

# INTACT

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## Objectives

InTACT's objective is to supply, manage and maintain the Government's Information and Communications Technology (ICT) infrastructure on a cost effective and efficient basis.

InTACT is responsible for ICT equipment infrastructure services, together with a common operating environment on all network servers and desktop equipment.

## 2005 – 06 Highlights

Strategic and operational initiatives to be pursued in 2005-06 include:

- continuing to focus on refining core business activities to improve service delivery, particularly through the adoption of best practice processes consistent with the Information Technology Infrastructure Library (ITIL);
- expanding and enhancing InTACT's Catalogue of Services;
- refining InTACT's costing and pricing models to ensure equitable and transparent cost recovery from clients for InTACT services;
- continuing to enhance IT security across the Government in a cost effective and business focused manner;
- completing the rollout of a private fibre network;
- bringing payroll services for all Government staff in-house at a considerable saving;
- developing a new Standard Operating Environment for use across all Government desktop and laptop computers;
- implementing a new Service Desk tool to improve services, better manage workflow and integrate change management practices; and
- planning for the dispersion of the data centre environment to enhance business and disaster recovery capability.

## Output Class

	Total Cost		Government Payment for Outputs	
	2004-05	2005-06	2004-05	2005-06
	Est. Outcome \$'000	Budget \$'000	Est. outcome \$'000	Budget \$'000
<b>Output Class 1 INTACT</b>	74 139	74 750	3 955	2 341
<b>Output 1.1 InTACT</b>	74 139	74 750	3 955	2 341

### Output Description

To provide and maintain IT infrastructure and communications for the ACT Public Service.

InTACT will provide for:

- services to approximately 56 individual government agencies as outlined in InTACT's catalogue of services and affirmed through various Service Level and, Support Agreements;
- management of the government data network;
- around the clock on-call support on a fee-for-service basis;
- assistance to agencies on IT security;
- management of the whole of government communications network; and
- general service / help desk functions.

### Accountability Indicators

	2004-05 Targets	2004-05 Est. Outcome	2005-06 Target
<b>1.1 InTACT</b>			
a. Costs within peer organisations' costs, as benchmarked by an independent organisation.	n/a	Within 10%	Within 10%
b. E-mail availability across government during core business hours. <sup>1</sup>	n/a	98%	98%
c. Service requests made via the Service Desk are responded to within Service Level Agreements timeframes.	n/a	98%	98%
d. Service requests made via the Service Desk are resolved within Service Level Agreements timeframes.	n/a	80%	80%

<sup>1</sup> Established by determining up-time of each core component of the network across core business hours (Monday to Friday 7.30am to 6pm).

## Budgeted Financial Results

Section 31 of the *Financial Management Act 1996* (FMA) advises that Chief Executives are responsible for achievement of financial results. For the purpose of Section 31 of the FMA, key budgeted results are specified in the Budget Papers to improve accountability. An outcome of the increased accountability will be the requirement for Chief Executives to explain material variances from specified budgeted results.

In accordance with Section 31 of the FMA, the following are the key budgeted results for InTACT in 2005-06:

- **Operating Result (\$4.983m deficit)** – this measure focuses on the financial performance of InTACT, and will measure InTACT’s success in managing expenditure levels within government funding and own-source revenue limitations;
- **Current Ratio (1.7 to 1)** – the current ratio is an indication of the ability to fund short term liabilities from short term assets. The measure indicates InTACT’s ability to fund liabilities falling due in the next financial year;
- **Account Receivable turnover (32 days)** – this measure focuses on the average number of days required to collect outstanding debt;
- **Total Assets (\$71.739m)** – this measure focuses on InTACT’s ability to manage its assets base, which mainly consists of plant and equipment used in the provision of IT and communications across the government service; and
- **Total Liabilities (\$22.230m)** – this measure focuses on maintaining prudent levels of liabilities as required by Section 11 of the FMA. The majority of InTACT’s liabilities are finance leases.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2004-05	2005-06	2006-07	2007-08	2008-09
Government Payment for Outputs	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2004-05 Budget</b>	3 955	2 341	1 224	1 266	1 266
<b>2005-06 Budget Technical Adjustments</b>					
Revised Indexation Parameters	0	0	0	0	23
<b>2005-06 Budget</b>	3 955	2 341	1 224	1 266	1 289

