

2024  
2025

# Annual Report



Ship and Rail  
Compensation Canada  
Rail Fund



About the cover page: Train with railway tank cars heading into downtown Calgary, Alberta, by J Frenken.

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Suite 830, 180 Kent Street  
Ottawa ON K1A 0N5  
Canada

Tel.: 1-866-991-1727

Fax: 613-990-5423

[www.ship-rail.gc.ca/rail](http://www.ship-rail.gc.ca/rail)

[info@sr-nr.gc.ca](mailto:info@sr-nr.gc.ca)

The Honourable Chrystia Freeland, P.C., M.P.  
Minister of Transport and Internal Trade  
Ottawa, Ontario  
K1A 0N5

Dear Minister:

Pursuant to section 155.93 of the *Canada Transportation Act*, I am pleased to present to you the Annual Report for the Fund for Railway Accidents Involving Designated Goods to be laid before each House of Parliament.

The report covers the fiscal year ending March 31, 2025.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Caroline Healey', with a stylized flourish at the end.

Caroline Healey, LL.B., J.D., MBA  
Administrator  
Ship and Rail Compensation Canada – Rail Fund



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## Message from the new Administrator

It is a privilege to serve as the new Head of Ship and Rail Compensation Canada, and Administrator of both the Rail Fund and the Ship Fund. I am honoured to take on this important role and extend my sincere thanks to my predecessor, Mark A.M. Gauthier, for his dedicated leadership and service.

With over two decades of experience in the transportation industry, including senior leadership positions at VIA Rail, the Railway Association of Canada (RAC), and Genesee & Wyoming, I look forward to leveraging my network and knowledge to foster strong collaboration with the railway sector, all levels of government and communities along the railways. Strengthening these partnerships will be essential to ensuring a smooth claims process in the event of a major railway accident involving crude oil.

For example, as Executive Vice President and General Counsel at the RAC, I had the opportunity to work alongside the Rail Fund team to advance key priorities such as the transition of claims and preparedness. I am eager to build on this momentum.

As a lawyer who has worked at several major national law firms specializing in corporate, commercial, and transportation law, I will apply my deep understanding of the Canadian liability and compensation regime to support and strengthen our mission.



As I begin this new chapter, my focus will remain on improving access to justice and enhance our preparedness to ensure those impacted receive the compensation they deserve. Our commitment remains clear: to deliver fair and timely compensation while removing the financial burden on taxpayers.

Together with our dedicated team, I look forward to advancing our mandate with transparency, integrity, and care.

A handwritten signature in black ink, appearing to read 'Caroline Healey'.

**Caroline Healey, LL.B., J.D., MBA**

Administrator

Ship and Rail Compensation Canada –  
Rail Fund

# Ship and Rail Compensation Canada

In October 2024, we launched our new brand identity of Ship and Rail Compensation Canada. It is Canada's central hub for anyone affected by oil spills from ships or boats and major railway accidents involving crude oil.

Ship and Rail Compensation Canada is an independent federal office managing two Funds: the Rail Fund and the Ship Fund.

A cornerstone of this initiative is our new website, designed to be the central point of contact and information for claimants and key stakeholders: [www.ship-rail.gc.ca](http://www.ship-rail.gc.ca).

This significantly boosted our outreach and awareness efforts, which are essential to fulfilling our mission of providing compensation and improving emergency preparedness.

Ship and Rail Compensation Canada is led and managed by the Administrator, Caroline Healey. The Rail Fund is managed by Steve D. Anderson, Deputy Administrator, who reports to Ms. Healey.

- Caroline Healey succeeded Mark A.M. Gauthier on March 31, 2025. Mark A.M. Gauthier left his position to enjoy a well-deserved retirement after serving as Administrator since April 2023 following five years of service as Deputy Administrator.



## About the Rail Fund

The Rail Fund compensates anyone affected by major railway accidents involving crude oil. We are part of Canada's polluter pays approach to incidents, which removes the burden from taxpayers.

Canadians can access compensation from the Rail Fund for damages that exceed the liability limit of the railway company involved in an accident. The accident has to involve a federally regulated railway.

The amount of coverage as set out in the *Canada Transportation Act* (the Act), Schedule IV, is based on the volume of crude oil it transports. The amount required ranges from \$100 million to \$1 billion.



The railway company is the first to pay. It is responsible for the damages and losses following a major accident involving crude oil. Fault or negligence does not have to be proven. If more than one railway company is involved in an accident, they all have to pay compensation (section 152.7 of the Act).

In the event of a disaster, the Rail Fund is available to pay for all remaining eligible claims. If our balance is exhausted, the Minister of Finance can provide additional money from Canada's Consolidated Revenue Funds.

Our role is set out in the *Canada Transportation Act*. The Rail Fund, also known by its legal name, Fund for Railway Accidents Involving Designated Goods, is a specified purpose account in the accounts of Canada.

Crude oil shippers finance the Rail Fund through a levy. This levy is a fee imposed on each tonne of crude oil shipped by rail (sections 155.3, 155.4(1), 113 (2.1) of the Act). The federally regulated railway companies that transport the shipment of crude oil collect and transfer these amounts to the Rail Fund.

