apply for a 2021 card.

As part of the Transport for NSW led initiative, Service NSW developed and implemented the application process with a focus on the customer experience. Seniors can apply for their RSTC by visiting a Service NSW Service Centre, by calling the Contact Centre or online via the Service NSW website. The \$250 pre-paid cards are supplied and sent to customers by Westpac.

To further explore ways to improve service for regional customers, Service NSW also commenced engagement with the Department of Regional NSW, building on previous engagement with the Department of Primary Industries and Local Land Services, as part of a more holistic and strategic cluster engagement approach. We look forward to continuing this engagement, with the aim of better servicing our regional customers.

Case Study 5

New digital link reconnecting seniors to their Seniors Card benefits

Upon the presentation of a Seniors Card or Senior Savers Card at participating retailers, more than 1.5 million senior citizens across New South Wales have access to a range of generous discounts and exclusive offers. With many seniors entering home-isolation in 2020 due to COVID-19, their ability to access these benefits was severely limited.

Service NSW responded to this barrier by launching the first 'Seniors Cards API'. This API (or application programming interface) is a digital link that allows participating retailers to instantly verify customers as senior citizens eligible for the special benefits on offer.

With retailers now able to identify eligible senior citizens remotely, seniors have been re-connected to many of their benefits. In addition to various discounts and exclusive offers, select retailers have used the API as a way of identifying customers eligible for priority assistance, such as home delivery. Ultimately, seniors no longer have to choose between accessing cost savings and shopping safely from home.

Moving forward, Service NSW plans to further leverage and expand the Seniors Card API to enable seniors to access even more discounts and exclusive online offers from their favourite retailers.



Our partnerships

In 2019–20 we worked with 63 partner agencies to deliver around 1,200 services on their behalf.

Our partners span across federal, state and local government levels. We partner with agencies across all nine NSW Government clusters.

To enable us to enhance support for our partners and assist customer transactions, the Insights and Operations team joined the Partnerships Division. Their key focus of analytics and reporting for Service NSW services, is to support collaborative partnerships with agencies, strengthening our end-to-end partnership experience. It also aids enterprise planning, agency pricing and the agreements framework. Over the last 12 months, this team has been instrumental in providing reporting and dashboard development for support of customers and businesses.

During 2019–20, the Partnerships team also played a critical role as part of the State's bushfire and COVID-19 response where Service NSW partnered with various state, local and federal agencies and non-Government Organisations to define and deliver targeted support to businesses and customers.

We have continued to build on the trust, confidence and satisfaction of our partners, and are widely recognised as the go-to place to for support with crisis response programs and initiatives.

We have deployed Service NSW innovations with our partners across NSW Government.

Service NSW has facilitated over 1.57 million Digital Driver Licence downloads in support of a digital-first vision across the state, and successfully completed a partnership with NSW Health to embed our customer service culture in Liverpool, Nepean, Lismore and Blacktown Hospitals, significantly improving customer experience scores in hospital waiting rooms.

Together with our partners, we lead change on how Service NSW delivers services by creating more options for agencies and customers. We continue to grow the number of transactions digitally available through Service NSW, including the addition of Mobility Parking Scheme applications in 2019–20. By creating a digital option for customers, these innovative changes allow Service NSW to continue to deliver critical transactions without customers needing to visit service centres.

Case Study 6

Mobility Parking Permits

Before COVID-19, the process to apply for or renew a Mobility Parking Scheme (MPS) permit required customers to apply in person at a service centre and bring along forms signed by their medical practitioner. The requirement to attend a service centre has been a pain-point for this transaction, as this cohort of customers are mobility-impaired and may require assistance to attend a service centre to obtain a permit.

In response to the COVID-19 pandemic and the need to ensure vulnerable customers do not need to come into service centres, Service NSW worked with Transport for NSW to develop a digital option for customers wishing to renew their MPS permit. This option enables customers to apply online to renew their permit and allows customers to electronically attach all required forms from medical practitioners - without needing to attend a service centre. The digital option went live on 27 April 2020 and Service NSW processed 717 online applications by 30 June 2020. Due to the success of the digital option, Service NSW and Transport for NSW have agreed to embed the digital option for MPS on an ongoing basis.

Building on the success of this digital approach, Service NSW and Transport for NSW have developed a working group focused on identifying any further improvements that can be made to the MPS scheme and customer journey.

Community engagement

Between 1 July 2019 and 30 June 2020, Service NSW held 573 community and stakeholder engagement events, such as customer education sessions, presentations, external visitor tours, service centre preview events and awards. Seven events related to bushfires and 91 events were for charity.

Helping disadvantaged customers by expanding our social impact

Service NSW worked with various agencies and not-for-profit organisations in contributing to the Premier's Priority of tackling intergenerational disadvantage. Projects completed included the drought support program.

Drought-affected customers were assisted through Cost of Living appointments to access more than \$1.5 million in savings, rebates and subsidies in its first month, before the program transitioned to business as usual.

Other areas of social impact included helping homeless customers obtain access to photocard ID, piloting a prisoner release outreach to also assist with ID, employing three women who had recently been homeless due to domestic violence and partnering with the charity Dress for Success to fundraise, volunteer and provide employment for disadvantaged women.

Service NSW partnered with the not for profit community organisation, Annecto, to work with Aboriginal elders in Kempsey, piloting a unique consultation process whereby Service NSW staff and leaders heard about customer pain points. This led to the planning of a pilot project where an Aboriginal staff member will be going regularly to a neighbourhood centre and sitting with the elders to jointly assist community members access Service NSW transactions and Cost of Living appointments.

Staff were further supported to assist our more disadvantaged customers with capability uplift in areas such as vicarious trauma training, Aboriginal cultural awareness and mental health first aid.

Supporting Whole-of-Government efforts in increasing refugee employment

During 2019–20, we employed 22 refugees through our Refugee Internship Program, with more than a quarter of all interns progressing from frontline roles into support office career pathways across ICT, communications, and project management.

As at 30 June 2020, 61 refugees have been employed through the program, since being introduced in 2017. The program has had a 91 per cent retention rate, with interns successfully transitioning into ongoing roles at Service NSW.

Creating a model workplace for our staff

We are continuously looking to improve how we work. We have automated rostering processes across all 106 Service Centres to release capacity for management teams to focus on more meaningful people development tasks.

We also increased flexibility and support in our workplaces to help staff better balance work/life commitments, following the introduction of the COVID-19 public health restrictions.

Our people matter

At Service NSW we value our people and the diversity of skills and experiences they bring with them. We strive to create a positive team culture that is inclusive and values diversity, innovation and creativity.

In the 2019 People Matter Employee Survey we had an 87 per cent participation rate with 73 per cent of our employees telling us they feel motivated, proud and inspired and would recommend Service NSW as a great place to work.

NSW citizens have come to expect world-class customer service from our people.

Through our high customer feedback, we know our people are reflecting their positive work place culture in how they assist and engage with our customers. In 2019–20 our customer satisfaction rate was 97.7 per cent in Service NSW Centres, 98.3 per cent for our Contact Centres, and 98 per cent for our online website experience and consistently over 90 per cent from Service NSW App users.

BRAVO Awards

Throughout the year, we recognised teams and individuals who went above and beyond to make a difference to our customers.

This recognition by their colleagues was celebrated through the monthly 'Being Recognised as a Valuable member of our Organisation' (BRAVO) Awards.

There were 1,317 nominations submitted for awards in 2019, recognising their colleagues' exceptional performance.

Service NSW Awards

Held since 2013, the Service NSW Awards recognise Service NSW employees for outstanding customer service delivery.

The ceremony is the annual culmination of the employee recognition program which includes monthly awards. The night is about bringing people together to say thank you.

In 2019, 16 awards were presented to recognise individuals and teams who went above and beyond to deliver exceptional customer service. Award recipients included staff who have helped victims of domestic violence, launched Service NSW Mobile Service Centres improving access to services for people in some of NSW's most remote areas, and those who have saved lives by rolling out the installation of defibrillators in Service NSW centres.

The awards are part of the strong Service NSW customer delivery culture, which has resulted in a 98 per cent customer satisfaction rate.

Case Study 7

Digital Bootcamp helps participants get career-fit

Frontline teams at Service NSW possess a unique wealth of knowledge and experience when it comes to delivering exceptional customer service. In May 2020, Service NSW began an exciting pilot program aimed at harnessing this talent and sharing it across our digital product teams, who are responsible for the web and app- based tools customers use to interact with us.

Service NSW partnered with TAFE to launch the inaugural 'Service NSW Digital Bootcamp', with 20 frontline team members selected to participate. The bootcamp began with three months of full-time software development training at TAFE which moved from face-to-face to remote learning due to the COVID-19 pandemic.

The successful 'bootcampers' progress into a six-month secondment within various Service NSW digital teams. They will work alongside digital product managers, engineers, and designers, to further develop their digital skills while also sharing their own customer service skills. At the conclusion of their secondments, boot campers will have the opportunity to broaden their career paths by applying for available roles.

As a Customer Service Representative working at Macarthur Service Centre, boot camper Divakar Raut jumped at the opportunity to build on his IT skills and expand his career opportunities.






“When I first heard about this opportunity, it felt like life really sometimes gives us a second chance to pursue our career. Being an IT graduate several years ago but not really able to transit into IT Industry (Programming) at that time, I believe this bootcamp has given me that motivation and confidence to work in the programming industry and what a place to explore this opportunity,” Mr Raut said.

Through the program, Mr Raut joined the Government Made Easy team as a Trainee Developer and said he was very grateful to have the support of his colleagues as it helped to motivate him to continue his Bootcamp journey.

“I am lucky to work with MyServiceNSW Personal account team who welcomed me, made me feel like one of the team in no time. When I felt a little down while peer programming and I shared [with colleagues] that I felt a huge knowledge gap working within this team and one of my Senior Engineers said, “In Programming, if you don’t feel frustrated then you are not learning properly”. That statement motivated me a lot and made me realise that it is a part of the journey too and pushed myself to work even harder.”

While still underway, the Service NSW Digital Bootcamp is already showing promising signs of success in both our ability to offer frontline team members exciting career opportunities, and our intent on delivering to customers a new wave of customer-centric digital services.

“I believe there is a lot to learn and explore but I am enjoying this journey being part of the Service NSW team,” Mr Raut said.



Having joined the newly-formed Department of Customer Service on 1 July 2019, Service NSW has continued to expand our partnerships, develop our people's skills and embrace their diversity, in order to offer NSW citizens and businesses personalised service delivery.

We incorporate leading-edge data analytics and behavioural insights to tailor our service offerings for our customers to make it easier for them to deal with government. The year ahead provides opportunities for us to continue innovating through partnership collaborations, and to continue transforming our digital service offerings to provide increasing value for NSW citizens.

Expanding our network

Six new service centres were opened in rural and regional NSW demonstrating our commitment to ensuring that residents across NSW have more access to government services and transactions. New centres were established in Narrandera, Woy Woy, Moree, West Wyalong, Forbes and Tenterfield.

The centre in Woy Woy was the first of our new 'digital first' service centre designs. The digital first model provides the same services of a traditional service centre but with a greater emphasis on digital self-service transactions. Staff are on hand to provide support for customers using self-service and the centre also provides more spaces for staff and customer consultation away from a traditional counter.

We are expanding our network by working to deliver an additional 10 Service NSW Centres in metropolitan Sydney by June 2023 with the first two centres expected to open in August 2020.

Transforming digital services

Service NSW is making it easier for citizens and businesses to access a trusted, safe, and primed service across their channel of choice. By placing the customer at the centre of everything we do, we will transform digital services online, instore, and over-the-phone to provide better outcomes for citizens and businesses. Service NSW will engage with data and insights to deeply understand our customers' needs and provide a more personalised and tailored customer experience.

Helping our customers with their cost of living

The Cost of Living program was initially conceived as a one-on-one appointment with a Support Service Specialist, to help customers easily navigate and apply for all NSW government rebates and savings to suit their individual circumstances.

Since being introduced in 2017, the program has expanded to include offerings from NGOs and local community groups. This is largely due to community engagement activities driven by the Support Service Specialists, who work hand-in-hand with organisations to ensure that their customers are able to access rebates and savings they are entitled to.

We continue to look at ways to improve the customer experience when it comes to providing assistance and savings for customers. Service NSW will ensure that Cost of Living remains an integrated part of our customer service model and is fit-for-purpose moving forward.

Support for businesses in NSW to start, run, adapt and grow

Service NSW for Business is working hard towards our mission to be a one-stop-shop for NSW small business owners. In the future, we will:

- broaden our offering by partnering with more NSW government business services
- improve our understanding of specific regional business needs by developing and embedding stronger regional community partnerships
- build awareness among our key customer, community and stakeholder audiences with marketing and outreach strategies
- increase the number of options for customers to connect with our Business Concierge by better utilising technology and localised physical presence
- expand our digital product portfolio and improve the digital experience
- further integrate the Business Profile into our service offering with regular additions to its functionality
- keep our staff at the heart of what we do, as valued members of a high-quality team delivering for our business customers.

