Telecom Decision CRTC 2014-665

PDF version

Ottawa, 18 December 2014

File number: 8695-C209-201408170

Request for 2014-2015 video relay service funding

*The Commission **approves** the budget of $2.6 million for expenses related to video relay service (VRS) for 2014-2015, to be disbursed from the National Contribution Fund in equal monthly installments. The disbursement of funds to the Canadian Administrator of VRS (CAV), Inc. (CAV) is to commence once the Commission is satisfied that the CAV has met the conditions set out in Telecom Regulatory Policy 2014-659. Access to this funding will provide the CAV with the resources to introduce VRS in Canada to the benefit of Canadians.*

Introduction

1. The Commission determined that video relay service (VRS) must be offered in Canada in Telecom Regulatory Policy 2014-187 (the VRS decision). Further, VRS is to be overseen and implemented by an independent VRS administrator. Subsequently, in Telecom Regulatory Policy 2014-659, the Commission approved the structure and mandate of the Canadian Administrator of VRS (CAV), Inc. (CAV),[1] contingent upon the conditions set out in that decision. The CAV must submit its projected annual budget by 31 July each year for approval. Approval of the budget will allow funds to be allocated from the National Contribution Fund (NCF) prior to the incurrence of expenditures.

Application

2. The pre-incorporation Interim Board of Directors of the Canadian Administrator of VRS (the applicant) filed an application on 21 August 2014 for $2.6 million in VRS funding (the proposed 2015 budget), which accounted for expenditures in 2014 and 2015.

3. The Commission did not receive any interventions in response to the application. The public record of this proceeding, which closed on 25 September 2014, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.

4. The proposed 2015 budget includes funding requirements for the CAV to administer VRS in its initial development phase. It does not reflect operational funding for the provision of VRS to Canadians. The applicant submitted that it was not in a position

[1] The Commission is aware that, in the time between the submission of the application and the publication of this decision, the CAV was duly incorporated.

to apply for such funding at this early stage; therefore, the proposed 2015 budget only includes amounts related to the administration and set-up of VRS, including Board expenses, employee salaries, staffing expenses, general administration, and professional services. The budget also includes an amount for the procurement of a VRS technical platform. The applicant indicated that it intends to acquire a technical platform separately from VRS operator services.

5. Also included in the proposed 2015 budget is an amount to reimburse Bell Canada for the bridge funding it provided to the applicant in 2014. Pursuant to the terms of the VRS decision, Bell Canada was responsible for providing bridge funding to the applicant to cover preliminary administrative expenses associated with the administration of VRS in Canada.[2]

6. The applicant indicated that, based on the progress made to date and the work that still needs to be accomplished, it had forecast a 2016 launch date for VRS. However, the applicant submitted that, should it be ready to launch VRS in 2015, it would submit another request for funding from the NCF once it is able to demonstrate that the minimum service requirements will be met by any third-party service provider. It could also seek additional funding in its 2016 funding application to reimburse service providers for amounts owing for services rendered in 2015.

Commission's analysis and determinations

7. In the VRS decision, the Commission determined that an annual funding cap of $30 million is appropriate for the provision of VRS in Canada, including all administrative and service-related costs. The Commission also indicated that its decision not to distinguish between these costs was intended to encourage the VRS administrator to be innovative in its approach to implementing VRS, which may involve a more hands-on role for the administrator.

8. The Commission also determined that the VRS administrator should have the flexibility to implement VRS in an effective and efficient manner, but that certain minimum requirements must be met either directly by the VRS administrator or through a third party for the service to be eligible for compensation from the NCF.[3]

9. The Commission considers that the $2.6 million sought for 2014-2015 VRS-related expenditures is reasonable, given the list of planned expenditures and the amount needed to reimburse Bell Canada for the start-up expenditures incurred in 2014. The Commission is also of the view that, while the establishment of VRS in Canada is still

---

[2] The VRS decision states that "to ensure that bridge funding for VRS is made available in an efficient manner, the Commission requires, as a condition of providing local exchange service pursuant to section 24 of the *Telecommunications Act*, that telecommunications service providers with members on the VRS administrator's Board of Directors provide this bridge funding, which will be reimbursed from the NCF." This funding was required for the applicant to adequately participate in related Commission processes and to start work on incorporating itself. Specifically, the applicant participated in the proceeding launched by Telecom Notice of Consultation 2014-188 regarding the establishment of the structure and mandate of the VRS administrator.

[3] See Appendix B of the VRS decision for the list of detailed requirements.

in its early stages, the newly incorporated CAV has taken the appropriate preliminary steps to meet the minimum requirements for VRS that were detailed in the VRS decision.

10. Any excess VRS funding shall be carried forward and applied against the following year's CAV budget, which shall not exceed the annual VRS funding cap of $30 million.[4]

11. The Commission acknowledges that additional funds may be required in the event that the CAV is ready to launch VRS in 2015. An application for service-related funds may be submitted once the CAV is able to demonstrate compliance with all applicable minimum requirements. The Commission also reminds the CAV that the condition that telecommunications service providers with members on the VRS administrator's Board of Directors provide bridge funding, pursuant to section 24 of the *Telecommunications Act*, remains in force to provide the CAV with options for managing its cash flow.

12. Consistent with its past determinations, the Commission is of the view that the CAV should have flexibility in the implementation of VRS in Canada. This includes the flexibility to establish and manage an appropriate annual budget for VRS in Canada. The Commission therefore **approves** the application for $2.6 million in VRS funding for 2014-2015.

13. Consistent with Telecom Regulatory Policy 2014-659, this $2.6 million is to be disbursed in 12 equal monthly installments, with the first payment to include that month's installment and any amount owing to the CAV for previous months in 2015. Once the Commission is satisfied that the CAV has met all the requirements set out in Telecom Regulatory Policy 2014-659 and all applicable documentation is received and complete, the Commission will issue a letter directing the Central Fund Administrator of the NCF to begin the VRS payments.

Secretary General

Related documents

- *Structure and mandate of the video relay service administrator*, Telecom Regulatory Policy CRTC 2014-659, 18 December 2014
- *Final 2014 revenue-percent charge and related matters*, Telecom Decision CRTC 2014-627, 5 December 2014
- *Establishing the structure and mandate of the video relay service administrator*, Telecom Notice of Consultation CRTC 2014-188, 22 April 2014, as amended by Telecom Notices of Consultation CRTC 2014-188-1, 21 May 2014; and 2014-188-2, 22 August 2014
- *Video relay service*, Telecom Regulatory Policy CRTC 2014-187, 22 April 2014

---

[4] This amount is to be deducted from the funding cap of $30 million.