This annual report (the "Report") covers the fiscal year from April 1, 2024 to March 31, 2025.

This is the 9th annual report concerning our activities.

In the rest of this Report, unless otherwise stated, the following terms have the following meaning:

By "accident", we mean:

- ▶ Railway accident involving crude oil.

By "railway company", we mean:

- ▶ A federally regulated railway company. The list of these companies can be found on the Canadian Transportation Agency (CTA) website.

By "transition of claims", we mean:

- ▶ This is the moment when, following an accident, the railway company has paid the claims up to their liability limit and we will now be managing all the remaining claims.

By "crude oil", we mean:

- ▶ An unrefined petroleum product as defined in section 87 of the Act.

By "the Act", we mean:

- ▶ the *Canada Transportation Act*.

# 2024-2025 at a Glance

No accident activated the Rail Fund, so we are not accepting claims at this time. However, we continue to monitor five past accidents for any potential compensation ramifications (see map on page 7).

We made steady progress towards strong preparedness and advanced these key objectives:

## Launching Ship and Rail Compensation Canada and our new website

In 2024, Ship and Rail Compensation Canada became Canada's new hub for compensation for major railway accidents involving crude oil and oil spills from ships or boats. We launched our new branding and website with a press conference and hosted an open house. We also updated our engagement materials and explored other avenues to increase our visibility.



## Developing our strategic orientation and business plan

We launched a project to renew our strategic orientation and operational plan to align with the overall direction of the newly merged organization. We continue to focus on access to justice, claims management preparedness and reconciliation.



## Continuing to expand our agreements and build our relationship with railway companies

We added BNSF Railway to our list of the five existing agreements with the railway sector. These agreements ensure the foundation of a seamless and efficient compensation process for anyone affected by an accident.



## Facilitating one internal tabletop exercise to test our readiness

We conducted a scenario-based exercise to review our claims management and communications protocols.





### Claims management preparedness

We worked closely with our claims adjuster and manager, Charles Taylor Adjusting, for strategic advice on a wide variety of claims considerations. We are also developing a handbook of policies, procedures, and best practices to guide the claim assessment process.



### Expanding our knowledge of complex claims

We continued to engage with the insurance industry and government agencies to identify best practices in valuation of complex claims.



### Improving our legal preparedness by conducting legal and policy research

We conducted legal research and received legal opinions on specialized and complex claims issues that may arise from an accident.



### Amplifying visibility through engagement and communication efforts

We significantly increased engagement efforts. We doubled our presence at high-profile conferences and webinars, particularly in Alberta and Manitoba, which were the focus of our 2024-2025 engagement plan. We launched multiple communications campaigns across different platforms to enhance key stakeholders' awareness such as first responders and municipalities. We also continued to strengthen relationships with multiple sectors, including all levels of government.



In 2024-2025, the levy was set at \$2.07 per tonne. We collected \$2.94 million in levies, representing 1.42 million tonnes of levied crude oil.

As of March 31, 2025, the Rail Fund had accumulated over \$111.8 million.

# 1. Activity Report

**This activity report is structured along the core elements of our mandate as provided by the Act:**

- ▶ Establishing and paying out claims (sections 154.6 and 155);
- ▶ Ensuring records and systems are properly maintained (section 155.92);
- ▶ Submitting an annual report to the Minister of Transport for tabling in Parliament (section 155.93).

## 1.1. OPERATIONAL READINESS FOR THE ASSESSMENT AND PAYMENT OF CLAIMS

Assessing, investigating, and paying claims when the damages exceed the liability limit of the railway company involved in an accident is at the heart of our mandate.

### 1.1.1. ACCIDENT MONITORING

We monitor accidents by analyzing the notifications received from the Transportation Safety Board of Canada (TSB).

There were no accidents to add to our monitoring portfolio in 2024-2025.

We keep our monitoring files open for six years for the following reasons:

- ▶ If lawsuits are started against a railway company for damages, the Administrator becomes a party to the lawsuit under the law.
  - This has not occurred since the Rail Fund's creation.
- ▶ Given that the railway company involved in an accident is the first to pay, we keep records to be able to redirect potential claimants to the relevant railway's claims department.

## LEGAL MONITORING OF THE LAC-MÉGANTIC LAWSUITS

On February 26, 2025, the Quebec Court of Appeal issued its decision in the Lac-Mégantic lawsuits<sup>1</sup> upholding the Quebec Superior Court's earlier ruling.

We will continue to monitor this accident, and associated lawsuits and reports to apply lessons learned.

