INTACT

Objectives

The role and objective of InTACT is to supply, manage and maintain the Government's Information and Communication Technology (I&CT) infrastructure on a cost effective and efficient basis.

InTACT is responsible for I&CT equipment infrastructure services, together with common and standard operating environments on all network servers and desktop infrastructure.

2002- 03 Highlights

Strategic and operational issues to be pursued in 2002-03 include:

- implementing improved Service Level Agreement charging and billing arrangements;
- improving systems and processes for the tracking and management of leased assets and asset refreshment;
- providing a uniform I&CT infrastructure support service that optimises the technical efficiency of the network;
- establishing new strategic partnership alliances for the provision of cost effective and efficient I&CT services and products;
- replacing, upgrading and consolidating significant elements of the I&CT network infrastructure to achieve ongoing operational and cost efficiencies;
- replacing and upgrading an uninterrupted power supply to ensure disaster recovery and continuity of business in cases of power failure;
- commencing a program to improve and integrate business information systems and process initiatives for contract and project management;
- improving systems and tools for the management and monitoring of I&CT infrastructure covering all network, server and desktop infrastructure; and
- improving internal cost, quality and performance in service delivery.

Budgeted Financial Targets

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*, following are the key budgeted results for InTACT in 2002-03:

- ***Operating Result ($2.376m 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] (1.5 to 1)*** **–** the current ratio is an indication of the ability to fund short term liabilities from short term assets. The measure is important in assessment of the InTACT's abilities to fund liabilities falling due in the next financial year;
- ***Account Receivable turnover[2] (51 days)*** **–** this measure focuses on the average number of days required to collect outstanding debt;
- ***Total Assets ($62.208m)*** **–** 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 to the ACT Government; and
- ***Total Liabilities ($28.226m)*** **–** this measure focuses on maintaining prudent levels of liabilities as required by Section 11 of the FMA. The majority of InTACT's liabilities relate to Finance Leases.

1 Total current assets / Total current liabilities
2 Account receivable / (annual credit sales / 365)

InTACT
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
0	Government Payment for Outputs	0	9 232	#	8 142	7 242	7 961
52 497	User Charges - ACT Government	52 497	54 458	4	58 954	61 083	63 306
568	Interest	478	420	-12	435	450	465
30 954	Other Revenue	31 044	861	-97	887	914	935
258	Resources Received free of charge	186	180	-3	185	185	185
84 277	**Total Ordinary Revenue**	**84 205**	**65 151**	**-23**	**68 603**	**69 874**	**72 852**
	Expenses						
6 643	Employee Expenses	7 421	9 861	33	10 156	10 461	10 775
947	Superannuation Expenses	947	1 450	53	1 494	1 539	1 585
31 221	Administrative Expenses	34 988	32 922	-6	35 243	35 959	38 049
21 793	Depreciation and Amortisation	19 893	21 495	8	23 666	21 633	22 673
1 917	Borrowing Costs	1 487	1 799	21	2 065	2 137	2 206
0	Other Expenses	3 020	0	-100	0	0	0
62 521	**Total Ordinary Expenses**	**67 756**	**67 527**	**..**	**72 624**	**71 729**	**75 288**
21 756	**Operating Result From Ordinary Activities**	**16 449**	**-2 376**	**-114**	**-4 021**	**-1 855**	**-2 436**
2 640	Injection for Operating Requirements	2 640	0	-100	0	0	0
24 396	**Operating Result**	**19 089**	**-2 376**	**-112**	**-4 021**	**-1 855**	**-2 436**
4 178	**Total Equity From Start of Period**	**1 917**	**27 488**	**#**	**33 982**	**33 611**	**35 406**
8 000	Capital Injections	8 000	9 170	15	4 000	4 000	5 000
-1 518	Distributions to Government	-1 518	-300	80	-350	-350	-350
35 056	**Total Equity At The End of Period**	**27 488**	**33 982**	**24**	**33 611**	**35 406**	**37 620**

