

FOR CONSIDERATION BY THE MINISTER/~~MINISTER~~ (through Secretary.)

Subject	NEW DSD ANALYSIS COMPUTER - APPROVAL OF ADDITIONAL FUNDS
Purpose	To seek your agreement to increase project approval for DSD's new analysis computer to \$A15.390m (Jan 86 prices, Nov 85 exchange rate) from \$A13,397m (Jan 85 prices and exchange rate) and to increase approval to incur expenditure accordingly.
Considerations  <i>DepSec B's copy DSD at CLO ref CLO minute 1/1/89</i>	<p>In February 1985 you gave approval to proceed to contract with Cray Research Incorporated for the supply of a new analysis computer for DSD (copy attached, Tab A). At the same time you agreed, because of exchange rate variations to increase by \$A0.447m both project approval (to \$A13.397m) and expenditure approval (to \$A11.497m).</p> <p>The further weakening of the Australian dollar against the US dollar has increased equipment costs by \$A1.963m (the Nov 85 exchange rate of 0.696 is approximately the rate used for the 1985-86 Additional Estimates). In addition there has been a real cost increase for some miscellaneous installation hardware amounting to \$A0.030m. Facility costs have remained at \$A1.9m. The total project cost has therefore increased by \$1.993m to \$A15.390m (Jan 86 prices, Nov 85 exchange rate), due almost entirely to exchange effects.</p> <p>Progress</p> <p>The acquisition of the new computer is proceeding on schedule and the prime equipment should be delivered late February for installation early March 1986. After installation, the equipment will undergo a series of tests before acceptance in April 1986.</p> <p>Publicity</p> <p>No publicity has been given to costs</p> <p>Resource Aspects</p> <p>Obligation and expenditure authority is available to meet requirements in 1985-86. Expenditure in 1986-87 will be provided from within funds available to Defence in that year.</p> <p>Consultation</p> <p>The proposal is endorsed by DEPSEC B. Resource aspects have been agreed by FASPB.</p> <p>Recommendation</p> <p>It is recommended that you:</p> <ol style="list-style-type: none"> <li>agree to increase project approval by \$A1.993m to \$A15.390m; and</li> <li>approve additional expenditure of \$A1.993m (\$A1.963m exchange rate variation, \$A0.030m real cost increase) for equipment acquisition.</li> </ol>

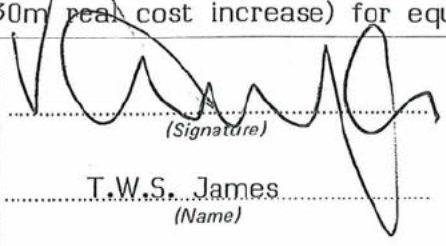
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T.W.S. James  
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\* Delete as necessary