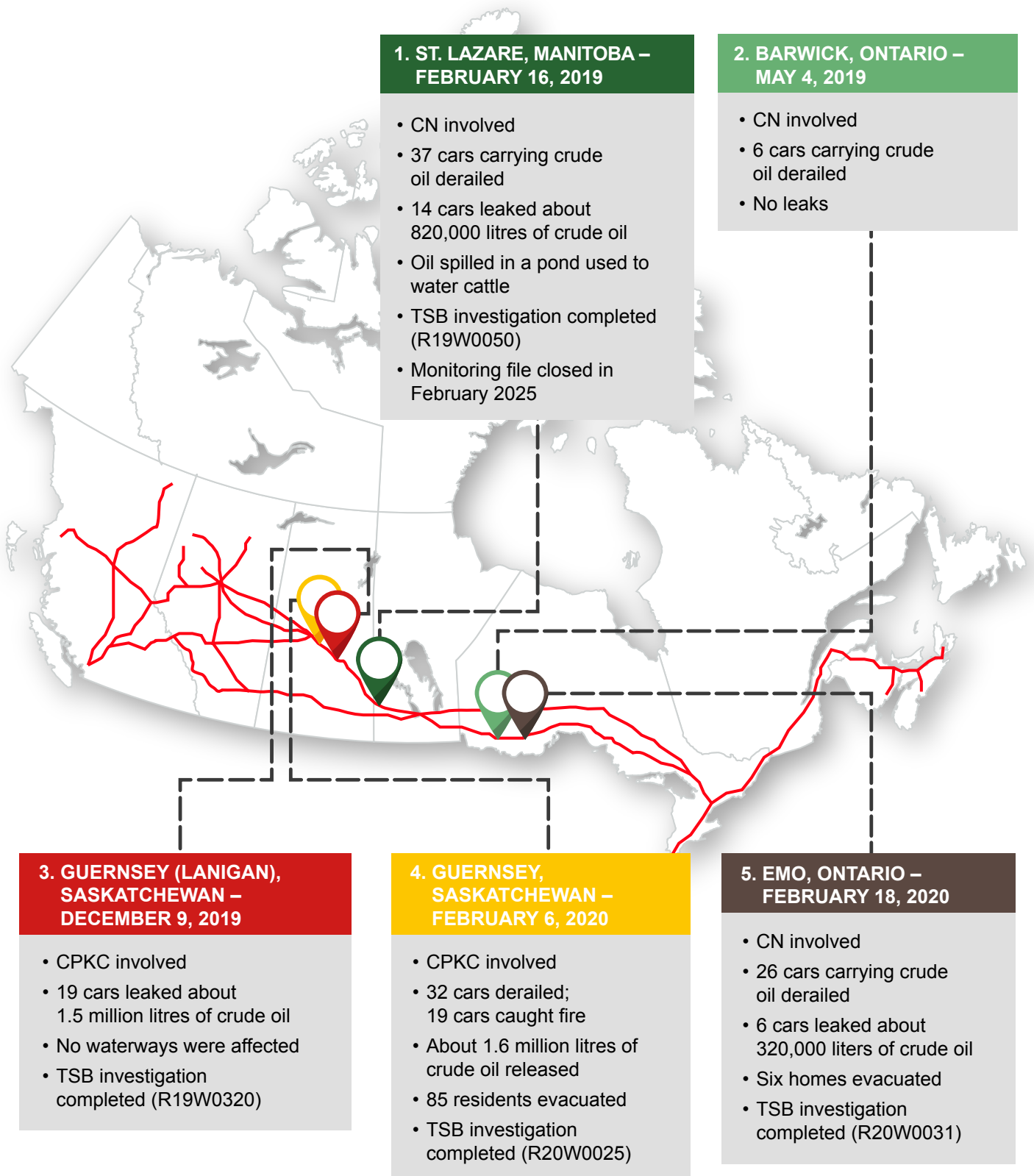
1. Procureur général du Québec c. Compagnie de chemin de fer Canadien Pacifique, 2025 QCCA 230.

Chantal Guénette,  
Director, Rail Fund, amongst  
all the participants at the  
Railway Operations Live  
2024 training course  
offered by the Railway  
Association of Canada.





# Map of accidents monitored in 2024-2025



The accident summaries are available on our website.

## **Surveying railway companies prior to any accident**

In 2024, we sent out our annual voluntary survey, which allowed us to obtain updated relevant information and determine which companies are relevant to our mandate, including the company's:

- ▶ current capacity to transport crude oil;
- ▶ intention to transport crude oil;
- ▶ liability limits; and
- ▶ key contacts.

Out of the 25 federally regulated railway companies, we received 14 responses, compared to 16 last year. To gather more complete information, we are actively pursuing collaboration with federal organizations that gather similar data. Our aim is to establish a streamlined data-sharing mechanism with these organizations.

### **1.1.2. PREPAREDNESS**

In the event of a railway disaster, we will have to deploy resources to receive, assess and pay claims, and to be represented in court as needed. We have developed and implemented an action plan which covers the various dimensions of our preparedness.

This year, we continued progress on the following elements:

#### **Mass claims management**

We worked closely with Charles Taylor Adjusting. They provided us with strategic advice related to a wide variety of claims considerations. We are working with them to refine our mass

claims management procedures, learning from catastrophic events such as environmental disasters. We are also keeping up to date with new developments in the insurance industry.

Building on the lessons learned from our 2023-2024 tabletop exercise with Charles Taylor, we plan to organize an exercise next year to develop our capacities.

We have attended several virtual claims platform demonstrations to better understand how they could help to establish a comprehensive and efficient claims process.

We also started developing our claims management process and related policies to guide the handling and assessment of claims and address specialized claims considerations.

