



Telecom Decision CRTC 2022-202

PDF version

Reference: 2021-384

Ottawa, 2 August 2022

Public record: 8665-C209-202105288

Canadian Administrator of VRS (CAV), Inc. – Application requesting video relay service funding for 2022

Note

An ASL video summarizing this decision will be published as soon as it is available.

Summary

The Commission **approves on a final basis**, effective 1 January 2022, the application submitted by the Canadian Administrator of VRS (CAV), Inc. (CAV) for \$30 million in funding from the National Contribution Fund (NCF). This amount is to be disbursed by the NCF to the CAV in 12 equal monthly instalments, which began in January 2022. Access to this funding will enable the CAV to continue to offer video relay service in Canada to the benefit of all Canadians, as envisioned by the Commission in Telecom Regulatory Policy 2014-187.

Background

1. Video relay service (VRS) enables people who use sign language to conduct telephone calls and communicate with voice telephone users using sign language. VRS connects a sign language user with another party via an operator who can interpret between sign language and spoken language.
2. In Telecom Regulatory Policy 2014-187, the Commission
 - determined that VRS must be offered in Canada;
 - established a \$30 million annual funding cap to cover all administrative and service-related costs for VRS;
 - decided that VRS would be overseen and implemented by an independent VRS administrator; and

- set out the minimum requirements that the VRS administrator must meet in order for funds to be released from the National Contribution Fund (NCF) for VRS.
3. In Telecom Regulatory Policy 2014-659, the Commission approved the structure and mandate of the VRS administrator, known as the Canadian Administrator of VRS (CAV), Inc. (CAV). In particular, the Commission approved the CAV funding process, whereby an annual budget would be approved by the Commission before expenditures are incurred¹ and amounts would be disbursed from the NCF in equal monthly instalments.
 4. SRV² Canada VRS, the VRS developed by the CAV, was launched on 28 September 2016 in both American Sign Language and Langue des signes québécoise. Since 2 October 2017, the service has been available 24 hours a day, 7 days a week.
 5. In Telecom Decision 2021-384, the Commission approved, on an interim basis, \$30 million in funding to be distributed in 12 equal instalments so that the CAV could continue to operate. The approval of the release of the funds on an interim basis allowed the CAV to continue to fund and operate the VRS until the Commission could issue a decision on a final basis.

Application

6. The Commission received an application from the CAV dated 31 July 2021. In its application, the CAV projected that it would require \$32,465,763 in funding for 2022. The amount represents projected expenditures of \$29,781,836 and \$2,683,928³ of additional funding to restore the CAV's reserves to \$3 million.⁴ A breakdown of the costs by expense category is set out in the appendix to this decision.
7. With regard to the funding required to restore the reserves, the CAV submitted that it projected a deficit of \$1,618,701 to be carried forward from 2021 and that in covering the deficit, its reserves would be significantly reduced for 2022.
8. Despite its projections, the CAV requested \$30 million in actual funding, which aligns with the funding cap established in Telecom Regulatory Policy 2014-187.

¹ The CAV must submit its projected annual budget to the Commission by 31 July each year for approval.

² SRV stands for "service de relais vidéo".

³ The CAV's specific request was for \$32,465,763. The total of individual amounts may not add up to that exact amount due to rounding.

⁴ The CAV explained that (i) reserves are required in case the financial projections on which the budget is based are too conservative and funding needs, primarily driven by call activity, exceed the projected expenditures; and (ii) the number of total reserves of \$3 million and the method of creating such reserve amounts has been approved by the CAV's Board of Directors and is reflected in the CAV's budget approved by the Commission in Telecom Decision 2020-394.

9. In its application, the CAV also requested that detailed figures for professional services and operations costs be designated as confidential, stating that such disclosure would result in material financial loss, prejudice its position, and affect contractual negotiations with third parties.

Commission's analysis

The CAV's budget

10. As previously stated by the Commission, the criteria for approving the release of funds from the NCF for VRS are as follows:
- Is the budget requested within the \$30 million cap?
 - Did the VRS administrator meet all the requirements set out in Appendix B of Telecom Regulatory Policy 2014-187?
11. Having reviewed the details of the CAV's application, including its planned VRS-related activities in the upcoming year, the Commission finds that the CAV has met these requirements. First, the amount of \$30 million⁵ in funding for 2022 is within the \$30 million cap. Second, the CAV continues to meet all the requirements set out in Appendix B of Telecom Regulatory Policy 2014-187.
12. The Commission notes the CAV's reasons for the 2021 deficit and recognizes that the CAV continues to take the necessary steps to respond to the long-term increase in usage due to the COVID-19 pandemic, while ensuring it has the necessary reserves in case of other unforeseen expenses.
13. The Commission is sensitive to the CAV's desire to restore its reserves and notes that matters of funding will be reassessed in Telecom Notice of Consultation 2021-102 (the VRS Review).
14. In light of the above, the Commission **approves on a final basis** the CAV's application for \$30 million in funding for expenditures expected to be incurred in 2022.
15. The Commission **directs** the Central Fund Administrator of the NCF to continue remitting the approved amount of \$30 million in 12 equal monthly instalments to the CAV.