### Changes to Appropriation - Departmental

	2004-05	2005-06	2006-07	2007-08	2008-09
Capital Injections	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2004-05 Budget</b>	10 365	4 328	3 000	3 000	3 000
<b>2005-06 Budget Policy Adjustments</b>					
Extension of Private Data Network (PDN) to Hume	0	1 530	0	0	0
Data Centre Refurbishment	0	1 782	1 193	0	0
<b>2005-06 Budget Technical Adjustments</b>					
Return of Unrequired Capital Injection	0	-2 000	-2 000	-2 000	-2 000
<b>2005-06 Budget</b>	10 365	5 640	2 193	1 000	1 000

## 2005-06 Capital Works Program

### Departmental

	Estimated Total Cost \$'000	Estimated Expenditure Pre 2005-06 \$'000	2005-06 Financing \$'000	2006-07 Financing \$'000	2007-08 Financing \$'000	Expected Completion Date
<b>New Capital Works</b>						
<b>New Construction Works</b>						
Data Communications Centres	2 975	0	1 782	1 193	0	Jun 2007
Private Data Network Extension to Hume	1 530	0	1 530	0	0	Mar 2006
<b>Total New Construction Works</b>	<b>4 505</b>	<b>0</b>	<b>3 312</b>	<b>1 193</b>	<b>0</b>	
<b>Total New Departmental Capital Works</b>	<b>4 505</b>	<b>0</b>	<b>3 312</b>	<b>1 193</b>	<b>0</b>	

## InTACT Operating Statement

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
3 955	Government Payment for Outputs	3 955	2 341	-41	1 224	1 266	1 289
1 263	User Charges - Non ACT Government	263	263	-	263	263	295
59 435	User Charges - ACT Government	62 735	65 775	5	67 731	68 584	70 214
1 088	Interest	1 088	1 088	-	1 129	1 216	1 311
100	Other Revenue	100	100	-	100	100	100
185	Resources Received free of charge	185	200	8	200	205	210
<b>66 026</b>	<b>Total Revenue</b>	<b>68 326</b>	<b>69 767</b>	<b>2</b>	<b>70 647</b>	<b>71 634</b>	<b>73 419</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>66 026</b>	<b>Total Income</b>	<b>68 326</b>	<b>69 767</b>	<b>2</b>	<b>70 647</b>	<b>71 634</b>	<b>73 419</b>
<b>Expenses</b>							
12 743	Employee Expenses	12 198	15 987	31	16 168	16 350	16 526
1 394	Superannuation Expenses	1 279	1 850	45	1 879	1 902	1 924
38 372	Supplies and Services	40 432	37 807	-6	38 669	39 679	40 671
18 957	Depreciation and Amortisation	18 957	17 619	-7	17 729	17 729	17 729
1 573	Borrowing Costs	1 273	1 487	17	1 473	1 527	1 563
<b>73 039</b>	<b>Total Ordinary Expenses</b>	<b>74 139</b>	<b>74 750</b>	<b>1</b>	<b>75 918</b>	<b>77 187</b>	<b>78 413</b>
<b>-7 013</b>	<b>Operating Result</b>	<b>-5 813</b>	<b>-4 983</b>	<b>14</b>	<b>-5 271</b>	<b>-5 553</b>	<b>-4 994</b>