#### **Signing agreements with railway companies on transition of claims**

This year, we signed a Memorandum of Understanding (MOU) with BNSF Railway to enhance our preparedness to receive claims. We now have a total of six (6) Memoranda of Understanding with railway companies and an association.

These MOUs represent a major step forward in our preparedness to fulfill our mandate. Each MOU establishes a protocol for the transition of claims from the railway company involved in the accident to us. We are working to make the transition as seamless as possible, so claimants can be compensated fairly and in a timely manner.





Our team putting activation protocols to the test during an internal tabletop exercise.

### Practice of our activation protocols

We completed one internal exercise to test our preparedness. The exercise focused on our notification and activation protocols and on verifying our new claims process. We used a hypothetical scenario to test these protocols, as well as to identify key partners and stakeholders, and to develop relevant messaging.

We enhanced our preparedness by solidifying existing practices, while identifying areas of improvement. We will continue to hold exercises in the future, including with partners and stakeholders.

### Legal preparedness and research

Our legal preparedness includes:

- ▶ Statutory interpretation of the *Canada Transportation Act*, such as the loss of non-use value of a public resource and non-economic losses,
- ▶ Undertaking legal research related to our mandate, such as:
  - Complex claims arising from past derailments and environmental disasters,

- The interaction between the Rail Fund and provincial disaster financial assistance regimes,
- The potential impacts of the Truth and Reconciliation Commission's Calls to Action and the *United Nations Declaration on the Rights of Indigenous Peoples* (the Declaration) and how other administrative tribunals are addressing the Declaration.

- ▶ Fostering ties with the legal community such as the Canadian Bar Association.

### 1.1.3. CHALLENGES AND OPPORTUNITIES

This year, as part of our ongoing operational readiness efforts, when we faced challenges, we sought new solutions and pursued new opportunities, including:

#### Ensuring all the levies on the shipments of crude oil by rail are collected

We have received the first annual attestation from Transport Canada (TC) verifying and confirming that the levies on shipments of crude oil are accurate. This verification is an important process to maintain the integrity of the levy.

#### Establishing an ongoing exercise program

We continue to maintain our readiness to activate, receive, assess, and pay claims. Building on the success of past exercises with our partners, we are formalizing our exercise program. It will include collaboration with various partners and stakeholders and address increasingly complex topics.

## **Rebranding, building awareness, and strengthening partnerships**

The rebranding announcement was made at a press conference and was followed by a communication campaign, helping to establish our renewed identity and to promote our mandate. We later followed up on this initial momentum with an open house, generating additional interest and engagement from key partners, stakeholders, and industry leaders. Many organizations were eager to explore outreach opportunities with us.

## **Continuing to promote access to justice through active engagement**

This year, our team has significantly increased our engagement efforts. We doubled our presence at conferences, expanding our name recognition across key sectors. By leveraging our network and seizing new opportunities, we secured more speaking engagements and booths at high-profile conferences and webinars than ever before. In 2024-2025, our engagement and communications efforts focused on these groups or sectors:

### **► Federal partnerships**

We maintain a broad network of federal partners, including multiple agencies and departments that would be involved in responding to an accident. This

collaboration helps us define roles and responsibilities, ensuring a coordinated approach. It also keeps us informed of initiatives within the federal government and sometimes provides us with a platform to speak at national events and webinars, enhancing our visibility.

### **► Municipal, local and provincial governments**

Multiple municipalities across the country have conducted risk assessments, with many identifying rail accidents as a potential threat on people, property, the environment, and the local economy. In addition to their role in emergency preparedness, municipalities and provincial governments play a critical part in recovery efforts and in communicating with affected communities and residents. Recognizing this, we have increased our outreach to municipal and provincial governments.

In 2024-2025, we collaborated with municipal associations to extend our reach. For example, we engaged with hundreds of local leaders at municipal conferences. During outreach trips, we also make a concerted effort to connect with municipal and provincial representatives to maximize future opportunities for engagement and collaboration.







Photo of our team at the 2024 Annual Conference and Trade Show of the Federation of Canadian Municipalities.

We will continue to seek advice from local governments when developing new tools and to ensure a fair and efficient compensation process.

#### ► **Indigenous Rights Holders and communities**

In Canada, many Indigenous communities have active freight rail lines running through or near their communities. As a result, these communities are considered potential claimants in the event of an accident.

In 2024-2025, we strengthened our Indigenous engagement efforts, organizing several outreach trips across Canada, particularly in Alberta. Through direct interactions with Indigenous Rights Holders and community members, we gained valuable insight into concerns about the long-term effects of railway accidents on



Steve D. Anderson, Deputy Administrator, Rail Fund, with former Grand Chief Arthur Noskey of Treaty 8 First Nations of Alberta during a 2024 Outreach trip to Alberta.

Indigenous lands, resources, and ways of life. Their feedback and questions will be instrumental in shaping our approach.

These engagements deepened our understanding of the critical link between environmental health and Indigenous rights, which is particularly relevant when assessing claims related to accidents that could occur on Indigenous lands.

#### ► **Emergency response professionals and industry**

The emergency management continuum has four phases: prevention, preparedness, response, and recovery. We have intensified our efforts to be recognized as a key player in the recovery phase, while also contributing to preparedness. This year, we participated as guest speakers at various conferences and webinars with emergency response professionals extended across all levels of government and industry, focusing on Alberta, Manitoba, Ontario, Quebec, and British Columbia.