Appendices

1	Customer response	33
2	Executive Leadership Team	34
3	Management structure	36
4	Workforce	37
	a. Senior executive	
	b. Female senior executive roles	
	c. Workforce profile by employment category	
	d. Number of Executive Officers and remuneration	
	e. Movements in wages, salaries or allowances	
	f. Diversity	
	g. Workforce diversity report	
	h. Multicultural Policies and Services	
	i. Agreements with Multicultural NSW	
	j. Disability Inclusion Action Plan	
	k. Work Health and Safety	
	l. COVID-19 policy	
	m. Personal policies and practices	
	n. Industrial relations policies and practices	
5	Governance	50
	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. Cyber security annual attestation statement	
	h. <i>Government Information (Public Access) Act 2009</i> (GIPA Act)	
	i. Privacy	
	j. Public Interest Disclosures	
	k. Legal change	
	l. Payment of accounts	
	m. Time for payment of accounts	
	n. Overseas travel	
	o. Payments to consultants	
	p. Funds granted to non-government community organisations	
	q. Research and development	
	r. Land disposal	
	s. Major works in progress (projects over \$1 million)	
6	Financial statements	65

1 Customer response

We welcome feedback from our customers, as this helps shape our evolving customer service improvements. Our customers can provide feedback at our Service NSW Centres, by telephone, to our contact centres, via email, through the mail or on our website which offers the Feedback Assist tool.

During 2019–20, we assisted more than 61 million customers during the year in our Service NSW Centres, contact centres and on our website. More than 3.4 million customers provided feedback on their experiences. Service NSW maintained a customer satisfaction score average of 98 per cent:

- 97.7 per cent for our Service NSW Centres
- 98.3 per cent for our two contact centres which field customer calls
- 98 per cent for our online experience.

Service NSW received 3,240 pieces of customer feedback about our services, with 3,227 of these issues resolved. Service NSW also received 1,549 pieces of customer feedback about our partner agencies, with 1,538 of these issues resolved. Some of the feedback was received late in 2019–20 and will be carried over to 2020–21.

The five main customer issues in 2019–20 were:

1. Service Centre – transaction error, customer service (attitude) incorrect/unclear information provided
2. Driver Testing – wait times, request for review
3. Website, SNSW App, MyServiceNSW Account – information not clear, technical issues
4. Contact Centre – transaction error, customer service (attitude), incorrect/unclear information provided
5. Payments issue – Credit card, Paypal, merchant fees

The five main customer issues in 2018–19 were:

1. Procedure not followed
2. Quality of service
3. Incorrect information provided

4. Information provided was not clear

5. Website and MyServiceNSW Account issues

In 2019–20 the Service NSW Customer Resolution team have undertaken work to strengthen the complaint handling process to provide customers with a single point of contact to resolve their complaint end to end. New complaint coding was introduced to better understand complaint drivers and customer sentiment. The new codes provide more detail, but it also means that comparative data is not available for the previous year.

The Customer Resolution team works with internal teams as well as stakeholders to learn from feedback and implement this knowledge to improve the services offered. This was highlighted during the second half of the year when COVID-19 impacted the ways customers could interact with Service NSW. There was a particular concern regarding elderly and vulnerable customers and their ability to attend Service NSW in person to complete transactions.

Examples of improvements that have been made with the input of customer feedback during COVID-19 include:

- Mobility Parking Scheme (MPS) permits: Development of a procedure to allow forms to be submitted online so the applicant does not need to attend a Service Centre.
- Photo Cards: Development of a procedure so Authorised Representatives can apply for a renewal or replacement on the applicants' behalf.
- Lodge a Notice of Disposal online: Expanded the options for how a Notice of Disposal can be submitted online to reduce the reasons why a customer needs to attend a Service Centre.

2 Executive Leadership Team

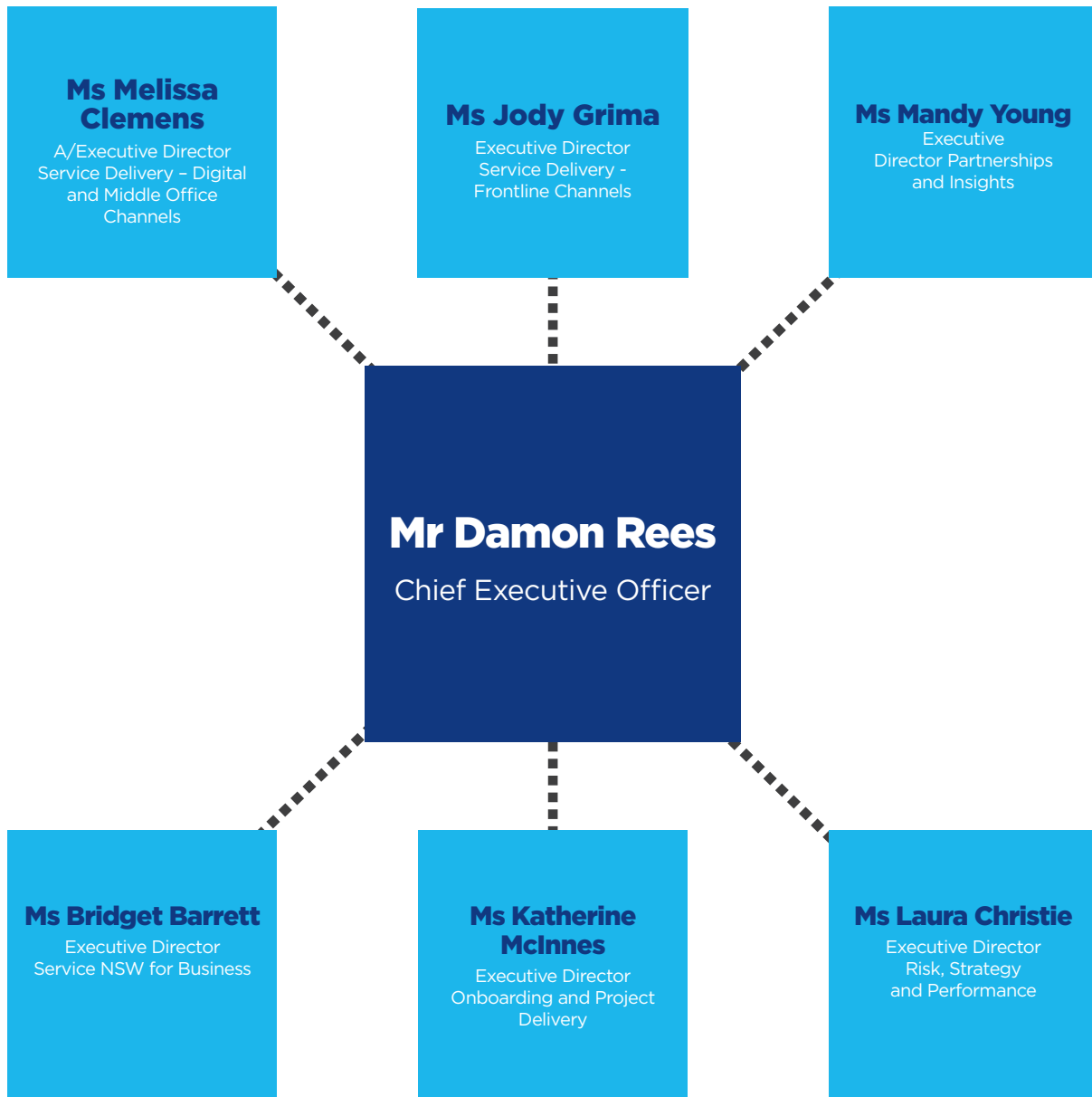
Table 1: Executive Leadership Team profiles

Name and Qualifications	Role	Overview
<p>Mr Damon Rees Executive Master of Business Administration Bachelor of Information Technology</p>	<p>Chief Executive Officer</p>	<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.
<p>Ms Mandy Young Bachelor of Social Work</p>	<p>Executive Director Partnerships and Insights</p>	<ul style="list-style-type: none"> The ED Partnerships and Insights is responsible for managing Service NSW's partnerships with other government agencies, across all levels of government (local, state and federal) and non-government organisations. The core functions of Partnerships and Insights are to lead in the identification and scoping of business development opportunities for Service NSW, agreeing scopes of work (including pricing) and new services agreements, as well as overseeing delivery (and improvements) once new initiatives have gone live. Additionally, Partnerships and Insights provide expert advice on related matters to influence strategy, decision and initiatives and analytics and reporting, to recommend opportunities for performance improvement.
<p>Ms Jody Grima Executive Master of Public Administration Bachelor of Arts (Social Welfare)</p>	<p>Executive Director Service Delivery - Frontline Channels</p>	<ul style="list-style-type: none"> The ED Service Delivery - Frontline Channels leads and delivers optimal, sustainable, complex and diverse multi-channel government customer service delivery. This role has lead responsibility for Service NSW shop fronts and the contact centre channel. The ED Service Delivery - Frontline Channels 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.

Name and Qualifications	Role	Overview
<p>Ms Melissa Clemens Harvard Kennedy School - Executive Education</p>	<p>A/Executive Director Service Delivery – Digital and Middle Office Channels</p>	<ul style="list-style-type: none"> The ED Service Delivery – Digital and Middle Office Channels is driving the global standard in customer service and digital excellence. The role strives for customer care with a focus on empowering the agency to become world-class in delivering customer-centric technology and services. The ED Service Delivery – Digital and Middle Office Channels is responsible for leading the government’s one-stop-digital-shop to ensure government services are accessible, reliable and easy to navigate for the diverse citizens of NSW.
<p>Ms Katherine McInnes Bachelor of Business</p>	<p>Executive Director Onboarding and Project Delivery</p>	<ul style="list-style-type: none"> The ED Projects leads strategic program management and onboards new services on behalf of partner agencies across the cluster. This includes leading cross-agency and cross-functional programs to deliver NSW Government customer service reform objectives. The ED Projects is responsible to senior stakeholders, including Program Sponsors, to deliver program outcomes.
<p>Ms Bridget Barrett Master of Commerce, Workplace Reform and Change Management</p>	<p>Executive Director Service NSW for Business</p>	<ul style="list-style-type: none"> The ED Service NSW for Business leads and delivers the strategy, operations and partnerships to position Service NSW for Business as the one-stop-shop to NSW Government services for small business, and a great place to work for staff. The ED Service NSW for Business is a key advocate for businesses requirements across the three levels of government and with external industry stakeholders, ensuring that effective services are easy to access across multiple channels, to help make NSW the easiest state for small businesses to start, run, adapt and prosper.
<p>Ms Laura Christie Bachelor, Economics and Social Sciences</p>	<p>Executive Director Risk, Strategy and Performance</p>	<ul style="list-style-type: none"> The ED Risk, Strategy and Performance leads collaboration with leaders across Service NSW to embed and align our efforts to the Service NSW and the Department of Customer Service strategies. The ED Risk, Strategy and Performance is a key driver in uplifting Service NSW risk management capabilities and continuing to hone organisational performance This is key to delivering on the trust that customers and partners place in Service NSW.

3 Management structure

Management structure as at 30 June 2020.



4 Workforce

a. Senior executive

Table 2: Senior executive profile

Senior Executive Band	Total 2019-20 ¹	Total 2018-19	Total 2017-18
4	0	0	0
3	1	1	1
2	4	8	8
1	24	43	29
Total	29	52	38

1. 2020 statistics are based on Workforce Profile census date 25 June 2020.

b Female senior executive roles

At 25 June 2020, 18 (62%) of the senior executive roles at Service NSW were held by female employees. This compares to 31 (60%) at 30 June 2019.

Table 3: Female senior executive profile

Senior Executive Band	Total 2019-20 ¹	Total 2018-19	Total 2017-18
4	0	0	0
3	0	0	0
2	4	6	6
1	14	25	13
Total	18	31	19

1. 2020 statistics are based on Workforce Profile census data 25 June 2020.

c. Workforce profile by employment category

Table 4: Workforce profile by employment category – three year comparison

Staff category		Permanent full time	Permanent part time	Temporary full time	Temporary part time	SES full time	SES part time	Total
Female	2019–20 ¹	1288	605	394	78	17	1	2383
	2018-19	1233	552	162	44	26	5	2022
	2017-18	1012	460	99	11	16	3	1601
Male	2019–20 ¹	653	91	279	14	11	0	1048
	2018-19	670	82	59	8	20	1	840
	2017-18	548	72	39	5	17	2	683
Indeterminate /Intersex / Unspecified	2019–20 ¹	2	0	0	0	0	0	2
	2018-19	0	0	0	0	0	0	0
	2017-18	0	0	0	0	0	0	0
Total	2019–20 ¹	1943	696	673	92	28	1	3433
	2018-19	1903	634	221	52	46	6	2862
	2017-18	1560	532	138	16	33	5	2284

1. Statistics are based on Workforce Profile census data 25 June 2020.

d. Number of Executive Officers and remuneration

In 2019–20, 3.63 per cent of Service NSW employee-related expenditure was related to senior executive employees. In 2018-19, 4.86 per cent of Service NSW employee-related expenditure was related to senior executive employees.

This reduction was mainly due to the cluster restructure, which involved removal of Executive Director and Director roles either through redundancy or transfer to the newly-formed Department of Customer Service and a general increase in the staff count relating to non-executive employees.

Table 5: Executive officers' remuneration

Band	Female	Male	Remuneration range (at 25 June 2020)	Average remuneration
4	0	0	\$487,051 - \$562,650	0
3	0	1	\$345,551 - \$487,050	\$486,782
2	4	0	\$274,701 - \$345,550	\$315,475
1	14	10	\$192,600 - \$274,700	\$247,979
Total	18	11	-	

e. Movements in wages, salaries or allowances

Service NSW employees' remuneration and conditions are covered by the two-year Service NSW (Salaries and Conditions) Employees Award 2018, excluding senior executive employees.

On 1 July 2019, there was an increase in award rates of 2.5 per cent. Negotiations for a new Award to operate from 1 July 2020 were managed centrally on behalf of the Industrial Relations Secretary (including Service NSW) by Public Sector Industrial Relations, due to the NSW Government's public sector wages policy for the 2020 to 2021 period, which included no cost of living adjustments.

f. Diversity

Service NSW's diversity and inclusion strategy aligns with the NSW Government's commitment to a diverse and inclusive public service workforce. During the year, employment progression opportunities for women were further enhanced by career development programs which could be accessed remotely so staff from across the state could participate.

