

***** TOP SECRET UMBRA *****
***** COMINT *****

CABINET SUBMISSION FOR ACQUISITION OF COMPUTER FOR DEFENCE
SIGNALS DIRECTORATE - ADDITIONAL BRIEFING NOTES

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The salient points in the Cabinet Submission are noted below.
Amplifying comments on particular aspects of the Submission are
contained in facing page comments in the submission:.

- . DSD maintains an Australian capability in signals intelligence (Sigint).
- . The proposed computer to be installed at DSD will be used for cryptanalysis (code-breaking) to allow continued production of Sigint.
- . The total cost of the proposal is \$12.95m (April 1984 prices, June 1984 exchange rate) of which \$11.05m is for equipment and \$1.90m is for works.
- . Because of the cost and the highly classified nature of the requirement the proposal is being referred to the National Intelligence and Security Committee of Cabinet for approval.
- . The most valuable Sigint is normally derived from communications which are encrypted and must be subject to cryptanalysis to be readable.

cryptanalysis is increasingly dependent on the use of powerful computers.

- . DSD's present analysis computer, a Control Data Corporation (CDC) Cyber 175, has reached the limits of its capability. This has already given rise to some degrading of timeliness and effectiveness of intelligence production. It is expected that this degradation will reach very serious levels by 1987 unless a new computer can be installed and made operational by that date.
- . The new computer needs 10 times the power of the Cyber 175 and may need to be expanded in the early 1990s to keep up with developments in 'target' communications, but this expansion will be subject to separate approval.

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(7)(a)

The new computer also needs to be compatible with those used by collaborating overseas Sigint agencies to allow DSD to take advantage, at no cost, of the vast amounts of software already developed.

- Only Cray Research Incorporated (US) computers have the required power and give the necessary software compatability. Therefore Certificates of Exemption are being sought to restrict the source of supply of the computer and certain other special support items.
Purchase of the required equipment is the most cost effective option.
Because of low production volumes of Cray computers, and the technology involved, there is little opportunity for Australian industrial participation in the purchase. For on-going maintenance, however, Australian participation will be high.
The works are estimated to cost \$1.9m, but could, with inflation, rise to exceed \$2.0m. Agreement is sought, that should this occur, the matter be referred to the Executive Council to approve exemption of consideration by the PWC for reasons of national security.
Also, for reasons of national security, approval is sought to exempt consideration of the proposal by the Joint Parliamentary Committee of Public Accounts (JCPA). Reference to the JCPA of computer equipment over \$5m is a recent new requirement.
Minimal publicity is proposed. It is not considered feasible to totally contain information concerning the proposal because of the large number of people involved and the interest typically given to 'super' computers. The proposed statement aims to minimize any damage by disclosing Defence (not DSD) as the user. The draft statement does, however, admit its use for intelligence purposes.

it is Government policy not to discuss intelligence matters.

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7(b)

Consultation

. Support for the proposal was given by the Permanent Heads Committee on Intelligence and Security.

. The submission has the agreement of the Departments of Prime Minister and Cabinet, and Finance.

. The Director General of the Office of National Assessments has also recommended the proposal.

Recommendation to Cabinet

The recommendations (as per para 23 of the Submission) are that Cabinet:

- . Agree that a computer system based on a Cray Research Inc processor be acquired and installed at Defence's Defence Signals Directorate at an estimated cost of \$12.95m (April 1984 prices, June 1984 exchange rate);
- . approve on the grounds of national security and systems compatibility the restriction of the source of supply of the prime equipment in a. above to Cray Research Inc and its associated support to the original suppliers of such items;
- . in the event that the cost of the associated capital works increases to an amount in excess of \$2.0m agree that, on the grounds of national security, it be recommended to the Governor General in Council that the works not be referred to the Parliamentary Standing Committee on Public Works;
- . agree that the proposal be exempt from reference to JCPA;
- . note that minimal publicity of the project is proposed and that the Minister for Defence will be releasing, at an appropriate time, a statement along the lines of that given at Attachment A to the Cabinet Submission.

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