## ► Railway industry

Building strong relationships with the railway industry remains a priority. Our goal is to ensure a seamless transition of claims and support Canadians when it matters most. To achieve this, we have actively engaged with the industry through various initiatives. In addition to participating in several conferences, we also contributed to industry



Chantal Guénette, Director, Rail Fund, delivered a presentation at the Manitoba Disaster Management Conference, along with Paul White, one of the conference organizers.



Our team participating at the RailCAN24 Conference, hosted by the the Railway Association of Canada.

discussions through multiple channels, including a podcast with the Canadian Association of Railway Suppliers (CARS).

Chantal Guénette, our Director, Rail Fund completed her training at CN's Walkley Yard in Ottawa. She gained valuable perspective on railway operations and safety measures, particularly in the handling of crude oil.

These initiatives strengthen our collaboration with the railway industry and enhance our preparedness.

## ► Insurance and risk management industry

We continue to learn from this industry and their experts in mass claims management. Engaging with insurance and risk management professionals allows us to refine our approach and strengthen our claim process. As part of these efforts, we participated in two important conferences.

### Launch of new checklist for potential claimants

In response to multiple requests during our outreach trips, we developed a new checklist for municipal, local, and Indigenous governments. This tool helps them integrate cost recovery





into the response planning for accidents. By following the suggested steps, claimants can streamline the claims process.

In 2025-2026, we will assess the interest and usefulness of such a checklist for other stakeholders.

## 1.2. OFFICE MANAGEMENT AND CONTROLS

We continue to maintain and modernize human resources (HR) services, with the following examples carried out in 2024-2025:

- ▶ Reviewed and updated employment policies and performance assessment tools and issued a new employee handbook to provide staff with a comprehensive HR reference tool.
- ▶ Issued updated employment letters to employees to improve clarity and consistency and incorporate recent changes to the Canada Labour Code.
- ▶ Continued to develop HR information systems for automating personnel records, staffing processes, reporting and managing employee performance.
- ▶ Established a staffing level of four (4) dedicated full-time Rail Fund employees with administrative services provided by a joint Ship and Rail Fund corporate services group.

- ▶ The Rail Fund's Student Program continued with success. We highly value the work and dedication demonstrated by our students. For the summer of 2025, we have taken steps to make the hiring process more equitable for Indigenous students based on feedback received during conversations we had with Indigenous Right Holders. We worked with several universities in Canada to promote our student position to their Indigenous student groups.

## 1.3. REPORTING, TRANSPARENCY AND COMMUNICATIONS

The Act provides that the Administrator shall submit an annual report for the activities in that year to the Minister of Transport, including financial matters. The financial report is submitted under Part 2 of this Report.

We also have reporting obligations under the *Access to Information and Privacy Acts* (ATIP):

- ▶ This year, we did not receive any formal requests, and we received two informal requests.

In addition to our reporting obligations under these acts, we consider transparency, communications and outreach as integrally linked to our core mandate. The list of outreach activities and key highlights is found below.



## Engagement activities in 2024-2025

### Highlights:

#### 28 meetings with key partners and new stakeholders

- 9 periodic meetings with Transport Canada

#### Participation and networking during 15 conferences, seminars, workshops or webinars, including:

- 5 presentations as guest speakers
- 4 webinars to federal, provincial and local government representatives
- 5 exhibitions at municipal and national trade shows with high foot traffic

We continue to do joint outreach with the Ship Fund.

### Legend for the type of participant or sector



Railway companies and related associations



Federal Government and Members of Parliament



Provincial and territorial governments



Legal communities



Local governments, municipalities and related associations



Indigenous governments and Indigenous groups



Emergency response professionals and industry



Claims and insurance specialists

# List of engagement activities 2024

## April

Meeting with the Mayor of Lac-Mégantic and the Member of Parliament for  
Mégantic—L'Érable



## May

Presentation at the 2024 Shortline Conference of the Railway  
Association of Canada (RAC)






Engagement trip to Edmonton with meetings with:

- ▶ Confederacy of Treaty Six First Nations 
- ▶ Treaty 8 First Nations of Alberta 
- ▶ Paul First Nation 
- ▶ Alberta Municipalities 
- ▶ Rural Municipalities of Alberta 
- ▶ City of Edmonton 
- ▶ Government officials of the Province of Alberta 

## June

Engagement trip to Calgary

- ▶ Participation as exhibitor at the trade show of the:
  - Canadian Association of Municipal Administrators (CAMA) Conference 
  - Federation of Canadian Municipalities (FCM) Conference 
- ▶ Presentation at the Emergency Response Assistance Canada's Dangerous  
Goods Emergency Management Conference 

Participation at the Women in Rail Conference from the Railway Association of  
Canada (RAC)



## August

Meetings with the:

- ▶ Calgary Emergency Management Agency (CEMA)



- ▶ RAC



## September

Meetings with:

- ▶ Canadian Transportation Agency



- ▶ Canadian Red Cross



- ▶ Rural Municipalities of Alberta



Presentation at the Hamilton Community Awareness and Emergency Response (Hamilton CAER) Group