A number of changes were instituted as a result of COVID-19. The twice-yearly Women in Leadership breakfast series was replaced by a podcast series, shared across the network via our internal social media channels. "Share Your Story" celebrates the successes of women. This means there was greater access for all including those in rural and regional locations.

Flexible working was accelerated through COVID restrictions and vulnerable frontline staff members were quickly accommodated in different roles which could be performed from home.

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. We continued to work with Multicultural NSW to explore cross-cultural communication, and planning began for a refugee youth linker pilot to address the unique needs of refugee youth, to be located at the Wetherill Park Service Centre.

Arrilla Aboriginal Cultural Awareness training was rolled out to leaders, followed by an online course for all staff.

The Service NSW refugee internship program continued to flourish, with a total of 61 interns employed to date including 22 new recruits in 2019-20. Service NSW also began its internship program for women who have been victims of domestic violence, with three women employed across the network. There were also seven Aboriginal trainees recruited.

In 2019-20 our Service NSW Executive Leadership team consisted of 70 per cent women.

g. Workforce diversity report

Table 6. Size of Agency (Headcount)

	2018	2019	2020	% Change 2019 to 2020
Headcount at Census Date	2,285	2,862	3,435	20.0%
Non-casual Headcount at Census Date	2,285	2,862	3,435	20.0%

Table 7. Workforce Diversity Survey Response Rate (Non-casual Headcount at Census Date)

	2018	2019	2020
Non-casual Headcount at Census Date	2,285	2,862	3,435
Non-casual Workforce Diversity Survey Respondents at Census Date	2,114	2,655	3,230
Response Rate	92.5%	92.8%	94.0%

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 8. Workforce Diversity Actual Staff Numbers
(Non-casual Headcount at Census Date) - 2020**

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 - \$49,322	1	1	0	1	0	0	0	0	0	0
\$49,322 - \$64,779	1,317	1,257	350	959	8	51	170	144	33	9
\$64,779 - \$72,418	454	436	78	374	2	7	48	80	10	4
\$72,418 - \$91,641	1,090	1,016	354	725	11	25	129	182	27	9
\$91,641 - \$118,507	209	194	82	126	1	4	39	42	3	1
\$118,507 - \$148,134	221	199	103	118	0	3	48	66	3	0
\$148,134 > (Non SES)	114	111	60	54	0	1	18	26	4	2
\$148,134 > (SES)	29	16	11	18	0	0	1	3	0	0
Total	3,435	3,230	1,038	2,375	22	91	453	543	80	25

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

Table 9. Workforce Diversity Actual and Estimated Staff Numbers (Non-casual Headcount at Census Date) - 2020

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 - \$49,322	1	1	0	1	0	0	0	0	0	0
\$48,119 - \$63,199	1,317	1,257	350	959	8	53	178	151	35	9
\$63,199 - \$70,652	454	436	78	374	2	7	50	83	10	4
\$70,652 - \$89,406	1,090	1,016	354	725	11	27	138	195	29	10
\$89,406 - \$115,617	209	194	82	126	1	4	42	45	3	1
\$115,617 - \$144,521	221	199	103	118	0	3	53	73	3	0
\$144,521 > (Non SES)	29	16	11	18	0	0	2	5	0	0
\$148,134 > (SES)	114	111	60	54	0	1	18	27	4	2
Total	3,435	3,230	1,038	2,375	22					

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 10. Workforce Diversity Actual and Estimated Staff Numbers (Non-casual Headcount at Census Date) as Percentages - 2020

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 - \$49,322	1	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
\$49,322 - \$64,779	1,317	95.4%	26.6%	72.8%	0.6%	4.1%	13.5%	11.5%	2.6%	0.7%
\$64,779 - \$72,418	454	96.0%	17.2%	82.4%	0.4%	1.6%	11.0%	18.3%	2.3%	0.9%
\$72,418 - \$91,641	1,090	93.2%	32.5%	66.5%	1.0%	2.5%	12.7%	17.9%	2.7%	0.9%
\$91,641 - \$118,507	209	92.8%	39.2%	60.3%	0.5%	2.1%	20.1%	21.6%	1.5%	0.5%
\$118,507 - \$148,134	221	90.0%	46.6%	53.4%	0.0%	1.5%	24.1%	33.2%	1.5%	0.0%
\$148,134 > (SES)	29	55.2%	37.9%	62.1%	0.0%	0.0%	6.3%	18.8%	0.0%	0.0%
\$148,134 > (Non SES)	114	97.4%	52.6%	47.4%	0.0%	0.9%	16.2%	23.4%	3.6%	1.8%
Total	3,435	94.0%	30.2%	69.1%	0.6%					

Note: Table 10 presents the figures in Table 9 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 11. Trends in the Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2018	2019	2020
Women	50%	70.1%	70.6%	69.1%
Aboriginal and/or Torres Strait Islander People	3.3%	2.0%	2.4%	2.8%
People whose First Language Spoken as a Child was not English	23.2%	20.9%	21.3%	16.9%
People with a Disability	5.6%	2.4%	2.4%	2.5%
People with a Disability Requiring Work-Related Adjustment	N/A	0.7%	0.7%	0.8%

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 12. Trends in the Distribution Index for Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2018	2019	2020
Women	100	87	86	88
Aboriginal and/or Torres Strait Islander People	100	98	95	86
People whose First Language Spoken as a Child was not English	100	106	109	115
People with a Disability	100	97	102	97
People with a Disability Requiring Work-Related Adjustment	100	N/A	114	100

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.

Table 13. Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2018	2019	2020
Women	50%	70.1%	70.6%	69.1%
Aboriginal and/or Torres Strait Islander People	3.3%	2.0%	2.4%	2.8%
People whose first language spoken as a child was not English	23.2%	20.9%	21.3%	16.9%
People with a disability	N/A	2.4%	2.4%	2.5%

h. Multicultural Policies and Services

Service NSW has increased its footprint with six new Service Centres and an increased employee base of 712 staff at Contact Centres, in both regional and metro communities. This expansion, combined with our four Mobile Service Centres, helped us continue to support our culturally and linguistically diverse customers during the year. All Service NSW Centres, Mobile Service Centres and Contact Centres offer customers free access to language support through staff capability or translation interpretation services.

Our employment philosophy, aligned with the Department of Customer Service Recruitment methodology, is to reflect diversity of all identities making Service NSW a true reflection of our NSW customers. Service NSW undertakes some targeted engagement initiatives including:

- Internship programs
- Traineeship programs

New interns and trainees from diverse communities were also engaged to work in our frontline teams.

Example of our services for Culturally and Linguistically Diverse customers include:

- Customers can be assisted by staff who speak at least 32 languages
- Tickets issued to customers as they select their transactions at Service NSW Centres can be produced in six languages
- The Service NSW website can automatically translate content into almost 60 languages and direct customers to translator services
- Continued involvement in local community programs and activities to enhance our relationships with diverse communities, with the introduction of virtual tools and resources on the frontline.

To further assist customers during the COVID-19 pandemic, customers were able to access document translation services through bookings@multicultural.nsw.gov.au, if they preferred not to visit a Service NSW Centre in person.

i. Agreements with Multicultural NSW

A signed project agreement with Multicultural NSW in June 2020, was the start of a Youth Linker Pilot Program at our Wetherill Park Service Centre. The Youth Linker Pilot Program emerged from the Refugee Youth Policy Initiative, involving co-design, collaboration and partnership with young people from refugee backgrounds. The initiative is led by Professor Peter Shergold as NSW Coordinator General for Refugee Resettlement, Service NSW, Multicultural NSW and the Department of Customer Service.

A key outcome of this pilot program is to support young people to navigate and access a myriad of services available to them through a peer-to-peer navigation model.

j. Disability Inclusion Action Plan

Service NSW is committed to the principles of the Department of Customer Service's Disability Inclusion Action Plan 2020-2025. The Plan creates a five-year roadmap to ensure our services, facilities and workplaces are accessible to all. It also ensures that opportunities to work with us are open to the entire community by identifying and breaking down the barriers which prevent those with disability from enjoying the same opportunities and choices as everyone else.

The Plan includes strong governance arrangements. Work is led by the Disability Inclusion Steering Committee, which includes representatives across the Department, including Service NSW, and representatives of the disability and Aboriginal employee resource groups, and is chaired by the executive sponsor for disability. The Steering Committee reports to the Diversity and Inclusion Advisory Council, chaired by our Secretary.

The Plan commits the Department to actions to improve accessibility and inclusion of our people, customers, stakeholders and suppliers with disability in 10 key areas:

1. Commitment
2. Premises
3. Workplace adjustments
4. Communication and marketing
5. Products and services
6. ICT
7. Recruitment and selection
8. Career development
9. Suppliers and partners
10. Innovation.

Service NSW disability inclusion initiatives:

- Formation of the Diversity and Inclusion Advisory Council, led by the Secretary for Customer Service, and the Ability DCS Employee Resource Group (disability employee network)
- Annual celebration and awareness through International Day of People with Disability events, held in November each year
- Silver membership of the Australian Network on Disability

- Launch of the Department of Customer Service Workplace Adjustment Statement and Passport, with virtual ergonomic assessments receiving very positive feedback from our people
- All Service NSW Service Centres are equipped with audio loops, are wheelchair-accessible and have at least one accessible counter which incorporates microphone and headset
- Service NSW Centres offer real-time captioning and Auslan-English interpreting to customers who are Deaf or hard of hearing
- Our online contacts pages encourage customers who are Deaf, hard of hearing or speech-impaired to contact us via the National Relay Service
- Online training modules on disability awareness and confidence for managers and staff, developed by the Public Service Commission and the Australian Network on Disability (with mandatory participation in online training by all employees)
- Inclusion of accessibility in planning and design of new premises, including Service Centres.

k. Work Health and Safety

We are committed to a workplace culture which values and promotes safety and wellbeing for all our people. We strongly support initiatives and programs that promote greater workforce performance by delivering a sense of wellbeing, positive mental health and engagement.

The processes below have been implemented to support, educate and enable our employees.

- **Mental health and wellbeing focus** — A campaign called #Helpingyou was implemented to support employees during COVID-19. The campaign was as a result of staff feedback (captured via staff surveys and through Employee Assistance Provider data) and provided a clear focus on key health and wellbeing issues. Bespoke videos were developed and released across DCS relating to the key themes received from staff feedback, with visible links to existing health and wellbeing platforms and resources.
- **Employee assistance** — Support and utilisation of employee assistance increased to annualised 5.6 per cent with an industry standard of 3.8 per cent. Benestar, the Employee Assistance Provider (EAP), has been a committed partner in providing support to employees during the bushfire crisis and the COVID-19 pandemic. Benestar provided support with the development of material for the #Helpingyou balance campaign, including a bespoke video and other supporting material and resources.
- **Social health** — Social connection and wellbeing were identified as a key focus area during the COVID-19 pandemic and with a dedicated COVID-19 channel formed. Staff continue to connect and share insights through the social channels, Workplace. Employees were also able to connect with other employees across the Department through the Department of Customer Service (DCS) Yammer platform as well.

- **Physical health** — Ergonomics was identified as a key focus due to the COVID-19 pandemic given the large numbers of employees working from home. Resources were developed to support employees. This included development of a Working from Home Ergonomic Guide, a refreshed Home Ergonomics intranet page, and virtual ergonomic assessments being made available to staff. Office equipment, such as chairs and monitors, were offered to all employees to provide a safe working environment at home.
- **Other employee initiatives** — Health and wellbeing initiatives included the Influenza Vaccination Program, and the Fitness Passport Program.
- **Work Health and Safety Act 2011** — Service NSW had nil prosecutions under the *Work Health and Safety Act 2011* during the 2019–20 financial year.

Workers compensation

Returning injured employees to work as soon as possible continues to be a key focus and is facilitated by the Recover at Work team within People and Culture. The Return to Work Program promotes a holistic approach to recovery in line with the best practice injury management approach. The Program is available to all employees via the Recover at Work intranet page. In 2019, the Program was recognised for excellence in internal customer service in the annual DCS Secretary’s Awards.

The total number of open claims is thirty three (33), of which the majority of claims can be found in the mechanism of injury breakdown of - (i) Falls, trips and slips of a person, and (ii) Mental stress (psychological claims).

The Safety & Wellbeing team meet on a monthly basis with the workers compensation insurer (EML) to ensure the safe and timely return of our employees to work.

The net incurred cost for this financial year is \$267,527.

Data regarding number of claims and relevant costs were sourced from iCare as at 30 September 2020. They are based on claims lodged and relevant assessment. The final cost may vary when compared to the same period in previous annual reports due to the timing of loss incurred, claims reported and the outcomes of the negotiated settlement.

I. COVID-19 policy

Service NSW has adopted the Public Sector Policy and Principles to apply Pandemic Special Leave during the COVID-19 response.

Service NSW employees are covered by the Department of Customer Service Flexible Working Hours Agreement, which was varied as of March 2020 to provide for extended band width and suspension of core working hours. This change allows for staff to work their hours in a more flexible pattern over a longer band of time to help balance career and other responsibilities.

m. Personnel policies and practices

Following the integration of Service NSW and Department of Customer Service corporate support functions in late 2019, work began in early 2020 on people related policy harmonisation. To date this has resulted in the development and implementation of a revised Code of Ethics and Conduct and a revised Conflicts of Interest Policy, together with a new delegation framework, which will apply across the Department of Customer Service cluster.

The policy harmonisation project will provide for greater alignment and consistency of decision making on critical personnel rated policies and practices for the Department of Customer Service.

n. Industrial relations policies and practices

On 12 March 2020, the Department of Premier and Cabinet issued circular C2020-01 Employment Arrangements during COVID-19, in response to the Covid-19 global pandemic. The circular outlines sector wide arrangements for employees unable to work due to direct and indirect consequences of COVID-19.

