ANNUAL REPORT

2025-2026



Ship and Rail Compensation Canada

Ship Fund Rail Fund

Canada

About the cover: This piece presents the cormorant as a symbol of reclaimed strength after a period of victimization. Often depicted as a casualty of oil pollution, the cormorant is reimagined here as an icon of strength when we take accountability and help others heal. Its coastal habitat reflects the organization's dual focus on land and water, and its presence across Canada's Pacific, Atlantic, and Great Lakes shores emphasize the organization's national scope. The blend of fauna, flora, and clean water droplets highlight the importance of restoring natural harmony following an oil spill.

Mique Michelle (she/her) is a proud Franco-Ontarian woman from West Nipissing who brings her colourful northern touch to walls all around the world. Styled with her local edible and medicinal plants, garnished with creatures of the north, Mique’s murals can always be used as tools for alternative education. Mique’s goals are to ensure that youth in the communities she visits have access to the tools necessary to voice their messages and advocate for their rights. Without a doubt Mique’s murals have that northern touch. Host of the television show #couleursdunord on TFO, facilitator with FESFO for twenty years and muralist for ten years Mique is always ready to meet new communities and collaborate on their walls.

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The Honourable Steven MacKinnon, P.C., M.P.
Minister of Transport and Leader of the
Government in the House of Commons
Ottawa, Ontario
K1A 0N5

Dear Minister:

Pursuant to section 121 of the *Marine Liability Act* and section 155.93 of the *Canada Transportation Act*, I am pleased to present to you the Annual Reports for the Ship-source Oil Pollution Fund and the Fund for Railway Accidents Involving Designated Goods, respectively, to be laid before each House of Parliament.

This is the first year we are preparing a single report for the two funds, combined into a single document.

The report covers the fiscal year ending March 31, 2026.

Yours sincerely,



Caroline Healey, LL.B., J.D., MBA
Chief Executive Officer, Ship and Rail Compensation Canada and
Administrator of the Ship Fund and the Rail Fund

Table of Contents

Foreword from the CEO and Administrator 4

Ship and Rail Compensation Canada 5

Ship Fund

Foreword from Cameron Grant, Director and General Counsel 7

About the Ship Fund 8

2025-2026 At a Glance 10

2025-2026 Highlights 11

1. Activity Report 12

1.1. Active Files 12

1.1.1. Claims Processing 14

1.1.2. Recovery Efforts 22

1.1.3. Incident Reports 26

1.2. Emergency Funding in Case of a Major Oil Spill 27

1.3. Contribution to the IOPC Funds 27

1.4. Inquiry and Enforcement with Respect to Contributors' Reporting Obligations 30

1.5. Reporting, Transparency and Communications 31

2. Financial Report 37

Rail Fund

Foreword from Steve Anderson, Deputy Administrator, Rail Fund 39

About the Rail Fund 40

2025-2026 At a Glance 42

3. Activity Report 43

3.1. Operational Readiness for the Assessment and Payment of Claims 43

3.1.1. Accident Monitoring 43

3.1.2. Preparedness 45

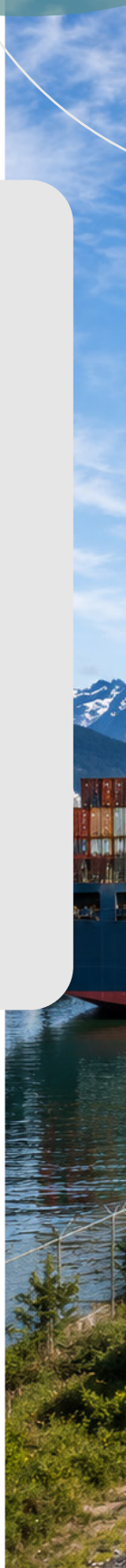
3.1.3. Challenges and Opportunities 47

4. Financial Reporting – Summary 51

Corporate Services Updates 52

Ship Fund Financial Report 55

Rail Fund Financial Report 70





List of Figures

Figure 1: Spread of the new claims submitted by amounts 15

Figure 2: Number and amount of claims submitted by type of claimant 16

Figure 3: Number and Total Amount of claims submitted by type of vessel 17

Figure 4: Number of claims submitted by Gross Tonnage ("GT") of the ship 19

Figure 5: Amount claimed for incidents involving abandoned and derelict vessels compared to the total amount claimed for all vessels (excluding Expedited Process for Small Claims) 19

Figure 6: Amount of time before the submission of claims (excluding Expedited Process for Small Claims) 20

Figure 7: Time to process claims (excluding Expedited Process for Small Claims) 21

Figure 8: Files where financial recovery was obtained in 2025-2026 24

Figure 9: Summaries of active lawsuits in our recovery portfolio 25

Figure 10: Accumulated balance of the Rail Fund by fiscal year 51



Foreword from the CEO and Administrator

Since my appointment in 2025, we have focused on strengthening the integration of our operations and services under a unified organizational model. As part of this evolution, we are presenting a combined report for the Ship Fund and the Rail Fund for the first time. This report presents the activities of both funds side-by-side, reflecting our commitment to a more consolidated and coordinated approach that leverages expertise across both funds while respecting their distinct statutory mandates. The cover of this report also features original artwork commissioned from a Canadian artist to commemorate this important milestone in the evolution of our organization.

This year, one of our major priorities was the creation of our Strategic Plan. This plan will guide the organization towards strengthening our mandate delivery, enhancing preparedness and furthering operational excellence. It is grounded in our guiding principles of Excellence, Preparedness and Integrity to inform our decisions, our priorities and the delivery of our mandate. Over the next five years, we are committed to reinforcing governance and accountability, updating our claims and compensation processes, and leveraging expertise across both funds while strengthening coordination across the organization. The Strategic Plan charts the course for the next era of Ship and Rail Compensation Canada, one that modernizes and improves how we serve Canadians while remaining firmly focused on our core mandate.

Our progress has been made possible through strong partnerships both within Canada and internationally. Our work with Transport Canada, the Canadian Coast Guard, and Canada's shipping and rail industries has contributed significantly to our success in maintaining a strong compensation regime. In addition, our engagement with Indigenous communities, first responders, provincial governments, and other key sectors has helped us better understand claimants' needs throughout the compensation process.

Ship and Rail Compensation Canada remains committed to strengthening preparedness, fostering collaboration and increasing public confidence in Canada's compensation regime. As Canada's national compensation authority, we continue to support Canadians when incidents occur through independent, transparent, and fair decision-making. We are equally committed to improving access to justice by ensuring that eligible claimants have an efficient and accessible pathway to compensation. As we continue implementing our Strategic Plan, we remain focused on building a stronger, more prepared and more resilient organization for Canadians.



Caroline Healey, LL.B., J.D., MBA
Chief Executive Officer, Ship and Rail Compensation Canada and Administrator of the Ship Fund and the 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 industry-funded Funds: the Ship Fund and the Rail Fund.

