



**COFFS HARBOUR CITY COUNCIL
EXTRAORDINARY MEETING
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
16 JANUARY 2012**

Contents

ITEM	DESCRIPTION	PAGE
	CITY SERVICES DEPARTMENT REPORTS	1
CS12/1	FEDERAL GRANTS - NATIONAL DIGITAL ECONOMY STRATEGY	1



COFFS HARBOUR CITY COUNCIL

EXTRAORDINARY MEETING

16 JANUARY 2012

Mayor and Councillors

CITY SERVICES DEPARTMENT REPORTS

CS12/1 FEDERAL GRANTS - NATIONAL DIGITAL ECONOMY STRATEGY

Purpose:

To request an allocation of funds by Council for preparation of National Broadband Network (NBN) related grant applications.

Description of Item:

Council has the opportunity to access up to \$995,000 in three Federal grants under the National Digital Economy Strategy.

The closing date for submission of applications for two of the grants is 3rd February 2012.

Due to this tight deadline Council needs to access external resources to assist in the preparation of the applications. Currently there is no budget allocation for this purpose.

Successful applications would result in funding of \$620,000 being available for community and small business digital skilling over two years with a further \$375,000 being available for digital delivery of Council services.

Coffs Harbour has been successful in obtaining an early rollout of the National Broadband Network. In July 2010, NBN Co announced Coffs Harbour as one of the 19 locations for its second wave of roll-outs across the country for the National Broadband Network.

Council recognises the impact access to a superfast broadband network will have to our everyday lives. It will become critical for health, education, business development and the overall long-term sustainable growth of our region.

Council has assessed that in order for our community to capitalise on the NBN rolling past our door it is more than just ensuring the optic fibre cable is available to plug in to. Success for our region requires us to build our digital awareness and capacity.

To help drive uptake of broadband in our community, the Federal Government has formulated initiatives that can be implemented by local government to help maximise uptake of the NBN.

The three initiatives that are the subject of this report are:

Program	Target Audience	Amount	Deadline
Digital Hubs	Broad community	\$350 000	3/02/12
Digital Enterprise	SMEs and NFPs	\$270 000	3/02/12
Digital Local Government	Users of local government services	\$375 000	30/03/12

Should the grant applications be successful, Council will be using a combination of internal resources and external partners to deliver outcomes for our community from these programs.

Program	Potential Council Facilities	Potential External Partners
Digital Hubs	Library	TAFE Other RTOs Division of GPs Care Innovations Tunstall
Digital Enterprise	To be investigated	ETC Other RTOs
Digital Local Government	To be determined following meeting with DBCDE 24/01/12	To be investigated

Sustainability Assessment:

- **Environment**

There are no environmental implications associated with the allocation of these funds.

- **Social**

Social inclusion is one of the objectives of our digital strategy. Inequity is one of the risks of this advance in our society. Our Digital Strategy states that the serious challenge of digital inclusion must be recognised when many in the community will not have the tools at home or the competencies to participate. We will work with partners – in schools, TAFE, University, all tiers of government and relevant departments, NBN Co, Jobs Australia, the private sector and not for profit community organisations – to ensure digital skills and confidence are developed in our community.

Digitally savvy community members are more likely to be employable, engaged with the wider community and able to realise more of their own potential.

Effective communication is a major part of public safety and digital communication will probably become the most effective medium for the two-way interaction in the event of emergencies.

To capitalise on these opportunities an allocation of funds for the preparation of the three grant applications is required.

- **Civic Leadership**

The concept of making these grant applications continues Council's leadership role established through the adoption of the Digital Strategy.

In relation to the Coffs Harbour 2030 Plan, it addressed the following objectives:

LP 1.1 Our businesses and industry are future driven, smart, innovative and green.

LC 2.2 We welcome civic leadership to help achieve better outcomes for Coffs Harbour.

- **Economic**

Broader Economic Implications

Coffs Harbour has during the NBN rollout process positioned its community at the vanguard of economic opportunity emanating from the new digital economy.

Public sector and private sector benefits arising from this involvement have yet to be quantified but are envisaged to be substantial.

Estimates from the UK for instance suggest a 2% increase in GDP which, if realised for Coffs Harbour LGA, would translate into additional estimated annual business turnover in excess of \$50 million.

Creating this additional Gross Regional Product will require private investment and initial public seed funding.

