



Service
NSW



ANNUAL
REPORT
2013-14

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28 October 2014

The Hon Dominic Perrottet MP
Minister for Finance and Services
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Service NSW Annual Report 2013-14

I have pleasure in submitting for your information and presentation to the Parliament of NSW the report on the activities of Service NSW Division for the financial period 1 July 2013 to 30 June 2014.

The report was prepared in accordance with the provision of the *Annual Reports (Departments) Act 1985* and the *Annual Reports (Departments) Regulation 2010*.

Yours sincerely,

A handwritten signature in black ink, appearing to read "G King", written over a large, light grey, abstract graphic element that resembles a stylized letter 'K' or a similar shape.

Glenn King
Chief executive Officer
Service NSW

ACCESS

Website www.service.nsw.gov.au

Email info@service.nsw.gov.au

24/7 telephone service 13 77 88

Service NSW

Level 2

66 Harrington Street

Sydney NSW 2000 Australia

Service centres open at 30 June 2014:

A current list of operating service centres can be found on our website.

Chatswood Service Centre

313 Victoria Avenue
Chatswood NSW 2067

Dubbo Service Centre

258-260 Macquarie Street
Dubbo NSW 2830

Gosford Service Centre

Shop 11-12
Cnr Henry Parry Dr & William St
Gosford NSW 2250

Haymarket Service Centre

Ground Floor
2-24 Rawson Place
Sydney NSW 2000

Kiama Service Centre

64 Shoalhaven Street
Kiama NSW 2533

Lismore Service Centre

58 Ballina Road
LISMORE NSW 2480

Liverpool Service Centre

Megacentra Liverpool
2-20 Orange Grove Road
Liverpool NSW 2170

Newcastle Service Centre

114 Parry Street
Newcastle West NSW 2302

Orange Service Centre

122-124 Kite Street
Orange NSW 2800

Parramatta Service Centre

27-31 Argyle Street
Parramatta NSW 2150

Penrith Service Centre

333 High Street
Penrith NSW 2750

Port Macquarie Service Centre

Cnr Central Road & Barton Cres
Port Macquarie NSW 2444

Queanbeyan Service Centre

Aurora Place
Queanbeyan NSW 2620

Tamworth Service Centre

Cnr Peel and Hill Streets
Tamworth NSW 2340

Tweed Heads Service Centre

13-17 Rivendell
Tweed Heads South NSW 2486

Wagga Wagga Service Centre

2 Fox Street
Wagga Wagga NSW 2650

Wollongong Service Centre

Ground Floor, Shop 2-3
90 Crown Street
Wollongong NSW 2500

Wynyard Service Centre

19 York Street
Sydney NSW 2000

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.



Michael Pratt
Customer Service Commissioner NSW

MESSAGE FROM THE CUSTOMER SERVICE COMMISSIONER NSW

When the Service NSW initiative was launched in 2013, few could have imagined that within a year we would have served more than three and a half million customers across multiple channels and with customer satisfaction scores of 98 per cent – unchanged from the day of launch.

Whether in the centres now operating around NSW, through the improved digital experience or the telephone service, people are embracing the Service NSW proposition in ever increasing numbers.

Such success is due to the dedication and commitment of the Service NSW team. It is setting new benchmarks for customer service and making great strides on the journey to rebuild the trust of citizens in the delivery of government services.



A handwritten signature in black ink, appearing to read 'G King'.

Glenn King
Service NSW CEO

MESSAGE FROM THE CEO

I am pleased to present the second annual report for Service NSW. Service NSW has gone from concepts on drawing boards to welcoming customers through the doors of 18 service centres across the length and breadth of NSW; through the 24/7 telephone service where customers are answered by a real person and not a machine; and through an innovative digital service.

This achievement is testament to the passion with which we approach our mission - to make it easier for citizens to do business with government. In addition, our work to innovate and improve online access continues to break down the barriers to doing business with government.

Throughout this journey, the Service NSW team has kept our customers, the people of NSW, first and foremost in our collective mind. From Liverpool to Wagga Wagga, Tweed Heads to Tamworth, we have used real time customer feedback to refine and simplify every facet of our operations. This continuous cycle of improvement will ensure our network of physical centres, digital presence and telephone service is the right mix to cater for current population needs and future growth.

The Service NSW team is committed to making a difference. Our work is continually calibrated against core values of passion, teamwork and accountability to ensure focus is always on the customer.

SERVICE NSW MANAGEMENT, STRUCTURE, ACTIVITIES, AIMS AND OBJECTIVES

Introduction

In its first full financial year of operations, Service NSW has brought a step change in government customer service delivery to the people of NSW.

Tasked to make it easier for citizens to do business with government no matter where they live, Service NSW continued to fulfil this mission in 2013-2014 by growing online and telephone services as well as rolling out an innovative network of one-stop shops.

Service NSW is delivering on the NSW Government's plan *NSW 2021: A plan to make NSW number one* (Goals 30, 31 and 32).

During the period 1 July 2013 to 30 June 2014, Service NSW delivered:

- A digital service with new online transactions such as Seniors Cards and birth, death and marriage certificate applications
- 18 service centres with extended trading hours and concierge services
- A 24/7 phone service answered by a real person based in NSW.

Service NSW enables customers to undertake more than 800 transactions, from applying for a birth certificate or a Seniors Card, renewing a driver licence or vehicle registration, and paying Housing NSW rent or a fine.

Transactions are managed on behalf of many government agencies including Roads and Maritime Services; Fair Trading; NSW Registry of Births Deaths and Marriages; Office of Environment and Heritage; Department of Primary Industries; Office of Liquor, Gaming and Racing; Department of Family and Community Services, including Housing NSW; Department of Planning and Environment; and the Office of State Revenue. More services are being added over time.

Between 1 July 2013 and 30 June 2014, more than 3.5 million customers were served over the phone, online or in store. Customers have clearly embraced the 'joined up' service model offered by Service NSW.



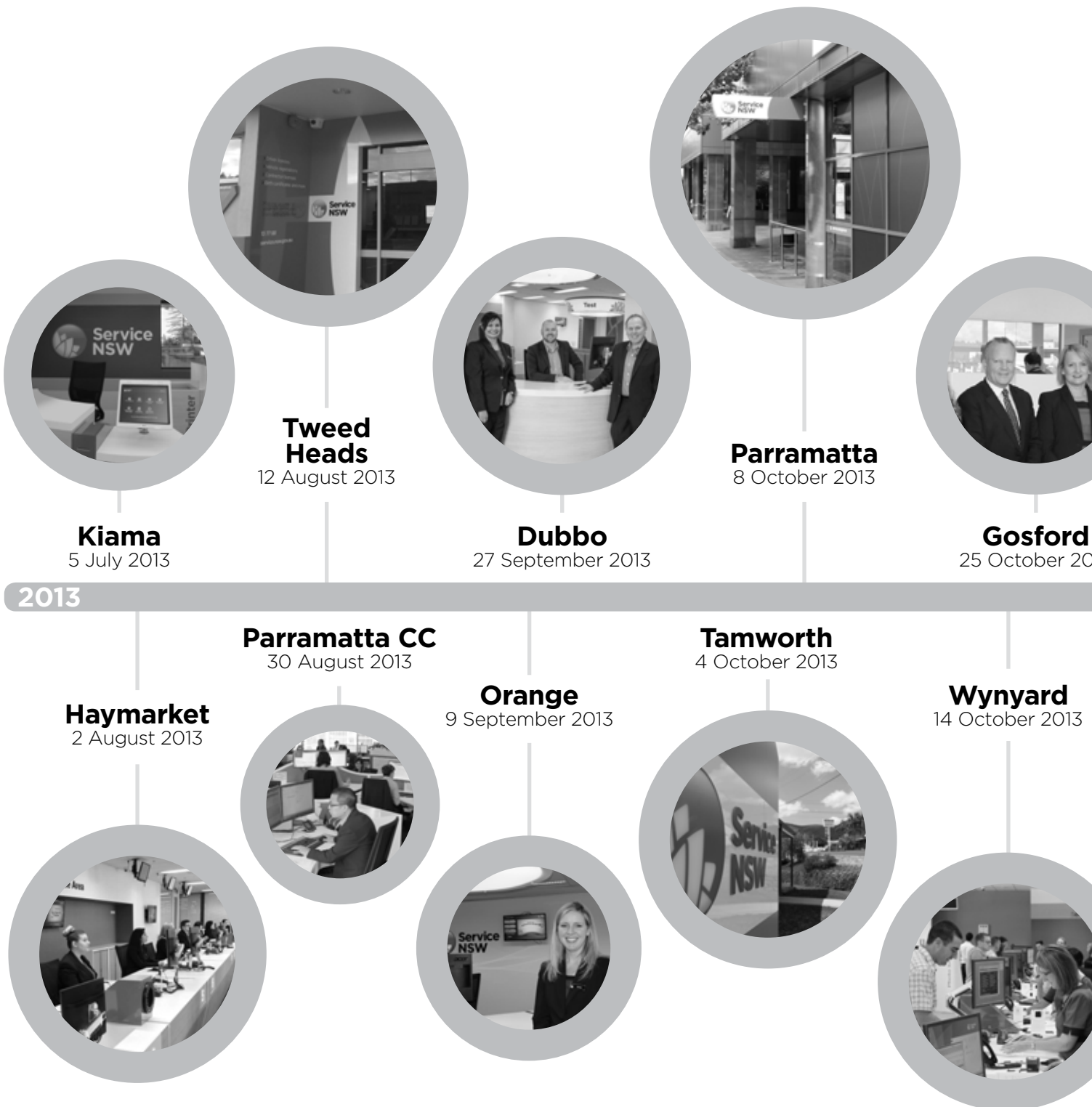
Review of operations

The past year brought unprecedented growth for Service NSW.

