

THE INTACT GROUP

Objectives

InTACT (Information Technology in the ACT) was established by the Government in 1996-97 in line with its objective of improving services and reducing costs of information technology as part of the Government's structural reform of the Public Service. The InTACT Group commenced formal operations on 1 July 1996.

The role of the InTACT Group is to manage IT infrastructure on behalf of Government departments in a cost effective and efficient way.

The InTACT Group operates in partnership with industry to provide IT products to Government departments.

The InTACT Group is responsible for equipment infrastructure services, including a standard operating environment on desktop personal computers. While business applications development and management is currently retained by departments, facilities management of corporate systems particularly the Financial Management System and *Perspect* are provided by the InTACT Group.

1999-2000 Highlights

Strategic and operational issues to be pursued in 1999-2000 include:

- implementing Year 2000 solutions for IT infrastructure across the public service based on business cases from each agency and whole of government standards in relation to IT infrastructure products;
- modernising infrastructure and desktop applications;
- managing all IT infrastructure and maximising its cost effectiveness; and
- addressing other issues in the modernisation project including:
 - introducing a common operating environment which will greatly improve the efficiency and cost effectiveness of operating and managing the IT environment;
 - improving security of data and systems access through improved data back-up and support;
 - increasing the bandwidth to facilitate consolidation of the server component of IT infrastructure and increasing the speed of data transfer;
 - introducing more efficient asset management, costing and charging systems ; and
 - implementing end to end management to increase service levels to agencies while at the same time decreasing the cost of infrastructure support.

Budget Summary	1999-2000 Planned \$000
Government Appropriations	
• Capital injection relating to capital works	10 000
• Capital injection relating to debt ¹	5 000
Own Sourced Revenues	
• User charges	58 541
Services Provided	
• Information Management Technology and Telecommunications services to Government Agencies	61 412

1. A summary of all debt capital injections and their respective terms and conditions are provided in Appendix B to Budget Paper No.4.

The InTACT Group Operating Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
Revenue							
52 421	User Charges - ACT Government	39 579	58 541	48	57 741	57 261	56 781
3	Other Revenue	0	0	-	0	0	0
52 424	Total Revenue	39 579	58 541	48	57 741	57 261	56 782
Expenses							
8 793	Employee Expenses	8 561	8 420	-2	5 598	5 598	5 598
1 632	Superannuation Expenses	1 745	1 725	-1	1 147	1 147	1 147
17 703	Administrative Expenses	25 802	32 874	27	36 910	42 210	44 019
20 296	Depreciation and Amortisation	7 254	14 305	97	8 305	4 555	4 230
3 574	Interest	2 207	4 089	85	2 909	1 869	1 080
0	Other Expenses	0	0	-	0	0	0
51 998	Total Expenses	45 569	61 412	35	54 869	55 379	56 075
427	Operating Result Before Extraordinary Items	-5 989	-2 871	52	2 872	1 882	706
0	Injection for Operating Requirements	0	2 640	-	2 640	2 640	2 640
427	Operating Result	-5 989	-231	96	5 512	4 522	3 346
-3 504	Accumulated Funds - Start of Period	-444	-6 432	#	3 338	8 850	13 372
0	Capital Injections	0	10 000	-	0	0	0
-3 077	Accumulated Funds - End of Period	-6 432	3 338	152	8 850	13 372	16 719

