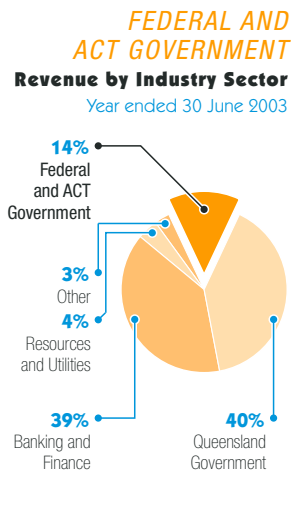


CITEC is confident that our P3 (People, Payroll and Process) initiative will ensure CITEC grows market share in the HR/Payroll system space.



FEDERAL AND ACT GOVERNMENT

Position Vacant

Environment

The Federal and ACT government market has been a very slow performer in 2002/03, not only for CITEC but also for many other ICT product and service providers. Contributing factors have included the general economic situation as well as the impact of the Humphry Review. The review recommended a regime of selective outsourcing under the control of individual departments; the adoption of this approach led to a dramatic reduction in outsourcing tenders.

Key Contracts and Initiatives

Existing clients, the Federal Department of Family and Community Services and the ACT government Department of Transport and Regional Services, extended their SAP Application Hosting contracts for a further five years.

CITEC received a 'Certificate of Recognition' from the ACT Chief Minister, Jon Stanhope, 'in appreciation of CITEC's selfless response to the Canberra bushfires of January 2003' by incorporating within 48 hours, and at no cost, the facility to lodge donations via CITEC's Canberra Connect Internet trading site, comprised of a portal and Interactive Voice Response (IVR) facility. As a result, over 1,600 bushfire donation transactions worth more than \$325,000 were processed through Canberra Connect.

Outlook

Departments will concentrate on selective outsourcing as recommended by the Humphry Review. Expressions of Interests and Request for Tenders are expected to be released, and will continue for some time as three-to-four year contracts come up for renewal. For small and mid-size departments the emphasis will be on Network and Desktop Outsourcing Services. Some larger departments, like the Australian Taxation Office, Centrelink and Department of Defence will focus on a complete IT refresh of systems and their underlying infrastructure technology.

CITEC is confident that our P3 (People, Payroll and Process) initiative will ensure CITEC grows market share in the HR/Payroll system space. The P3 initiative enables CITEC to deliver a seamless HR/Payroll service, incorporating the Aurion HR/Payroll system and SurePay (Pay Disbursement system). Existing customers who currently use the CITEC payroll system PAPMS are likely to migrate to the P3 model and benefit from a more up-to-date and integrated HR/Payroll system.

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