Under the circular, employees can access up to 20 days paid special pandemic leave, before other entitlements such as paid sick leave need to be accessed. This includes circumstances where an employee is unable to work because they are caring for sick family members, caring for family members due to school closures and caring facilities or unable to attend work due to transport disruptions. Flexible working options including working from alternate locations and working from home, are also encouraged.

The Department's response to the current pandemic, including implementation of circular C2020-01, has involved close collaboration and ongoing communication and consultation with both employees and the NSW Public Service Association.

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 (the 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 Service NSW CEO.

During 2019–20, the Committee met six times (four times in 2019 and two in 2020) to provide oversight of financial reporting, risk management, internal and external audit activities and the operational management of Service NSW.

In 2019–20, Ms Carol Holley, independent member, departed the Committee in November 2019. The vacancy was filled in March 2020 when Mr Gary Blair was appointed as an independent member of the Committee. Members of the Committee are listed below in the Service NSW Internal Audit and Risk Management Policy Attestation Statement (page 53).

b. Risk management

In 2019–20, Service NSW worked on improving its risk management framework through regular risk reviews across the business, updating its risk management framework and conducting project risk assessments and workshops. The Service NSW Enterprise Risk Profile was regularly reviewed and updated during 2019–20 through risk workshops with the Service NSW Executive Leadership Team (ELT), which guided ELT to operate within Service NSW's risk appetite and the reports tabled with the Audit and Risk Committee.

The Service NSW Risk Management Framework was reviewed and updated in 2019–20, to ensure consistency with the ISO 31000:2018 Risk Management Guidelines. The risk team conducted workshops and risk assessments across a range of projects and programs, particularly during the bushfires and COVID-19 crises, to help customers manage the impacts of natural calamities and to help staff identify and manage risks, and to maximise the value and opportunities arising for our organisation.

In 2019–20, business continuity team has led and supported during natural calamities like bushfires and floods and then during COVID-19 pandemic. Business Continuity team lead by cross functional steering committee of senior leaders from key business areas and established business continuity coordinator working group to work with State Emergency operations centre and support the organisation and community of NSW.

In 2019–20, the Service NSW Business Continuity Working Group identified Critical Business Functions across the business, with Business Continuity Plans to document recovery strategies under development per the Service NSW Business Continuity delivery plan.

An Operations Centre Response Controller was appointed in December 2019 to lead the Service Delivery incident response. Since appointed, multiple significant incidents have had a coordinated response including the devastating 2019–20 bushfire season and COVID-19, which remains active. Service NSW is now a key stakeholder with the NSW State Emergency Operations Centre during significant state incidents.

c. Internal audit

Service NSW operated an internal audit model for the duration of the 2019–20 financial year. The Chief Audit Executive reported to the CEO and the Audit and Risk Committee quarterly on the risk-based internal audit work plan, and progress towards completion of the plan, as well as implementation of audit issues and recommendations.

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 2019–20, the following assurance activities were completed

1. Line One Risk Maturity Review
2. Review of Major Contracts.
3. Australian Signals Directorate Essential 8 Follow Up Audit
4. Rebates and Vouchers – Creative Kids and Senior Travel Cards
5. Fraud and Corruption Risk Assessment
6. Customer Payment Platforms (CPP) – Information Technology Infrastructure Library Review.

In all the above audits management agreed with the audit findings and have either implemented or are implementing the agreed actions.

d. External audit

The Audit Office of NSW audited the Service NSW financial statements as at 30 June 2020 and issued an unqualified audit opinion on the Statutory Audit Report in October 2020.

In July 2020, Audit Office has commenced a performance audit of ‘Service NSW’s handling of personal information’. The results of this audit is expected to be reported in 2020-21.

e. Insurance

Service NSW held a number of insurance policies arranged under a Statement of Cover (SoC) from NSW Treasury Managed Fund (TMF), a NSW Government self-insurance scheme. The TMF covers agencies for losses, liabilities or damage incurred after 1 July 1989, or the date the agency joined the TMF.

The TMF SoC provides cover for the following risks:

- Workers compensation
- Legal liability exposures; including:
 - public liability
 - product liability
 - professional indemnity
 - directors/ officer's liability.
- Property
- Cyber risks
- Motor Vehicles
- Miscellaneous losses, including employee dishonesty, personal accident and protection during overseas travel.

Claims performance

Table 14. Number of insurance claims

Line of business	2019-20
Workers Compensation	33
Motor Vehicle	4
Property	0
Liability	18
Other	1
TOTALS	56

Table 15. Net incurred insurance claims cost (\$)

Workers Compensation	\$267,527
Motor Vehicle	\$25,238
Liability	\$174,091
TOTALS	\$12,119,215

Data regarding incurred claims and relevant costs was sourced from TMF. They are based on the claims lodged and relevant assessment as at October 2020. The final costs and claim numbers may vary due to the timing of loss incurred, claims reported, and the outcome of the negotiated settlement.

*Refers to a Service NSW cyber incident.

f. Internal audit and risk management policy attestation

I, Damon Rees, Chief Executive Officer, am of the opinion that Service NSW had internal audit and risk management processes in operation that were compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirement	Compliant/Non-Compliant /In-Transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 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

Membership

The chair and members of the Audit and Risk Committee were:

- Dianne Hill, Independent Chair, from 18 September 2018 to 17 September 2021;
- Stephen Horne, Independent Member, from 1 July 2016 to 30 June 2022.
- Carol Holley, Independent member, from 18 September 2018 to 30 November 2019*;
- Gary Blair, Independent Member, from 1 April 2020 to 30 March 2023.

*Note: Independent member Carol Holley resigned her position (ceasing November 2019) and no meetings of the Committee were held until after independent member Gary Blair was appointed effective 1 April 2020.



Damon Rees – CEO, Service NSW
18 October 2020

g. Cyber security annual attestation statement

Cyber Security Annual Attestation Statement for the 2019–2020 Financial Year for Service NSW.

I, Damon Rees, am of the opinion that Service NSW had an Information Security Management System (ISMS) in place during the 2018–19 financial year that is consistent with the core requirements set out in the NSW Government Digital Information Security Policy. During this time, Service NSW has:

1. Managed cyber security risks in a manner consistent with the core requirements set out in this Policy;
2. Assessed and managed risks to information and systems;
3. Ensured governance is in place to manage cyber security maturity and initiatives;
4. Maintained a cyber incident response plan which has been applied during the reporting period; and
5. Maintained certified compliance with ISO/IEC 27001 for the reporting period as confirmed by independent review of the agency's Information Security Management System.

While there has been considerable progress to reduce cyber risks during the reporting period, there remain residual risks beyond the risk appetite of the organisation that require further ongoing remediation and mitigation.



Damon Rees – CEO, Service NSW
29 September 2020


The Service NSW response to the cyber-attack on 47 employee email accounts in March 2020 was driven by the commitment to keep customers and their data safe prior to and during the notification period.

The most at-risk category of customers was identified in May and Service NSW worked with authorities to inform them and offer support.

Service NSW designed a personalised process that would make the notification as secure as possible by using person-to-person Australia Registered Post.

Service NSW has been transparent about the complex data set from the email accounts which included handwritten notes and forms, scans and records of transaction applications. These updates were shared publicly at service.nsw.gov.au during the investigation.

For the bulk of notifications, tens of thousands of documents were manually reviewed to ensure the data could be matched to identified individuals. Data continues to be validated during the notification process and the distribution of personalised letters.



A dedicated team Service NSW hypercare team was established to help customers affected by the data breach. More than 80 percent of surveyed customers report being extremely satisfied by the hypercare service.

Independent cyber support community service IDCARE has partnered with Service NSW to provide an additional level of expert support at no cost to customers.

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

At Service NSW we regularly review our 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 2019–20, Service NSW received 253 formal access applications (including withdrawn applications but not invalid applications). Of this, we transferred 221 applications to other agencies. Nine invalid applications were received. One application was refused in part, because the application was for the disclosure of information for which there is conclusive presumption of overriding public interest against disclosure.

Table 16. 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	0	0	0	0	0	1	0	0
Members of Parliament	2	1	0	1	0	3	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	1	0	0	0	0	0	0	0
Members of the public (other)	3	0	0	2	0	1	0	14

*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 17.

Table 17. 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*	4	0	0	1	0	1	0	6
Access applications (other than personal information applications)	2	1	0	1	0	3	0	2
Access applications that are partly personal information applications and partly other	0	0	0	1	0	1	0	6

*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 17 should be the same as Table 16.

Table 18. Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	9
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	9
Invalid applications that subsequently became valid applications	2

Table 19. Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

Reason	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under Electricity Network Assets (Authorised Transactions) Act 2015	0
Information about authorised transactions under Land and Property Information NSW (Authorised Transaction) Act 2016	0

*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 20.

Table 20. 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	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table 21. Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	233
Decided after 35 days (by agreement with applicant)	6
Not decided within time (deemed refusal)	1
Total	240

Table 22. Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner ⁴	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT (NSW Civil and Administrative Tribunal)	0	0	0
Total	0	0	0

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 23. Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table 24. Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Agency-initiated transfers	217

i. Privacy

At Service NSW we take the privacy of the citizens of NSW and of our employees seriously. Service NSW follows the 12 information principles regulating the collection, use and disclosure of personal information in the *Privacy and Personal Information Protection Act 1998* (PPIP Act); and the 15 health privacy principles in the *Health Records and Information Privacy Act 2002* (HRIP Act).

We have introduced mechanisms to protect personal information held or accessed by Service NSW or our authorised representatives. These include compliance with legislation, our privacy management plan, digital information security, staff onboarding procedures and Service Partnership Agreements with agencies.

The Service NSW Privacy Policy and Management Plan demonstrates how we uphold and respect the privacy of our customers, clients, staff and others about whom we hold personal information. The plan also demonstrates how we meet our privacy obligations under the PPIP and HRIP Acts.

In 2019–20 Service NSW conducted 14 Privacy Impact Assessments on various initiatives, products and processes.

Applications made under the *Privacy and Personal Information Protections Act 1998*

Access request applications under section 14 of the PPIP Act

In 2019–20, Service NSW received no formal access applications by individuals requesting their personal information under the PPIP Act. Service NSW also dealt with numerous informal requests by individuals requesting their personal information. These informal requests are generally dealt with directly by business units when dealing with members of the public.

Applications for internal review of the conduct of Service NSW under section 53(1) of the PPIP Act

In 2019–20, Service NSW received two valid applications for internal reviews under the PPIP Act to review conduct relating to the use, access or release of personal information.

j. 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 zero Public Interest Disclosures.

Table 25. Service NSW Public Interest Disclosures

Number of PID received			0
Corrupt conduct			0
Serious and substantial waste			0
Local government pecuniary interest contravention			0

k. Legal change

Amendments were made to the *Service NSW (One-stop Access to Government Services) Act 2013* by the *Better Regulation and Customer Service Legislation Amendment (Bushfire Relief) Act 2020* to extend the functions of the CEO of Service NSW and to provide for the waiver, reduction, postponement or refund of fees in particular circumstances.

Amendments were also made to the *Service NSW (One-stop Access to Government Services) Regulation 2018* by the *Service NSW (One-stop Access to Government Services) Amendment (Delegation) Regulation 2019* to enable the CEO of Service NSW to sub-delegate customer service functions to the Mid North Coast Local Health District.

There were no significant judicial decisions affecting Service NSW or its customers during the 2019-20 financial year.

I. Payment of accounts

Table 26. Quarterly performance in payment of accounts

	Sept 2019	Dec 2019	Mar 20	Jun 20
	\$	\$	\$	\$
Invoices due for payment	3,153	2,808	1,529	1,548
Invoices paid on time	1,842	1,846	732	822
Percentage of accounts paid on time	58%	66%	48%	53%
Invoices due for payment received from small businesses	43	36	38	57
Invoices from small businesses paid on time	2	1	0	4
Amount due for payment	1,066,229,680	920,198,626	257,037,801	37,522,369
Amount paid on time	1,038,825,608	901,805,243	229,925,411	19,182,735
Amount due for payment to small businesses	491,177	290,305	598,109	860,868
Amount due to small businesses paid on time	43,549	32,018	0	241,062
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on late accounts	0	0	0	0
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small businesses on late accounts	0	0	0	0

m. Time for payment of accounts

No interest was paid to late payment of accounts.

n. Overseas travel

In 2012, the Harvard Club of Australia established the Sir James Wolfensohn Public Service Scholarship to enable senior Australian public servants to undertake an executive education program at the Harvard Kennedy School, the world's leading school of Government. The Scholarship is intended to support the design and delivery of good public policy in Australia.

Service NSW CEO, Damon Rees, was selected as one of the successful candidates for the 2018-19 scholarship. The scholarship was to attend the Senior Managers in Government course at the John F Kennedy School of Government, Harvard University, from 22 July - 9 August 2019. Part of the Scholarship included accommodation.

Mr Rees arrived on 18 July 2019, three days early, to complete pre-course studies and reading.

o. Payments to consultants

Table 27. Consultancies of value equal to or greater than \$50,000

Name of consultant	The title/nature of the consultancy	Cost
Deloitte Touche Tohmatsu	Contact centre Proof of Concept, Agile project management, Making Business Easier Benefits	\$54,868
Total		\$54,868

Consultancies of a value less than \$50,000

There were 4 individual consultancies with a value of less than \$50,000. They were for management services and totalled \$79,528.

p. Funds granted to non-government community organisations

Service NSW did not fund any grants to non-government community organisations in 2019-20.

q. Research and development

There were no research and development activities during 2019-20.

r. Land disposal

No properties with a value greater than \$5 million were disposed of during 2019-20.