InTACT
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
115	Cash	2	2	-	2	2	4
10 056	Receivables	7 636	7 845	3	8 144	8 343	8 542
9 185	Investments	9 316	15 443	66	20 665	27 540	34 359
29	Inventories	25	25	-	25	25	25
101	Other	206	206	-	206	206	206
19 486	**Total Current Assets**	**17 185**	**23 521**	**37**	**29 042**	**36 116**	**43 136**
	Non Current Assets						
42 699	Property, Plant and Equipment	33 841	38 643	14	31 162	24 694	18 186
64	Other	44	44	-	44	44	44
42 763	**Total Non Current Assets**	**33 885**	**38 687**	**14**	**31 206**	**24 738**	**18 230**
62 249	**TOTAL ASSETS**	**51 070**	**62 208**	**22**	**60 248**	**60 854**	**61 366**
	Current Liabilities						
3 667	Payables	4 616	4 724	2	4 924	5 024	5 124
0	Interest Bearing Liabilities	805	597	-26	541	482	0
11 530	Finance Leases	7 035	9 153	30	8 696	9 759	10 532
1 200	Employee Entitlements	1 251	1 251	-	1 251	1 251	1 251
817	Other	330	331	-	331	331	331
17 214	**Total Current Liabilities**	**14 037**	**16 056**	**14**	**15 743**	**16 847**	**17 238**
	Non Current Liabilities						
7 972	Finance Leases	8 397	10 922	30	9 546	7 153	4 960
1 500	Employee Entitlements	1 148	1 248	9	1 348	1 448	1 548
507	Other	0	0	-	0	0	0
9 979	**Total Non Current Liabilities**	**9 545**	**12 170**	**28**	**10 894**	**8 601**	**6 508**
27 193	**TOTAL LIABILITIES**	**23 582**	**28 226**	**20**	**26 637**	**25 448**	**23 746**
35 056	**NET ASSETS**	**27 488**	**33 982**	**24**	**33 611**	**35 406**	**37 620**
	REPRESENTED BY FUNDS EMPLOYED						
35 056	Accumulated Funds	27 488	33 982	24	33 611	35 406	37 620
35 056	**TOTAL FUNDS EMPLOYED**	**27 488**	**33 982**	**24**	**33 611**	**35 406**	**37 620**

InTACT
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Cash from Government for Outputs	0	9 232	#	8 142	7 242	7 961
2 640	Cash from Government - Operating	2 640	0	-100	0	0	0
54 382	User Charges	52 400	55 731	6	60 198	62 483	64 737
567	Interest Received	477	420	-12	435	450	465
9 173	Other Revenue	10 765	10 488	-3	10 660	10 947	11 316
66 762	**Operating Receipts**	**66 282**	**75 871**	**14**	**79 435**	**81 122**	**84 479**
	Payments						
6 690	Related to Employees	7 468	11 311	51	11 650	12 000	12 360
32 691	Related to Administration	36 003	33 154	-8	35 415	36 260	38 361
1 917	Borrowing Costs	1 487	1 799	21	2 065	2 137	2 206
9 839	Other	11 431	10 488	-8	10 659	10 946	11 314
51 137	**Operating Payments**	**56 389**	**56 752**	**1**	**59 789**	**61 343**	**64 241**
15 625	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**9 893**	**19 119**	**93**	**19 646**	**19 779**	**20 238**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
57 000	Proceeds from Sale/Maturities of Investments	62 197	59 930	-4	63 322	63 805	63 722
57 000	**Investing Receipts**	**62 197**	**59 930**	**-4**	**63 322**	**63 805**	**63 722**
	Payments						
4 000	Purchase of Property, Plant and Equipment	4 000	10 170	154	4 000	4 000	5 000
63 615	Purchase of Investments	61 715	66 057	7	68 544	70 680	70 541
67 615	**Investing Payments**	**65 715**	**76 227**	**16**	**72 544**	**74 680**	**75 541**
-10 615	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**-3 518**	**-16 297**	**-363**	**-9 222**	**-10 875**	**-11 819**
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
8 000	Capital Injection from Government	8 000	9 170	15	4 000	4 000	5 000
8 000	**Financing Receipts**	**8 000**	**9 170**	**15**	**4 000**	**4 000**	**5 000**

InTACT
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Payments						
1 518	Distributions to Government	1 973	300	-85	350	350	350
11 650	Repayment of Finance Lease	12 560	11 484	-9	14 018	12 495	12 585
13 168	**Financing Payments**	**14 533**	**11 784**	**-19**	**14 368**	**12 845**	**12 935**
-5 168	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES**	**-6 533**	**-2 614**	**60**	**-10 368**	**-8 845**	**-7 935**
-158	**NET INCREASE/(DECREASE) IN CASH HELD**	**-158**	**208**	**232**	**56**	**59**	**484**
273	**CASH AT BEGINNING OF REPORTING PERIOD**	**-645**	**-803**	**-24**	**-595**	**-539**	**-480**
115	**CASH AT THE END OF THE REPORTING PERIOD**	**-803**	**-595**	**26**	**-539**	**-480**	**4**

Notes to the Budget Statements

The main factors contributing to the decrease of $5.307m in 2001-02 from the original budget include the write-off of irrecoverable debts of $2m for invoices raised prior to 1 July 2001 and the buyout of leased assets of $3.020m in relation to lease terminations and the 2002 asset replacement program.

