



Funding for Rural Internet – Regional Development Corporation and Opportunities New Brunswick

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Why Is This Important?

- Modern high-speed internet is an essential service and 36% (67,000) of rural New Brunswick households did not have access in 2019
- The global Covid-19 pandemic highlighted the need for modern high-speed internet due to the increasing risk of disruptions to conventional, in-person services
- The Province spent over \$39 million on funding for rural internet since 2003

Overall Conclusions

- We were unable to conclude if funding for rural internet is achieving the desired outcomes because key information we required was unavailable
- Accountability was not assigned to ensure a provincial government agency would be held responsible for funding outcomes
- ONB's contract with Xplornet deviated from the funding submission made to the provincial government
- ONB paid \$8.2 million to improve rural internet services without adequate assessment of project outcomes

What We Found

Poor Phase One Governance and Lack of Accountability

- Governance structure was not in place to manage funding for rural internet
- No specific provincial funding program for rural internet which would have established funding outcomes independent of the project
- ONB and RDC did not conduct a needs assessment to support decision to contract with Xplornet

Non-competitive Phase One Selection Process and Inadequate Contract Design

- ONB and RDC did not pursue a competitive process for selecting Xplornet
- Funding deviated from the eligibility criteria
- ONB's contract with Xplornet did not align with funding submission approved by the provincial government

Unmet Phase One Contract Deliverables

- Xplornet did not meet the deliverables under the contract at the time of our work
- RDC announced completion of phase one project without verifying outcomes
- RDC and ONB did not enforce funding contract terms

Questionable Phase One Claims Evaluation

- ONB paid \$5.1 million to Xplornet for costs that were ineligible
- ONB paid \$4.2 million "in advance" of validating contract deliverables
- ONB lacked the technical expertise to review project progress