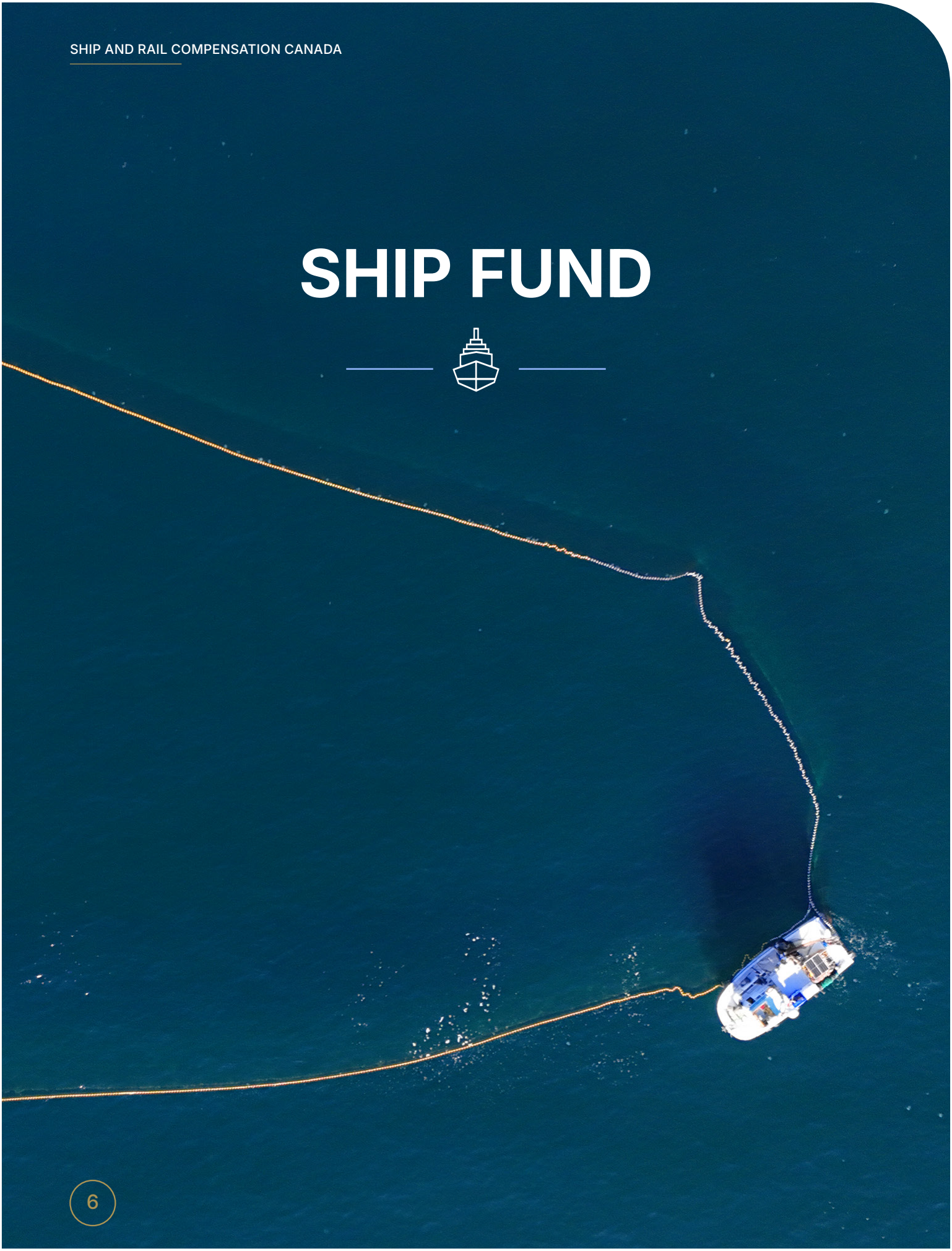
Along with a dual website to host both funds, this initiative significantly boosted our outreach and awareness efforts, which are essential to fulfilling our mission of providing compensation and improving emergency preparedness.

Ship and Rail Compensation Canada is led and managed by the CEO and Administrator, Caroline Healey. The Ship Fund is managed by Cameron Grant, Director and General Counsel and the Rail Fund is managed by Steve D. Anderson, Deputy Administrator, both of whom report to the CEO and Administrator.

This annual report covers the fiscal year from April 1, 2025, to March 31, 2026.

This is the 37th annual report concerning the Ship Fund's activities, and the 10th annual report concerning the Rail Fund's activities.

SHIP FUND



Foreword from Cameron Grant, Director and General Counsel



This year, the Ship Team focused on finding efficiencies in the claims and recovery process. By adjusting how work was done, we were successful in expanding our recovery efforts and improving our readiness for a mass claims event.

Our work primarily focuses on two key activities: claims processing and recovery. First, the Ship Team processes claims received by the Administrator. Second, after compensation is awarded, the same team members initiate a recovery effort against those responsible for the damages in the claim. Our current operations are designed around a core efficiency: a single team processing claims and initiating recovery. If two separate teams worked on each individual activity, time would be wasted with the second team having to familiarize themselves with the information the first team collected.

Additional efficiencies were found within the processing of small claims. By adjusting the level of effort devoted to certain claims, we reduced the time required to deliver an assessment on appropriate compensation.

In recovery efforts, further efficiencies were found by making earlier decisions on the disposition of files. This avoided files becoming more complex later in the process where a recovery was not reasonably anticipated. This also allowed for a more expansive approach to recoveries at the early stages.

Ultimately, these efficiencies allowed the Ship Team to devote more time to preparedness efforts, including a tabletop exercise in Vancouver. This moved the organization forward toward the goal of fully documenting readiness for a mass claims event.

About the Ship Fund

The Ship Fund compensates anyone affected by oil spills from ships and boats in Canadian waters. Our role is set out in the *Marine Liability Act* ("MLA"). The Ship Fund, legally known as the Ship-source Oil Pollution Fund, is a specified purpose account in the accounts of Canada.

To support access to justice, our goal is to provide fair and timely compensation while removing the financial burden on taxpayers. Claimants who come to us do not need to hire a lawyer or go to court.

Canada's compensation regime is based on two principles:

- First is the polluter pays principle which means that shipowners are responsible for oil pollution incidents involving their ships and boats. Fault or negligence does not have to be proven.
- Second, compensation should be available to those affected, even when the shipowner does not pay or it is not known what ship caused the pollution.

Those affected can submit a claim directly to the Ship Fund. We assess claims and offer compensation for eligible ones. We cover all types of ships or boats that discharge or threaten to discharge persistent and non-persistent oil, including "mystery spills" (from an unknown ship).

Once we pay a claim, we take all reasonable steps to recover the costs from the shipowner and any other person responsible.

Any incident caused by an oil tanker carrying persistent oil in bulk as cargo would also be covered under the international regime and the International Oil Pollution Compensation Funds ("IOPC Funds"). The Administrator is a member of the Canadian delegation at the meetings of the IOPC Funds and works closely with our international partners to ensure that Canadian claimants receive the support they deserve when it matters most.

This annual report ("Report") covers the fiscal year from April 1, 2025, to March 31, 2026.

This is the 37th annual report concerning the Ship Fund's activities.

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

By "incident", we mean:

any occurrence, or series of occurrences having the same origin, which causes pollution damage or creates a grave and imminent threat of causing such damage.

By "discharge", we mean:

in relation to oil, a discharge of oil that directly or indirectly results in the oil entering the water, and includes spilling, leaking, pumping, pouring, emitting, emptying, throwing and dumping.

By "oil", we mean:

oil of any kind or in any form and includes petroleum, fuel oil, sludge, oil refuse and oil mixed with wastes but does not include dredged spoil.

By "oil pollution damage", we mean:

in relation to a ship, loss or damage outside the ship caused by contamination resulting from the discharge of oil from the ship.