Some of this funding is that which we are seeking under these grant applications.

Delivery Program/Operation Plan Implications

The required funds of approximately \$80,000 will be an additional allocation required in the 2011/12 budget. Council has two options available to it to provide these funds.

Firstly, Council can vote the funds from the General Fund. At the end of November the General Fund had a surplus of approximately \$13,000. Voting \$80,000 will see the General Fund return to a deficit position of approximately \$67,000. The General Fund commenced the year with a deficit of \$182,000 and management and staff have continued to apply strong financial management to reduce the deficit. If Council were to choose this path, management and staff will continue to seek budgetary savings to ensure that, if at all possible, the budget comes in with a balanced position or slight surplus by the end of the financial year.

Secondly, Council has established an internal reserve from a percentage of the profits from private works that have been undertaken in previous years. The Private Works – General Fund Reserve had a balance of \$692,000 at the end of September 2011. Council can choose to allocate funds from this reserve for this purpose. The issue here is that the allocation of the funds from this reserve would be taking place in an ad hoc manner and not strategically as the intent has been for these funds. It could be argued that this is a strategic project, similar to the funds allocated from the reserve for the Foreshore Upgrade project in 2011. However it could also be argued that there are a number of existing Council adopted strategies that could also put a strong case for funding from this reserve.

It is being recommended that the first option be adopted and that Council management and staff continue to exercise strong financial management over the coming months to address the surplus. This option also permits Council to consider the Private Works – General Fund Reserve at a later date in a strategic manner giving due consideration to a range of strategies, projects and priorities.

Consultation:

Wide community consultation was undertaken during the preparation of "Switched on Cofts" digital strategy.

A number of companies have been canvassed regarding skills, capacity, availability and potential quotation for these works.

Related Policy and / or Precedents:

Council has in the past engaged experts to assist with the completion of some grants. The Digital Strategy was adopted by Council on 27 October 2011. These grants will assist in the implementation of this Strategy.

Statutory Requirements:

Given that there are no funds provided in the budget for this work, the Local Government Act requires a resolution of Council to commit funding.

Issues:

The timeframe for these grant applications is extremely short and also at a time of year when many staff are taking periods of leave. A company has been identified that has had success with two councils in Round 1 of these funding programs. The information and connections this company will bring to this process are extensive and unique.

Council's Procurement Policy allows for the sourcing of particular goods and services without three written quotes. The Policy includes the following provision:

"On rare occasions a competitive quote will not be possible due to extenuating circumstances, a remoteness of locality, or the unavailability of competitive or reliable providers/suppliers.

Approval in this circumstances is at the following level:

\$5,500 - \$16,499 - Manager

\$16,500 - \$82,499 - Director

\$82,499 - \$149,999 - General Manager

>\$150,000 - Council resolution."

Four companies have been contacted with only one reasonably able to provide the skills and a quotation.

The company that has provided information to date has suggested the works for all three grants can be completed for approximately \$80,000.

One of the issues associated with two of the grants/programs (Digital Hubs and Digital Enterprise) is that they are time limited, that is the funding is for a two year period only.

It will be made clear to participants in these programs that they are pilot programs of limited duration and that Council will not be maintaining them beyond the two year timeframe established by the grants.

It is envisaged that while the funding for the Digital Local Government Program is a one off payment there will be longer term benefits that will form part of Council's ongoing core service delivery beyond the three years of the grant. The systems and processes developed under the program will be targeted at cost savings and/or improved service delivery and should be positive for Council from a cost/benefit perspective.

Council is also required to provide \$93,000 of funding or in kind support for this program. It is believed that Council will be able to provide this through its in kind staff and management contribution.

It should be noted that there are a wide range of priorities from adopted Council strategies and decisions which Council could consider allocating additional funds to address. The proposal presented in this report has not been through a process to establish how it rates against other priorities, however this is seen as an opportunity to potentially leverage \$995,000 funding for the City.

Implementation Date / Priority:

Should Council resolve to allocate additional funds in the 2011/12 budget for the completion of these grant applications, works will start immediately. Budget adjustments will be made in the next quarterly budget review.

Recommendation:

That Council allocate \$80,000 in the 2011/12 budget for the preparation of grants for the National Digital Economy Strategy on the basis that this will result in an impact to the overall General Fund deficit.

**Jenni Eakins
Acting Director City Services**