With the rollout of the one-stop shop network, Service NSW continued to work closely with partner agencies

such as Fair Trading, Roads and Maritime Services and the NSW Registry of Births Deaths and Marriages to ensure a seamless transition of services.

During 2013-2014, 18 Service NSW service centres commenced operations across New South Wales.



The 120 seat Parramatta Contact Centre commenced operations on 30 August 2013, with the 200 seat Newcastle Contact Centre (transitioned from Roads and Maritime Services) commencing operations for Service NSW from 1 July 2014.



Seniors Card forms online
12 December 2013



Liverpool
30 May 2104



Wagga Wagga
15 November 2013



Wollongong
9 December 2013



Queanbeyan
16 December 2013



Newcastle CC
1 July 2014

2014

Newcastle
12 November 2013

Chatswood
13 December 2013

Penrith
20 June 2014

Port Macquarie
22 November 2013

Lismore
10 April 2014





Legislation and charter

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

This resulted in the creation of Service NSW as a separate government agency within the Department of Premier and Cabinet (DPC) cluster.

While Service NSW was established on 18 March 2013, it did not have any employees, assets and liabilities until the transfer of the Service NSW function from the DPC on 14 June 2013. Pursuant to *Public Sector Employment and Management (Service NSW Division Staff Transfer) Order 2013*, activities were transferred to Service NSW Division with effect from 14 June 2013.

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

From 1 July 2014, Service NSW was transferred to the Treasury and Finance cluster.

Achievements in 2013-14

SERVICE CENTRES



More than
1 million
customers served
at 18 service centres

Average customer
wait time in minutes
and seconds



Average customer
satisfaction score
98%

TELEPHONE SERVICE



More than
640,000
customers served

Average time taken
to answer calls



Average customer
satisfaction score
99%

DIGITAL SERVICE



More than
1.7 million
customers served

32% total traffic from
smartphone and
tablet customers

RATING SCORE

(At service centres, mean score out of 5)

Staff

4.9

New service centre

4.8

Ease of completing
transaction

4.9

Experience now
compared to past

4.8

Management structure



Glenn King
Chief Executive Officer

The Chief Executive Officer, Mr Glenn King, started his role of leading Service NSW in November 2012.

Glenn has an extensive background in customer service, distribution, operations, economics, business, employee development and organisational change. He is an experienced senior executive, having worked in finance, banking and not-for-profit sectors domestically and internationally.

Glenn is passionate about putting the customer at the heart of everything he does and is determined to deliver the best outcomes possible to benefit the people and businesses of NSW. He is committed to providing excellent customer service and employee experience. Glenn has demonstrated his ability to deliver award-winning results in customer service, employee engagement and financial performance. He has a deep knowledge of service delivery channels and brings strong experience in driving sustainable business and service transformation to Service NSW.



Rachna Gandhi
Executive Director,
Service Delivery

Rachna started her role with Service NSW in January 2014.

Over the last year Rachna has worked with the Customer Service Commissioner on a whole-of-government program aimed at building a service culture that is responsive to customer needs. Prior to joining the public sector, Rachna had an extensive career in banking and wealth management. Rachna holds a PhD in consumer behaviour as well as post graduate qualifications in customer-led strategic change.

Rachna is a recognised expert in customer strategy and service design. She has successfully led many transformation programs to embed a customer-centric culture and improve service delivery and performance. Rachna firmly believes that, to achieve sustainable long term success, organisations must involve customers in the stages of the service delivery path - in the identification of customers' needs, design of services, service delivery and performance evaluation.



Serdar Avsar

Executive Director, Business Architecture, Operations and Technology

Serdar began his role in 2012. He is regarded as one of Australia's leading experts in customer management, analytical CRM, customer value proposition development, and customer experience design and measurement. Prior to joining Service NSW, Serdar held various roles across academic, public and private sectors.

Serdar has thorough knowledge of the services industry and a deep understanding of analytical techniques and customer information management. He has designed and developed various KPI measurement frameworks which have been recognised as international best practices by independent organisations.

Serdar believes customer centricity is essential to any organisation that wants to achieve long term sustainable success. He has led many successful change programs that have transformed companies and business models to customer-centric operations.



Andrew McMaster

Chief Financial Officer

Andrew McMaster started his Service NSW role in October 2012.

Andrew has a great depth of experience in finance and management reporting gained from a career of over 35 years in professional accounting. Andrew has extensive experience in advising organisations in a wide range of industries including retail, media, manufacturing and distribution. He has also been involved with the public sector in areas including governance, financial management and reporting, risk management, and internal auditing.

He is committed to establishing high-quality financial management systems at Service NSW that will ensure operating performance is in accordance with funding parameters.



Greg Curry

Executive Director, Business Development & Growth

Greg commenced with Service NSW on 14 July 2014.

Greg has extensive experience in the public sector at both state and national levels, including 10 years as NSW Registrar of Births Deaths & Marriages. During his time as Registrar, Greg led the organisation in introducing the first person-centric civil registration system in Australia, and strengthened the state's identity security regime through closer cooperation with the law enforcement community. His experience at national level includes chairing the Council of Australasian Registrars, and working in areas as diverse as identity security, measuring court performance, and developing case-mix funding and pricing models in the health sector. Greg has previously been responsible for strategic planning and performance measurement at the NSW Attorney General's Department, was Chief Information Officer for the Home Care Service, and Assistant Director for Data Management for NSW Health.

Greg is a strong believer in the value of different organisations working together to provide better service to customers. Greg brings a focus and passion to using data, information and knowledge to improve the way organisations can serve customers.



Nicole Ashe

Director, People & Culture

Nicole started with Service NSW in August 2013.

Nicole has extensive HR experience both in Australia and the UK in a variety of industries including retail, tourism, energy, FMCG and investment banking. A common thread through her career has been an employee base with a customer service focus. Nicole has previously had impact in turnover reduction, attraction, competency frameworks, coaching senior managers and employee relations. Nicole holds a Masters in HR Management & Industrial Relations and Graduate Diploma in Organisational Coaching.

Nicole puts people at the heart of everything she does by ensuring human resources strategies have a positive impact on employees and customers alike. With a focus on building organisational capability she creates initiatives that impact culture within the organisation. Nicole takes personal responsibility for delivering results, along with strategic thinking, collaborative style and courageous, straightforward communication skills which all culminates in her creating great teams and being a trusted advisor.



Shoshana Wall Director, Corporate Relations

Shoshana commenced with Service NSW in December 2012. A communication executive with close to 20 years' experience, Shoshana has worked in senior positions in both the government and private sectors.

She has a proven track record in reputation management, strategic stakeholder engagement, project start-up and governance, parliamentary and legislative reform, marketing, media and issues management.

After successful careers in journalism and government, Shoshana worked as a senior executive at a leading professional services firm, advising government and non-government clients on the planning and delivery of projects and policies in complex stakeholder landscapes.

Shoshana believes customers and stakeholders alike are critical in the journey to create a step change in NSW government customer service. Engaging early and openly with local communities, industry and internal teams meets the Service NSW commitment of putting the customer at the heart of service delivery innovation.



NSW Customer Advisory Board

NSW Premier Mike Baird announced a new direction for government services with the appointment of the NSW Customer Advisory Board in May 2014.

Representing captains of industry and leaders of the public sector, the Customer Advisory Board's primary mission is to provide strategic direction, expertise and dialogue between management and customers.