By "ship", we mean:

any vessel or craft designed, used or capable of being used solely or partly for navigation, without regard to its method of propulsion or lack of propulsion,

and includes

- a ship in the process of construction from the time that it is capable of floating; and
- a ship that has been stranded, wrecked or sunk and any part of a ship that has broken up.

By "owner" or "shipowner", we mean:

- in relation to a ship subject to the Civil Liability Convention, the same meaning as in Article I of that Convention;
- in relation to a ship subject to the Bunkers Convention, the same meaning as the definition of "shipowner" in Article 1 of that Convention; and
- in relation to any other ship, the person who has for the time being, either by law or by contract, the rights of the owner of the ship with respect to its possession and use.

2025-2026 At a Glance



Claims Processing

More than
650 claims
have been received since 1989

52 new claims
received this year, totaling
$6.2 million in damages

More than
$2.04 million
paid to claimants

77%
of the claims
were submitted by the
Canadian Coast Guard (“CCG”)

Total of
7 claims
concerning abandoned
and derelict vessels

Recovery Efforts

$498,707 recovered from
polluters in **10 different files**

New lawsuits
against polluters in about
12 incidents

Financial details

$12.2M in interest collected

Current balance of the Ship
Fund (accumulated since 1989):
$432M

$2.9M used for
operating expenses

$1.9M paid to the IOPC Funds

2025-2026 Highlights

Record-setting number of claims received

We received 52 claims this year. The previous record was in 2024-2025 with 44 claims received. This marks the third consecutive record-setting year for claims.

Total amount claimed this year: $6.2 million

We received one claim for over $4 million.

Number of claims submitted under the Expedited Process for Small Claims

We received 25, compared with 26 last year and 15 the year before. This year, it included two non-CCG claims.

British Columbia the largest single source of claims

We received 20 claims from British Columbia this year. This marks a shift from last year where Quebec was the largest source of claims. This is also a return to previous years when the higher number of claims were from British Columbia incidents.

Continued recoveries from polluters

We successfully recovered money in 10 files, down from 13 the previous year. This totaled $498,707, which is among the highest amounts recovered in our history.

Acceleration in our mass compensation preparedness efforts

To increase our preparedness for a significant incident affecting a large number of claimants, we hosted a tabletop exercise with our international partners in 2025.

Our mandate includes the following:

- assessing and paying claims and pursuing financial recovery from the owners of polluting ships and boats (Section 1.1 of this Report);
- being prepared for major incidents that might result in large numbers of claims, including providing emergency funding to the Canadian Coast Guard in the case of a major oil spill (Section 1.2 of this Report);
- paying contributions to the IOPC Funds (Section 1.3 of this Report);
- contributing to Administrative Monetary Penalties, including assisting with the enforcement of oil suppliers reporting obligations (Section 1.4 of this Report);
- reporting, being transparent and communicating effectively (Section 1.5 and Corporate Services Updates of this Report); and
- causing the financial statements of the Ship Fund to be audited (Section 2 of this Report).

1. Activity Report

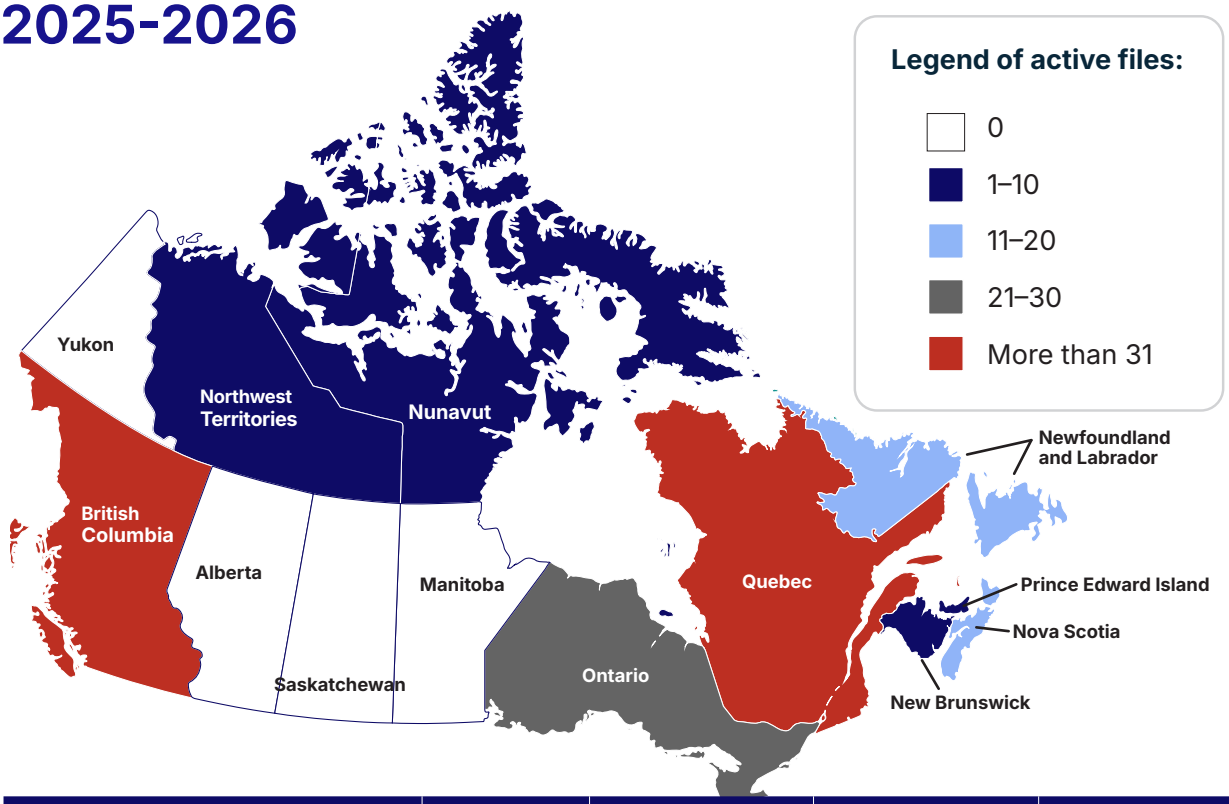
1.1. Active Files

We managed a portfolio of 200 active files in 2025-2026, compared to 190 files last year.

This portfolio includes the following:

- 178 claims files, compared to 155 in 2024-2025.
  - These files cover the processing of claims and actions taken to recover from the shipowner and other responsible persons. They also include indirect claims when we become involved in a lawsuit against a shipowner.
- 22 incident report files, compared to 35 in 2024-2025.
  - These files are opened when we become aware of an incident that is likely to lead to a claim.

Map of our Active Files in 2025-2026



Province or territory	Actives files	New claims submitted	New incident reports	Total amount paid in 2025-2026 ($)
British Columbia	92	20	2	125,788
Quebec	39	14	0	155,661
Ontario	21	9	0	46,048
Newfoundland and Labrador	19	3	0	43,207
Nova Scotia	19	3	0	1,669,853
Prince Edward Island	4	3	1	0
New Brunswick	3	0	0	0
Nunavut	2	0	1	0
Northwest Territories	1	0	0	0
TOTAL	**200**	**52**	**4**	**2,040,557**

Our portfolio of active files and activities is broken down into these categories:

- 1.1.1. Claims processing:
  - From the receipt of a claim to its payment or rejection;
  - When we become involved in a lawsuit against a shipowner.
- 1.1.2. Recovery efforts:
  - Upon payment to the claimant, we take all reasonable measures to recover from the shipowner or other responsible persons.
- 1.1.3. Incident reports:
  - Opening report files on incidents likely to lead to a claim.
- 1.1.4. Mass compensation preparedness efforts.