No properties were disposed of where there was a business or family connection between the purchaser and the approving person.

An application for access to documents concerning details of properties disposed of during the reporting year may be made in accordance with the *Government Information (Public Access) Act 2009*.

s. Major works in progress (projects over \$1 million)

Table 28. Major works in progress over \$1 million

Name	Project description	Start/end date	Total project budget (\$mil)	Expenditure for FY19/20	Overall status
Making Business Easier*	Make NSW the easiest state to start (and grow) a business. Simplify the process of starting and running a business through reduction of the underlying complexity and regulatory burden.	Jul 18 - Jun 21**	\$72,600,000	\$20,480,907	On track
New Metro Service Centres	In February 2019, the NSW Premier announced Service NSW will expand its footprint across Sydney with the opening of ten new service centres over four years. New service centres will be established in Revesby, Engadine, Roselands, Glenmore Park, Edmondson Park, Northmead, Schofields, North Sydney, Merrylands and Randwick by June 2023.	Jul 19 - Jun 20	\$14,850,000 capex \$55,000,000 opex	\$990,000	On track
Service Centre Refresh Program	The first Service Centre was opened in July 2013. Due to the age of some of the centres, refurbishment works are required to upgrade ageing fitouts, upgrade areas of concern with regard to health and safety and to incorporate changes to meet the increased service offering. Additionally, end of the life-cycle equipment also requires replacement across a number of locations.	Jul 19 - Dec 20	\$6,150,000	\$1,670,000	On Track

Name	Project description	Start/end date	Total project budget (\$mil)	Expenditure for FY19/20	Overall status
Digital Driver Licence Phase 2	Enhance the Digital Driver Licence(DDL) product to enable greater acceptance for industries and interstate through legislation change and developing a solution share or copy a DDL. The program will also deliver an electronic version of the NSW Photo Card for customers that a hold a physical card (1.6 million holders).	Mar 20 - Jul 21	\$5,900,000	\$1,320,000	Delayed
Government Made Easy	This is a Premier's Priority, aiming to increase the number of government services where the citizens of NSW only need to "Tell Us Once" (TUU) on 60 transactions by 2023.	July 2019 to June 2023	\$6,222,000	\$2,706,820	On track
Customer Engagement Integration	This greenhouse program is designed to identify opportunities to improve the end to end customer experience by removing duplication and confusion. <ul style="list-style-type: none"> - Explore opportunities for co-location amongst DCS entities - Explore common technology provision opportunities - Explore augmenting services with AI or bots - Improved customer experience - One-stop shop for government transactions - Maximise efficiencies across the cluster - Value proposition for regional job creation 	July 2019 June 2021	\$1,900,000	\$1,675,000	On track

* During 2019-20, the Making Business Easier program transitioned to a permanent business offering and is now referred to as Service NSW for Business.

** The Making Business Easier project end date was incorrectly reported as June 2020, in the 2018-19 annual report. The correct end date is June 2021.

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 2020 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, appearing to read 'Damon Rees', positioned above a horizontal dotted line.

Damon Rees
Chief Executive Officer, Service NSW
6 October 2020



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, which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement 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 Service NSW as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- is in accordance with section 41B 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 Service NSW 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 (including Independence Standards)' (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

The Service NSW's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of Service NSW is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive.

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.

The Chief Executive's Responsibilities for the Financial Statements

The Chief Executive 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 determines is necessary to enable the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing Service NSW's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

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.

The scope of my audit does not include, nor provide assurance:

- that Service NSW 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.



Weini Liao
Director, Financial Audit Service

Delegate of the Auditor-General for New South Wales 8 October 2020
SYDNEY

Statement of Comprehensive Income	70
Statement of Financial Position	71
Statement of Changes in Equity	72
Statement of Cash Flows	73
1. Summary of Significant Accounting Policies	74
2. Expenses Excluding Losses	80
3. Revenue	83
4. Gains/(losses) on disposal	86
5. Other gains / (losses)	86
6. Program Group Statements for the year ended 30 June 2020	87
7. Cash and Cash Equivalents	90
8. Receivables	90
9. Other Assets	91
10. Non-Current Assets – Property, Plant and Equipment	91
11. Leases	95
12. Intangible Assets	98
13. Fair value measurement of non-financial assets	100
14. Current Liabilities – Payables	100
15. Current/Non-Current Liabilities – Borrowings	101
16. Current/Non-Current Liabilities – Provisions	102
17. Equity	104
18. Commitments for Expenditure	105
19. Contingent Liabilities and Contingent Assets	105
20. Budget Review	105
21. Reconciliation of Cash Flows from Operating Activities to Net Result	107
22. Amounts Held on Behalf of Other Agencies	107
23. Financial Instruments	108
24. Related Party Disclosures	113
25. Events After the Reporting Period	114

Statement of Comprehensive Income

for the year ended 30 June 2020

		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2a	268,421	146,210	249,568
Other operating expenses	2b	178,166	245,809	197,303
Depreciation and amortisation	2c	78,393	95,176	75,183
Grants and subsidies	2d	1,209	-	2,193
Finance costs	2e	2,242	2,947	-
		<hr/>	<hr/>	<hr/>
Total expenses excluding losses		528,431	490,142	524,247
		<hr/>	<hr/>	<hr/>
Revenue				
Sale of goods and services	3a	256,657	293,823	278,948
Grants and contributions	3b	200,388	142,456	175,154
Acceptance by the Crown Entity of employee liabilities	3c	8,083	4,360	8,460
Investment revenue	3d	166	199	332
Other revenue	3e	70,670	205	21,173
		<hr/>	<hr/>	<hr/>
Total revenue		535,964	441,043	484,067
		<hr/>	<hr/>	<hr/>
Operating result		7,533	(49,099)	(40,180)
		<hr/>	<hr/>	<hr/>
Gains/(losses) on disposal	4	(2)	-	-
Other gains/(losses)	5	(8,521)	-	(16,173)
		<hr/>	<hr/>	<hr/>
Net result		(990)	(49,099)	(56,353)
		<hr/>	<hr/>	<hr/>
Other comprehensive income		-	-	-
		<hr/>	<hr/>	<hr/>
Total comprehensive income	21	(990)	(49,099)	(56,353)
		<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2020

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7	72,660	1,839	26,741
Receivables	8	55,181	46,841	32,851
Other assets	9	3,728	-	2,759
Total current assets		131,569	48,680	62,351
Non-current assets				
Property, plant and equipment				
Leasehold improvements	10	63,440	117,147	70,392
Plant and equipment	10	3,967	54,217	5,926
Total property, plant and equipment		67,407	171,364	76,318
Right of use asset	11	106,561	-	-
Intangible assets	12	81,876	81,603	87,744
Total non-current assets		255,844	252,967	164,062
Total assets		387,413	301,647	226,413
LIABILITIES				
Current liabilities				
Payables	14	98,429	72,380	52,718
Borrowings	15	14,753	15,471	-
Provisions	16	30,809	13,229	25,702
Total current liabilities		143,991	101,080	78,420
Non-current liabilities				
Borrowings	15	97,039	81,233	-
Provisions	16	4,371	6,027	4,992
Total non-current liabilities		101,410	87,260	4,992
Total liabilities		245,401	188,340	83,412
Net assets		142,012	113,307	143,001
EQUITY				
Accumulated funds		142,012	113,307	143,001
Total equity		142,012	113,307	143,001

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2020

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2019	143,001	143,001
Changes in accounting policy	1	1
Restated balance at 1 July 2019	143,002	143,002
Net Result for the year	(990)	(990)
Other comprehensive income	-	-
Total comprehensive income for the year	(990)	(990)
Balance at 30 June 2020	142,012	142,012
Balance at 1 July 2018	199,354	199,354
Net result for the year	(56,353)	(56,353)
Other comprehensive income	-	-
Total comprehensive income for the year	(56,353)	(56,353)
Balance at 30 June 2019	143,001	143,001

Statement of cash flows

for the year ended 30 June 2020

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Cash flows from operating activities				
Payments				
Employee related		(253,901)	(143,333)	(230,540)
Grants and Subsidies		(1,209)	-	(2,193)
Finance cost		(2,242)	(2,947)	-
Other		(148,316)	(275,056)	(237,132)
Total payments		(405,668)	(421,336)	(469,865)
Receipts				
Sales of goods and services		279,023	293,624	324,332
Grants and contributions		201,015	142,456	175,154
Other		27,733	24,838	16,221
Total receipts		507,771	460,918	515,707
Net cash from operating activities	21	102,103	39,582	45,842
Cash flows from investing activities				
Purchase of plant and equipment		(2,133)	(18,141)	(14,496)
Purchase of intangibles		(39,461)	(26,326)	(27,017)
Net cash from investing activities		(41,594)	(44,467)	(41,513)
Cash flows from financing activities				
Payment of principal portion of lease liabilities		(14,590)	(14,606)	-
Net cash from financing activities		(14,590)	(14,606)	-
Net increase/(decrease) in cash		45,919	(19,491)	4,329
Opening cash and cash equivalents		26,741	21,330	22,412
Closing cash and cash equivalents	7	72,660	1,839	26,741

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2020

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, 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 2020 have been authorised for issue by the Chief Executive Officer on 06 October 2020.

b. Basis of preparation

Service NSW's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2015* and
- Treasurer's Directions issued under the Act.

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 except where specified otherwise. 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 key assumptions made by management are disclosed in the relevant notes to the financial statements.

The financial statements have been prepared on a going concern basis. On this basis, Service NSW is expected to be able to pay its debt as and when they are due and payable. Service NSW's current liabilities exceed current assets by \$12.4 million. A letter of support is issued by Department of Customer Service in relation to this matter.

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

All amounts are rounded to the nearest one thousand dollars (\$'000) and are expressed in Australian currency, which is the entity's presentation and functional currency.

c. Statement of compliance

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

d. Amounts held on behalf of other agencies

Service NSW delivers transactional services on behalf of other agencies under a fee for service arrangement, but does not control these activities, on behalf of NSW Government agencies including but not limited to: Land and Housing NSW, NSW Treasury, Department of Customer Service, Transport for NSW, Department of Planning, Industry and Environment (DPIE), Department of Communities and Justice and Multicultural NSW. Service NSW does not have the discretion to deploy the resources for the achievement of Service NSW's own objectives.

Transactions and balances relating to these activities are not recognised as Service NSW's income, expenses, assets and liabilities, but disclosed in Note 22.

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

e. 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.

f. Comparative information

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

g. Changes in accounting policies, including new or revised AAS

i. Effective for the first time in 2019-20

Service NSW applied AASB 15 *Revenue from Contracts with Customers* (AASB 15), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), and AASB 16 *Leases* (AASB 16) for the first time. Several other amendment and interpretations apply for the first time in FY2019-20, but do not have any impact on the financial statements of Service NSW.

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue and related Interpretations* and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account

Notes to the financial statements

for the year ended 30 June 2020

for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires Service NSW to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, Service NSW has adopted AASB 15 retrospectively with the cumulative effect of initially adopting the standard recognised at the date of initial application, i.e. 1 July 2019. Service NSW has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all the modifications that occur before 1 July 2018 when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligations

The adoption of AASB 15 did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 1058 *Income of Not-for-Profit Entities*

AASB 1058 replaces most of the requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- When the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by Service NSW.
- Immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, Service NSW has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019.

The adoption of AASB 15 did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 16 *Leases*

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on balance sheet.

Lessee accounting

AASB 16 requires the entity to account for all leases under a single on-balance sheet model like the accounting for finance leases under AASB 117. As the lessee Service NSW recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right of use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

Service NSW has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.06%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

Service NSW does not have any leases previously classified as finance leases.

Service NSW elected to use the practical expedient to expense lease payments for lease contracts that at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

In applying AASB 16 for the first time, Service NSW has used the following practical expedients permitted by the standard:

- Not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4.
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review
- Not recognising a lease liability and right-of-use asset for short-term leases that end within 12 months of the date of initial application
- Excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Using hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The effect of adoption of AASB16 as at 1 July 2019 (increase / (decrease)) is, as follows:

	\$'000
Assets	
Right of use Assets	108,293
Total assets	108,293
Liabilities	
Borrowings	(108,293)
Total liabilities	(108,293)
Equity	
Accumulated funds	

Notes to the financial statements

for the year ended 30 June 2020

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'000
Operating lease commitments as at 30 June 2019 (GST included)	41,243
(Less): GST included in operating lease commitments	— 3,749
Operating lease commitments as at 30 June 2019 (GST excluded)	— 37,494
Weighted average incremental borrowing rate as at 1 July 2019	2.06%
Discounted operating lease commitments as at 1 July 2019	36,737
Add: commitments related to leases previously classified as finance leases (GST excluded)	-
(Less): commitments relating to short-term leases	-
(Less): commitments relating to leases of low-value assets	-
Add/(less): contracts re-assessed as lease contracts	-
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	71,556
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	— =
Lease liabilities as at 1 July 2019	— 108,293

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 (TC 20/01), Service NSW did not adopt any of the accounting standards and interpretations that have been issued but are not yet effective.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods.

- AASB 2019-1 Amendments to Australian Accounting Standards – references to the conceptual framework.
- AASB 2018-7 Amendments to Australian accounting Standards - Definition of Materiality.

Apart from this, the other new standards have been assessed as not having any material impact, if any.

h. **Natural disasters and financial impact**

The natural disasters in the financial year, primarily coronavirus (COVID-19) and the bushfires, have had a major impact on individuals, businesses and the government sector.