The Chair of the Board is the NSW Customer Service Commissioner, Michael Pratt, who spent more than 20 years in the banking sector before taking up the appointment as Commissioner in 2012. Other members are Virgin Australia Airlines Chief Executive Officer, John Borghetti; Microsoft Australia Managing Director, Pip Marlow; NSW Business Chamber Chief Executive Officer, Stephen Cartwright; Leighton Holdings Chief Human Resources Officer, Dharma Chandran; Service NSW Chief Executive Officer, Glenn King; NSW Department of Premier and Cabinet Secretary, Blair Comley (succeeding A/Secretary Simon Smith); NSW Treasury Secretary, Philip Gaetjens; and Family and Community Services Secretary, Michael Coutts-Trotter.

Customer Service Commissioner Michael Pratt said part of the Board's role would be to ensure NSW delivered on the NSW Government's bold customer service reforms and make good on the Government's 2021 goals to set a new standard in customer service delivery.



Service NSW Executive Leadership Team (ELT) with the Hon Dominic Perrottet MP, Minister for Finance and Services (seated, centre) and Mike Pratt, NSW Customer Service Commissioner (seated, right)

Leadership and our customer-centric DNA

Each member of the Executive Leadership Team (ELT) is responsible for delivering the Service NSW vision – to be recognised as the distinctive leader in the provision of government services.

The ELT represent the key pillars delivering the vision – grow, service, deliver, protect, develop and engage. The team is accountable to customers and the broader team. Each executive spends time working directly with customers, whether in a contact centre or as a concierge in one of the service centres, as part of its collective balanced scorecard.

The highest priority at Service NSW has been to ensure a positive customer experience. Our culture's building blocks – called our 'DNA' – embeds how we will deliver improved customer service more efficiently and providing value for money.

As Service NSW grows, the commitment to make a difference brings the Service NSW DNA to reality.

Our people

With customers at the heart of our business, it is our people who are creating the step change in the delivery of exceptional customer service.

Service NSW is encouraging a strong culture aligned to our values of passion, teamwork and accountability.

Our recruitment focus is to seek people with the highest standards of professionalism and teamwork. We recruit people on merit who are passionate about customer service and have the requisite skills and qualities to deliver the Service NSW vision. A key component of our early success has been to recognise people who own the customer experience from beginning to end and are prepared to 'go the extra mile' for the customer.

More than 614 people were recruited to Service NSW in 2013-14.

We encourage employee engagement through a variety of channels such as our internal social media network and through our reward and recognition

program. Recently, Service NSW created the Circle of Service initiative which allows every Service NSW employee to have a say in our business - what we do and how we do it. Circle of Service, based on the kaizen process improvement methodology, has enabled the team to continually improve services to the customer.

The success of our employee engagement strategy was reflected in the 2014 Public Sector Commission People Matter Survey carried out in May, which was completed by 97 per cent of our staff. The key results included 100 per cent of staff believing Service NSW strives to achieve customer/client satisfaction; 99 per cent of staff agreed Service NSW strives to build public trust; and 99 per cent believe that, as an organisation, Service NSW strives to match services to customer/client needs.

Our people on the front line know customers best. With their help, Service NSW can continue to be an agile and innovative organisation.

Our customers

Service NSW would not exist without our customers. From 1 July 2013 until 30 June 2014, Service NSW served more than 3.5 million customer with average wait times of less than seven minutes and customer satisfaction scores of 98 per cent - unchanged since launch.

Service NSW will continue to build on this strong foundation for the benefit of our customers.

“I was impressed with the service at the new Service NSW one-stop shop in Wynyard. Licence address changes, disposal, transfer and renewal of boat & trailer rego all in one hit.”

Craig Rowland *customer*, 8 August 2014

“Paid my first visit to Service NSW today. What an experience, concierge & attendants with a smile on their face, the government finally gets it. I love a quality experience & so do our real estate consumers...GO give it to them!”

Joel Fletcher *customer*, 4 August 2014





L-R Andrew Bannister-Tyrell, Service Centre Manager; Member for Orange, Mr Andrew Gee MP; Justin Cantelow, Cancer Council Community Engagement Manager; Bree Kelly, Cancer Council Community Relations Coordinator at the launch of New beginnings - messages of hope at Orange Service Centre

Service NSW gives back to the community

Service NSW encourages staff to actively engage with the community. Our people are drawn from the communities in which they serve and there is great commitment to give back, whether as individuals or collectively. This approach complements our culture of placing the customer at the heart of everything we do.

Service NSW staff participated in a range of local, state and national fundraising events for causes as diverse as Hunter Animal Rescue, Aspect (Autism Australia), Jeans for Genes Day, Westpac Life Saver Rescue Helicopter, Cancer Council's Daffodil Day, Vinnies CEO Sleepout for homeless services, Buy A Bale drought relief for farming families and The Children's Hospital at Westmead. This is in addition to time donated in volunteer roles such as making breakfasts at Parramatta Mission or donating blood to the Red Cross Blood Bank.

New beginnings - messages of hope

Team members in Orange Service Centre celebrated their first anniversary of the centre opening by partnering with the local office of the Cancer Council on a community initiative called 'New beginnings - messages of hope'. Service Centre Manager Andrew Bannister-Tyrell said the team hoped to raise funds and awareness through sharing uplifting stories of cancer survival. "One in two Australians will be diagnosed with cancer and the Cancer Council needs money to fund vital research," said Andrew. "There wouldn't be a family in Orange who hasn't been affected by the disease."

"Our goal is to raise \$10,000 within three months and, with support from the public, we can easily reach this goal."

Andrew Bannister-Tyrell

Awards

Service NSW received national and state recognition for outstanding service in 2013-2014 in only our first year of operations.

- Australian Service Excellence Awards – these awards recognise excellence in customer service at the highest levels. Service NSW won the Service Excellence Award - NSW Government category.
- Excellence in eGovernment Awards – these awards recognise the excellence, innovation and professionalism in the use of technology and delivery of outstanding e-initiatives. Service NSW won the Project and Program Management Award.
- Service Science Society of Australia - Innovation Award – this award recognises organisations that have demonstrated significant innovation in the design and/or delivery of services. Service NSW was a runner-up in this category.

Sharing the Service NSW journey

Service NSW is now serving as a template for other jurisdictions. Service NSW has hosted a number of delegations from interstate and overseas during 2013-2014. International delegations have come from Singapore, Ghana, South Africa, Korea, Malaysia, China and New Zealand to see first-hand the difference Service NSW has made in the way customers are transacting with government. Representatives from government agencies from Victoria, South Australia, Queensland, Tasmania and the Commonwealth Department of Human Services also visited to see the customer-first culture at Service NSW.



Aims and objectives - looking ahead 2014-15

From 1 July 2014, the Customer Service Branch of Roads and Maritime Services was transitioned to Service NSW.

Over the next three years, Service NSW will transform the service delivery network with a focus on increasing digital transactions.

Key focus areas are:

- More transactions – especially online – from a wider range of Government agencies.
- Greater customer coverage with the rollout of new, innovative Service NSW outlets.
- Expanding more services through the contact centre channels and employing the latest cloud computing technology.

Growing the physical network

Innovative outlets such as stores within council offices and standalone kiosks will further expand the Service NSW footprint, particularly in rural NSW.

By June 2015, Service NSW plans to have 36 one-stop shops trading across NSW, offering expanded and convenient services to the residents and businesses.

The new service centres will be located at:

Albury

Armidale

Bankstown

Bathurst

Blacktown

Bondi Junction

Broken Hill

Burwood

Campbelltown

Coffs Harbour

Goulburn

Grafton

Hurstville

Maitland

Marrickville

North Sydney

First pop-up store

Ryde

Wetherill Park

More transactions over time

Service NSW is actively seeking further opportunities with all levels of government to increase the variety and number of transactions offered online, in a service centre and over the phone. This approach will drive an even more efficient and amalgamated customer service delivery model.

Digital reach

Service NSW will enhance the capacity for customers to carry out transactions online by providing a new and innovative service network. A simple-to-use online option helps customers choose how and when they interact with government. Improved digital access will also support service delivery through contact centres and face-to-face in service centres.

Digital milestones will include:

- Website and mobile site upgrade including order management and payment processing
- LiveChat instant messaging to enhance customer experience through, for example, instant issue resolution
- SMS and email notifications to improve the customer view of their interactions and transactions with government, for example to help avoid late payments
- Social media to enhance dialogue between customers and Service NSW.

Whole-of-Government payment solution

Service NSW is working to enhance the way customers make payments to the NSW Government and streamline the payment environment. The aim is to have an efficient and consistent payment process which is convenient, offers choice to customers, ensures data is secure and boosts customer confidence and satisfaction levels.

Such a solution would be available to other government agencies and result in significant savings for government.

Service Delivery

Service NSW was established as an agile start-up to quickly deliver essential government services for residents and businesses as efficiently as possible.

