

## MINUTE PAPER

REFERENCE: 2/3/4

SUBJECT: DSD BIDS FOR FYDP 1982/87 : ANALYSIS COMPUTER

DSD	FILE	FOLIO
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Deputy Secretary B

For information: Deputy Secretary C  
 FASPC  
 FASPB (less attachments)

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This minute is to seek your support in obtaining reinstatement of the DSD bid for \$5.0m expenditure on a new analysis computer in year 4 of the FYDP 1982/87.

Background

2. It is my understanding that the Computer Services Policy Committee, in recommending a revised spread of expenditure on computing equipment, slid the DSD computer item from year 4 to year 6 (presumably with authorisation in year 5) and, hence, that it may not have been considered by the Consultative Group in its initial examination of FYDP proposals.

Consideration

3. The new computer is intended to ensure that DSD is able to meet its commitment to produce Sigint and other high priority intelligence targets. The continued importance to Australia of maintaining its Sigint capability was recently reaffirmed by the PHCIS. A brief statement supporting the DSD proposal is attached at Annex A.

4. The precise timing of the new computer acquisition is of course a matter of judgement, dependent on a number of factors beyond DSD's control. While I have concluded that the selection of year 4 is soundly based, I cannot be dogmatic at this stage. A slippage of say, one year may not unacceptably degrade our capability. But the longer installation is delayed the greater the risk that we will fall seriously behind in our ability to exploit these important targets.

5. Should the deferral to year 6 have to be accepted for the purposes of this programme I would wish to record that, as our detailed study of the proposal progresses and in the light of target developments, I may have to seek reinstatement of the original acquisition date, as a matter of high priority.

Relevance to Consideration of Potential Savings

6. The computer proposal has also been considered in the context of the recent direction to identify potential savings of up to 10% in the remainder of Budget Year and Years 1 to 5 of FYDP 1982/87 (see para 6 of DSD message of 4 January to FASPB, copy at Annex B).

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7. As indicated in that message, I have concluded that the analysis computer is of a higher priority than other expenditure proposals which could be considered for deferral.

Recommendation

8. Accordingly, I recommend that the computer bid be reconsidered by the Consultative Group for inclusion in Year 4 of FYDP 1982/87.

(R.D. BOTTERILL)  
Director  
Defence Signals Directorate

6 January 1982

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ANNEX A to  
2/3/4 of  
6 January 1982  
Copy No. of 5

DSD BID FOR ANALYSIS COMPUTER : SUPPORTING STATEMENT

1. The primary purpose of the new computer is to permit DSD to keep on top of the cryptanalysis of which we anticipate will increase in complexity as new equipment is introduced and as any weaknesses in existing equipment are perceived will become more difficult to exploit through the 1980's.
2. In addition, another high priority DSD target has already introduced speech encypherment and we expect within the next few years. The analysis of speech systems calls for a considerable amount of computer power and will place increasing strain on our machine resources.
3. Even without significant changes we are experiencing a 21% p.a. growth in computer resource requirements, which will lead to the CYBER computer being fully committed by late 1983 (24 hours, 7 days a week). This projected usage rate led to bids for CYBER enhancements in previous FYDP proposals.
4. As it is now apparent that enhancement of the CYBER cannot meet the anticipated growth in resource requirements, these bids have been abandoned in the current proposals in favour of the new mainframe computer. An ancillary benefit of this approach is that it would enable operating compatibility in cryptanalysis with DSD's major Sigint partners with consequent gains in efficiency of use of our highly specialised (and scarce) cryptanalytic staff.
5. The development and implementation of a new major computer project requires a good deal of time and effort. The new computer would require at least 3 years between project initiation and installation, and would not be fully effective until a year after installation (in 1987) and a further two years would be required before the CYBER 175 could be decommissioned (1989). By this time the CYBER 175 would be 12 years old and an expensive maintenance burden.



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ANNEX B to  
2/3/4 of  
6 January 1982  
Copy No. of 5

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Fm DSD

To CLO

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ADD-002-82

For FASPB (CLO please deliver first thing Tuesday morning)

DEFENCE BUDGET AND PROGRAMME - DEVELOPMENT OF OPTIONS

(Secretary's minute 776/81 of 22 Dec and your covering minute).

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Following is summary of options for savings of up to 10% by DSD in  
remainder of Budget Year and Years 1 to 5 of FYDP 82/87.

OPERATING COSTS

2. No savings are identifiable in operating costs without prejudicing  
DSD's currently approved level of Sigint and Comsec activities.

3. If we were directed to make savings these would have to be found from  
within a small number of categories (eg travel, computer services and repair  
and maintenance of equipment and buildings) which would put at risk the  
operational capability of our major systems such as the main computer complex,  
the remote operating facility and our communications - all of which are essential  
to Sigint collection, processing and dissemination.

MANPOWER LEVELS

4. No further savings are readily identifiable. Proposed manpower ceiling  
levels for Budget Year and Years 1 to 5 of FYDP are: 527, 521, 515, 515, 515,  
515. If these levels were not achieved it would be necessary to reduce tech-  
nical support (engineering, computing, building operations) and/or drop Sigint  
tasks, any of which would inflict damage on DSD's current and long term operational  
capability in support of Australian intelligence requirements.

CAPITAL INVESTMENTS

5. Some potential areas of savings might be considered both in  
(\$2.328m) and minor capital equipment projects (\$2.185m). The latter comprise  
projects which might be deferred, though with consequential damage to the  
further development of our Sigint capability and delay to planned improvements

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in operational efficiency and timeliness. Potential savings in represent items of equipment which are not considered absolutely essential to the project, plus the contingency allocation.

6. One large project which must be considered is the analytic computer for which a bid for \$5.0M expenditure was made in Year 4. One option would be to defer this beyond FYDP 82/87 but with consequential serious risks to our capability against targets of highest priority to Australia. I am therefore arguing against this deferment in a separate briefing note to Dep Sec B for consideration at the Consultative Group Meeting. If the computer were deferred it would be necessary to seek a major upgrade to our existing Cyber computer in Year 2 or 3.

7. A further possible savings option (\$6.000m) would be to defer plans for

This would however put at increasing risk the future capability of these stations and could prejudice the employment of expensive assets.

SAVINGS OPTIONS

8. The net effect of possible savings in paras 5 and 7 would be approximately as follows:

	<u>Total DSD</u> <u>Expenditure Bids</u> \$M	<u>Possible</u> <u>Savings</u> \$M	<u>Percentage</u>
Budget Year	(say 10.0)	0.427	4
FYDP Year 1	17.411	0.891	5
2	19.299	2.950	15
3	18.590	3.230	17
4	20.441	.280	1
5	17.788	2.735	15

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