## October

Participation at the RIMS Canada Conference



Presentation at the Manitoba Disaster Management Conference and participation as exhibitor to the trade show



Meetings with:

- ▶ Western Canada Marine Response Corporation (WCMRC)



- ▶ Environment and Climate Change Canada (ECCC)'s National Environmental Emergencies Centre, Vancouver office






## November





Open House to celebrate the successful launch of our rebranding with our partners and stakeholders

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Presentation:

- ▶ to the government officials of the Ministry of Environment and Climate Change of the Province of British Columbia 
  - ▶ at the 8th Workshop on Canada's Spill Response Capacity for Petroleum Products hosted by Natural Resources Canada / CanmetENERGY   
- 

Participation as exhibitor at the trade show of the:

- ▶ Disaster Forum  
  - ▶ RailCAN24 Conference  
- 

Meeting with Alberta Municipalities 



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Participation at the Emergency Management Ontario (EMO)  
Golden Horseshoe sector meeting



## December

Meetings with:

- ▶ CN's Indigenous Relations Group 
- ▶ Canadian Red Cross, Manitoba 

# 2025



## January

Presentation to ECCC's National Environmental Emergencies Centre,  
Vancouver office



## February

Participation at the:

- ▶ Assembly of First Nations (AFN) – National Forum on the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDRIPA) 
- ▶ Complex Claims & Litigation Forum 2025 

Presentation to ECCC's National Environmental Emergencies Centre,  
Montreal office



Webinar to the Alberta Fire Chiefs Association



## March

Presentation to CN's Indigenous Relations Group



Ottawa Food Bank

### Our employees giving back to the community

This year, once again, our employees proudly supported the Ottawa Food Bank by contributing generously in making a tangible difference in the lives of those in need. During the Holiday Fund Drive, our staff individual contributions more than tripled the goals set for both amount and non-perishable food collected. This showcased our employees' dedication to making a positive impact in the community.

## 2. Financial Report

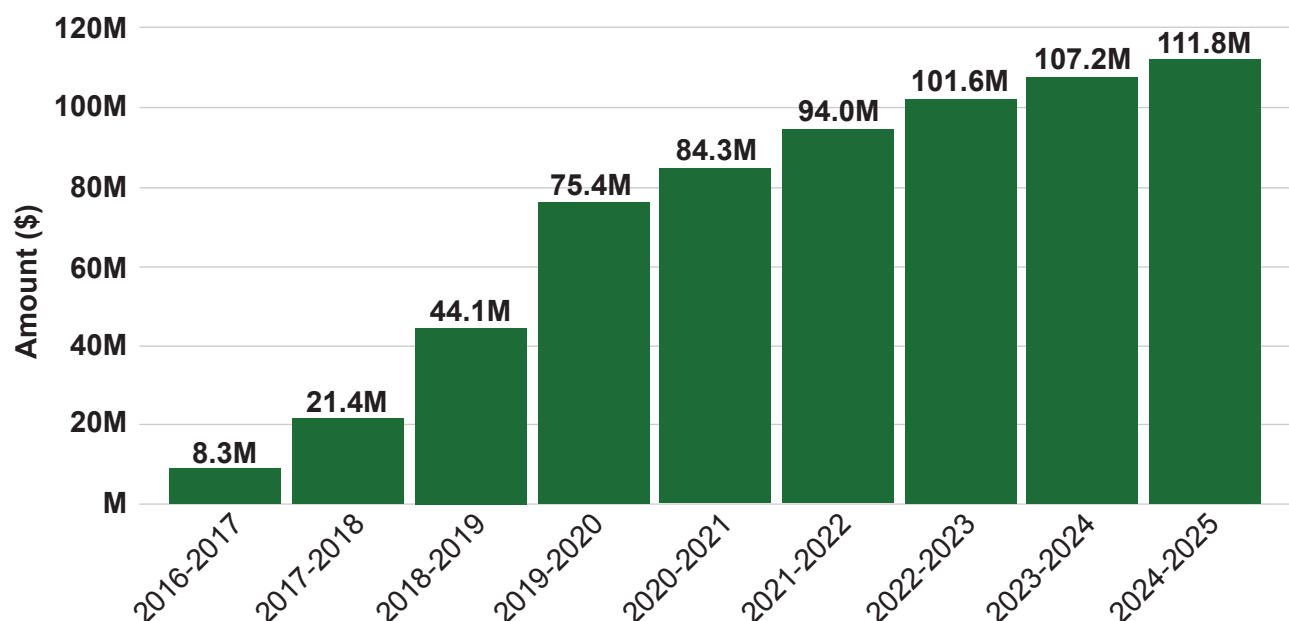
In 2024-2025, we collected \$2.9M in levies (compared to \$3.4M in 2023-2024). We also earned \$3.2M in interest in 2024-2025 (compared to \$3.6M in 2023-2024).

Our revenues decreased by \$873K in 2024-2025 compared to the previous year:

- A 15% decrease in the volume of levied crude oil shipped by rail was offset by a 4% increase in the 2024 levy. The levy increased by \$0.08, for a total of \$2.07 per tonne.