Using the latest technology to improve services and solve problems, Service NSW IT infrastructure has created a blend of existing agency infrastructure and cloud solutions to support service delivery.

Service NSW ICT plans for the next two years include strategies to meet customer demand for online, mobile and self-serve solutions that consider their needs and individual circumstances. At the service centres, self-serve kiosks are compliant with the latest accessibility standards (WCAG 2.0), as are our digital channels.

Real-time responsiveness

Feedback is tracked in real time and responded to by the Service NSW team to ensure continued quality service to customers. Service NSW has an average customer satisfaction score of 98 per cent. We capture feedback and use this to continually improve service delivery.

This feedback has allowed Service NSW to identify and prioritise changes to refine, improve and evolve our foundational IT capability as well as our service delivery model.

Mobile and flexible workforce

Mobility is critical to Service NSW. A cloud-based environment enables the team to collaborate with their peers, improve productivity and increase flexibility in the office. With a highly mobile workforce, staff are able to monitor and respond to customers and social media out of business hours. The use of tablets has liberated employees from the desktop, improving mobility to boost productivity.

Digital channel: mobile device/tablet friendly, easy-to-use and advanced design.

The digital channel was co-designed with Service NSW customers. Customers helped design the website features, functionality and the overall look and feel of the digital channel. People told us they wanted less clutter, fewer clicks and more focus on transactions. Service NSW is offering customers of government services and transactions the ability to provide quick and easy feedback, either at the end of the phone service or at feedback kiosks in service centres.

Contact centres: Latest call handling technology and customer management tools

State-of-the-art customer flow technology is used to move people in and out as quickly as possible. The customer flow management system is both visual and auditory and offers multi-lingual options.

By introducing new technologies and modern systems, we continue to speed up transactions and improve the customer experience.

Future planning

Service NSW is working towards a cloud-based technology which will improve access to government services for customers and reduce call wait times.

The virtual contact centre will provide an even more robust network that can upscale and expand the number of phone lines to support peaks and improve access to government services.

The cloud-based technology means Service NSW can rapidly provide services where they are needed, without being constrained by the physical environment. It will enable call backs for queued callers, call prioritisation and improved call management.

This may be particularly effective in emergency situations such as bushfires, where we can link customer service team resources to respond to a high number of calls at times when customers need it the most.

By June 2015, Service NSW plans to have 36 one-stop shops trading across NSW, offering expanded and convenient services to the residents and businesses of NSW. We are also expanding our digital service so customers have more choice when they interact with government. There will be innovative outlets such as stores within council offices so that we can expand our footprint in rural areas.

We will continue to introduce new technology and modern systems to further speed up transactions and improve the customer experience.



PEOPLE OVERVIEW

Human resources

Number of officers and employees by category and compared to prior three years

Senior executive positions

		Total 2013-14	Total 2012-13
Band 4	Level 8	-	-
Band 3	Level 7	2	2
Band 3	Level 6	-	-
Band 2	Level 5	2	3
Band 2	Level 4	2	-
Band 1	Level 3	8	4
Band 1	Level 2	4	1
Band 1	Level 1	-	1
Total		18	11

Female executive officer positions

At 30 June 2014, seven of the Senior Executive positions were held by females (five positions were held by females at 30 June 2013).

Staff profile by employment category

Staff category	Female		Male		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Permanent full time	244	6	80	-	324	6
Permanent part time	139	-	23	-	160	-
Temporary full time	28	5	12	2	48	7
Temporary part time	5	-	1	-	6	-
SES full time	7	5	10	5	17	10
SES part time	-	-	1	1	1	1
Total	423	16	127	8	550	24

Movements in wages, salaries or allowances

Over the reporting period the Service NSW (Salaries and Conditions) Employees Award was ratified and implemented effective 30 May 2014. The new Award provides increases of 2.27 per cent to salary and salary related allowances, and increases to the Superannuation Guarantee Contribution, for employees from the first full period on or after 1 July 2014 for 12 months, consistent with NSW Government Wages Policy.

Service NSW will be progressively rolled out over the next three years and is expected to employ approximately 2,200 (FTE) employees who will be covered by the Service NSW (Salaries and Conditions) Employees Award.

Government Sector Employment Act 2013

The Government Sector Employment Act 2013 (the GSE Act), the *Government Sector Regulation 2014* (the GSE Regulation) and the *Government Sector Employment Rules 2014* (the GSE Rules) commenced on 24 February 2014, replacing the *Public Sector Employment and*

Management Act 2002 and *Public Sector Employment and Management (General) Regulation 1996*.

The GSE Act, Regulation and Rules provide the new legislative basis for government employment in the NSW government sector requiring changes to Service NSW recruitment, employment and management practices.

While aspects of the new legislation were effective immediately, others will be implemented over a three year period from commencement of the legislation.

Service NSW has worked closely with the Department of Premier and Cabinet and the Public Service Commission to develop implementation plans in line with the requirements of the GSE Act, Regulation and Rules.

Workforce diversity

Service NSW is committed to the principles of Equal Employment Opportunity and we are developing an organisation that represents the diversity of the wider NSW community in which we serve.

Trends in the representation of workforce diversity groups

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

Trends in the distribution of workforce diversity groups

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

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

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

The above statistics indicate:

- The percentage of females exceeds the NSW Government benchmark.
- The percentage of people with a disability requiring adjustment and the percentage of people from Aboriginal and Torres Strait Islander background have increased and are close to achieving the benchmark.

Service NSW will continue to promote the diversity principles and ensure that workforce diversity is integrated into broader workforce planning processes.

Multicultural policies and services

Service NSW has been nominated by the Community Relations Commission as a designated reporting agency. Multicultural strategies are presently being developed for the 2014-2017 planning period. This plan is due 31 October 2014 and will be included in detail in future annual reports.

Workplace Health and Safety (WHS)

A Work Health and Safety audit was carried out in March 2014 to review our compliance with the *Work Healthy and Safety Act 2011* and public sector requirements. Areas of improvement are now underway with a plan in place to document and track against new

initiatives. All initiatives are due to be in place by June 2015.

A WHS Committee was established in the second quarter of 2014-15. An online tool has been implemented at Service NSW called Smart OHS. This enables the business to activate site inspections on a monthly basis, be the vehicle for hazard reporting, incident reporting, committee minutes, first aid registers, and our data source for reporting on WHS.

A WHS Lead and Lag indicators report has been developed to ensure a reactive and proactive approach is taken to measuring WHS in the workplace.

Employee Assistance Program

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

GOVERNANCE

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

Audit, risk management and insurance activities

Audit and risk management

Service NSW established an Audit and Risk Committee (ARC) early in the 2013-14 financial period after the creation of the agency in late 2012-13. The ARC was established in compliance with NSW Treasury Policy TPP09-05, with two independent members including the Chair. Key highlights for the ARC for the reporting period include the establishment of the ARC, development and endorsement of the ARC's charter, risk management policy, and implementation of an agency-wide risk management framework. An outsourced internal audit function was established, internal audits of Accounts Payable and Payroll processes were complete, and an Internal Audit Plan put in place.

Insurance

Service NSW has insurance cover in place over all its assets and major risks. The Service NSW insurance policies include workers' compensation, building contents (including office equipment) and public liability. The Treasury Managed Fund (TMF) is our insurance provider. For 2013-14, Service NSW had five Workers Compensation claims lodged, and two remained open at 30 June 2014. Net incurred claims totalled \$48,655.95 with outstanding claims estimated at \$22,194.89. The majority of claims related to body stressing and trips and falls. However, there were no specific trends in their causation.

Internal audit and risk management policy attestation

I, Glenn King, Chief Executive Officer of Service NSW, am of the opinion that Service NSW has internal audit and risk management processes in operation, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC09-08 Internal Audit and Risk Management Policy (TC09-08).

I am of the opinion that the internal audit and risk management processes of Service NSW departed from core requirements set out in TC09-08 during the 2013-14 financial period, and that:

- (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister; and
- (b) Service NSW has implemented practicable alternative measures to achieve a level of assurance equivalent to the requirement.