## InTACT Balance Sheet

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
<b>Current Assets</b>							
405	Cash	153	137	-10	114	14	61
16 709	Receivables	8 078	8 017	-1	8 086	8 123	8 160
14 521	Investments	24 606	21 113	-14	18 393	15 624	12 855
19	Inventories	45	45	-	45	45	45
838	Other	400	400	-	370	440	510
<b>32 492</b>	<b>Total Current Assets</b>	<b>33 282</b>	<b>29 712</b>	<b>-11</b>	<b>27 008</b>	<b>24 246</b>	<b>21 631</b>
<b>Non Current Assets</b>							
43 330	Property, Plant and Equipment	38 329	42 015	10	41 144	38 924	37 116
121	Other	12	12	-	12	12	12
<b>43 451</b>	<b>Total Non Current Assets</b>	<b>38 341</b>	<b>42 027</b>	<b>10</b>	<b>41 156</b>	<b>38 936</b>	<b>37 128</b>
<b>75 943</b>	<b>TOTAL ASSETS</b>	<b>71 623</b>	<b>71 739</b>	<b>..</b>	<b>68 164</b>	<b>63 182</b>	<b>58 759</b>
<b>Current Liabilities</b>							
8 678	Payables	7 542	7 642	1	7 842	8 142	8 442
9 514	Finance Leases	7 888	7 522	-5	7 295	7 036	6 777
1 696	Employee Benefits	1 719	1 737	1	1 740	1 743	1 746
310	Other	896	896	-	896	896	896
<b>20 198</b>	<b>Total Current Liabilities</b>	<b>18 045</b>	<b>17 797</b>	<b>-1</b>	<b>17 773</b>	<b>17 817</b>	<b>17 861</b>
<b>Non Current Liabilities</b>							
8 038	Finance Leases	3 460	3 067	-11	2 494	1 921	1 348
1 152	Employee Benefits	1 266	1 366	8	1 466	1 566	1 666
<b>9 190</b>	<b>Total Non Current Liabilities</b>	<b>4 726</b>	<b>4 433</b>	<b>-6</b>	<b>3 960</b>	<b>3 487</b>	<b>3 014</b>
<b>29 388</b>	<b>TOTAL LIABILITIES</b>	<b>22 771</b>	<b>22 230</b>	<b>-2</b>	<b>21 733</b>	<b>21 304</b>	<b>20 875</b>
<b>46 555</b>	<b>NET ASSETS</b>	<b>48 852</b>	<b>49 509</b>	<b>1</b>	<b>46 431</b>	<b>41 878</b>	<b>37 884</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
46 555	Accumulated Funds	48 852	49 509	1	46 431	41 878	37 884
<b>46 555</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>48 852</b>	<b>49 509</b>	<b>1</b>	<b>46 431</b>	<b>41 878</b>	<b>37 884</b>