The primary area of heightened risk from COVID-19 is to Service NSW workforce, in both public-facing and office-based roles. As a result, significant focus has been placed on managing work health and safety (WHS) risks, physical, mental and social. Most office-based staff have moved to working from home arrangements, and Service NSW has acted to reduce any adverse impact on staff arising from these work arrangements. Frontline staff have also been provided with guidance in relation to hygiene, travel, illness prevention, and flexible working. Service NSW continues to support the health and safety of its staff.

Service NSW has identified and quantified, where possible, the impact and reported this in the financial statements for the financial year ended 30 June 2020.

The resulting impact on the operations have negatively affected Service NSW' results in the reporting period.

The currently known impacts of COVID-19 are as follows:

- Right-of-Use Assets (ROUA) relating to accommodation leases have been impaired by \$3.8 million based on the valuation of lease contracts under existing market conditions and verifying market data up to the date of this report. Refer to Note 11 for details on the assumptions and estimates used.
- The global economic crisis and reduction in foreign exchange market activity resulting from the effects of COVID-19, had resulted in unrealised loss of \$38,000 in the Derivative. Refer to Note 15.

There is no uncertainty about Service NSW's ability to continue as a going concern at 30 June 2020 as liquidity and credit risk are not significant areas of risk for Service NSW. There has been no impact on Service NSW's liquidity or credit risk profiles as a result of COVID-19.

On account of COVID-19, a further assessment on the fair value of the following accounts has been performed with relevant assumptions and estimates considered, resulting in either no impact or insignificant impact being identified:

Receivables – Note 8

Property, plant and equipment – Note 10

Intangibles – Note 12; and

Financial instruments – Note 23.

Other than the above, it has not come to Service NSW's attention that there would be any other significant impact on the financial statements for the financial year ended 30 June 2020.

Notes to and forming part of the financial statements for the year ended 30 June 2020

2. Expenses Excluding Losses

a. Employee related expenses

	2020 \$'000	2019 \$'000
Salaries and wages (including annual leave)	222,004	206,224
Long service leave	7,545	7,600
Superannuation - defined benefit plan	775	842
Superannuation - defined contribution plan	20,205	17,295
Payroll tax and fringe benefit tax	14,125	12,310
Workers' compensation insurance	1,632	1,118
Other	<u>2,135</u>	<u>4,179</u>
	<u>268,421</u>	<u>249,568</u>

Employee related costs of \$22.0 million (2019: \$2.0 million) have been capitalised in various capital works and therefore are excluded from the above.

b. Other operating expenses

	2020 \$'000	2019 \$'000
Auditor's remuneration		
- audit of financial statements	264	157
Operating lease rental expense		
- minimum lease payments	-	21,719
Expenses relating to short-term leases	5,259	-
Variable lease payments, not included in lease liabilities	800	-
Maintenance	1,055	969
Insurance	88	85
Consultants	137	1,586
Contractors	28,613	47,687
Travel	2,940	3,513
Energy costs	1,762	1,474
Advertising, general marketing, promotions etc	217	8,547
Property related	8,733	5,415
Printing	8,245	7,248
Clothing	988	697
Information technology	49,991	51,869
Office equipment	77	38
Telephone and communications	5,737	5,931
Bank charges	17,451	13,938
Shared service charges	6,107	6,654
Courier and freight	2,565	2,267
Interpreters & translators	943	937
Other services	4,080	4,852
Staff recruitment	1,249	539
Postage costs	6,505	5,553
Office supplies	1,135	1,098
DCS Corporate Services	19,479	-
Other	<u>3,746</u>	<u>4,530</u>
	<u>178,166</u>	<u>197,303</u>

Reconciliation of Total Maintenance

Maintenance expense - contract labour and other (non-employee related, as above)	1,055	969
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	1,055	969

Recognition and Measurement

Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses are 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.

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.

Operating leases (Up to 30 June 2019)

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

From 1 July 2019, Service NSW recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

c. Depreciation and amortisation expense

	2020 \$'000	2019 \$'000
Depreciation:		
Plant and equipment	2,896	6,462
Leasehold improvements	12,464	10,631
Right of use asset	16,030	-
	31,390	17,093
Amortisation:		
Intangible assets	47,003	58,090
	78,393	75,183

Refer to Note 10 and 12 for recognition and measurement policies on depreciation and amortisation.

Notes to and forming part of the financial statements for the year ended 30 June 2020

d. Grants and subsidies

	2020 \$'000	2019 \$'000
Grant to Transport for NSW	<u>1,209</u>	<u>2,193</u>

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

The costs incurred by Transport 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 Transport.

The 2019-2020 grants to Transport are represented by the following:

	2020 \$'000	2019 \$'000
Operating lease rental expense		
- minimum lease payments	91	-
Travel	-	2
Property related	32	425
Printing	27	42
Information Technology	1,058	1,339
Telephone and Communications	1	39
Postage	-	5
Shared service charges	-	337
Other	-	4
Total	<u>1,209</u>	<u>2,193</u>

e. Finance costs

	2020 \$'000	2019 \$'000
Finance cost on lease liabilities	<u>2,242</u>	-
	<u>2,242</u>	-

Recognition and Measurement – Finance Costs

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate for not-for-profit NSW General Government Sector entities.

3. Revenue

Recognition and Measurement

Up to 30 June 2019, income is recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 with Customers or AASB 1058, dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

a. Sale of goods and services

	2020 \$'000	2019 \$'000
Rendering of Services	<u>256,657</u>	<u>278,948</u>

Recognition and Measurement

Up to 30 June 2019

Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

From 1 July 2019

Rendering of services

Revenue from rendering of services is recognised when Service NSW satisfies the performance obligation by transferring the promised services.

Service NSW delivers government services on behalf of other agencies. It operates on a fee for service pricing model, which is based on full cost recovery of costs incurred in delivering this service. Service NSW satisfies its performance obligation when the service is provided or by reference to the stage of completion (based on labour hours and costs incurred to date).

The payments are typically due after the invoice is issued in accordance with the agreement and which are not otherwise disputed, are to be paid within thirty (30) days of the date of issue.

The revenue is measured at the transaction price agreed under the contract once the services are delivered in accordance with the governing agreement and it is highly probable that a reversal will not occur. No element of financing is deemed present as payments are due when service is provided.

As at 30 June 2020, Service NSW fully satisfied the performance obligations of its fees for service revenue.

b. Grants and contributions

	2020 \$'000	2019 \$'000
Grants without sufficiently specific performance obligations	<u>200,388</u>	<u>175,154</u>
	<u>200,388</u>	<u>175,154</u>

Notes to and forming part of the financial statements for the year ended 30 June 2020

Recognition and Measurement

Up to 30 June 2019

Income from grants (other than contribution by owners) is recognised when Service NSW obtains control over the contribution. Service NSW is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined, and the services would be purchased if not donated.

From 1 July 2019

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by Service NSW is recognised when Service NSW satisfies its obligations under the transfer. Service NSW satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. Where it is assessed, that the deliverables required under the funding agreement will extend over a period of time, the proportion of cost incurred is used to recognise income, because this most closely reflects the progress to completion. As the costs are incurred on a project, the project managers ensure that they are appropriately allocated to the relevant cost/project centre. As a projects phase is completed, the costs incurred on the project as a basis to recognise revenue.

Revenue from grants with sufficiently specific performance obligations is recognised as when Service NSW satisfies a performance obligation by transferring the promised goods. Service NSW typically satisfies its performance obligations when a funded project is completed and operational.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations is recognised when Service NSW obtains control over the granted assets (e.g. cash).

c. Acceptance by the Crown Entity of employee liabilities

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

	2020	2019
	\$'000	\$'000
Superannuation - defined benefit	754	820
Long service leave	7,292	7,600
Payroll tax - defined benefit superannuation	37	40
	<u>8,083</u>	<u>8,460</u>

d. Investment revenue

	2020	2019
	\$'000	\$'000
Interest revenue	<u>166</u>	<u>332</u>

Recognition and Measurement

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

e. Other revenue

	2020	2019
	\$'000	\$'000
Credit card processing fee recovery	16,096	13,869
Project Cost recoveries	6,337	3,962
Cost Recovery from Department of Customer Service	28,082	-
In-kind Contributions from Department of Customer Service	19,479	-
Other income	676	3,342
	70,670	21,173

Recognition and Measurement

Credit card processing fee recovery

Credit card processing fee includes recovery of fees earned on the customers use of merchant card facilities. Financial institutions charge Service NSW merchant fee for online transactions. Service NSW recovers merchant fees from customers. The revenue is measured at the transaction price agreed with financial institutions.

Project Cost recoveries

Project cost recoveries include recoveries for projects undertaken by Service NSW, on behalf of other New South Wales Government agencies.

Cost Recovery from Department of Customer Service

From 1 July 2019 some corporate and shared services have transferred to Department of Customer Service (DCS) under a centralised model. This includes Corporate technology functions, People & Culture, Corporate Affairs, Procurement, and Governance and Risk. In 2019/20, Service NSW continued to incur some of these corporate and shared service costs, which was recovered from DCS as a cost recovery.

Other income

This consists of items such as TMF insurance recoveries.

f. Deemed appropriations

Movement of Section 4.7 GSF Act

- deemed appropriations:

	2020	2019
	\$'000	\$'000
Opening balance	-	-
Add: Adjustment to opening balance	26,741	-
Adjusted balance	26,741	-
Add: additions of deemed appropriations	507,771	511,378
Less: expenditure charged against deemed appropriations	(447,829)	(511,378)
Closing balance	86,683	-

Notes to and forming part of the financial statements for the year ended 30 June 2020

4. Gains/(losses) on disposal

	2020 \$'000	2019 \$'000
Disposal of right of use assets	(2)	-
	<u>(2)</u>	<u>-</u>

5. Other gains / (losses)

	2020 \$'000	2019 \$'000
Impairment loss on intangible assets	(4,731)	(16,173)
Impairment loss on right of use assets	(3,752)	-
Fair value unrealised loss	(38)	-
	<u>(8,521)</u>	<u>(16,173)</u>

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by Service NSW from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Property, plant and equipment – Note 10

Intangible assets – Note 12

Right of use assets – Note 11

Impairment loss on intangible assets

At 30 June 2020, Service NSW assessed its intangible assets, whether there were any indications that assets may be impaired in accordance with Note 10 (Impairment Policy). 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 \$4.7 million (2019: \$16.2 million).

Impairment loss on right of use assets

At 30 June 2020, due to economic effects of global pandemic COVID-19, there were indications of significant decline in the property market, demonstrated by the fall in the market rental index and hence Service NSW recognised an impairment of \$3.8 million of Right of use asset.

Fair value unrealised loss

To reduce risk of losses from adverse movement of foreign currency and in line with TPP 18-03, *NSW Government Foreign Exchange Risk Policy*, Service NSW has hedged its monthly supplier payments to one of its vendors based overseas. As part of hedging arrangement, Service NSW through TCorp purchased US Dollars in advance for monthly payments due from February 2020 to February 2021. The fair value of unrealised gain/(losses) relates to the gain or loss arising from the movement of the observable trade prices of foreign currency against the hedged prices. The global economic crisis and reduction in foreign exchange market activity resulting from the effects of COVID-19, had resulted in unrealised loss of \$38,000 in the Derivative. Refer to Note 15.

6. Program Group Statements for the year ended 30 June 2020

The Outcome Based Program Groups are as follows:

Service Excellence for people

Purpose: individual customers want to transact with the NSW government using different channels incorporating in-person interactions and modern technologies, in a convenient fashion that meets their expectations. This program encompasses the delivery of frontline services directly to customers across a wide array of functions.

Service Excellence for businesses

Purpose: Business customers are transacting with the NSW Government using different channels incorporating face to face interactions and modern technologies to meet their obligations, with seamless services that will meet their business needs to start, operate and prosper. This program encompasses the delivery of services that improves the time, cost and complexity of doing business in NSW.

New and improved services for customers

Purpose: This program supports the design, development and implementation of new and improved products and services for customers, to meet evolving expectations. It captures new business models and revenue generation opportunities for delivery via Service NSW, and new opportunities for strategic partnerships across government to enhance the customer service offering.