The InTACT Group
Statement Of Financial Position

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
Current Assets							
491	Cash	400	123	-69	940	517	94
23 774	Receivables	7 700	9 000	17	9 001	9 000	9 000
0	Inventories	30	30	-	30	30	30
0	Other	2 200	2 200	-	2 200	2 200	2 200
24 264	Total Current Assets	10 329	11 353	10	12 171	11 747	11 324
Non Current Assets							
76 757	Property, Plant and Equipment	52 668	51 346	-3	43 041	38 486	34 256
76 757	Total Non Current Assets	52 668	51 346	-3	43 041	38 486	34 256
101 021	TOTAL ASSETS	62 997	62 699	..	55 212	50 233	45 580
Current Liabilities							
3 230	Creditors	8 200	5 082	-38	5 084	5 083	5 083
8 000	Borrowings	0	3 000	-	4 000	4 000	5 000
17 613	Finance Leases	10 900	10 000	-8	5 500	0	0
1 378	Employee Entitlements	1 280	780	-39	780	779	779
0	Other	4 000	4 000	-	4 000	4 000	4 000
30 220	Total Current Liabilities	24 379	22 862	-6	19 363	13 862	14 862
Non Current Liabilities							
72 000	Borrowings	28 000	30 000	7	26 000	22 000	13 000
0	Finance Leases	15 500	5 500	-65	0	0	0
1 878	Employee Entitlements	1 550	1 000	-35	1 000	1 000	1 000
73 878	Total Non Current Liabilities	45 050	36 500	-19	27 000	23 000	14 000
104 098	TOTAL LIABILITIES	69 429	59 362	-15	46 363	36 862	28 862
-3 077	NET ASSETS	-6 432	3 338	152	8 849	13 371	16 718
REPRESENTED BY FUNDS EMPLOYED							
-3 077	Accumulated Funds	-6 432	3 338	152	8 850	13 372	16 719
-3 077	TOTAL FUNDS EMPLOYED	-6 432	3 338	152	8 850	13 372	16 719

The InTACT Group Cashflow Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
371	CASH AT BEGINNING OF REPORTING PERIOD	898	400	-56	123	940	517
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Cash from Government - Operating	0	2 640	-	2 640	2 640	2 640
42 421	User Charges	31 716	57 241	80	57 741	57 261	56 781
42 421	Operating Receipts	31 716	59 881	89	60 381	59 901	59 421
	Payments						
10 424	Related to Employees	10 554	11 195	6	6 745	6 745	6 745
28 169	Related to Administration	19 653	36 873	88	36 910	42 210	44 019
0	Finance Costs	2 207	4 089	85	2 909	1 869	1 080
38 593	Operating Payments	32 414	52 157	61	46 564	50 824	51 844
3 828	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-698	7 723	#	13 817	9 077	7 577
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
4 500	Proceeds from Sale of Property, Plant & Equipment	0	0	-	0	0	0
1 000	Proceeds from Sale/Maturities of Investments	0	0	-	0	0	0
5 500	Investing Receipts	0	0	-	0	0	0
	Payments						
104 522	Purchase of Property, Plant and Equipment	43 348	12 100	-72	0	0	0
104 522	Investing Payments	43 348	12 100	-72	0	0	0
-99 022	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-43 348	-12 100	72	0	0	0
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
80 000	Capital Injection from Government	28 000	15 000	-46	0	0	0
35 000	Finance Lease	25 009	0	-100	0	0	0
115 000	Financing Receipts	53 009	15 000	-72	0	0	0
	Payments						
0	Repayment of Advance	0	0	-	3 000	4 000	8 000
19 685	Repayment of Finance Lease	9 461	10 900	15	10 000	5 500	0
19 685	Financing Payments	9 461	10 900	15	13 000	9 500	8 000
95 315	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	43 548	4 100	-91	-13 000	-9 500	-8 000
121	NET INCREASE/(DECREASE) IN CASH HELD	-498	-277	45	817	-423	-423
492	CASH AT THE END OF THE REPORTING PERIOD	399	123	-69	940	517	94

Notes to the Budget Statements

In the 1998-99 Budget, a borrowing program totalling \$80m was announced to provide funding for the modernisation project. Since that time, the financing arrangements have been reviewed, and borrowings have been limited to \$33m, with the remaining infrastructure financed through operating leases. InTACT borrowed \$28m in 1998-99 to fund operating requirements and modernisation, with further borrowing of \$5m included in the 1999-2000 Budget.

The modernisation program was due to commence in July 1998, but did not commence until November 1998. The delays were the result of carrying out due diligence studies and developing business cases for each agency. The delay in commencement of the modernisation program had significant impact on the financial statements, particularly between the 1998-99 budget and estimated outcome. The impacts of this delay on the operating statement and the balance sheet are explained below.

Further capital investment will occur during 1999-2000 on the modernisation of IT infrastructure and the developments required for Year 2000 compliance. Approximately 80% of all IT infrastructure will be replaced throughout government agencies.