1.1.1. Claims Processing

Claims processing includes the following:

- receipt of direct claims;
- investigation and assessment of direct claims, including follow-up communications with the claimant;
- issuance of decision letters;
- decision-making for the Expedited Process for Small Claims;
- involvement in indirect claims, when we become party to lawsuits against shipowners;
- payment of claims; and
- response to court challenges of our decisions.

52 new claims received

This amount compares to 44 in 2024-2025. The number of claims submitted this year is the highest in our history.

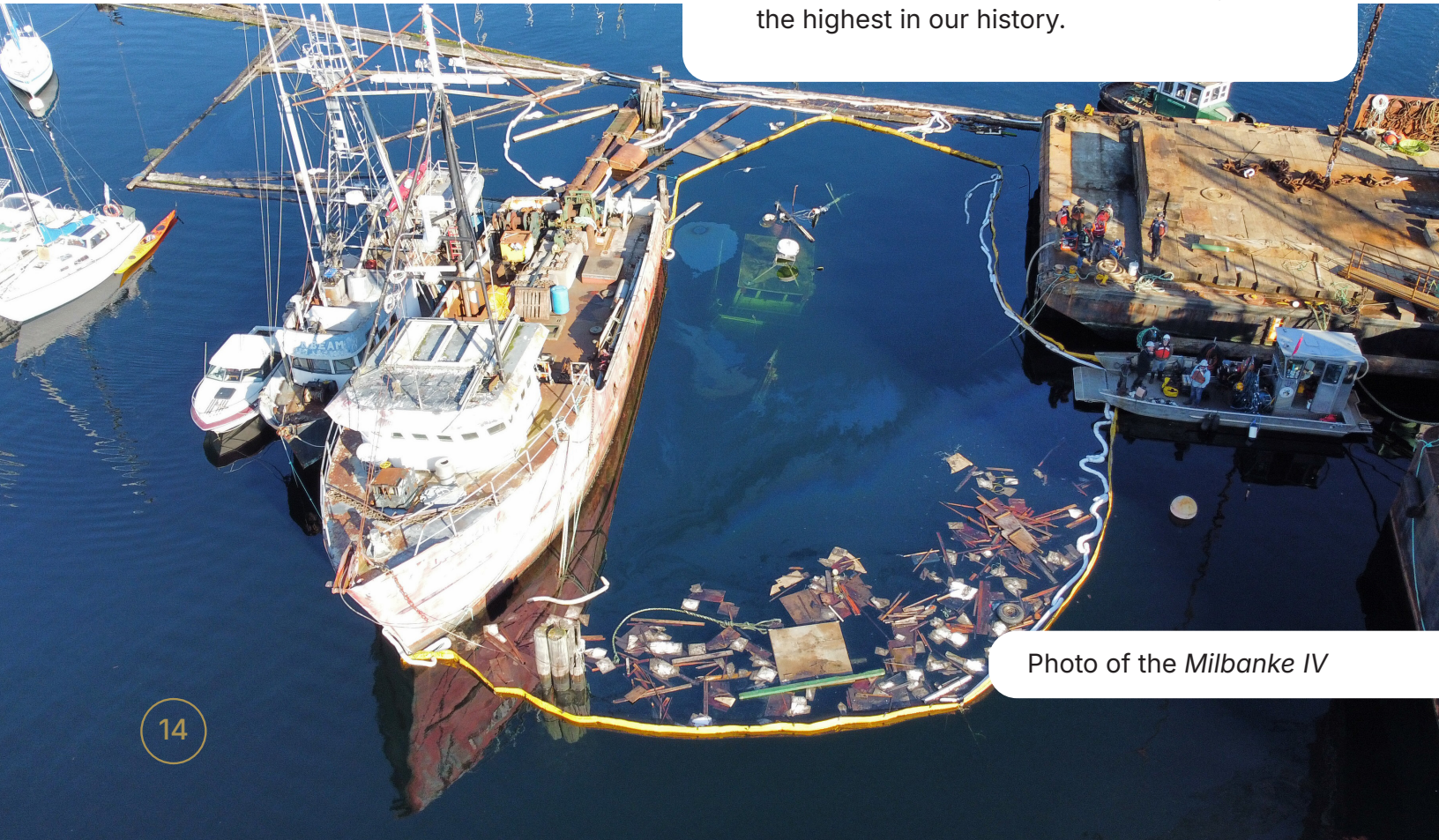
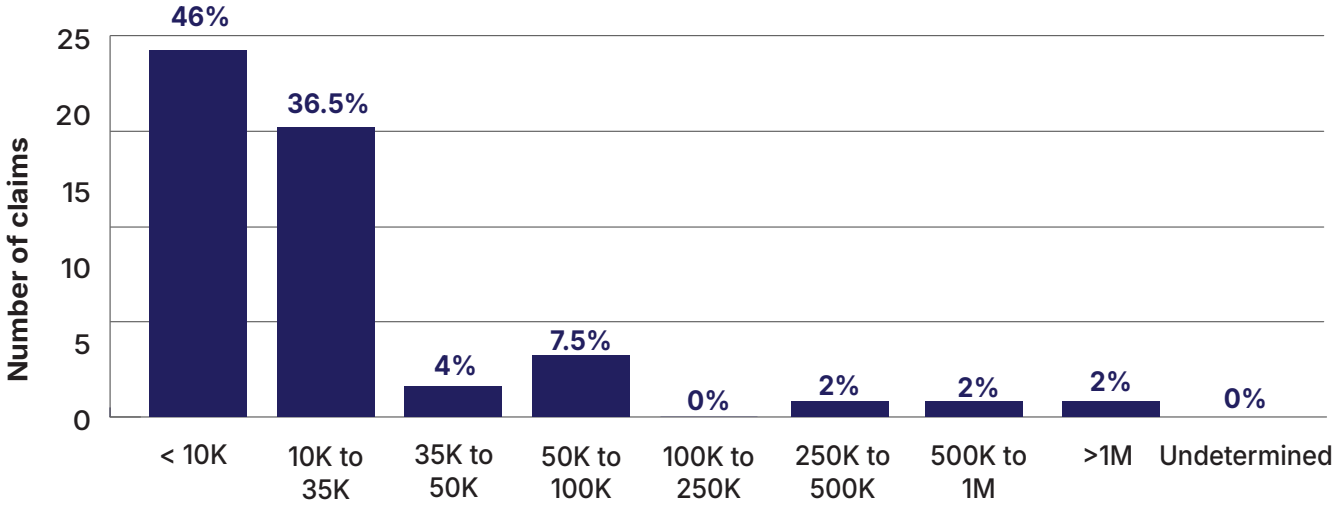


Photo of the *Milbanke IV*

Figure 1
Spread of the new claims submitted by amounts



* Percentages are rounded

$6,220,106 in claims received

This is the fifth highest claimed total in our history. This amount compares to $3,638,051 in 2024-2025. The claims submitted this year ranged from about $900 to $4.1 million.

Largest claims

The *Craig Trans* claim from the CCG is our largest and one of our most notable claims this year. The CCG seeks over $4 million for their involvement in responding to pollution from this nearly 35-meter steel ocean-going tug. The vessel was hard ashore in Marie Joseph, Nova Scotia, situated partially in the water and at a list. Responders surrounded the vessel with boom which later became compromised, releasing oil into the harbour. The response operation included pumping the *Craig Trans* of oil and water and ultimately deconstructing it in place.