In 2018-19, Service NSW had only one program, hence there is no prior year comparative in the Program Statements below.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Program group statements for the year ended 30 June 2020

	Service Excellence for People 2020 \$'000	Service Excellence for Businesses 2020 \$'000	New and Improved Services for Customers 2020 \$'000	Non attributable 2020 \$'000	Total 2020 \$'000
Expenses excluding losses					
Operating expenses					
Employee related	246,681	11,678	10,062	-	268,421
Other operating expenses	148,794	5,676	4,217	19,479	178,166
Depreciation and amortisation	73,801	4,455	137	-	78,393
Grants and subsidies	1,152	55	2	-	1,209
Finance costs	2,242	-	-	-	2,242
Total expenses excluding losses	472,670	21,864	14,418	19,479	528,431
Revenue					
Sale of goods and services	251,524	1,283	3,850	-	256,657
Grants and contributions	180,349	10,019	10,020	-	200,388
Acceptance by the Crown Entity of employee benefits	7,208	602	273	-	8,083
Investment revenue	149	8	9	-	166
Other Revenue	18,429	29,691	3,071	19,479	70,670
Total revenue	457,659	41,603	17,223	19,479	535,964
Operating result	(15,011)	19,739	2,805	-	7,533
Gains/(losses) on disposal	(2)	-	-	-	(2)
Other gains/(losses)	(8,521)	-	-	-	(8,521)
Net result	(23,534)	19,739	2,805	-	(990)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(23,534)	19,739	2,805	-	(990)

Program group statements for the year ended 30 June 2020

	Service Excellence for People 2020 \$'000	Service Excellence for Businesses 2020 \$'000	New and Improved Services for Customers 2020 \$'000	Non attributable 2020 \$'000	Total 2020 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	-	-	-	72,660	72,660
Receivables	49,663	2,759	2,759	-	55,181
Other assets	3,355	187	186	-	3,728
Total current assets	53,018	2,946	2,945	72,660	131,569
Non-current assets					
Property, plant and equipment					
Leasehold improvements	57,096	3,172	3,172	-	63,440
Plant and equipment	3,570	199	198	-	3,967
Intangible assets	73,688	4,094	4,094	-	81,876
Right of use asset	95,905	5,328	5,328	-	106,561
Total non-current assets	230,259	12,793	12,792	-	255,844
Total assets	283,277	15,739	15,737	72,660	387,413
LIABILITIES					
Current liabilities					
Payables	88,587	4,921	4,921	-	98,429
Borrowings	13,277	738	738	-	14,753
Provisions	27,729	1,540	1,540	-	30,809
Total current liabilities	129,593	7,199	7,199	-	143,991
Non-current liabilities					
Borrowings	87,335	4,852	4,852	-	97,039
Provisions	3,933	219	219	-	4,371
Total non-current liabilities	91,268	5,071	5,071	-	101,410
Total liabilities	220,861	12,270	12,270	-	245,401
Net assets	62,416	3,469	3,467	72,660	142,012

Notes to and forming part of the financial statements for the year ended 30 June 2020

7. Cash and Cash Equivalents

	2020	2019
	\$'000	\$'000
Cash at bank	72,528	26,581
Cash on hand	132	160
	72,660	26,741

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:

	2020	2019
	\$'000	\$'000
Cash and cash equivalents (as per statement of cash flows)	72,660	26,741

Please refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

8. Receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables - agencies	27,600	27,675
Goods and Services Tax recoverable from ATO	1,945	1,975
Other receivables	25,636	3,201
	55,181	32,851

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

Service NSW holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

Service NSW recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that Service NSW expects to receive, discounted at the original effective interest rate.

For trade receivables, Service NSW applies a simplified approach in calculating ECLs. Service NSW recognises a loss allowance based on lifetime ECLs at each reporting date. Service NSW has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

9. Other Assets

	2020 \$'000	2019 \$'000
Prepayments	<u>3,728</u>	<u>2,759</u>

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

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2019 - fair value				
Gross carrying amount	110,181	20,469	5,985	136,635
Accumulated depreciation	(44,214)	(16,103)	-	(60,317)
Net carrying amount	65,967	4,366	5,985	76,318
At 30 June 2020 - fair value				
Gross carrying amount	114,431	22,564	2,328	139,323
Accumulated depreciation	(53,181)	(18,735)	-	(71,916)
Net carrying amount	61,250	3,829	2,328	67,407
At 1 July 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
At 30 June 2019 - fair value				
Gross carrying amount	110,181	20,469	5,985	136,635
Accumulated depreciation	(44,214)	(16,103)	-	(60,317)
Net carrying amount	65,967	4,366	5,985	76,318

Notes to and forming part of the financial statements for the year ended 30 June 2020

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 2020				
Net carrying amount at start of year	65,967	4,366	5,985	76,318
Additions	361	-	5,734	6,095
Transfers to / from WIP	7,032	2,359	(9,391)	-
Impairment	(746)	-	-	(746)
Transfer from Intangible assets	1,100	-	-	1,100
Depreciation expense	(12,464)	(2,896)	-	(15,360)
Net carrying amount at end of year	61,250	3,829	2,328	67,407

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2019				
Net carrying amount at start of year	64,778	9,178	6,828	80,784
Additions	289	-	14,207	14,496
Transfers to / from WIP	11,531	1,650	(13,181)	-
Impairment	-	-	(1,133)	(1,133)
Transfer between asset classes	-	-	(736)	(736)
Depreciation expense	(10,631)	(6,462)	-	(17,093)
Net carrying amount at end of year	65,967	4,366	5,985	76,318

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 13.

Recognition and Measurement

Acquisitions of Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 AAS.

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

The estimated present value 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.

Right-of-Use Assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 requires a lessee to recognise a right-of-use asset for most leases. Service NSW has elected to present right-of-use assets separately in the Statement of Financial Position. The right-of-use asset and corresponding liability are initially measured at the present value of the future lease payments. Therefore, at that date property, plant and equipment includes amounts for right-of-use assets in respect of leases previously treated as operating leases under AASB 117, as well as any arrangements that are assessed as leases under AASB 16 that were not leases under AASB 117. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where Service NSW obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that Service NSW will exercise a purchase option, Service NSW depreciates the right-of-use asset over its useful life.

Please refer to Note 11 for further information on leases.

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 (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 *Investment Property*.

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.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 13 for further information regarding fair value.

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.

Notes to and forming part of the financial statements for the year ended 30 June 2020

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

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. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

Service NSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Service NSW estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal is recognised in net result.

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:

	2020	2019
- Computer equipment	3	3
- General plant and equipment	4	4
- Leasehold improvements and major fit-outs	*	*
- Make Good	*	*

* Shorter of lease term or 10 years.

11. Leases

Service NSW leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Service NSW does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and motor vehicle leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Service NSW and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$18.8 million.

Service NSW has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly of printers.

a. Right-of-use assets under leases

The following tables presents right-of-use assets that are included in the carrying amounts of property, plant and equipment in Note 10

	Buildings \$'000	Motor Vehicle \$'000	Total \$'000
Balance at 1 July 2019	108,085	208	108,293
Additions	18,981	199	19,180
Depreciation expense	(15,900)	(130)	(16,030)
Impairment	(3,752)	-	(3,752)
Other movements	(1,130)	-	(1,130)
Balance at 30 June 2020	<u>106,284</u>	<u>277</u>	<u>106,561</u>

b. Lease liabilities

The following table presents liabilities under leases, including leases in respect of investment properties:

	Total \$'000
Balance at 1 July 2019	(108,293)
Additions	(19,180)
Interest expenses	(2,242)
Payments	16,833
Other movement	<u>1,128</u>
Balance at 30 June 2020	<u>(111,754)</u>

Notes to and forming part of the financial statements for the year ended 30 June 2020

c. Right-of-use expenses under leases

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020:

	\$'000
Depreciation expense of right-of-use assets	16,031
Interest expense on lease liabilities	2,242
Expense relating to short-term leases	5,260
Expense relating to leases of low-value assets	5,732
Variable lease payments, not included in the measurement of lease liabilities	<u>800</u>
Total amount recognised in the statement of comprehensive income	<u>30,065</u>

Service NSW had total cash outflows for leases of \$25.2 million in FY2019-20.

Future minimum lease payments under non-cancellable leases as at 30 June 2020 are, as follows:

	Operating lease \$'000
Within one year	19,046
Later than one year and not later than five years	34,857
Later than five years	<u>1,955</u>
Total (including GST)	<u>55,858</u>
Less: GST recoverable from the Australian Tax Office	<u>5,078</u>
Total (excluding GST)	<u>50,780</u>

Recognition and measurement (under AASB 16 from 1 July 2019)

Service NSW assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Service NSW recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

Service NSW recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 10 years
- Plant and machinery 4 to 10 years
- Motor vehicles and other equipment 1 to 3 years

If ownership of the leased asset transfers to Service NSW at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Service NSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Service NSW estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed

the amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, Service NSW recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by Service NSW; and
- payments of penalties for terminating the lease, if the lease term reflects Service NSW exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for Service NSW's leases, the lessee's incremental borrowing rate is used, being the rate that Service NSW would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Service NSW's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

Service NSW applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Recognition and measurement (under AASB 117 up to 30 June 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Up to 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to Service NSW was classified as a finance lease.

Where a non-current asset was acquired by means of a finance lease at the commencement of the lease, the asset was recognised at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability was established at the same amount. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of comprehensive income.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Property, plant and equipment acquired under finance leases was depreciated over the useful life of the asset. However, if there is no reasonable certainty that Service NSW will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Impairment Losses for Right-of-Use Assets

The COVID-19 outbreak occurring throughout the 2019-20 financial year had an unprecedented effect on the NSW and global economies. COVID-19 significantly impacted the market rent for office accommodation properties and therefore the value of some lease right-of-use assets in the Statement of Financial Position.

Service NSW has therefore undertaken an impairment assessment for the above right-of-use assets, to determine whether the carrying amount exceeded their recoverable amount. Impacted right-of-use assets were written down to their recoverable amounts by reference to the right-of-use asset's fair value less costs of disposal (or value in use) and an impairment loss is recognised.

Service NSW recognised impairment losses for right-of-use assets during the 2019-20 financial year of \$3.8 million. Impairment losses (reversal of impairment losses) for right-of-use assets are included in Other Gains/(losses) in the statement of Comprehensive Income.

The Right of Use – Buildings for which an impairment loss has been recognised during the year, was due to the significant decline in market rent. It has been written down to its recoverable amount of \$106.3 million, which is determined by reference to its fair value less costs of disposal. The impairment loss recognised during the financial year is \$3.8 million. The valuation technique used in the fair value measurement is classified as level 3 according to AASB 13 fair value hierarchy.

12. Intangible Assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2019			
Cost (gross carrying amount)	168,393	7,000	175,393
Accumulated amortisation	(87,649)	-	(87,649)
Net carrying amount	80,744	7,000	87,744
At 30 June 2020			
Cost (gross carrying amount)	155,260	37,450	192,710
Accumulated amortisation	(110,834)	-	(110,834)
Net carrying amount	44,426	37,450	81,876

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 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
At 30 June 2019			
Cost (gross carrying amount)	168,393	7,000	175,393
Accumulated amortisation	(87,649)	-	(87,649)
Net carrying amount	80,744	7,000	87,744

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 2020			
Net carrying amount at start of year	80,744	7,000	87,744
Additions	-	46,221	46,221
Transfers to / from WIP	14,671	(14,671)	-
Transfer to / from PPE	-	(1,100)	(1,100)
Impairment loss	(3,986)	-	(3,986)
Amortisation	(47,003)	-	(47,003)
Net carrying amount at end of year	44,426	37,450	81,876

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2019			
Net carrying amount at start of year	119,588	13,533	133,121
Additions	-	27,017	27,017
Transfers to / from WIP	27,413	(27,413)	-
Transfer to / from PPE	736	-	736
Impairment loss	(8,903)	(6,137)	(15,040)
Amortisation	(58,090)	-	(58,090)
Net carrying amount at end of year	80,744	7,000	87,744

Recognition and Measurement

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.

Notes to and forming part of the financial statements for the year ended 30 June 2020

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. Internally generated software was previously amortised over a period of 10 years, however effective from 1 July 2018, is amortised over a period of 4 years to align with DCS policy.

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.

13. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation techniques used, maximises the use of relevant observable inputs and minimises the unobservable inputs. Under AASB 13, Service NSW 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.

Valuation of physical non-current assets at fair value allows non-specialised assets with short useful lives to be recognised at depreciated historical cost as a surrogate for fair value. Service NSW holds non-specialised assets with short useful lives. Service NSW has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

14. Current Liabilities – Payables

	2020 \$'000	2019 \$'000
Accrued salaries, wages and on-costs	2,633	795
Creditors and accruals	94,645	49,474
Redundancy	-	2,449
Other	<u>1,151</u>	-
	<u>98,429</u>	<u>52,718</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 23.

Recognition and Measurement

These amounts represent liabilities for goods and services provided to Service NSW and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

15. Current/Non-Current Liabilities – Borrowings

	2020	2019
	\$'000	\$'000
Current		
Derivative	38	-
Lease liabilities	14,715	-
	14,753	-
	2020	2019
	\$'000	\$'000
Non-current		
Lease liabilities	97,039	-
	97,039	-

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 23.

Recognition and Measurement

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading such as Derivative Liabilities and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term or on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held-for-trading are recognised in the net result.

Notes to and forming part of the financial statements for the year ended 30 June 2020

16. Current/Non-Current Liabilities – Provisions

	2020	2019
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Annual leave	22,565	19,179
Long service leave	4,310	3,579
Payroll tax	1,263	987
	28,138	23,745
Other provisions		
	\$'000	\$'000
Provision for makegood	2,671	1,957
	2,671	1,957
Total current provisions	30,809	25,702
	2020	2019
	\$'000	\$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	375	311
	375	311
Other provisions		
Provision for makegood	3,996	4,681
	3,996	4,681
Total non-current provisions	4,371	4,992
Aggregate employee benefits and related on-costs		
Provisions - current	28,138	23,745
Provisions - non-current	375	311
Accrued salaries and wages	2,633	795
Redundancy	-	2,449
	31,146	27,300
	2020	2019
	\$'000	\$'000
Reconciliation of provision for makegood		
Carrying amount at the beginning of the period	6,638	5,739
Additional provision recognised	375	372
Amounts used	(82)	(236)
Unused amounts reversed	-	(250)
Unwinding of discount or change in discount rate	(264)	1,013
Carrying amount at end of financial year	6,667	6,638

Reconciliation of provision for onerous lease contracts

Carrying amount at the beginning of the period	-	294
Amounts used		
Unused amounts reversed	<u>-</u>	<u>(294)</u>
Carrying amount at end of financial year	<u>-</u>	<u>=</u>

The value of annual leave, including on-costs, expected to be taken within 12 months is \$16.3 million (2019: \$16.1 million).

To determine the consequential cost split on Long Service Leave, Service NSW has adopted the actuarial advice from Treasury Circular 18-13 using 92% current and 8% non-current. The amount expected to be settled after 12 months is \$374,761.

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.

Recognition and Measurement***Employee Benefits and other provisions******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* (AASB 119) (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.

Unused non-vesting sick leave does not give rise to a liability as it not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

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. This is based on the application of certain factors (specified in NSWTC 18/13) to employees with five or more years of service, using current rates of pay, expected future age, salary level and

Notes to and forming part of the financial statements for the year ended 30 June 2020

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.