Operating Statement

Significant variations are as follows:

- user charges -ACT Government: the decrease of \$12.8m in 1998-99 from original budget is due to delays in implementing the modernisation project. The increase of \$18.962m in 1999-2000 reflects the full user charges recovered from agencies, with the implementation of the modernisation project;
- administrative expenses: the increase of \$8.1m in 1998-99 from original budget is due mainly to the increased costs of contractors and consultants in telecommunications and software related to modernisation. The further increase of \$7.072m in 1999-2000 reflects the increased costs associated with the full implementation of the modernisation project, and in particular payments related to operating leases;
- depreciation and amortisation: the decrease of \$13.042m in 1998-99 from original budget is due to delays in purchasing plant and equipment related to modernisation. The increase of \$7.051m in 1999-2000 is associated with purchase of IT equipment. However in the forward years depreciation will again decrease as the preference is to use operating leases rather than finance leases to obtain the necessary IT equipment;
- injection for operating requirements: the \$2.640m in 1999-2000 is for accommodation and superannuation expenses; and
- the capital injection of \$10m is for capital works, including cabling (\$7m), end to end management software (\$1.9m), and commissioning hardware (\$1.1m).

Statement of Financial Position

Total assets and total liabilities decrease significantly in 1998-99 from original budget due to delay in the modernisation program, and changed financing arrangements.

Significant variations are as follows:

- property, plant and equipment: the decrease of \$24.1m in 1998-99 over original budget is due to delays in implementing the modernisation project, which has pushed back the timeframe during which equipment will be purchased. The decrease in the amounts of property plant and equipment in the forward years is due to the use of operating leases;
- finance leases: the decrease of \$10m in 1999-2000 is due to repayment of current finance leases, combined with a shift in financing arrangements from finance leases to operating leases; and
- employee entitlements: the decrease of \$1.1m in 1999-2000 is due to a reduction in staff numbers through the first half of next year, as a result of completion of the modernisation project and a reduced requirement for technical staff with the introduction of an end to end management system.

Changes to Appropriation

Capital Injection	1998-99 Est. Outc. \$'000	1999-00 Budget \$'000	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
1998-99 Budget	80 000	0	0	0	0
1999-2000 capital works program	0	10 000	0	0	0
Injection for operations - superannuation and accommodation	0	2 640	2 640	2 640	2 640
Adjustments to anticipated borrowings	-52 000	5 000	0	0	0
1999-2000 Budget	28 000	17 640	2 640	2 640	2 640

This table presents a reconciliation of appropriation relating to the Cashflow Statement.

OUTPUT CLASS 1: THE InTACT GROUP¹
PRINCIPAL MEASURES

OUTPUT 1.1: THE InTACT GROUP

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

Measures	1998-99 Targets	1999-2000 Targets
Quantity		December 1999
a) Modernisation of IT Infrastructure across the ACTPS.		2
b) Management of Oracle financials and PERSPECT IT systems.		4
c) Develop and implement business solutions on a fee-for-service basis.		June 2000
d) Implementation of effective costings and charging systems.		
Quality/Effectiveness		
e) IT infrastructure Year 2000 compliant.		100%
f) Customer service through helpdesk consistent with agreed levels.		90%
g) Agencies satisfaction implementation of IT modernisation.		90%
Timeliness		
h) Specified timeframes achieved.		100%
Cost		
i) Cost per 1000 head of population.		\$198 532
j) Cost per ACT public service employee.		\$3 677
k) Cost per \$m of whole of government expenses.		\$54 032
TOTAL COST (\$'000)¹	\$0.0	\$61 413.0
EXPENSE ON BEHALF OF THE TERRITORY (\$'000)	\$0.0	\$0.0

Government Payment for Outputs differs from cost to the extent that the Output is financed from within the agency.

- This is a new output class for 1999-2000. InTACT was transferred to the Department from Urban Services in 1998-99 and previously was subject to a purchase arrangement.

Capital Works

Departmental					
	Estimate Total Cost	Expenditur e Previous Years	1999-2000 Estimated Expenditur e	1999-2000 Financing	Expected Completion Date
	\$m	\$m	\$m	\$m	
New Capital Works					
Modernisation	10.000	-	10.000	10.000	November 1999
Total New Capital Works	10.000	-	10.000	10.000	
Total Departmental Capital Works	10.000	-	10.000	10.000	