**InTACT  
Cash Flow Statement**

2004-05 Budget \$'000		2004-05 Est.Outcome \$'000	2005-06 Budget \$'000	Var %	2006-07 Estimate \$'000	2007-08 Estimate \$'000	2008-09 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
3 955	Cash from Government for Outputs	3 955	2 341	-41	1 224	1 266	1 289
61 184	User Charges	63 484	66 534	5	68 498	69 388	71 057
1 088	Interest Received	1 088	1 088	-	1 129	1 216	1 311
10 690	Other Revenue	11 099	11 673	5	11 643	11 745	12 033
<b>76 917</b>	<b>Operating Receipts</b>	<b>79 626</b>	<b>81 636</b>	<b>3</b>	<b>82 494</b>	<b>83 615</b>	<b>85 690</b>
<b>Payments</b>							
13 618	Related to Employees	12 891	17 819	38	18 044	18 249	18 447
38 413	Related to Supplies and Services	40 473	37 844	-6	38 714	39 725	40 719
1 573	Borrowing Costs	1 273	1 487	17	1 473	1 527	1 563
10 689	Other	11 098	11 671	5	11 641	11 742	12 030
<b>64 293</b>	<b>Operating Payments</b>	<b>65 735</b>	<b>68 821</b>	<b>5</b>	<b>69 872</b>	<b>71 243</b>	<b>72 759</b>
<b>12 624</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>13 891</b>	<b>12 815</b>	<b>-8</b>	<b>12 622</b>	<b>12 372</b>	<b>12 931</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
100	Proceeds from Sale of Property, Plant & Equipment	100	100	-	100	100	100
<b>100</b>	<b>Investing Receipts</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Payments</b>							
14 644	Purchase of Property, Plant and Equipment	14 644	10 140	-31	5 693	4 500	4 616
<b>14 644</b>	<b>Investing Payments</b>	<b>14 644</b>	<b>10 140</b>	<b>-31</b>	<b>5 693</b>	<b>4 500</b>	<b>4 616</b>
<b>-14 544</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-14 544</b>	<b>-10 040</b>	<b>-31</b>	<b>-5 593</b>	<b>-4 400</b>	<b>-4 516</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
10 365	Capital Injection from Government	10 365	5 640	-46	2 193	1 000	1 000
<b>10 365</b>	<b>Financing Receipts</b>	<b>10 365</b>	<b>5 640</b>	<b>-46</b>	<b>2 193</b>	<b>1 000</b>	<b>1 000</b>
<b>Payments</b>							
11 881	Repayment of Finance Lease	11 881	11 924	..	11 965	11 841	12 137
<b>11 881</b>	<b>Financing Payments</b>	<b>11 881</b>	<b>11 924</b>	<b>..</b>	<b>11 965</b>	<b>11 841</b>	<b>12 137</b>

**InTACT  
Cash Flow Statement**

<b>2004-05 Budget \$'000</b>		<b>2004-05 Est.Outcome \$'000</b>	<b>2005-06 Budget \$'000</b>	<b>Var %</b>	<b>2006-07 Estimate \$'000</b>	<b>2007-08 Estimate \$'000</b>	<b>2008-09 Estimate \$'000</b>
-1 516	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	-1 516	-6 284	-315	-9 772	-10 841	-11 137
-3 436	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	-2 169	-3 509	-62	-2 743	-2 869	-2 722
18 362	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	26 928	24 759	-8	21 250	18 507	15 638
14 926	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	24 759	21 250	-14	18 507	15 638	12 916

**InTACT**  
**Statement of Changes in Equity**

Budget as at 30/6/05 \$'000		Est.Outcome as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Var %	Planned as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000
43 203	<b>Opening Balance</b>	44 300	48 852	10	49 509	46 431	41 878
	<b>Accumulated Funds</b>						
-7 013	Operating Result for the Period	-5 813	-4 983	14	-5 271	-5 553	-4 994
	<b>Reserves</b>						
-7 013	<b>Total Income And Expense For The Period</b>	-5 813	-4 983	14	-5 271	-5 553	-4 994
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
10 365	Capital Injections	10 365	5 640	-46	2 193	1 000	1 000
46 555	<b>Closing Balance</b>	48 852	49 509	1	46 431	41 878	37 884

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- government payment for outputs: the decrease of \$1.614m in the 2005-06 Budget from the 2004-05 estimated outcome is mainly due to funding being provided in 2004-05 to implement a new Private Data Network.
- user charges – non ACT Government: the decrease of \$1m in the 2004-05 estimated outcome from the original budget is due mainly to the removal of discontinued services and one-off revenue items not provided in 2004-05 as originally expected.
- user charges – ACT Government:
  - the increase of \$3.3m in the 2004-05 estimated outcome from the original budget is due to increased desktop environment support (DES) and asset rental revenue based on improved asset records, higher communication (voice and data) and Oracle licence recoveries through greater consumption and greater than expected project activity; and
  - the increase of \$3.040m in the 2005-06 Budget from the 2004-05 estimated outcome reflects an increase in the number of assets being invoiced, increased project related activities and the recovery of staff transfers.
- employee and superannuation expenses:
  - the decrease of \$0.660m in the 2004-05 estimated outcome from the original budget is due to permanent staffing levels not reaching budgeted expectations which was partially offset by the transfer of certain IT staff from agencies during 2004-05; and