Our interest revenues decreased by \$359K in 2024-2025. This is largely due to a decrease in average interest rates, which were 3.13% (ranged from 2.70% to 3.82%) in 2024-2025 (compared to 3.64% in 2023-2024).

**Graph 1: Accumulated balance of the Rail Fund by fiscal year**



\*Note: the 2016-2017 fiscal year was not a full year.

**Revenues accumulated from interest have started to become more significant in the past two fiscal years.**

Our operating expenses amounted to \$1.6M in 2024-2025 (compared to \$1.4M the previous year). This includes the fees of \$137K paid to the Administrator and Deputy Administrator (compared to \$111K in 2023-2024).

Our operating expenses increased by \$205K due to:

- ▶ An increase of \$192K in administrative services, salaries and office expenses;
- ▶ A decrease of \$39K in consulting fees for legal and professional advisory costs;
- ▶ A net increase of \$26K in other operating expenses.

The portion of administrative costs which is allocated from a common cost base (shared with the Ship Fund), averaged 40% in 2024-2025 compared to 41% in 2023-2024 due to changes in common cost allocation factors.

At the end of the fiscal year, the Rail Fund had an accumulated surplus of \$111.8M (compared to \$107.2M on March 31, 2024).

The Auditor's Report is included in the attached Financial Statements.



**FUND FOR RAILWAY ACCIDENTS INVOLVING  
DESIGNATED GOODS**

FINANCIAL STATEMENTS

MARCH 31, 2025

**FUND FOR RAILWAY ACCIDENTS INVOLVING  
DESIGNATED GOODS**

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## INDEPENDENT AUDITOR'S REPORT

To the Administrator of  
The Fund for Railway Accidents involving Designated Goods

### *Opinion*

We have audited the financial statements of the Fund for Railway Accidents involving Designated Goods ("the Fund"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2025, and the results of its operations and its cashflows for the year then ended, in accordance with Public Sector Accounting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter – Budget figures*

As explained in Note 8 to the financial statements, budget figures are not disclosed in the financial statements, although it is required according to Public Sector Accounting Standards. Our opinion is not modified in respect of this matter.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**Marcil Lavallée**

**OTTAWA**  
400-1420 place Blair Towers Place  
Ottawa ON K1J 9L8  
**T 613 745-8387**  
**F 613 745-9584**

**Marcil-Lavallee.ca**  
Comptables professionnels agréés  
Chartered Professional Accountants

**MOORE**  
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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
May 27, 2025

**Marcil Lavallée**



# FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2025

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	2025	2024
<b>FINANCIAL ASSETS</b>		
Balance of the account with Receiver General of Canada (Note 3)	\$ 111,419,816	\$ 106,361,992
Accounts receivable	450,625	865,211
Accrued interest receivable	242,391	295,832
<b>TOTAL FINANCIAL ASSETS</b>	<b>112,112,832</b>	<b>107,523,035</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,669	7,511
Due to Ship-Source Oil Pollution Fund	371,727	305,476
	<b>373,396</b>	<b>312,987</b>
<b>NET FINANCIAL ASSETS</b>	<b>111,739,436</b>	<b>107,210,048</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 4)	21,866	12,555
<b>ACCUMULATED SURPLUS</b>	<b>\$ 111,761,302</b>	<b>\$ 107,222,603</b>

The statement of remeasurement gains and losses is not presented, as the Fund does not hold any financial instrument measured at fair value or arising from a foreign currency transaction for which no choice has been made under paragraph .19A of chapter SP 2601 - *Foreign currency translation*.

ORIGINAL SIGNED BY:

 \_\_\_\_\_, Administrator

## FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2025

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	2025	2024
<b>REVENUES</b>		
Levy	\$ 2,943,256	\$ 3,456,915
Interest	3,235,746	3,594,949
	<b>6,179,002</b>	<b>7,051,864</b>
<b>OPERATING EXPENSES</b>		
Administrative services, salaries and office expenses	1,208,463	1,016,030
Administrator and deputy administrator's fees	137,901	111,423
Consulting fees	132,138	171,656
Rent	72,526	61,136
Travel	61,038	33,307
Audit fees	11,018	11,018
Amortization of capital assets	17,219	29,992
	<b>1,640,303</b>	<b>1,434,562</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>4,538,699</b>	<b>5,617,302</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>107,222,603</b>	<b>101,605,301</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 111,761,302</b>	<b>\$ 107,222,603</b>

## FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2025

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	2025	2024
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 4,538,699</b>	<b>\$ 5,617,302</b>
Acquisition of capital assets	(26,530)	-
Amortization of capital assets	17,219	29,992
	(9,311)	29,992
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>4,529,388</b>	<b>5,647,294</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>107,210,048</b>	<b>101,562,754</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 111,739,436</b>	<b>\$ 107,210,048</b>

## FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2025

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	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 4,538,699	\$ 5,617,302
<b>Adjustment for:</b>		
Amortization of capital assets	17,219	29,992
	<b>4,555,918</b>	<b>5,647,294</b>
<b>Net change in non-cash items related to operating activities:</b>		
Accounts receivable	414,586	(15,232)
Accrued interest receivable	53,441	(52,316)
Accounts payable and accrued liabilities	(5,842)	(2,454)
Due to Ship-Source Oil Pollution Fund	66,251	102,604
	<b>528,436</b>	<b>32,602</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(26,530)	-
<b>INCREASE IN THE BALANCE OF ACCOUNT WITH THE RECEIVER GENERAL OF CANADA</b>	<b>5,057,824</b>	<b>5,679,896</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>106,361,992</b>	<b>100,682,096</b>
<b>BALANCE, END OF YEAR</b>	<b>\$ 111,419,816</b>	<b>\$ 106,361,992</b>



# FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

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### 1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Fund for Railway Accidents involving Designated Goods (the Fund) was created on June 18, 2016, under the *Safe and Accountable Rail Act* (the Act). The Act amends the *Canada Transportation Act*.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are prepared in accordance with Treasury Board accounting policies which are consistent with Public Sector Accounting Standards.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. Actual results may differ from these estimates. The primary estimate relates to the valuation of provision for claims under review when such claims are received.

#### Revenue recognition

The levy income is recognized when earned as per the volume of crude oil carried in Canada declared by railway companies.

The interest income is recognized as revenue when it is earned.

#### Capital assets

Capital assets are recorded at cost. Capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

Computer equipment	3 years
Furniture and equipment	10 years
Leasehold improvements	Remaining term of lease

#### Financial instruments

Financial instruments are initially classified either as a financial instrument measured at cost or at amortized cost or as a financial instrument measured at fair value. Transactions that are non-contractual in their origin do not generate items considered to be financial instruments.

Financial assets measured at amortized cost include balance of the account with Receiver General for Canada, accounts receivable and accrued interest receivable.

Liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Ship-Source Oil Pollution Fund.

# FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Transaction costs*

Transaction costs attributable to financial instruments measured at fair value are recognized in operations in the period in which they are incurred. Transaction costs related to financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are then recognized in operation over the life of the instrument using the effective interest rate method.

### 3. BALANCE OF THE ACCOUNT WITH RECEIVER GENERAL FOR CANADA

The cash balance of the Fund is held within the Consolidated Specified Purpose Accounts of the Government of Canada. Public Works and Government Services Canada acts as the custodian of this cash balance and Transport Canada records the various transactions on behalf of the Fund. Interest is credited to the account in accordance with the provisions of the agreement signed on April 20, 2018 between Transport Canada and the Department of Finance at a rate based on a 5-year Government of Canada bond interest rate, calculated monthly. The interest rates varied between 2.70% and 3.82% during the year (2024: 2.98% and 4.33%). The average interest rate for the year ended March 31, 2025 was 3.13% (2024: 3.64%).

### 4. CAPITAL ASSETS

		Cost	Accumulated amortization		2025		2024	
Computer equipment	\$	53,664	\$	35,977	\$	17,687	\$	7,331
Furniture and equipment		10,448		6,269		4,179		5,224
Leasehold improvements		108,083		108,083		-		-
	\$	172,195	\$	150,329	\$	21,866	\$	12,555

### 5. FINANCIAL INSTRUMENTS

#### Interest rate risk

The Funds is exposed to interest rate risk on its balance of the account with the Receiver General of Canada bearing interest at variable rates. A significant portion of the revenue is generated from interest earned on this account balance.

The terms of the interest-bearing financial instruments are detailed in Note 3.

In its opinion, the Fund is not exposed to any significant interest rate risk.

The effect on financial assets of an increase (decrease) in the interest rate by 1.00% during the year would have reduced (increased) the surplus by approximately \$1,088,909.

# FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

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### 6. RELATED PARTY TRANSACTIONS

The Fund is related, as a component of the accounting framework of the Government of Canada, to all Government of Canada departments, agencies and Crown Corporations.

#### Accounting services

During the year, the Fund paid \$15,416 (2024: \$14,428) to Transport Canada for accounting services. Previously, accounting services were billed to the Ship-Source Oil Pollution Fund and included as part of administrative services paid by the Fund.

#### Other

During the year, the Fund paid to the Ship-Source Oil Pollution Fund an amount of \$1,391,862 (2024: \$1,120,268) for its share of the following operating expenses:

	2025	2024
Administrative services, salaries, office expenses and consulting fees	\$ 1,319,336	\$ 1,059,132
Rent	72,526	61,136
	<b>\$ 1,391,862</b>	<b>\$ 1,120,268</b>

### 7. CONTINGENCIES

In the normal course of its operations, the Fund may receive information about incidents that have occurred but for which no claims have been received. It is not possible for the Fund to determine the likelihood of a claim for any of these reported incidents, if any. The Fund is also not able to assess the financial value of any such claims should they materialize. No provision related to such incidents is recognized in the financial statements. A provision is recognized when a claim is effectively received.

As of April 1, 2025, the Minister of Transport has the statutory power to impose a levy of \$2.12 (2024: \$2.07) per metric tonne of crude oil carried by a federally regulated railway in Canada. The levy is indexed annually based on the Inflation and Consumer Price Index.

### 8. BUDGET

The Fund for Railway Accidents involving Designated Goods does not prepare an annual budget due to the nature of its operations.