Details of these and other significant variations are as follows:

Statement of Financial Performance

- government payment for outputs: the increase of $9.232m in the 2002-03 Budget from the 2001-02 estimated outcome represents funding provided to InTACT to bridge the shortfall between InTACT's costs and recovery of those costs from agencies. It also includes funding received direct from government for 2002-03 IT initiatives and the transfer of injection for operating requirements to government payment for outputs;
- user charges – ACT Government: the increase of $1.961m in the 2002-03 Budget from the 2001-02 estimated outcome reflects the agreements for specific support services provided by InTACT that will be introduced from 1 July 2002;
- other revenue: the decrease of $30.183m in the 2002-03 Budget from the 2001-02 estimated outcome represents the one-off waiver in 2001-02 of InTACT's borrowing commitments to the Government incurred for modernisation;
- employee expenses: the increase of $0.778m in 2001-02 from the original budget is due to a change in InTACT's staffing mix with more permanent positions being filled than

anticipated. The increase of $2.440m in the 2002-03 Budget from the 2001-02 estimated outcome is due to an anticipated increase in InTACT's staffing levels to facilitate a number of new initiatives to commence in 2002-03 and the continuation of the policy to replace contractors with permanent personnel;

- administrative expenses: the increase of $3.767m in 2001-02 from the original budget is due to higher than expected IT facility charges associated with maintaining the modernised infrastructure, higher contractor costs due to an inability to fill specialist positions with permanent employees and the buyout of leased assets in relation to lease terminations and the 2002 asset replacement program. The decrease of $2.066m in the 2002-03 Budget from the 2001-02 estimated outcome is due to reduced IT costs following the rationalisation of services and the removal of the one-off buyout costs incurred in 2001-02, offset by an increase in costs associated with new 2002-03 IT initiatives;
- depreciation and amortisation: the decrease of $1.9m in 2001-02 from the original budget reflects the postponement of leasing certain further IT assets scheduled for 2001-02 until 2002-03 and the write-down of the IT infrastructure asset as at 30 June 2001. The increase of $1.602m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the subsequent increase in leased assets delayed from 2002-03 and the full year effect of depreciation on assets purchased in 2001-02;
- other expenses: the increase of $3.020m in 2001-02 from the original budget is due to the once only write-off of irrecoverable debts ($2m) for invoices issued prior to 1 July 2001 and the buyout of leased assets ($1.020m) in relation to lease terminations;
- injection for operating requirements: the decrease of $2.640m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the change to combine this appropriation with Government payment for outptuts; and
- capital injections: the increase of $1.170m in the 2002-03 Budget from the 2001-02 estimated outcome represents funding for specific IT initiatives.

Statement of Financial Position

- current assets: the decrease of $2.301m in 2001-02 from the original budget is largely due to the decrease in receivables ($2.420m) reflecting timely invoicing of fourth quarter invoices and sustained debt recovery action during 2001-02. The increase of $6.336m in the 2002-03 Budget from the 2001-02 estimated outcome is mainly due to the increase in investments ($6.127m) which represents the receipt in 2002-03 of the $5.640m for the future replacement of the IT infrastructure;
- non current assests: the decrease of $8.878m in 2001-02 from the original budget is principally due to the postponement of leasing certain IT assets scheduled in 2001-02 until 2002-03 and the buyout of particular leased assets in relation to lease terminations; and
- total liabilities: the increase of $4.644m in the 2002-03 Budget from the 2001-02 estimated outcome is due to an anticipated increase in leased assets following the postponement of leasing certain IT assets scheduled for 2001-02 until 2002-03 and the leasing of some significant infrastructure assets scheduled for 2002-03.

Changes to Appropriation

Changes to Appropriation - Departmental

Government Payment for Outputs	2001-02 Est. Outc. $'000	2002-03 Budget $'000	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
2001-02 Budget	**0**	**0**	**0**	**0**	**0**
Running costs	0	2 701	2 934	2 617	2 478
Insurance premium increase	0	0	25	68	101
Lease and Asset Billing Management Information System	0	724	856	230	230
TCH LAN Replacement	0	245	245	245	245
LAN Equipment replacement - other sites	0	635	635	635	760
Server Replacement Program	0	367	367	367	367
Other application specific and standalone servers	0	340	340	340	340
Information security	0	180	0	0	0
Telephone Information Management System replacement	0	100	100	100	800
Voice Technology Upgrade Review	0	300	0	0	0
Strategic Partnership Agreement Review	0	600	0	0	0
Upgrade of Common Operating Environment	0	400	0	0	0
Reallocation of injection for operations	0	2 640	2 640	2 640	2 640
2002-03 Budget	**0**	**9 232**	**8 142**	**7 242**	**7 961**