Notably, this vessel has made a brief appearance in one of our other files. The *Craig Trans* was en route to Montreal for the purpose of towing the *Kathryn Spirit* (the Fund's largest claim in its history), but it was detained by Transport Canada in Halifax following a control inspection.

The second-largest claim we have received this year is for the derelict tanker barge, known as the *Bert*. We received a claim from the CCG for $938,712.58 for their response to the oil discharging from the cracked hull. We later received a second claim for the same vessel and incident in the amount of $91,752.68. Both claims are currently under assessment.

Most claims were for significantly smaller amounts

Forty-six percent of claims we received—representing 24 total claims—were for $10,000 or less, and most of these were submitted under the Expedited Process for Small Claims.

25 claims submitted under the Expedited Process for Small Claims

This number of claims is the third highest to date. Eleven claims were under reassessment this year, and the outcomes are still pending. Additional claims may also be reassessed in 2026-2027.

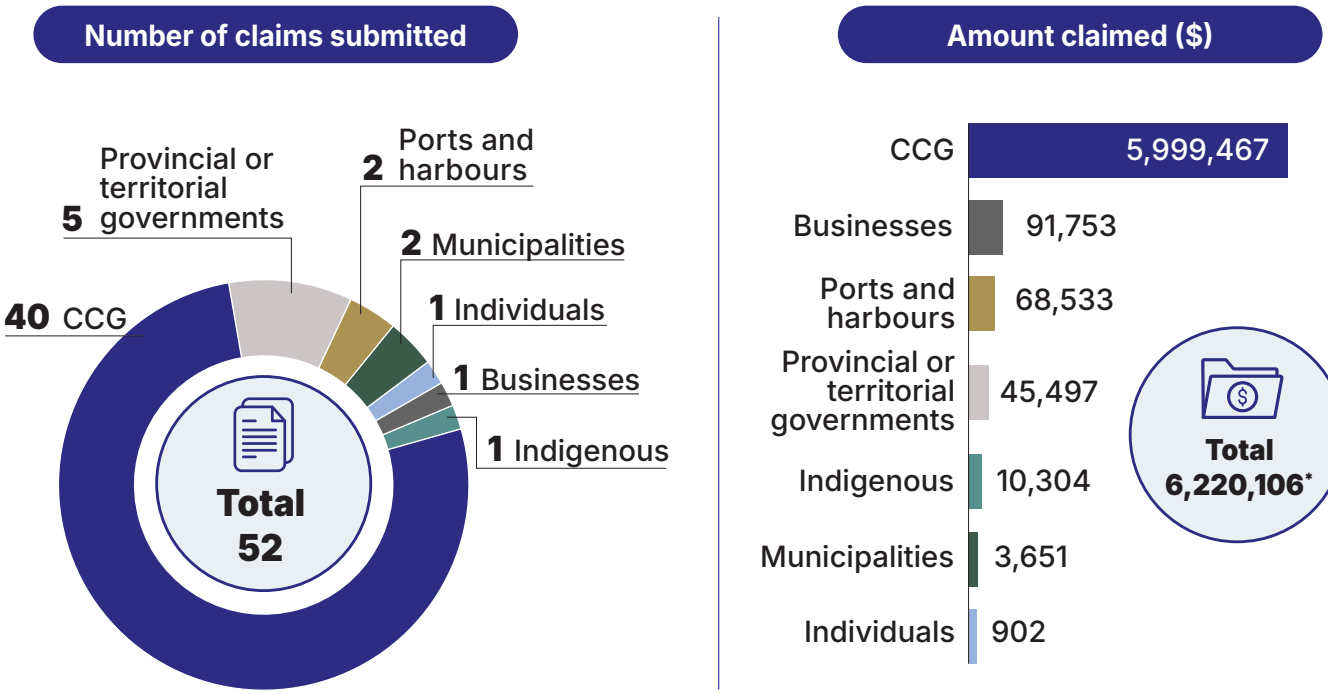
When a claimant submits under this process, we receive fewer details about the incident than under the General Claims Process. Therefore, we have limited data about the vessels involved. As we establish internal guidance on the circumstances where claims should be reassessed under the Expedited Process for Small Claims, more claims will be reassessed and our data about such claims may be improved.

The CCG remains our main claimant

40 out of the 52 claims were submitted by the CCG, representing 77% of the total number of claims. The CCG claims represent approximately 97% of the total amounts claimed this year.

Compared to last year, the number of non-CCG claims has increased, from seven to twelve. Most of these claims were submitted by provincial or territorial governments, marking one of the highest numbers of claims from this group in our history.

Figure 2
Number and amount of claims submitted by type of claimant



*Total amounts and percentages may differ from the audited financial statements due to rounding.

Most claims involve fishing vessels and pleasure craft

Together, fishing vessels and pleasure craft account for about 63% of claims received, representing over $696,922. The average amount claimed for these kinds of vessels was just under $11,913 for pleasure craft and approximately $37,000 for fishing vessels.

Figure 3
Number and Total Amount of claims submitted by type of vessel

Type of vessel	Number of claims	Percentage of total number of claims	Total amount ($)
Tankers	2	4%	$1,030,465
Cargo, container, and passenger vessels	6	12%	$64,396
Tugs and barges	5	10%	$4,273,458
Fishing vessels	12	23%	$446,744
Pleasure craft	21	40%	$250,178
Ex-fishing vessels	2	4%	$90,989
Other	1	2%	$55,486
Mystery spills	3	6%	$8,390
TOTAL	**52**	**100%**	**$6,220,106**

Prevalence of smaller ships

The majority of claims, 41 in total, were associated with vessels under 1,000 gross tonnage (“GT”), indicating that smaller ships are more frequently involved in our claims portfolio. In contrast, only eight claims were submitted for ships exceeding 1,000 GT. Additionally, three claims were linked to mystery spills, where the source of pollution could not be identified.

Lacking information on abandoned and derelict vessels

Only seven claims are confirmed as abandoned and derelict vessels, an increase from three the previous year. While this is an increase from last year, it may be related to increased use of the Expedited Process for Small Claims rather than a change in what sorts of ships cause incidents.

Claims submission timing

Most claims must be submitted within 24 months of the incident. In 2025-2026, 48.1% of all claims were submitted between 18 and 24 months after the incident. This amount compares to 20% in 2024-2025 and 37% in 2023-2024.

More than 14% of claims were submitted more than 24 months after the incident, a 2% decrease from the previous year. Long delays before a claim is submitted can make it more difficult for us to recover from shipowners.

Excluding the Expedited Process for Small Claims, 48.1% of claims were submitted between 18 and 24 months, compared to 50% last year.



