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Declassified by ASD - 21/02/2022
Information removed for national
security and personal sensitivities

~~TOP SECRET UMBRA~~ SECTION 3 AND FINAL
FOR DIRECTOR

THIS SOFTWARE REPRESENTS WELL IN EXCESS OF
AND THE REDEVELOPMENT OF EQUIVALENT SOFTWARE BY DSD FOR
ALTERNATE EQUIPMENT WOULD NEITHER BE POSSIBLE WITH DSD'S EXISTING
OR PLANNED RESOURCES, NOR WOULD IT BE COST-EFFECTIVE.

IT IS ACCORDINGLY PROPOSED THAT THE EQUIPMENTS BE ACQUIRED FROM
THE RELEVANT AUSTRALIAN AGENCIES FOR THESE EQUIPMENTS VIA
CERTIFICATE OF INEXPEDIENCY.

OPTIONS

HIRE OF ALL EQUIPMENT IS AN ACCEPTABLE OPTION. HOWEVER, BASED
ON BEST ADVICE AVAILABLE NOW, IT IS MORE ECONOMIC TO PURCHASE.
SPREAD OF EXPENDITURE BY INITIAL INSTALLATION OF A SMALL CRAY
MACHINE, WITH A SUBSEQUENT UPGRADE TO A MORE POWERFUL MODEL HAS ALSO
BEEN CONSIDERED. HOWEVER, BASED ON CURRENT PRICES THIS WOULD ADD
APPROXIMATELY \$3.5M TO THE OVERALL PROJECT COST.

FINANCIAL CONSIDERATIONS

THE ESTIMATED COST OF THE PROJECT IS 12.350M, COMPRISING \$1.850M
IN WORKS FOR NEXT FISCAL YEAR, AND \$10.500M FOR THE EQUIPMENT
INVESTMENT IN THE FOLLOWING YEAR. SUPPORT COSTS OF .300M IN YEAR
TWO, AND .500M PER ANNUM IN SUBSEQUENT YEARS WILL ALSO BE INCURRED.

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COORDINATION

THIS PROPOSAL HAS BEEN COORDINATED WITH PERMANENT HEADS'
COMMITTEE ON INTELLIGENCE AND SECURITY, AND WITH THE DEPARTMENTS OF

ACQUISITION STRATEGY AND PUBLICITY

IT IS NOT PROPOSED THAT THIS PROJECT BE GIVEN ANY PUBLICITY.
IT IS PROPOSED THAT EQUIPMENTS BE PROCURED AND SUPPORTED BY SOLE
SOURCE SOLICITATION OF TENDER FROM THE RESPECTIVE AUSTRALIAN
AGENTS OF THE EQUIPMENTS REQUIRED.

A DRAFT PRESS RELEASE (WHICH ASSUMES GOVERNMENT
APPROVAL) IS ATTACHED, BUT WOULD NOT BE RELEASED UNLESS DEEMED
NECESSARY.

IT IS RECOMMENDED THAT CABINET APPROVE IN PRINCIPLE:

- (A) THE PURCHASE OF COMPUTER SYSTEM BASED ON A CRAY RESEARCH
INC PROCESSOR, AT AN INVESTMENT COST OF \$12.350M.
- (B) THE ESTABLISHMENT OF MAINTENANCE CONTRACTS WITH THE
RELEVANT EQUIPMENT SUPPLIERS.
- (C) THE ISSUE OF AN APPROPRIATE CERTIFICATE OF INEXPEDIENCY
FOR BOTH ACQUISITION AND SUPPORT OF THE SYSTEM.

ATTACHMENT A

FORM OF PUBLIC STATEMENT

"THE GOVERNMENT HAS APPROVED THE ACQUISITION OF A COMPUTER
SYSTEM FROM (CRAY RESEARCH INCORPORATED) SUBJECT TO THE CONCLUSION
OF SATISFACTORY CONTRACTUAL ARRANGEMENTS BY THE DEPARTMENTS OF

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ADMINISTRATIVE SERVICES AND DEFENCE. IT WILL BE USED BY THE
DEPARTMENT OF DEFENCE FOR TASKS CONNECTED WITH INTELLIGENCE. THE
GOVERNMENT'S DECISION, MADE AFTER VERY CAREFUL CONSIDERATION OF ALL
THE ISSUES INVOLVED, WAS IN THIS CASE DETERMINED BY THE HIGHLY
SPECIALISED REQUIREMENT."

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