Request for confidentiality

16. The Commission approves the CAV's request to designate as confidential the detailed breakdown of certain costs in accordance with subsection 39(1) of the *Telecommunications Act* (the Act). The Commission finds that the direct harm to the

⁵ The CAV notes that should additional funds be necessary, they would likely be necessary in the third quarter of 2022 and that it would file an application at that time.

CAV in publicly disclosing such information outweighs the public interest in its disclosure, since it could result in material financial loss, prejudice the CAV's position, and affect contractual negotiations with third parties.

Other matters

17. In this proceeding, the Commission received interventions from the Deaf Wireless Canada Consultative Committee, the Canada Deaf Grassroots Movement, and the Deaf and Hard of Hearing Coalition.⁶ All three interveners supported the CAV's request for \$30 million in funding.
18. The interveners provided additional comments on the CAV's operations and the allocation of the budget. The Commission found that these comments were beyond the scope of this application but were within the scope of the VRS Review.
19. On 9 May 2022, the Commission published a [Secretary General letter](#) transferring these comments to the record of the VRS Review.

Conclusion

20. In light of the above, the Commission **approves on final basis**, effective 1 January 2022, the CAV's application seeking \$30 million in funding from the NCF for expenditures expected to be incurred in 2022.
21. The Commission **directs** the Central Fund Administrator of the NCF to continue remitting the approved amount of \$30 million in 12 equal monthly instalments to the CAV.

Policy Directions

22. The 2006 Policy Direction⁷ and the 2019 Policy Direction⁸ (collectively, the Policy Directions) state that the Commission, in exercising its powers and performing its duties under the Act, should implement the telecommunications policy objectives set out in section 7 of the Act, in accordance with the considerations set out in the Policy Directions, and should specify how its decisions can, as applicable, promote competition, affordability, consumer interests, and innovation.
23. The Commission considers that the continued funding of VRS, an accessible form of local exchange service, to sign language users furthers the policy objectives set out in

⁶ The Deaf and Hard of Hearing Coalition is made up of the Deafness Advocacy Association of Nova Scotia, the Newfoundland and Labrador Association of the Deaf, and the Ontario Association of the Deaf.

⁷ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, SOR/2006-355, 14 December 2006

⁸ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation*, SOR/2019-227, 17 June 2019

paragraphs 7(a), (b), (c), (e), (f), (g), (h), and (i)⁹ of the Act. In particular, the Commission notes that VRS responds to the social and economic needs of VRS users and provides access to social, medical, and other services that hearing Canadians can access by telephone.

Secretary General

Related documents

- *Final 2021 revenue-percent charge and related matters*, Telecom Decision CRTC 2021-384, 17 November 2021
- *Call for comments – Review of video relay service*, Telecom Notice of Consultation CRTC 2021-102, 11 March 2021; as amended by Telecom Notices of Consultation 2021-102-1, 26 April 2021; 2021-102-2, 30 June 2021; and 2021-102-3, 14 March 2022
- *Canadian Administrator of VRS (CAV), Inc. – Application requesting video relay service funding for 2021*, Telecom Decision CRTC 2020-394, 7 December 2020
- *Structure and mandate of the video relay service administrator*, Telecom Regulatory Policy CRTC 2014-659, 18 December 2014
- *Video relay service*, Telecom Regulatory Policy CRTC 2014-187, 22 April 2014

⁹ The cited policy objectives are: 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; 7(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; 7(e) to promote the use of Canadian transmission facilities for telecommunications within Canada and between Canada and points outside Canada; 7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; 7(g) to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services; 7(h) to respond to the economic and social requirements of users of telecommunications services; and 7(i) to contribute to the protection of the privacy of persons.

Appendix to Telecom Decision CRTC 2022-202

The CAV's budget for 2022

Expense Category	Estimated Expenditure
Board	\$135,000
Administration	\$348,574
Marketing – Education and Outreach	\$280,000
Professional Services	\$1,428,384
Operations	\$26,360,758
Wages	\$1,229,120
Contingency	\$2,000,000
Deferred Contributions (amount needed to make \$1,000,000)	\$683,928
Total budget for 2022	\$32,465,763¹⁰

¹⁰ The CAV's specific request was for \$32,465,763. The total of individual amounts may not add up to that exact amount due to rounding.