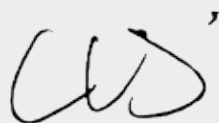
The circumstances giving rise to this position, alternate measures implemented and the course of action undertaken is summarised as follows:

- The Service NSW initiative is a five-year transformational journey to deliver on the NSW Government's commitment to providing a better customer experience for the residents and businesses of NSW.
- Service NSW applied program and risk management processes to govern project implementation which complied with Australian and New Zealand Standards on risk management during the 2012-13 reporting period.
- Service NSW also undertook ongoing independent quality assurance reviews of implementation programs during the 2012-13 financial period together with an independent post implementation review. Any issues identified were actioned on a timely basis as appropriate by Service NSW.
- On 18 March 2013, Service NSW was established as a separate agency within the Department of Premier and Cabinet (DPC) cluster under the Public Sector Employment and Management (Service NSW Division) Order 2013. Service NSW did not have any employees, assets or liabilities until 14 June 2013 when the Service NSW function was formally transferred from DPC under the Public Sector Employment and Management (Service NSW Division Staff Transfer) Order 2013.
- The activities and functions of the Service NSW project were effectively subject to the oversight and direction of the DPC Audit and Risk Committee for the period 1 July 2012 to 30 June 2013 and until 17 September 2013.
- Service NSW's Audit and Risk Committee (A&RC) was formally established on 18 September 2013 and conducted its first meeting on 23 September 2013. The current Chair and Members of the A&RC are:
 - Carol Holley: Independent Chair
 - Dianne Hill: Independent Member
 - Shoshana Wall: Non-Independent Member
- On 23 September 2013, the Service NSW A&RC adopted a charter that was consistent with the model charter.
- Service NSW was advised by the Portfolio Minister (the Premier) that transition to full compliance with the core requirements as set out in TC09-08 was required by 31 March 2014.
- Service NSW implemented the core requirements of TC09-08 by 31 March 2014 and has been fully compliant with these requirements.

- Implementation included the development and further enhancement of an enterprise wide risk management framework and an internal audit function and plan that is aligned to this framework.

The above processes, including the practicable alternate measures implemented for the period to 31 March 2014, provided a level of assurance that enabled the senior management of Service NSW to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement to Treasury on behalf of the Treasurer outlining compliance with the policy together with details of alternative measures implemented in respect of exceptions during the period until 31 March 2014.



Glenn King - CEO, Service NSW

15 September 2014

Disclosure of controlled entities and subsidiaries

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

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

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

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

- information services for transacting with the NSW Government
- information about Service NSW
- policies, fact sheets and brochures
- an Agency Information Guide
- contact details
- news updates.

During the reporting period, our agency received ten formal access applications (including withdrawn applications and invalid applications). In addition, Service NSW transferred 53 applications to other agencies.

During the reporting period, our agency refused two access applications either wholly or in part because the information requested was information referred to in Schedule 1 of the GIPA Act. Of those applications, one was refused in full and one was refused in part. Our agency also received two invalid applications.

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

	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	-	-	-	-	-	-	-
Members of Parliament	1	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	1
Members of the public (other)	1	-	-	2	-	-	4

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	1	-	1	-	-	-	-	1
Access applications (other than personal information applications)	-	1	-	-	-	-	-	4
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

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

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

Table C: Invalid applications

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

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

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	2
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

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

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

	Number of occasions when application not successful
Responsible and effective government	1
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	10
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	10

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

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

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

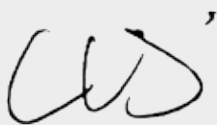
Table H: Applications for review under Part 5 of the Act (by type of applicant)

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

Digital information security policy attestation

I, Glenn King, am of the opinion that:

1. Service NSW had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*;
2. The security controls in place to mitigate identified risks to the digital information and digital information systems of Service NSW are adequate for the foreseeable future;
3. All Public Sector Agencies, or part thereof, under the control of Service NSW with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the *Digital Information Security Policy for the NSW Public Sector*; and
4. In accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements* is not required.



Glenn King - CEO, Service NSW

28 October 2014

Public interest disclosures

Service NSW has a Public Interest Disclosures Internal Reporting Policy covering all employees.

The policy is consistent with the NSW Ombudsman's model policy and the requirements of the *NSW Public Interest Disclosures Act 1994* (PID Act).

The policy is available to employees on the Service NSW intranet. Service NSW's Public Interest Disclosures Officers are also identified on the intranet. This list of disclosure officers will continue to be reviewed to ensure that it is representative of the Service NSW structure and employees have access to a disclosure officer irrespective of their location or role.

Under the PID Act, we are required to report certain information, however Service NSW received zero PIDs in 2013-14.

Consumer response

Extent and main features of complaints

Service NSW captures feedback in real time so that we can measure customer response rates as well as for continuous improvement.

Customers can lodge feedback at a counter, over the telephone, through the mail or on the Service NSW website at www.service.nsw.gov.au. Customers can also submit their feedback via email at info@service.nsw.gov.au

In 2013-14, approximately 3.5 million customers were served online, through the phone service and the 18 service centres. Customer satisfaction scores have remained consistent at 98 per cent.

In 2013-14, Service NSW received 258 formal complaints. The majority related to process and/or premises. Service NSW has a formal Complaints Handling Policy available at www.service.nsw.gov.au to manage timely responses to customer complaints and concerns.

Privacy and Personal Information Protection Act 1998 (PPIPA)

The majority of the personal information that Service NSW accesses in the course of its customer service functions is on behalf of a client agency, and that agency continues to be in control ('hold') the information and be responsible for compliance with privacy principles.

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

Our Privacy Management Plan was developed following a privacy impact assessment of our proposed delivery model. It demonstrates how Service NSW meets its privacy obligations under the Privacy and Personal Information Protection Act 1998 (PPIPA Act) and the Health Records and Information Privacy Act 2002 (HRIPA Act) and upholds and respects the privacy of our clients, staff and others about whom we hold personal information. The key principles

in relation to confidentiality and security of information in the Service NSW Management Plan are security safeguards, access, use, and disclosure.

A brochure summarising how Service NSW handles and protects the personal information of our customers is available at all of our Service Centres. The Privacy Plan and brochure are available on our website.

All employees of Service NSW and our contractors are required to comply with the PPIP and HRIP Acts. It is a criminal offence, punishable by up to two years' imprisonment, for any person employed or engaged by Service NSW (including former employees and contractors) to intentionally use or disclose any personal information about another person, to which the employee or contractor has or had access to in the exercise of his or her official functions, except in connection with the lawful exercise of his or her official functions.

Employees are required to sign a confidentiality undertaking as part of the on-boarding process with Service NSW and the responsibilities of employees for maintaining privacy, confidentiality and security of information are also outlined in the Service NSW Code of Conduct.

Service NSW Partnership Agreements (SPA) have also been developed which document how Service NSW and our client agencies will work together to deliver the Client Agency's agreed transactional and information services.

During the development of the SPA, client agencies are made aware of Service NSW's approach to privacy, and asked to identify any other specific requirements they might have in relation to the treatment of personal information that is required to be collected, and how it is to be processed. To date, no agency has identified any additional requirements for the SPA around privacy and protection of personal information.

APPENDICES



APPENDIX A

Financial statements and Independent Auditor's report for the year ended 30 June 2014



Statement by the Chief Executive Officer

Service NSW

Pursuant to Section 45(F) of the *Public Finance and Audit Act 1983*, and clause 11 of the Public Finance and Audit Regulation 2010, we state that:

- (1) The financial statements have been prepared in accordance with:
 - (a) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
 - (b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's directions; and
 - (c) the Financial Reporting Code for NSW General Government Sector Entities.
- (2) The financial statements exhibit a true and fair view of the financial position and transactions of Service NSW; and
- (3) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "Glenn King", written over a horizontal line.

Glenn King
Chief Executive Officer, Service NSW
17 September 2014

A handwritten signature in black ink, appearing to read "Andrew McMaster", written over a horizontal line.

Andrew McMaster
Chief Financial Officer, Service NSW
17 September 2014



t: 9275 7165
ref: D1430532/1621

Mr Glenn King
Chief Executive Officer
Service NSW Division
GPO Box 7057
SYDNEY NSW 2001

17 September 2014

Dear Mr King

STATUTORY AUDIT REPORT

for the year ended 30 June 2014

Service NSW

I have audited the financial statements of Service NSW as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2014, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of 30 June 2014. The PF&A Act requires that I send this report to Service NSW, the Treasurer and the Premier.

This report is not the Independent Auditor's Report, which expresses my opinion on Service NSW's financial statements. I enclose the Independent Auditor's Report, together with Service NSW's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on Service NSW's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Misstatements in the Financial Statements

The financial statements contained minor misstatements which are listed in the attached Appendix.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on Service NSW's financial statements. This includes testing whether Service NSW has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Quality and Timeliness of Financial Reporting

Treasury Circular TC 14/02 'Mandatory early close procedures for 2014' required Service NSW to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team. Service NSW was required to submit its year-end information to Treasury and its financial statements to audit on 25 July 2014.

Service NSW completed the mandatory early close procedures set out in the Circular and supplied the outcomes to the Audit Office within the specified timeframe. Service NSW also submitted financial information to Treasury and the financial statements and supporting working papers to the Audit Office by the due dates. We endorse this activity and recommend the agency continue to identify ways to meet an earlier reporting timetable.