- the increase of \$4.360m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the expected increase in permanent staff from 174 to 204. The increase in staff is due to the full year effect of the proposed transfer of IT staff from certain agencies, as well as incorporating the provision of new services. The 2005-06 Budget also includes the full year effect of wage increases and the continuation of the policy to replace contractors with permanent personnel.
- supplies and services:
  - the increase of \$2.060m in the 2004-05 estimated outcome from the original budget is due to an increase in costs associated with communications, lease extensions and project related activities, as well as increases in contractor costs due to permanent staffing levels not reaching budgeted expectations. This is offset by reduced costs associated with new software licensing and server maintenance arrangements; and
  - the decrease of \$2.625m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the realisation of savings from the implementation of the new Private Data Network (\$1.8m); savings for voice (\$1.9m), mobiles (\$0.4m) and internet (\$0.2m) from new contracts and the devolution of mobile phone expenditure (\$0.6m) to agencies in 2005-06. These decreases have been partially offset by an increase in communication costs associated with bringing the Canberra Hospital onto the Government contract, an increase in IT computing costs of \$1.1m following additional data system monitoring software and additional Oracle Government Financials / Human Resource System Solution licensing.
- depreciation and amortisation: the decrease of \$1.338m in the 2005-06 Budget from the 2004-05 estimated outcome is due to reduced depreciation on existing infrastructure assets partially offset by the full year depreciation on 2004-05 asset purchases and business initiatives.
- borrowing costs:
  - the decrease of \$0.3m in the 2004-05 estimated outcome from the original budget reflects the decision not to lease-back certain assets during 2004-05; and
  - the increase of \$0.214m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the continuation of normal leasing activity during 2005-06.

#### *Balance Sheet*

- receivables: the decrease of \$8.631m in the 2004-05 estimated outcome from the original budget is due to the expectation that a significant amount of fourth quarter invoices to be issued in early June will be paid by the 30 June 2005.
- current investments:
  - the increase of \$10.085m in the 2004-05 estimated outcome from the original budget is due to a better than expected 2003-04 audited outcome and the expectation that a significant amount of fourth quarter invoices to be issued in early June will be paid by 30 June 2005; and
  - the decrease of \$3.493m in the 2005-06 Budget from the 2004-05 estimated outcome is due mainly to the use of funds for equipment and IT purchases.

- other current assets: the decrease of \$0.438m in the 2004-05 estimated outcome from the original budget is due to a reduction in prepayments associated with long-term maintenance costs.
- property, plant and equipment:
  - the decrease of \$5.001m in the 2004-05 estimated outcome from the original budget is mainly due to an over estimation of leasing activity in 2004-05 and the delay in the commencement of some initiatives to 2005-06; and
  - the increase of \$3.686m in the 2005-06 Budget from the 2004-05 estimated outcome is due to the rollover of some initiatives from 2004-05 to 2005-06, and new 2005-06 initiatives such as the planned extension of the new Private Data Network to Hume and refurbishment of data centres.
- total liabilities: the decrease of \$6.617m in the 2004-05 estimated outcome from the original budget is mainly due to a decrease in lease liability associated with the non-leaseback of assets (\$6.204m).

#### *Cash Flow Statement*

- purchase of property, plant and equipment: the decrease of \$4.504m in the 2005-06 Budget from the 2004-05 estimated outcome is due to reduced assets purchases following the commencement of a new lease facility from 1 September 2004.

#### *Statement of Changes in Equity*

- capital injections: the decrease of \$4.725m in the 2005-06 Budget from the 2004-05 estimated outcome represents decreased funding of \$7.365m due to the finalisation of the new Private Data Network initiative in 2004-05. This has been partially offset by funding received for two new initiatives in 2005-06: the refurbishment of data centres (\$1.782m) and the extension of the Private Data Network to Hume (\$1.530m).