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.

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. When Service NSW expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

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 0.26% and 0.92%, 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.

17. Equity

Accumulated Funds

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

18. Commitments for Expenditure

	2020	2019
	\$'000	\$'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	3,908	3,456
Later than one year and not later than five years	-	-
Greater than five years	-	-
	<hr/>	<hr/>
Total (including GST)	3,908	3,456

The total capital commitments above include total input tax credits of approximately \$0.4 million (2019: \$0.3 million) that are expected to be recoverable from the Australian Taxation Office.

19. Contingent Liabilities and Contingent Assets

Contingent liabilities

In April 2020, Service NSW alerted police and authorities of a cyber-attack that has potentially compromised customer information held in emails. Service NSW is expected to incur legal and investigation costs of approximately \$7.0 million and part of the expenditure incurred on this incident is potentially claimable through TMF.

Service NSW is not aware of any other contingent liability in existence at 30 June 2020 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 contingent asset in existence at 30 June 2020 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.

20. Budget Review

The budgeted amounts drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Actual operating deficit was \$0.99 million compared to a budgeted operating deficit of \$49.1 million – a variance of \$48.1 million.

The above variance is comprised of higher than originally budgeted revenue of \$ 94.9 million, partially offset by higher than originally budgeted expenses of \$38.3 million and unbudgeted impairment loss of \$8.5 million. During the year Service NSW received funds to undertake additional initiatives not included in the original budget, such as hiring of additional 1000 staff to assist with COVID-19, cleaning stimulus, administering of bushfire and flood activities.

Expenses

- Employee related expenses were higher than the original budget by \$122.2 million. This was mainly as a result of delay of sign-off of Restructure Management Plans for corporate and shared service functions from Service NSW to the principal department, Department of Customer Services (DCS). Employee costs associated with these functions were excluded from the original budget and these costs were recovered from DCS. Additionally, since the outbreak of COVID-19 pandemic, the NSW Premier announced the recruitment of 1000 new positions on 25 March 2020. The

Notes to and forming part of the financial statements for the year ended 30 June 2020

costs of these additional staff to assist with COVID-19 related initiatives undertaken by Service NSW was not included in the original budget.

- Other operating expenses were lower than the budget by \$67.6 million primarily due to implementation of cost saving measures by Service NSW to reduce expenditure associated with contractors, consultants, advertising and marketing.
- Depreciation and amortisation were lower than the budget by \$16.7 million mainly as a result of asset write-offs and impairments processed in late last financial year 2018-19 and slower capital spending in the current year, due to resources diverted towards bushfire relief and COVID-19 related initiatives.
- An unbudgeted impairment loss of \$8.5 million was incurred in 2019-20. This resulted from the expensing of intangible assets by \$4.7 million from the fixed asset register as part of annual impairment testing, where it was identified that the assets were no longer in use or had been superseded. An impairment loss of \$3.8 million was recognised for right-of-use assets, due to economic effects of global pandemic COVID-19.

Revenue

- Sale of goods and services includes fee for service arrangements with agencies, which generated revenue of \$256.7 million. This is \$37.1 million under the original budget, however the original budget included credit card processing fee recovery (\$16.1 million) and project cost recoveries (\$6.3 million). These have been recorded in other revenue, therefore underlying revenue was under the original budget by \$14.7 million. This loss of fee for service revenue resulted from COVID-19 lock-down and social distancing initiatives. Some service centres had reduced operating hours and driver's tests were paused during COVID-19 lock-down.
- Grants and contributions were higher than the budget by \$57.9 million as a result of increased funding for administration of COVID-19 grant payment programs.
- Other revenue was \$70.5 million favourable to budget. This was primarily due to recoveries of costs of \$28.1 million incurred by Service NSW relating to corporate and shared service functions that have moved to DCS, as the sign-off of the Restructure Management Plans were delayed. Service NSW has also estimated to have received approximately \$19.5 million worth of in-kind benefits from DCS in the form of shared corporate services. Additionally, as mentioned above, the budget for credit card processing fee recoveries of \$16.1 million, and project cost recoveries of \$6.3 million was originally included in sale of goods and services.
- The acceptance of the crown revenue was \$3.7 million unfavourable to budget, this was mainly as a result of actuarial revaluation, which resulted in an increase in acceptance by the Crown Entity of employee benefits and other liabilities by \$5.0 million.

Assets and Liabilities

Actual net assets of \$142.0 million were higher than the budget of \$113.3 million by \$28.7 million. Current assets were \$131.6 million compared to current liabilities of \$144.0 million. The deficit in the current ratio is the result of the Treasury's centralised cash and investment management policy which maximises financial returns to the State, while ensuring that funding is available as and when agency liabilities fall due.

Increased funding due to COVID-19 initiatives is the key driver for the net assets position to be higher than budget by \$28.7 million.

Cash flows

The actual cash balance of \$72.7 million was \$70.9 million higher than the budgeted balance of \$1.8 million primarily due to additional funding received for projects undertaken by Service NSW. These projects were not part of the original budget, such as recruitment of 1000 staff to assist with COVID-19, cleaning stimulus, administering bushfire and flood initiatives. The work relating to these initiatives has extended to the financial year 2020-21.

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

	2020 \$'000	2019 \$'000
Net cash used on operating activities	102,103	45,842
Add/(less) non-cash items:		
Depreciation / amortisation	(78,393)	(75,183)
Other gains/(losses)	(8,523)	(16,173)
Changes in operating assets and liabilities		
Increase / (decrease) in receivables	23,299	(6,199)
(Increase) / decrease in payables	(34,990)	1,124
(Increase) / decrease in other provisions	(4,486)	(5,764)
Net result	(990)	(56,353)

22. Amounts Held on Behalf of Other Agencies

	2020 \$'000	2019 \$'000
Service NSW remitting account	248,079	91,951
Total to be remitted	248,079	91,951
Amounts payable to client agencies	248,079	91,951
Total payable	248,079	91,951

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 NSW which have not been remitted to the agencies at year end. These include Land and Housing NSW, Department of Customer Service, Transport for NSW (TfNSW), Department of Planning, Industry and Environment (DPIE), Department of Communities and Justice, Liquor and Gaming NSW and Multicultural NSW.

The total value of cash remitted to and behalf of client agencies in 2019-20 is \$3,935.0 million (2019: \$3,518.4 million) with Transport representing a significant portion of \$3,862.3 million (2019: \$3,449.5 million).

Service NSW administers payments on behalf of other agencies such as the Jobs of Tomorrow Scholarships Program (DPIE), CTP Refunds Scheme (State Insurance Regulatory Authority) and Active Kids Program (Office of Sport) and more recently, Bushfire Programs (Resilience NSW) and COVID 19 Stimulus Programs.

Notes to and forming part of the financial statements for the year ended 30 June 2020

23. 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 these risks. 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 by Service NSW on a continuous basis.

a. Financial instrument categories

Financial Assets	Note	Category	2020	2019
Class:			\$'000	\$'000
Cash and cash equivalents	7	N/A	72,660	26,741
Receivables ¹	8	Loans and receivables (at amortised cost)	53,236	30,876
Carrying amount of financial assets			125,896	57,617
Financial Liabilities	Note	Category	2020	2019
Class:			\$'000	\$'000
Payables ²	14	Financial liabilities measured at amortised cost	97,278	50,270
Borrowings	15	Financial Liabilities measured at amortised cost	111,754	-
Derivative	15	Fair value through profit or loss – designated as such at initial recognition	38	-
Carrying amount of financial liabilities			209,070	50,270

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. Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be

recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

c. Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d. Financial risk

i. 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.

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the entity.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (T'Corp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables - trade debtors

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.

The entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

Notes to and forming part of the financial statements for the year ended 30 June 2020

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade debtors as at 30 June 2020 and 30 June 2019 was determined to be nil.

	30 June 2020					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	29,220	901	703	40	339	31,203
Expected credit loss	-	-	-	-	-	-

	30 June 2019					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	25,734	670	1,066	53	152	27,675
Expected credit loss	-	-	-	-	-	-

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 8.

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020.

ii. 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. Liabilities are recognised for amounts due to be paid in the future for goods or services received, despite invoices are received or not. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The table below summarises the maturity profile of Service NSW's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Interest Rate Exposure				Maturity Dates		
		Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	>5years \$'000
2020								
Payables Finance	n/a	97,278	-	-	97,278	97,278	-	-
Lease	2.06%	111,754	111,754	-	-	14,715	84,717	12,322
Derivative	n/a	38	-	-	38	38	-	-
2019								
Payables Finance	n/a	50,270	-	-	50,270	50,270	-	-
Lease	n/a	-	-	-	-	-	-	-

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.

iii. 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.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2019.

Notes to and forming part of the financial statements for the year ended 30 June 2020

The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Service NSW 's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. Service NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	Carrying amount	2020 \$'000 -1%		2020 \$'000 +1%	
		Net result	Equity	Net result	Equity
2020					
Financial assets					
Cash and cash equivalents	72,660	(727)	(727)	727	727
2019					
Financial assets					
Cash and cash equivalents	26,741	(267)	(267)	267	267

e. Fair value of financial instruments

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, Service NSW categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that Service NSW 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 the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$	Total
2020				
Financial Liabilities at fair value				
Derivative	38	-	-	38
Total	38	-	-	38

The value of Derivative is based on the movement of observable trading prices in the foreign exchange market.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of the observable market data where it is available and rely as little as possible on entity specific estimates.

There were no transfers between Level 1 or 2 during the period.

24. Related Party Disclosures

Key management Personnel

Compensation for Service NSW key management personnel is as follows:

	2020 \$'000	2019 \$'000
Short-term employee benefits		
Salaries	2,206	2,855
Other monetary allowances	72	-
Non-monetary benefits	-	6
Other long-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	8	-
Total remuneration	2,286	2,861

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. These transactions are primarily in the form of fees for services, general operating expenses, grants paid and received, and are disclosed in Notes 2 and 3.

From 1 July 2019 some corporate and shared services have transferred to Department of Customer Service (DSC) under a centralised model. This includes Corporate technology functions, People & Culture, Corporate Affairs, Procurement, and Governance and Risk. In 2019/20, Service NSW continued to incur some of these corporate and shared service costs, which was recovered from DCS as a cost recovery. Refer to Note 3(e.) for details.

Notes to and forming part of the financial statements for the year ended 30 June 2020

Services rendered to agencies that represent a significant proportion of the fees for service, disclosed under Note 3.a) are as follows:

	2020	2019
	\$'000	\$'000
Sale of good and services		
Transport for NSW	210,385	218,753
iCare	16,406	19,499
DCS	2,088	-
Office of Sport	<u>7,552</u>	<u>4,729</u>
	<u>236,431</u>	<u>242,981</u>
	2020	2019
	\$'000	\$'000
Purchases of goods and services		
Transport for NSW	372	2,964
Government Property NSW	23,426	21,850
DCS	<u>4,865</u>	-
	<u>28,663</u>	<u>24,814</u>

25. Events After the Reporting Period

Since the outbreak of COVID-19 pandemic, NSW Premier announced 1000 new positions to be recruited in Service NSW on 25 March 2020. As part of the national stimulus package, Service NSW also started administering a number of COVID-19 grant and support programs for NSW citizens and small businesses on behalf of the NSW Government. The pandemic situation continues to evolve post 30 June 2020, additional COVID-19 stimulus programs were introduced that Service NSW administers.

The bushfires recovery work is extended beyond 30 June 2020. Service NSW continues to administer bushfire grant and support programs on behalf of Resilience NSW for NSW citizens and small business.

As at 30 June 2020, some transfer of corporate and shared services functions is yet to be finalised. A Customer Experience Integration project is also currently underway, where all call centres within DCS cluster are transferred to Service NSW. These events are not likely to result in misstatements of the Service NSW financial statements.

End of audited financial statements.

Page	Title	
34	Table 1	Executive Leadership Team profiles
37	Table 2	Senior executive profile
37	Table 3	Female senior executive profile
38	Table 4	Workforce profile by employment category – three year comparison
38	Table 5	Executive officers’ remuneration
40	Table 6	Size of Agency (Headcount)
40	Table 7	Workforce Diversity Survey Response Rate (Non-casual Headcount at Census Date)
41	Table 8	Workforce Diversity Actual Staff Numbers (Non-casual Headcount at Census Date) - 2020
42	Table 9	Workforce Diversity Actual and Estimated Staff Numbers (Non-casual Headcount at Census Date) - 2020
43	Table 10	Workforce Diversity Actual and Estimated Staff Numbers (Non-casual Headcount at Census Date) as Percentages - 2020
44	Table 11	Trends in the Representation of Workforce Diversity Groups
44	Table 12	Trends in the Distribution Index for Workforce Diversity Groups
45	Table 13	Representation of Workforce Diversity Groups
52	Table 14	Number of insurance claims
52	Table 15	Net incurred insurance claims cost (\$)
56	Table 16	Number of applications by type of applicant and outcome
56	Table 17	Number of applications by type of application and outcome
57	Table 18	Invalid applications
57	Table 19	Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act
58	Table 20	Other public interest considerations against disclosure: matters listed in table relate to section 14 of the Act
58	Table 21	Timeliness
58	Table 22	Number of applications reviewed under Part 5 of the Act (by type of review and outcome)
59	Table 23	Applications for review under Part 5 of the Act (by type of applicant)
59	Table 24	Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)
60	Table 25	Service NSW Public Interest Disclosures
61	Table 26	Quarterly performance in payment of accounts
62	Table 27	Consultancies of value equal to or greater than \$50,000
63	Table 28	Major works in progress over \$1 million

