

MINUTE PAPER

25-2-46

REFERENCE: 18-3-33

SUBJECT: REVISED MARSIK SCHEDULE

Declassified by ASD - 15/03/2022

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The MARSIK project schedule has been reviewed to consider the effect of the changes which have been made to MARSIK project funding and approval arrangements. The changes are understood to be:

- (a) Slippage of the project by a sufficient number of months to avoid any maintenance payments in 85/86.
- (b) A slippage of the target date for gaining project approval to July/August 84.
- (c) The requirement to defer \$3.5M of expenditure to FY 86/87.

Prime Equipment Schedule

2. Although project approval had been anticipated in Dec 83, in fact most other activities can still proceed. Release of a Request for Tender was scheduled for July 84. Provided it is prepared and co-ordinated with the Purchasing Commission in anticipation of approval, a revised target date for release of Aug 84 should be achievable. Other target dates can be adjusted accordingly. A delivery date of mid Feb 86 should be realistic, anticipating approximately 2 weeks installation, 4 weeks acceptance tests and 3 months warranty.

3. The schedule from the major project submission, and the revised schedule, are shown at Attachment A.

Works Schedule

4. The works schedule developed by AP and the Dept. of Housing and Construction required calling of tenders by May 84, with project completion by 31 July 85. Provided design development and documentation can proceed, the calling of tenders could be slipped 3 months to 1 Aug to be consistent with the expected project approval date, and still allow completion of works by December 1985. This would be compatible with an equipment delivery schedule of Feb 86, and provide some margin for works slippage.

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5. The schedule developed by AP and Housing and Construction 16 Sep 83, and presented in the major project submission, together with a revised schedule, is presented at Attachment B.

Financial Programme

6. In discussion with representatives of the equipment manufacturer it was established that cost spreading arrangements could be made which would not incur any additional expenditure by the Australian Government. Normally contracts for computer equipments provide for payment of the total value of the order immediately after the acceptance date. However, the company is prepared to offer a system of progress payments, provided the spread of payments provides the company with a nett effective value on acceptance date equivalent to the value of the contract. Using guidelines provided by the company, and providing sufficient reserve to allow for inadvertent delay in payment or less favourable warranty provisions than are anticipated, the following spread is proposed:

1st Payment:	1 Sep 85	\$6.0M	Progress payment on system which should be 60% built at this point.
2nd Payment:	1 Apr 86	\$1.0M	Progress payment on completion of performance acceptance tests.
3rd Payment:	1 Sep 86	\$3.5M	Final payment on completion of operational proving and warranty period.

7. I suspect the cost spread options offered by the company are conservative, and it may be possible to gain more favourable conditions during contract negotiations later this year. However I recommend that the above figures be used for our planning purposes.

1 Mar 84

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ATTACHMENT A

IMPLEMENTATION SCHEDULE

<u>PRIME EQUIPMENT</u>	<u>TARGET DATE IN DPI OF SEP 83</u>	<u>REVISED TARGET DATE</u>
Submission of DP1	Oct 83	
DFDC Consider	Oct 83	
Prepare Ministerial/Cabinet submission	Nov 83	
Project Approval	Dec 83	Aug 84
Specification of Equipment Requirement	Apr 84	Jun 84
Release of Request for Tender	Jul 84	Aug 84
Equipment Selection Approval	Nov 84	Dec 84
Contract Let	Feb 85	Mar 85
Equipment Delivery	Aug 85	Feb 86
Equipment Acceptance	Nov 85	Apr 86
Operational Availability of Folklore	Feb 86	Jul 86
Phased installation of	Feb 86-Dec 86	Jul 86-May 87
Conversion of Applications Software	Feb 86-Feb 89	Jul 86-Jul 89
Decommissioning of CYBER 175	Mar 89	Aug 89

ATTACHMENT BIMPLEMENTATION SCHEDULE

<u>BUILDING WORKS</u>	<u>TARGET DATES</u> <u>IN DPI OF</u> <u>SEP 83</u>	<u>REVISED</u> <u>TARGET DATE</u>
DFDC Consider	Oct 83	
PE to Defence	Nov 83	
Seek Cabinet Approval	Nov 83	
Cabinet Approval	Dec 83	Aug 84
Call Tenders	May 83	Aug 84
Contract Let	Jul 84	Oct 84
DHC Commissioning	Feb 85-Apr 85	May 85-Jul 85
Defence Commissioning	May 85-Jul 85	Aug 85-Nov 85