Auditor-General's Report to Parliament

Volume Six of the 2014 Auditor-General's Report to Parliament will incorporate the results of the audit.

Acknowledgment

I thank Service NSW's staff for their courtesy and assistance.

Yours sincerely



Bola Oyetunji
Director, Financial Audit Services

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Expenses excluding losses			
Operating expenses			
Employee related	2a	32,457	261
Other operating expenses	2b	38,863	1,345
Depreciation and amortisation	2c	4,843	43
Grants and subsidies	2d	19,900	-
Total expenses excluding losses		96,063	1,649
Revenue			
Sale of goods and services	3a	5,336	-
Grants and contributions	3b	118,759	6,107
Acceptance by the Crown Entity of employee liabilities	3c	2,048	23
Other Revenue	3d	144	-
Total revenue		126,287	6,130
Net result		30,224	4,481
Other comprehensive income		-	-
Total comprehensive income for the year		30,224	4,481

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	11,091	-
Receivables	6	3,266	15,329
Other assets	7	86	-
Total current assets		14,443	15,329
Non-current assets			
Property, plant and equipment			
Leasehold Improvements	8	25,120	6,262
Plant and equipment	8	6,739	4,518
Total property, plant and equipment		31,859	10,780
Intangibles	9	12,387	5,939
Total non-current assets		44,246	16,719
Total assets		58,689	32,048
Liabilities			
Current liabilities			
Payables	10	8,715	15,873
Provisions	11	3,202	342
Total current liabilities		11,917	16,215
Non-current liabilities			
Provisions	11	1,161	446
Total non-current liabilities		1,161	446
Total liabilities		13,078	16,661
Net assets		45,611	15,387
Equity			
Accumulated funds		45,611	15,387
Total equity		45,611	15,387

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Accumulated funds \$'000	Total equity \$'000
Balance at 18 March 2013	-	-
Net Result for the period	4,481	4,481
Other comprehensive income	-	-
	<hr/>	<hr/>
Net Result for the period	4,481	4,481
	<hr/>	<hr/>
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers	10,906	10,906
	<hr/>	<hr/>
Balance at 30 June 2013	15,387	15,387
	<hr/>	<hr/>
Balance at 1 July 2013	15,387	15,387
Net result for the year	30,224	30,224
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	30,224	30,224
	<hr/>	<hr/>
Transactions with owners in their capacity as owners		
Increase / (decrease) in net assets from equity transfers	-	-
	<hr/>	<hr/>
Balance at 30 June 2014	45,611	45,611

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Cash flows from operating activities			
Payments			
Employee related		(26,316)	-
Grants and subsidies		(19,900)	-
Other		(48,874)	-
Total payments		(95,090)	-
Receipts			
Sales of goods and services		4,759	-
Grants and contributions		131,467	-
Other		6,656	-
Total receipts		142,882	-
Net cash from operating activities	14	47,792	-
Cash flows from investing activities			
Purchase of plant and equipment		(29,369)	-
Purchase of intangibles		(7,332)	-
Net cash from investing activities		(36,701)	-
Net increase/ (decrease) in cash		11,091	-
Closing cash and cash equivalents	5	11,091	-

There were no cash flow movements for the period ended 30 June 2013 as transactions were made by Department of Premier and Cabinet on behalf of Service NSW.

The accompanying notes form part of these financial statements.

SERVICE GROUP STATEMENTS

for the year ended 30 June 2014

ENTITY'S EXPENSES & INCOME	Service Group 1*		Service Group 2*		Service Group 3*		Service Group 4*		Not Attributable**		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses												
Operating expenses												
Employee related	7,037	-	3,946	-	185	-	981	-	20,308	-	32,457	-
Other operating expenses	8,425	-	4,725	-	222	-	1,175	-	24,316	-	38,863	-
Grants and subsidies	-	-	-	-	-	-	-	-	19,900	-	19,900	-
Depreciation & Amortisation Expense	1,050	-	589	-	28	-	146	-	3,030	-	4,843	-
TOTAL EXPENSES EXCLUDING LOSSES	16,512	-	9,260	-	435	-	2,302	-	67,554	-	96,063	-
Revenue												
Sale of goods and services	1,064	-	4,060	-	212	-	-	-	-	-	5,336	-
Grants and contributions	-	-	-	-	-	-	-	-	118,759	-	118,759	-
Acceptance by the Crown Entity of employee benefits and other liabilities	444	-	249	-	12	-	62	-	1,281	-	2,048	-
Total revenue	1,508	-	4,309	-	224	-	62	-	120,040	-	126,143	-
Gain / (loss) on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses)	-	-	-	-	-	-	-	-	144	-	144	-
Net result	(15,004)	-	(4,951)	-	(211)	-	(2,240)	-	52,630	-	30,224	-
TOTAL COMPREHENSIVE INCOME	(15,004)	-	(4,951)	-	(211)	-	(2,240)	-	52,630	-	30,224	-

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

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

There were no comparatives for 2013 as the Service Groups for Service NSW commenced from 1 July 2013.

SERVICE GROUP STATEMENTS

for the year ended 30 June 2014

ENTITY'S ASSETS AND LIABILITIES	Service Group 1*		Service Group 2*		Service Group 3*		Service Group 4*		Not Attributable**		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	11,091	-	11,091	-
Receivables	120	-	1,909	-	143	-	24	-	1,070	-	3,266	-
Other	-	-	-	-	-	-	-	-	86	-	86	-
Total current Assets	120	-	1,909	-	143	-	24	-	12,248	-	14,443	-
Non-current Assets												
Leasehold Improvements	15,072	-	1,206	-	1,532	-	879	-	6,431	-	25,120	-
Plant, Property & Equipment	4,043	-	323	-	411	-	236	-	1,726	-	6,739	-
Intangibles	7,432	-	595	-	756	-	434	-	3,170	-	12,387	-
Total non-current assets	26,547	-	2,124	-	2,699	-	1,549	-	11,327	-	44,246	-
TOTAL ASSETS	26,667	-	4,033	-	2,842	-	1,573	-	23,575	-	58,689	-
Current liabilities												
Payables	540	-	2,449	-	52	-	122	-	5,552	-	8,715	-
Provisions	2,015	-	416	-	20	-	231	-	520	-	3,202	-
Total current liabilities	2,555	-	2,865	-	72	-	353	-	6,072	-	11,917	-
Non-current liabilities												
Provisions	731	-	151	-	7	-	84	-	188	-	1,161	-
Total non-current liabilities	731	-	151	-	7	-	84	-	188	-	1,161	-
TOTAL LIABILITIES	3,286	-	3,016	-	79	-	437	-	6,260	-	13,078	-
NET ASSETS	23,381	-	1,017	-	2,763	-	1,136	-	17,314	-	45,611	-

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

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

There were no comparatives for 2013 as the Service Groups for Service NSW commenced from 1 July 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

1. Summary of Significant Accounting Policies

a. Reporting entity

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

- to provide an enhanced customer experience for residents interacting with the NSW Government through the provision of government services through service centres, contact centre telephone service and a 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 period of operations of these financial statements is the period from 1 July 2013 to 30 June 2014. The period of operations for the prior period is from 18 March 2013 to 30 June 2013. Service NSW was operating within the Department of Premier and Cabinet (DPC) Cluster until separation on 14 June 2013.

The financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive Officer on 17 September 2014.

b. Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

As non-specialised assets with short useful lives, plant and equipment and leasehold improvements are measured at depreciated historical cost, as a surrogate for fair value. Other financial statement items are prepared in accordance with the historical cost convention. Please refer to note 10 for further detail.

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 circumstance. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Judgements, estimates and assumptions made by management are disclosed in the relevant notes to the financial statements.

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

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

c. Statement of Compliance

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

d. Administered activities

Service NSW administers, but does not control, certain activities on behalf of NSW Government agencies including NSW Housing, NSW Registry of Births, Deaths and Marriages, Office of Fair Trading, Office of State Revenue and Roads and Maritime Services. Transactions and balances relating to the administered activities are not recognised as Service NSW income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'. For further detail, please refer to Note 16.

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

e. Insurance

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

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

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

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

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

g. Income recognition

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

i. Sale of goods

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

ii. Rendering of services

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

iii. Government Grants and Contributions policy

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

h. Assets

i. Acquisitions of assets

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

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. 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 at an asset-specific rate.

ii. Capitalisation thresholds

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

iii. Revaluation of property, plant and equipment

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

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

As non-specialised assets with short useful lives, plant and equipment and leasehold improvements are measured at depreciated historical cost, as a surrogate for fair value.

iv. Impairment of property, plant and equipment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Service NSW. The useful life of the majority of depreciable assets will commence when ready for use from 1 July 2013.