Photo of the *Old Chum*

Figure 4
Number of claims submitted by Gross Tonnage ("GT") of the ship

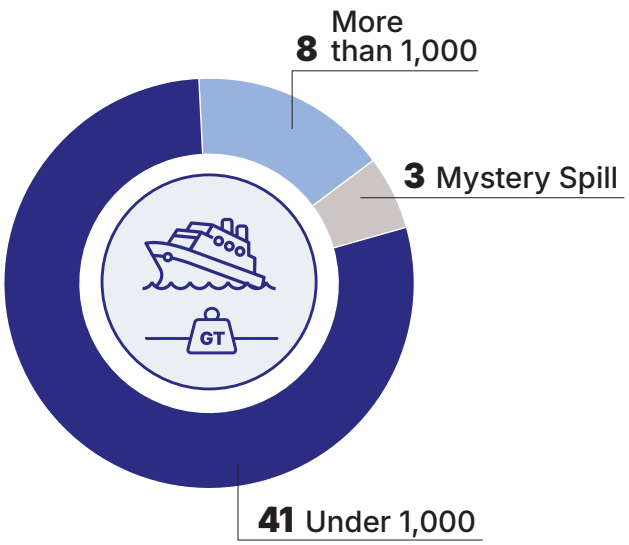


Figure 5
Amount claimed for incidents involving abandoned and derelict vessels compared to the total amount claimed for all vessels (excluding Expedited Process for Small Claims)

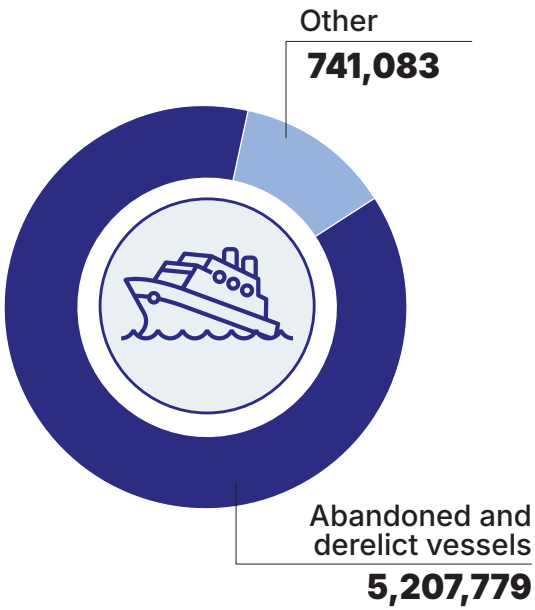


Figure 6
Amount of time before the submission of claims
(excluding Expedited Process for Small Claims)

Timeline	Type of claimant	Number of claims	Percentage of claims
0 to 6 months		**2**	**7.4%**
	Municipality	1	3.7%
	Ports and harbours	1	3.7%
6 to 12 months		**2**	**7.4%**
	Indigenous	1	3.7%
	Ports and harbours	1	3.7%
12 to 18 months		**6**	**22.2%**
	CCG	6	22.2%
18 to 24 months		**13**	**48.1%**
	Businesses	1	3.7%
	CCG	9	33.3%
	Provincial or territorial governments	3	11.1%
More than 24 months		**4**	**14.8%**
	CCG	2	7.4%
	Municipality	1	3.7%
	Provincial or territorial governments	1	3.7%
TOTAL		**27**	**100%**

34 claims processed

This number compares to 47 in 2024-2025. This year's decisions were:

- 12 Offer Letters, including two pending a response from the claimant;
- 21 Notices of Payment under the Expedited Process for Small Claims; and
- 1 dismissal: Mystery spill (Lac Rond), for being submitted too late.

At the end of the year, processing was not complete for 37 claims, for which a decision remains pending.

Claims processing time

This year, on average, we required slightly more than nine months to process claims under $100,000. There were no new claims processed above $100,000.

Figure 7
Time to process claims (excluding Expedited Process for Small Claims)

Amount of claim ($)	Number of claims	Range in months	Average time in months
0 – 35K	8	3.7 to 16.8	8.9
35K – 100K	4	5.9 to 13.3	9.7
100K – 500K	0	N/A	N/A
500K – 1M	0	N/A	N/A
More than 1M	0	N/A	N/A

Note: This figure includes rejected claims

12 claims paid under the General Claims Process

This totaled $1,812,904 in compensation to Canadians. Last year, we paid $1,290,635 across 21 claims.

As of the end of March 2026, many larger and more complex claims remained under assessment, totaling $42 million. As in past years, this amount is dominated by the $25.7 million CCG claim made for the *Kathryn Spirit*.

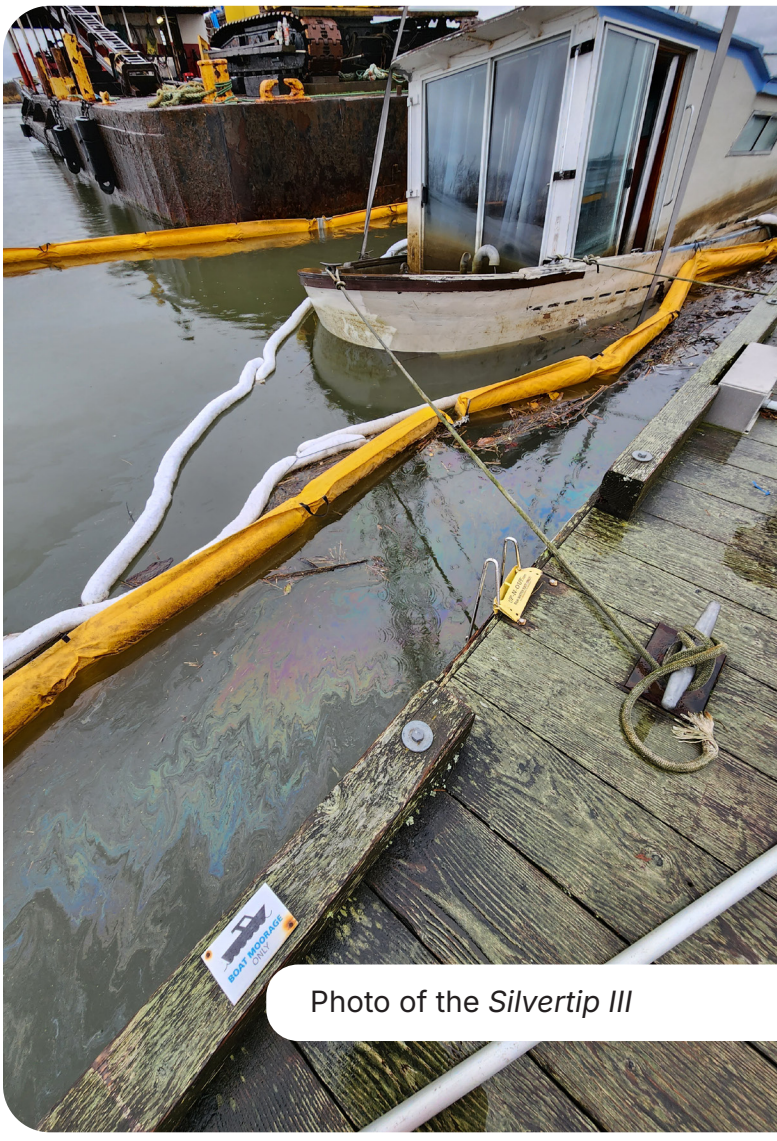


Photo of the *Silvertip III*

1.1.2. Recovery Efforts

Once we pay a claimant, we are required as per the MLA to take all reasonable measures to recover from the shipowner or any other person responsible for an incident.

143 recovery files being processed

This number compares to 132 in the previous year. We closed 22 files because money was recovered or no recovery could be reasonably made.

Substantial activity before the courts continues

This year, we had 40 files which reached or were already in the litigation or enforcement stage.

