Internet for Nova Scotia

Key Messages

- Once projects are complete, the Province should achieve its goal to help fund the infrastructure required to make affordable high-speed internet available to at least 95% of Nova Scotians
- Develop Nova Scotia succeeding on many aspects however improvement needed in monitoring of progress
- Numerous value-for-money concerns when using external trusts to deliver major province-wide initiative

Why We Did This Audit

- Access to affordable high-speed internet is important to Nova Scotians
- COVID-19 heightened demand for internet connectivity as work, school and healthcare moved online in early 2020
- $193 million committed by Province to the Nova Scotia Internet Funding Trust is a significant investment
- Proper planning and oversight of such an important province-wide project is essential for success

According to Develop Nova Scotia – Progress as of August 2021

- 85% of Nova Scotians have access to affordable high-speed internet (2023 target 99%);
- Over 42,000 additional homes and businesses can now access high-speed internet (target approximately 100,000), and 10,825 have signed up
- $33 million of $193 million Trust funds paid to date, with up to $164 million committed to expand service

Strategic Planning and Implementation

- Develop Nova Scotia has:
  - a strategic plan to address the internet needs of Nova Scotia
  - followed adequate procurement policies
  - agreements with internet service providers consistent with bid submissions and included appropriate terms and conditions
  - adequate processes for project approvals, payments, and policies
- However, improvement needed in monitoring internet service provider progress

Value-for-money concerns with use of external trust fund

- Province prematurely relinquished control of $193 million to ensure revenue from an offshore royalty settlement was spent on the initiative
- Lost use of public funds almost two years before the initiative's first projects were announced
- Province predetermined the initiative's cost to taxpayers before the project was tendered
- Potential millions in unused trust funds may go to underserved municipalities or internet service providers, as unspent trust funds cannot return to the Province

Recommendations at a Glance

Recommendation 1.1

We recommend the Department of Finance and Treasury Board, in consultation with the Executive Council Office, develop guidance relating to the use of trusts including specific direction on conducting:

- an analysis of alternative options, including value-for-money considerations to taxpayers for each option
- an analysis to determine the necessary funding prior to committing provincial funds; and
- an assessment of what level of control the government will have over the trust and whether risks have been appropriately mitigated for those that will be at arm's length.

Recommendation 1.2

We recommend Develop Nova Scotia complete, date and sign all parts of the Contribution and Service Delivery Agreements in a timely manner.

Recommendation 1.3

We recommend Develop Nova Scotia perform regular onsite inspections for all proponents to ensure progress reported by the proponent is accurate.

Recommendation 1.4

We recommend Develop Nova Scotia track project progress against schedules and document monthly meetings with proponents including sign-off on all progress reports received.

Questions Nova Scotians May Want to Ask

1. Will homes and businesses not already reached under the Internet for Nova Scotia Initiative ever have access to affordable high-speed internet?

2. What is Develop Nova Scotia doing to improve its monitoring of progress and schedules to ensure the projects are completed on time?

3. What is being done to minimize delays and ensure projects currently underway will be completed on time?

4. What are other ways the government could have funded a project like this? How will they ensure the issues identified in this report don't happen for the next project?

5. Technology is always changing. What is Develop Nova Scotia doing to ensure that evolving technologies are incorporated into the Initiative?