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

	2014 Years
Plant and equipment:	
- Office furniture and fittings	5
- Computer equipment	3
- General plant and equipment	3-4
- Leasehold improvements and major fit-outs	Shorter of estimated useful life of improvements and term of lease

vi. Major inspection costs

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

vii. Restoration costs

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

viii. Maintenance

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

ix. Intangible assets

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

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

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

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

Intangible assets are amortised using the straight line method over a period of 5 years for software.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

x. Loans and receivables

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

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

xi. Impairment of financial assets

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

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

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

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

xii. Derecognition of financial assets and financial liabilities

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

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

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

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

i. Liabilities

i. Payables

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

ii. Employee benefits and other provisions

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

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

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

b. Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

c. Consequential on-costs

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

d. Other Provisions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

If the effect of the time value of money is material, provisions are discounted at 2.525%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

j. Fair value measurement

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

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

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

k. Equity

i. Accumulated Funds

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

l. Equity Transfers

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

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

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

m. Budgeted amounts

Service NSW was not recognised in the 2013-14 Budget Papers as a separate independent agency. Service NSW was identified as a Service Group within the DPC Cluster. Accordingly, no Budget figures are included in the financial statements.

Service NSW was created on 18 March 2013 by the Public Sector Employment and Management (Service NSW Division) Order 2013 as a special employment division of the Government Service within the Department of Premier and Cabinet (DPC).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Pursuant to *Public Sector Employment and Management (Service NSW Division Staff Transfer) Order 2013*, staff from DPC, who were principally involved in matters relating to Service NSW, were transferred from DPC to Service NSW with effect from 14 June 2013. The assets and liabilities of DPC which principally related to Service NSW were also transferred from DPC to Service NSW on 14 June 2013.

While Service NSW was established on 18 March 2013, it did not have any employees, assets and liabilities until the transfer of the Service NSW function from DPC on 14 June 2013. Service NSW Division was thus effectively a non-operating entity in the period from 18 March 2013 to 13 June 2013.

n. Comparative information

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

o. Administrative restructure

On 24 February 2014, Service NSW was affected by legislative changes as a result of the Government Sector Employment Act 2013 including a name change from Service NSW Division to Service NSW.

p. New Australian Accounting Standards issued but not effective

i. Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2013-14. The impact of the first time adopted standards is immaterial.

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 (TC14/03), Service NSW did not adopt any of the accounting standards and interpretations that are not yet effective.

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

- AASB 7 regarding financial instrument disclosures;
- AASB 8 regarding operating segments;
- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments;
- AASB 1031 regarding materiality;
- AASB 1050 regarding administered items; and
- AASB 2013-8 Amendments to Australian Accounting Standards- Conceptual Framework, Materiality and Financial Instruments; and
- AASB 2013-9 Amendments to Australian Accounting Standards- Conceptual Framework, Materiality and Financial Instruments.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

2. Expenses Excluding Losses

a. Employee related expenses

	2014 \$'000	2013 \$'000
Salaries and wages (including recreation leave)	26,468	228
Long service leave	1,778	22
Superannuation - defined benefit plan	261	1
Superannuation - defined contribution plan	2,048	6
Payroll tax and fringe benefit tax	1,671	4
Other	231	-
	32,457	261

b. Other operating expenses

Auditor's remuneration		
- audit of financial statements	104	-
Operating lease rental expense		
- minimum lease payments	2,197	1
Maintenance	1,605	-
Insurance	90	-
Consultants	3,444	77
Contractors	17,843	910
Travel	1,074	4
Energy costs	344	-
Advertising	563	-
Property related	2,119	21
Printing	169	6
Clothing	1,000	-
Information Technology	1,367	-
Office equipment	65	-
Telephone and Communications	3,395	235
Bank charges	76	-
Shared service charges	1,152	-
Other	2,256	91
	38,863	1,345

Reconciliation - Total maintenance

Maintenance expense - contract labour and other (non-employee related, as above)	1,605	-
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	1,605	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

c. Depreciation and amortisation expense

	2014 \$'000	2013 \$'000
Depreciation:		
Other property, plant and equipment	1,352	10
Leasehold improvements	1,718	33
	<u>3,070</u>	<u>43</u>
Amortisation:		
Intangibles	1,773	-
	<u>4,843</u>	<u>43</u>

d. Grants and subsidies

Grant to Roads and Maritime Services	19,900	-
	<u>19,900</u>	<u>-</u>

3. Revenue

a. Sale of goods and services

	2014 \$'000	2013 \$'000
Rendering of Services	5,336	-
	<u>5,336</u>	<u>-</u>

b. Grants and contributions

Recurrent grant received from DPC	84,320	1,698
Capital grant received from DPC	34,439	4,409
	<u>118,759</u>	<u>6,107</u>

c. Acceptance by the Crown Entity of employee liabilities

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

Superannuation - defined benefit	261	1
Long service leave	1,778	22
Payroll tax	9	-
	<u>2,048</u>	<u>23</u>

d. Other revenue

Credit card processing fee recovery	42	-
Interest	102	-
	<u>144</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

4. Service Groups of Service NSW

The service delivery channels of Service NSW were launched from 1 July 2013. Accordingly, there were no Service Group activities for the period ended 30 June 2013. The Service Groups of Service NSW from 1 July 2013 are described as follows:

Service Centres (Service Group 1)

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

Contact Centres (Service Group 2)

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

Digital Delivery (Service Group 3)

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

Service Delivery Support (Service Group 4)

Purpose: The Service Delivery Support group is responsible for providing the ongoing implementation and administrative support for the activities of the Service NSW Service Groups.

5. Cash and Cash Equivalents

	2014 \$'000	2013 \$'000
Cash at bank	11,021	-
Cash on hand	70	-
	<u>11,091</u>	<u>-</u>

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

Cash and cash equivalents	11,091	-
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Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

6. Receivables

	2014 \$'000	2013 \$'000
Current		
Sale of goods and services	768	-
Goods and Services Tax recoverable from ATO	1,680	1,370
Amounts receivable from DPC	-	13,959
Other receivables	818	-
	<u>3,266</u>	<u>15,329</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

7. Other assets

	2014 \$'000	2013 \$'000
Prepayments	86	-
	86	-

8. Non-Current Assets – Property, plant and equipment

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2013 - fair value				
Gross carrying amount	1,277	406	9,182	10,865
Accumulated depreciation and impairment	(33)	(52)	-	(85)
Net carrying amount	1,244	354	9,182	10,780
At 30 June 2014 - fair value				
Gross carrying amount	24,900	6,351	3,762	35,013
Accumulated depreciation and impairment	(1,751)	(1,403)	-	(3,154)
Net carrying amount	23,149	4,948	3,762	31,859
At 30 June 2013 - fair value				
Gross carrying amount	1,277	406	9,182	10,865
Accumulated depreciation and impairment	(33)	(52)	-	(85)
Net carrying amount	1,244	354	9,182	10,780

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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 2014				
Net carrying amount at start of year	1,244	354	9,182	10,780
Additions	688	-	25,058	25,746
Transfers to / from WIP	22,935	5,950	(28,885)	-
Transfers to / from intangibles	-	-	(1,593)	(1,593)
Other movements	-	(4)	-	(4)
Depreciation expense	(1,718)	(1,352)	-	(3,070)
Net carrying amount at end of year	23,149	4,948	3,762	31,859

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

	Leasehold improvements \$'000	Plant and Equipment \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2013				
Net carrying amount at start of year	-	-	-	-
Additions	446	-	2,737	3,183
Transfers to / (from) WIP	831	346	(1,177)	-
Disposals	-	-	-	-
Acquisition through administrative restructures	-	18	7,622	7,640
Net revaluation	-	-	-	-
Impairment losses	-	-	-	-
Depreciation expense	(33)	(10)	-	(43)
Net carrying amount at end of year	1,244	354	9,182	10,780

9. Intangible Assets

	Software \$'000	Work in progress \$'000	Total \$'000
At 1 July 2013			
Cost (gross carrying amount)	-	5,939	5,939
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	5,939	5,939
At 30 June 2014			
Cost (gross carrying amount)	13,379	781	14,160
Accumulated amortisation and impairment	(1,773)	-	(1,773)
Net carrying amount	11,606	781	12,387

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

	Software \$'000	Work in progress \$'000	Total \$'000
At 30 June 2013			
Cost (gross carrying amount)	-	5,939	5,939
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	5,939	5,939