Our in-house legal counsels start and manage lawsuits to promote efficiency and cost savings. This greatly expands the scope of when it is reasonable to pursue recovery by making it possible to pursue the smaller files which make up a large percentage of our portfolio.

Twelve new lawsuits have been started:

- *Michael Marie III*
- *Marquita*
- *Atlantic Pursuit*
- *Robert Brian*
- *Maud J*
- *Ale*
- *Patagonman*
- *Sossity*
- *Old Chum*
- *Canary*
- *Dale M II*
- *Tulcrest*



Photo of the *Tulcrest*

We typically file actions in the Federal Court, but two of these files have led to proceedings in provincial superior courts: one in the Court of King's Bench of New Brunswick, as well as in the Federal Court (*Atlantic Pursuit*), and another in the Supreme Court of British Columbia (*Tulcrest*). In both cases, proceedings had to be brought pre-emptively, before outstanding claims to the Ship Fund had been paid. The registered owners of both vessels were defunct corporations at the time of each incident, so the relevant province was named as a defendant in each matter.

All of the following active cases are also being handled by our in-house lawyers:

- *Cormorant*
- *Hamilton Banker*
- *Maverick IV*
- Unknown name (houseboat)
- *Tracy Isle*
- Unknown name (Shiloh Park, houseboat)
- *Marc Olivier*
- *Eclipse des Mers*
- Unknown name (Valleyfield, Bonavista Bay, fishing vessel)
- *Stormlander*
- *Northern Tip*
- *Watts-T-Use*
- *Silver Grizzly*
- *Kraken*
- *Trailer Princess*
- *Emma Marie*

- **Ten successful recoveries**

This number of recoveries is the fourth highest in the past ten years.

In all of these cases, we started settlement discussions, a lawsuit, or both. In three of those cases, the ship involved was insured (BBC *Kwiatkowski; Ethan & Renee, Pembroke Princess and Knot Telling;* and *Marc Olivier*). For five of those recoveries (*Lakefront Property, Avro, King Arthur, Marc Olivier,* and *Tuvaq W*), the final amount paid was less than the principal amount originally sought. One of those recoveries (*Noelani*) was partial, meaning that the shipowner has made contributions towards their debt, and we are expecting more payments in the future.

Figure 8
Files where financial recovery was obtained in 2025-2026

Ship name	Year of incident	Paid by the fund, including interest ($)	Recovered* ($)	Recovery stage
Barges King Arthur and SL 104	2016	876,798.87	376,759.02	after judgment
Noelani	2020	18,901.64	600.00	after judgment
Tuvaq W	2020	30,750.47	27,055.36	before trial
BBC *Kwiatkowski*	2022	32,845.35	32,845.35	before lawsuit
Handcuff	2022	19,488.83	19,488.83	before lawsuit
Lakefront Property	2022	46,136.10	10,000.00	before lawsuit
Marc Olivier	2022	13,668.90	10,000.00	before trial
Avro	2023	4,168.58	3,800.98	before lawsuit
Ethan & Renee, Pembroke Princess and Knot Telling	2024	8,603.07	8,603.07	before lawsuit
Tranquility V	2024	4,920.48	4,607.05	before lawsuit
TOTAL	**10 files**			

* Note: In some cases, we recover our legal costs and/or interest. Where applicable, these amounts are included in the figures in this column.

Figure 9
Summaries of active lawsuits in our recovery portfolio

Ship name	2025-2026 developments	Ship name	2025-2026 developments
Represented by internal counsel			
*Danielle and Mark**	Closed	*Hotel California**	Payment of settlement pending
*Hamilton Banker**	Pleadings	*Marc Olivier**	Lawsuit discontinued
*Jennifer Holly**	Partial payment obtained	*Eclipse des Mers**	Closed
*Maverick IV**	Pleadings	Unknown name (Valleyfield, Bonavista Bay, fishing vessel)*	Service attempted
*San Jolyne III**	Judgment obtained	*Stormlander**	Lawsuit discontinued
Unknown name (houseboat)*	Lawsuit pending	*Northern Tip**	Service attempted
*West Island 395**	Stayed	*Canary**	Lawsuit discontinued
*Tuvaq W**	Payment obtained	*Watts-T-Use**	Pleadings
*Noelani**	Partial payment obtained	*Silver Grizzly**	Lawsuit filed
*Lurch**	Settlement pending	*Kraken**	Lawsuit filed
*Hydra Mariner**	Judgment obtained	*Trailer Princess**	Pleadings
*Tracy Isle**	Service attempted	*Emma Marie**	Pleadings
Michael Marie III	Lawsuit filed	*Patagonman*	Lawsuit filed
Marquita	Lawsuit filed	*Sossity*	Lawsuit filed
Atlantic Pursuit	Lawsuit filed	*Old Chum*	Lawsuit filed
Robert Brian	Lawsuit filed	*Canary*	Lawsuit filed
Maud J	Lawsuit filed	*Dale M II*	Lawsuit filed
Ale	Lawsuit filed	*Tulcrest*	Lawsuit filed

Figure 9 (continued)
Summaries of active lawsuits in our recovery portfolio

Ship name	2025-2026 developments	Ship name	2025-2026 developments
Represented by external counsel			
*Cormorant**	Post-judgment	*Nathan E. Stewart*	Outcome pending
*Kathryn Spirit**	Discovery	*Nika**	Payment obtained
*King Arthur**	Closed – Payment obtained	*Zodiac Light**	Closed – Payment obtained
TOTAL	**42**		

Note: The asterisk * indicates cases which were carried over from 2024-2025

1.1.3. Incident Reports

These files are opened when incidents are likely to lead to a claim.

Four new incident report files

This compares to ten in 2024-2025. We had 22 active incident files in our portfolio in 2025-2026.

