



Telecom Decision CRTC 2020-394

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Canadian Administrator of VRS (CAV), Inc. – Application requesting video relay service funding for 2021

*The Commission **approves** the application submitted by the Canadian Administrator of VRS (CAV), Inc. (CAV) for \$27,251,477 in funding from the National Contribution Fund (NCF) for 2021. This amount is to be disbursed by the NCF to the CAV in 12 equal monthly instalments, beginning in January 2021. 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 incurred,¹ and amounts would be disbursed from the NCF in equal monthly instalments.

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

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.

Application

5. The Commission received an application from the CAV, dated 31 July 2020, requesting that the Commission approve its proposal to seek \$27,251,477 in funding from the NCF for 2021. The amount represents projected expenditures of \$26,225,863 for 2021, plus a projected deficit of \$1,025,614 for 2020 driven by increased usage during the COVID-19 pandemic. A breakdown of the costs by expense category is set out in the appendix to this decision.³
6. 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.
7. The Commission received an intervention regarding the CAV's application from Bell Canada.

Positions of parties

Bell Canada

8. Bell Canada supported the CAV's application, but requested clarification with respect to the CAV's deferred contributions.
9. Bell Canada submitted that the CAV, in its [Annual Report](#), stated that its deferred contributions are contributions received in advance for which the anticipated expenses have not yet occurred.
10. Bell Canada noted that the CAV's report designates a portion of the deferred contributions as current deferred contributions, which is less than total deferred contributions. Bell Canada therefore requested that the Commission
 - ask the CAV to clarify the nature of those funds and, in particular, whether the total amount of deferred contributions represents funds that the CAV has received from the NCF but has not spent;
 - ask the CAV to explain why those funds are not being used to cover the projected 2020 deficit and to potentially offset the funding requested for 2021; and,

² SRV stands for service de relais vidéo.

³ Some information was provided to the Commission in confidence.

- based on the CAV's response, release from the NCF in 2021 an amount equal to the CAV's request in its application, less the total amount of deferred contributions available to the CAV at the end of 2020, in order to ensure that funds are collected and spent annually by the CAV as anticipated by Telecom Regulatory Policy 2014-187, rather than building up over time.

The CAV

11. The CAV noted that the 2021 budget is in the same format as all its previous applications for funding since 2016.
12. The CAV submitted that deferred contributions, both current and those designated long-term in its Annual Report, represent funds received by the CAV from the NCF but not yet spent. The CAV explained that
 - current portions of the deferred contributions represent a surplus that is subtracted from or a deficit that is added to the CAV's funding request for the subsequent year; and
 - long-term portions of the deferred contributions represent a long-term reserve for unforeseen needs and are accumulated by the difference between the estimated and the actual surplus or deficit.
13. The CAV further noted that these funds are kept in certificates of deposit that are safe and readily available, and that the interest they earn is subtracted from funding requests.
14. In response to Bell Canada's question as to why the long-term deferred contributions are not being used to cover the projected deficit for 2020, the CAV submitted that in fact they are being used for that purpose, and that the requested funding from the NCF for 2021 will restore long-term deferred contributions to their previous level.
15. The CAV submitted that the long-term deferred contributions represent a prudent and reasonable reserve against unforeseen expenses, the need for which was underscored in 2020 when call volumes reached unprecedented highs due to the COVID-19 pandemic. The CAV stated that, using long-term deferred contributions, it was able to respond quickly, redesigning call centres to accommodate physical distancing, adding additional video interpreters, and implementing a remote video interpreter program to enable them to work from home.
16. Finally, the CAV noted that its board of directors has begun a review to determine the level at which the long-term deferred contributions should be maintained, and that the results of that review will be reflected in the CAV's 2022 budget request.

Commission's analysis and determinations

The CAV's budget

17. Having reviewed the details of the CAV's application, including its planned VRS-related activities in the upcoming year, the Commission finds the amount of funding requested by the CAV for 2021 to be reasonable, as it allows for the provision of a reliable and effective VRS.
18. The Commission accepts the rationale for the 2020 deficit. The CAV took steps to respond quickly to the substantial increase in usage due to the COVID-19 pandemic and the measures proved to be effective in providing VRS users with a basic service during a critical time.
19. As noted above, the CAV's projected expenditures for 2021 of \$26,225,863 combined with its projected deficit of \$1,025,614 for 2020, results in the CAV's funding request for 2021 of \$27,251,477.

Bell Canada's intervention

20. With regard to Bell Canada's request for clarification regarding the CAV's long-term deferred contributions, the current amount of long-term deferred contributions represents a reserve of just under eight weeks of VRS funding. The Commission considers that having such a reserve is a prudent and common business practice, and that it proved to be necessary for the continued provision of VRS in the circumstances of the COVID-19 pandemic.
21. While the CAV does include a contingency in its annual budget requests to be used when there are slight variations in usage or increases in contract prices, this differs from long-term deferred contributions, which serve as an emergency reserve for situations such as the COVID-19 pandemic. The contingency would have been insufficient to cover deficit costs due to the COVID-19 pandemic, whereas the long-term deferred contributions enabled the CAV to continue to operate VRS.
22. Regarding the reasonableness of the amount the CAV holds as long-term deferred contributions, the Commission is scheduled to initiate a review of VRS, and considers that it would be more appropriate to further consider the issue of long-term deferred contributions in the broader context of that review, rather than in the annual funding request.

Request for confidentiality

23. The Commission **approves** the CAV's request to designate as confidential the detailed line breakdown of certain costs. The Commission considers that this is in accordance with subsection 39(1) of the *Telecommunications Act*, and that the direct harm to the CAV in revealing such information outweighs the public interest in its disclosure, since it could affect the CAV's future negotiations with third parties and result in higher costs to the CAV.

Conclusion

24. In light of all the above, the Commission **approves** the CAV's application seeking \$27,251,477 in funding from the NCF for expenditures expected to be incurred in 2021 and to cover the projected deficit for 2020.
25. The Commission **directs** the Central Fund Administrator of the NCF to remit the approved amount of \$27,251,477 in 12 equal monthly instalments to the CAV, starting in January 2021.
26. The Commission notes that, during its upcoming review of VRS, it will require the CAV to submit, on the record of that proceeding, the findings of the review of long-term deferred contributions that is currently being conducted by the CAV's board of directors.

Secretary General

Related documents

- *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

Appendix to Telecom Decision CRTC 2020-394

CAV's budget for 2021

Expense category	Estimated expenditures
Operations	\$22,658,690
Professional Services	\$1,596,531
Wages	\$1,028,635
Administration	\$475,970
Marketing – Education and Outreach	\$321,038
Board Expenses	\$145,000
Total expenditures for 2021	\$26,225,863
Projected deficit from 2020	\$1,025,614
Total new request for 2021 funding	\$27,251,477