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 2014			
Net carrying amount at start of year	-	5,939	5,939
Acquisition through administrative restructure	-	-	-
Additions	-	6,628	6,628
Transfers to / from WIP	11,786	(11,786)	-
Transfers to / from property, plant and equipment	1,593	-	1,593
Amortisation	(1,773)	-	(1,773)
Net carrying amount at end of year	11,606	781	12,387

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

	Software \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at start of year	-	-	-
Additions	-	2,541	2,541
Acquisition through administrative restructure	-	3,398	3,398
Impairment losses	-	-	-
Amortisation	-	-	-
Net carrying amount at end of year	-	5,939	5,939

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

10. Current Liabilities – Payables

	2014 \$'000	2013 \$'000
Accrued salaries, wages and on-costs	1,134	87
Creditors and accruals	6,696	15,786
Other	885	-
	8,715	15,873

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

11. Current / Non-Current Liabilities – Provisions

	2014 \$'000	2013 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	2,533	342
Long service leave	471	-
Payroll tax	198	-
	3,202	342
Non-current		
Employee benefits and related on-costs		
Recreation leave	-	-
Long service leave	25	-
	25	-
Other provisions		
Provision for makegood	1,136	446
	1,161	446
Total provisions	4,363	788
Aggregate employee benefits and related on-costs		
Provisions - current	3,202	342
Provisions - non-current	25	-
Accrued salaries and wages	1,134	87
	4,361	429
Reconciliation of provision for makegood		
	\$'000	\$'000
Carrying amount at the beginning of the period	446	-
Additional provisions recognised	690	446
Carrying amount at end of financial year	1,136	446

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The value of annual leave, including on-costs, expected to be taken within 12 months is \$2.533 million.

To determine the consequential cost split on Long Service Leave, Service NSW has adopted the actuarial advice from Treasury Circular 14/04 using 95% current and 5% non-current. The amount expected to be settled after 12 months is \$25,000.

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.

12. Commitments for Expenditure

	2014 \$'000	2013 \$'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	2,460	6,474
Later than one year and not later than five years	-	-
Greater than five years	-	-
	<hr/>	<hr/>
Total (including GST)	2,460	6,474
(a) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	3,036	1,578
Later than one year and not later than five years	8,231	4,219
Greater than five years	649	-
	<hr/>	<hr/>
Total (including GST)	11,916	5,797

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

The total commitments above include total input tax credits of approximately \$1.31 million (2013: \$1.12 million) that are expected to be recoverable from the Australian Taxation Office.

13. Contingent Liabilities and Contingent Assets

Service NSW had no contingent liabilities or contingent assets as at 30 June 2014.

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

	2014 \$'000	2013 \$'000
Net cash used on operating activities	(47,792)	-
Add/(less) non cash items:		
Depreciation / amortisation	4,843	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Changes in operating assets and liabilities

(Increase) / decrease in net receivables	11,977	-
Increase / (decrease) in supplier payables	(2,827)	-
Increase / (decrease) in other provisions	3,575	-
	<hr/>	
Net result	(30,224)	-
	<hr/>	

15. Administered Assets and Liabilities

	2014	2013
	\$'000	\$'000
Administered Assets		
Service NSW remitting account	891	-
	<hr/>	<hr/>
Total Administered Assets	891	-
	<hr/>	<hr/>
Administered Liabilities		
Amounts payable to client agencies	891	-
	<hr/>	<hr/>
Total Administered Liabilities	891	-
	<hr/>	<hr/>

Service NSW administers, but does not control, certain activities performed on behalf of NSW Government agencies. Transactions and balances relating to administered activities are recognised as Service NSW assets and liabilities.

The remitting account and amounts payable to client agencies above represent fees collected by Service Centres which have not been remitted to the agencies at year end. These include the NSW Registry of Births, Deaths and Marriages, Office of State Revenue, NSW Housing and the Office of Fair Trading.

The total value of cash remitted to host agencies in 2013-14 is \$24.5 million (2013: nil) as follows:

Total cash value remitted to Agencies	2014	2013
	\$'000	\$'000
NSW Housing	7	-
NSW Registry of Births, Deaths & Marriages	2,725	-
Office of Fair Trading	17,649	-
Office of State Revenue	243	-
Roads & Maritime Services	3,834	-
	<hr/>	<hr/>
	24,458	-
	<hr/>	<hr/>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

16. 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.

a. Financial instrument categories

Financial Assets	Note	Category	2014	2013
Class:			\$'000	\$'000
Cash and cash equivalents	5	N/A	11,091	-
Receivables ¹	6	Loans and receivables (at amortised cost)	1,586	13,959
Carrying amount of financial assets			12,677	13,959
Financial Liabilities	Note	Category	2014	2013
Class:			\$'000	\$'000
Payables ²	10	Financial liabilities measured at amortised cost	8,715	15,873
Carrying amount of financial liabilities			8,715	15,873

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

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

b. Credit risk

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

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

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. The cash value at bank on 30 June 2014 is \$11.091 million.

Receivables - trade debtors

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2014			
< 3 months overdue	689	689	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2013			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

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

c. Liquidity risk

Liquidity risk is the risk that Service NSW will be unable to meet its payment obligations when they fall due. Service NSW manages this risk through monitoring future operating cash flows and the timing of receiving approved funding allocation from NSW Treasury.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000
2014							
Payables	n/a	8,715	-	-	8,715	8,715	-
		8,715	-	-	8,715	8,715	-
2013							
Payables	n/a	15,873	-	-	15,873	15,873	-
		15,873	-	-	15,873	15,873	-

d. Market risk

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

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. Service NSW has no interest bearing liabilities at 30 June 2014, and does not generate income from financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

e. Fair value of financial instruments

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

17. Events After the Reporting Period

As a consequence of the requirements arising from the Administrative Order of 30 June 2014 commencing 1 July 2014, Service NSW is responsible to the Minister of Finance and Services and is now included in the Treasury and Finance cluster.

End of audited financial statements.

APPENDIX B

Numbers of executive officers

Band	Female	Male	Remuneration range (at 1 July 2014)	Avg. remuneration 2013-14
Band 4	-	-	\$422,501 - \$488,100	
Band 3	-	2	\$299,751 - \$422,500	\$405,961.50
Band 2	1	4	\$238,301 - \$299,750	\$283,072.08
Band 1	6	5	\$167,100 - \$238,300	\$225,889.87
Totals	7	11		

15 per cent of Service NSW employee related expenditure in 2013-14 was related to senior executives.

APPENDIX C

Credit card certification

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

APPENDIX D

Funds and grants

Nil

APPENDIX E

Promotion – overseas visits

Nil

APPENDIX F

Payment of accounts

Annual reporting requirements specified in the *Annual Reports (Departments) Regulation 2010* and the *Annual Reports (Statutory Bodies) Regulation 2010* obligate Service NSW to report on the its performance regarding the payment of accounts. Accounts due or paid within each quarter in 2013-14 are listed in the table below.

	September 2013	December 2013	March 2014	June 2014
Invoices due for payment	1,285	1,915	1,155	1,131
Invoices paid on time	295	1,145	772	971
Invoices due for payment received	-	-	-	1
Invoices from small businesses paid on time	-	-	-	1
Amount due for payment	\$23,732,323	\$20,595,048	\$22,458,979	\$22,729,390
Amount paid on time	\$3,695,043	\$11,516,415	\$12,735,881	\$18,746,396
Amount due for payment received	-	-	-	\$6,025
Amount from small business paid on time	-	-	-	\$6,025

APPENDIX G

Time for payment of accounts

No interest was paid due to late payment of accounts.

APPENDIX H

Expenditure on consultants

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

Name of consultant	The title/nature of the consultancy	Cost
Finance and accounting		
Collaborative Insights Consulting Pty Ltd	Procurement	\$52,090.00
Corporate Value Associates	Business Case	\$1,398,220.78
Internal Consulting Group Pty Ltd	Tranche 1 Consultancy Work	\$112,105.75
KPMG	Accelerated Distribution Strategy	\$915,922.84
KPMG	Tranche 1 Consultancy Work	\$167,610.42
PricewaterhouseCoopers	Accelerated Distribution Strategy	\$688,097.18
TOTAL number of individual consultancies with a value equal to or more than \$50,000 is:	6	\$3,334,046.97

Consultancies of value less than \$50,000

Consultancy category	Cost
Finance and accounting	
GQI Consulting	\$13,838.00
GQI Consulting	\$20,757.00
Jerobco Pty Ltd	\$41,864.00
Lander & Rogers	\$11,000.00
Origami Consulting	\$8,800.00
Villani Enterprises Pty Ltd	\$10,200.00
Information technology	
KPMG	\$5,750.25
O'Connor Marsden & Associates Pty Ltd	\$11,051.25
TOTAL number of individual consultancies with a value less than \$50,000 is:	8
	\$123,260.50