Changes to Appropriation - Departmental

Capital Injection	2001-02 Est. Outc. $'000	2002-03 Budget $'000	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
2001-02 Budget	**10 640**	**5 640**	**5 640**	**5 640**	**5 640**
Enterprise Management System	0	3 250	1 000	1 000	0
SAN Storage (Phase II)	0	0	0	0	2 000
Data communication strategy	0	2 920	0	0	0
Reallocation of injection for operations	0	-2 640	-2 640	-2 640	-2 640
2002-03 Budget	**10 640**	**9 170**	**4 000**	**4 000**	**5 000**

OUTPUT CLASS 1: INTACT
PRINCIPAL MEASURES

OUTPUT 1.1: INTACT

Description: The provision and maintenance of IT infrastructure and communications for the ACT Public Service.

Measures	**2001-02 Targets**	**2001-02 Est. Outcome**	**2002-03 Targets**
Quantity			
(a) Principal agencies serviced by InTACT.[1]	6	6	7
(b) Whole of Government IT systems managed by InTACT.	2	2	2
(c) Benchmarking of InTACT's core activities.[2]	June 2002	Sept 2002	Sept 2002
(d) Develop and implement business solutions on a fee-for-service basis.[3]	4	4	–
(e) Major IT Infrastructure initiatives undertaken.[4]	–	–	6
(f) Service Level Agreements (SLAs) negotiated with principal customers (agencies).[5]	6	6	–
(g) Number of occasions of IT and communications services provided by InTACT.[6]	83,700	90,000	91,000
Quality/Effectiveness			
(h) Effectiveness of delivery of IT services to agencies consistent with InTACT Charter, as reflected in individual service level agreements.[7]	90%	85%	90%
(i) Customer service through helpdesk consistent with agreed levels.[8]	90%	85%	90%
Timeliness			
(j) Specified timeframes achieved for the provision of IT services, as reflected in individual service level agreements.[9]	100%	90%	90%
(k) Major projects completed within specified timeframes.[10]	100%	100%	–
(l) IT Infrastructure initiatives completed within specified timeframes.[11]	–	–	100%
Cost			
(m) Cost per desktop.[12]	$6,581	$7,132	–
(n) Cost per 1000 head of population.[13]	$200,195	–	–
(o) Cost per ACT Public Service employee.[14]	$3,536	–	–
(p) Average cost of help desk services provided.[15]	–	–	$14
TOTAL COST ($'000) [16]	**$62,521**	**$67,756**	**$67,527**
GOVERNMENT PAYMENT FOR OUTPUT ($'000)	**$2,640**	**$2,640**	**$9,232**

Notes

(1) 2002-03 Target reflects the Department of Treasury and the Chief Minister's Department now being counted as two separate agencies where previously they were counted as one agency.
(2) 2001-02 Estimated Outcome and 2002-03 Target reflect delays in finalising the terms of the contract.
(3) Measure discontinued. Measure does not reflect a significant proportion of 2002-03 output.
(4) New measure.
(5) Measure discontinued. Included in measure (a).
(6) Expected level of rationalisation of telephonic services and helpdesk services did not occur as both services continue to experience consistent growth. This is reflected in 2001-02 Estimated Outcome and 2002-03 Target.
(7) 2001-02 Estimated Outcome reflects need to improve methods and means of gathering certain specific indicator data. 2002-03 Target reflects the implementation of these improvements.
(8) 2001-02 Estimated Target reflects need to improve methods and means of gathering certain specific indicator data. 2002-03 Target reflects the implementation of these improvements.
(9) 2001-02 Estimated Outcome reflects varying levels of demand. 2002-03 Target modified accordingly.
(10) Measure discontinued. Measure does not reflect a significant proportion of 2002-03 output.
(11) New measure.
(12) Measure discontinued. Total cost calculation also includes cost of non-desktop items.
(13) Measure discontinued during 2001-02. Measure is not a meaningful measure of cost of output.
(14) Measure discontinued during 2001-02. Measure is not a meaningful measure of cost of output.
(15) New measure.
(16) 2001-02 Estimated Outcome is significantly higher due to the write-off of irrecoverable debts for invoices raised prior to 1 July 2001 and the buyout of leased assets in relation to lease terminations and the 2002 asset refreshment program. 2002-03 Target reflects increase in costs due to new initiatives.