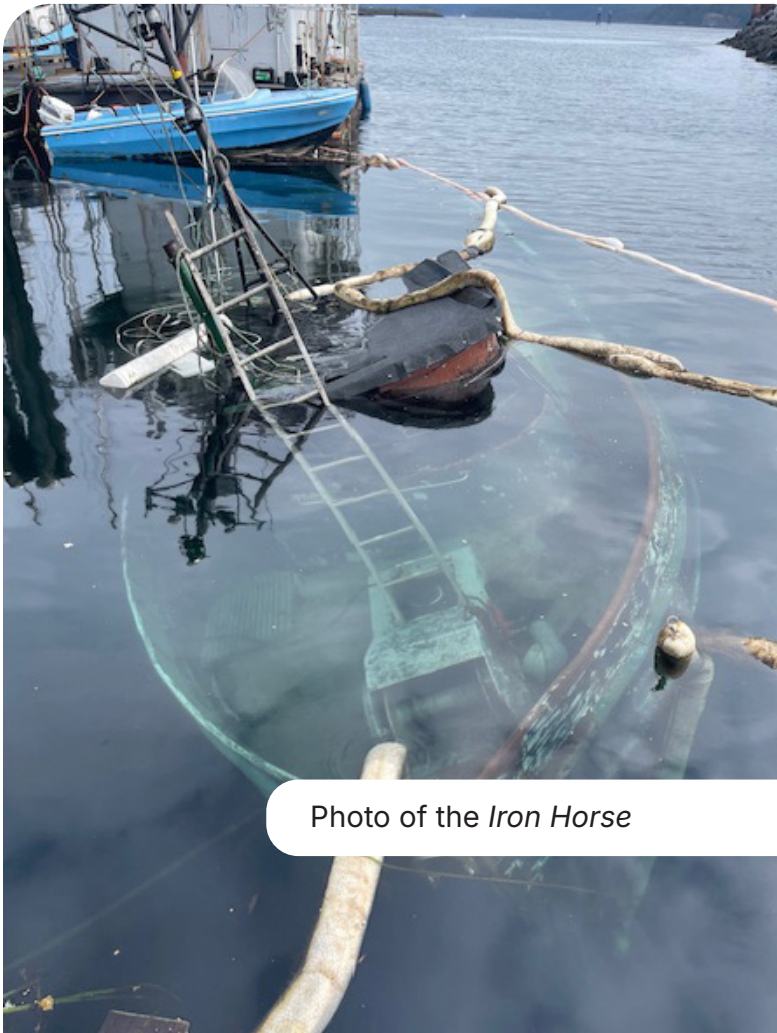


Photo of the *Iron Horse*

1.2. Emergency Funding in Case of a Major Oil Spill

In case of a significant incident involving a discharge of oil, a request may be made to the Minister of Transport to direct the release of funds for the response. After consultation with the Administrator, the Minister of Transport may make available up to $10 million from the Ship Fund. If necessary, the Governor in Council may authorize the release of up to $50 million per year from the Ship Fund.

The emergency funds released must be reimbursed to the Ship Fund within two years from the date of the incident through an appropriation Act, unless set off against a claim.

No incident triggered this mechanism in 2025-2026. The emergency funding process has remained unused since its inception in 2018.

1.3. Contribution to the IOPC Funds

Canada is a party to two international oil compensation funds (see Box 1). We are a member of the Canadian delegation, which participates in the decision-making meetings of the IOPC Funds. We are responsible for covering Canada's financial contribution. We also comply with Canada's reporting obligations under the conventions. The information we provide to the IOPC Funds' Secretariat serves to assess Canada's financial contribution to the IOPC Funds.

About the IOPC Funds

The IOPC Funds are two intergovernmental organizations, the 1992 Fund and the Supplementary Fund. They provide compensation for oil pollution damage resulting from spills of persistent oil from tankers. The 1992 Fund has 122 member States, as of the entry into force for the Republic of Iraq in August 2025. The 1992 Fund provides around $366 million in compensation per incident. The Supplementary Fund, with the addition of the Republic of Mauritius as state party, now counts 33 member States. Together, the liability of the shipowner, the 1992 Fund and the Supplementary Fund totals close to $1.35 billion. That amount is available to those affected, in addition to the compensation available from the Ship Fund.

Note: The above amounts are based on a currency conversion. The precise amount available will depend on the exchange rate between the Canadian dollar and Special Drawing Rights ("SDR"). The SDR is the unit of account used in the conventions and is an international reserve asset based on a basket of five major world currencies.

IOPC Funds meetings

In 2025-2026, we attended both the Spring and Fall meetings in person, where we noted the following:

- **Incidents involving the IOPC Funds**

  The IOPC Funds are currently handling 15 incidents. Updates were provided on 8 incidents with various concerns, including jurisdictional matters, legal interpretations, small tankers with high costs of damage, criminal charges, and substandard shipping.



Caroline Healey, Chief Executive Officer and Administrator, at the April 2025 session of the IOPC

- **One lawsuit remains of immediate interest to us:**

  Nathan E. Stewart (Canada): The IOPC Funds and the Ship Fund are both named defendants in litigation arising from this 2016 incident near Bella Bella, British Columbia. The litigation involves claims against the owner of the ship and both the Heiltsuk Tribal Council and the Heiltsuk Hímás, who this year participated in a mediation and expect further mediations next year.

- **Service on the Audit Body**

  Alfred H.E. Popp of Canada, one of our former Administrators, continues to serve as a member of the Audit Body.

- **Impact of trade sanctions on the development of dark shipping**

  Vessels around the world continue to operate as part of the global "dark fleet" or "shadow fleet", operating with their tracking systems disengaged and partake in dangerous ship-to-ship transfers of persistent oil at sea. Many of these vessels are uninsured. An oil tanker spill outside Canadian waters may financially expose the IOPC Funds, and, by extension, the Ship Fund, as a financial contributor to the IOPC Funds.

- **Progress towards the entry into force of the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 2010 ("2010 HNS Convention") and 2010 Protocol**

  Canada has been a State party to the HNS Convention and its Protocol since 2018. As of August 2025, eight States have ratified the Convention. The Convention will enter into force after at least 12 State Parties have ratified it, including at least four States having a gross registered tonnage of at least 2 million. Contributing Parties in the ratifying States must have collectively received more than 40 million tons of HNS goods in the preceding calendar year.

  The Netherlands, Belgium and Germany are scheduled to ratify the Convention jointly in the first half of 2026. Sweden and Finland have indicated that they will ratify soon thereafter. This would mean that the 2010 HNS Convention could come into force for all signatories as early as 2027. *As of April 2026, at least 12 member states have ratified the convention and it will enter into force on 29 November 2027.

- **Presentation from the HNS Project Manager with the IOPC Funds**

  The HNS Project Manager with the IOPC Funds in London, UK, Gillian Grant, delivered presentation on the 2010 HNS Convention. It included an overview of the Convention itself as well as some of the deliberations that have gone into the process of establishing and ratifying it. The team discussed future potential challenges and opportunities the Convention will present for us at the Fund and the maritime community at large.

- **Payment of contribution to the IOPC Funds for 2025**

  We made a payment to IOPC Funds of £1,008,264 (CAD $1,872,961.25) in 2025. This amount reflects Canada's share of the IOPC Funds' operational budget and levies related to claim payments.

  With the amount of $65.5 million which was paid by our Ship Fund since 1989, the contributions to the IOPC Funds are our biggest expense. Our annual contribution generally fluctuates when a new tanker incident occurs, and contributions are collected to pay for such claims.

- **Collection of the data from Canadian contributors and submission of the oil report for Canada**

  We are responsible for ensuring that the Canadian receivers of persistent oil by water provide information about quantities received. We follow up on the information received and inquire on significant variances over the previous year, if any. We report the data to the IOPC Funds.

1.4. Inquiry and Enforcement with Respect to Contributors' Reporting Obligations

The MLA provides that importers and exporters of oil shall file information on the quantity of oil shipped or received. They are the Ship Fund's contributors should the levy be reinstated. This information received from contributors also enables Canada to meet its reporting obligations under the Conventions as mentioned in Section 1.3 of this Report.

The Administrator can inspect contributors' documents and premises, and request information (section 117.3 of the MLA). The MLA also provides for Administrative Monetary Penalties ("AMP") against contributors in case of non-compliance of their reporting obligations.

The Administrator did not use these powers this year and no AMPs were issued. The administration of AMPs was briefly discussed with Transport Canada this year, however further efforts will be needed to formalize a process.

Revision of the MOU with Transport Canada governing our administrative services relationship

We have a Memorandum of Understanding ("MOU") which governs the provision of certain administrative and reporting services provided by Transport Canada. Discussions are underway to renew the terms of the MOU and clarify responsibilities for verification of reported persistent oil shipments.

1.5. Reporting, Transparency and Communications

In addition to our reporting obligations, we include below a summary of our outreach activities.

Continuing to promote access to justice through active engagement

This year, our team once again increased our engagement efforts, as it is one of the best ways to ensure access to justice for claimants. For example, in 2025-2026, we participated in 59 conferences, webinars, workshops, seminars or networking events. We delivered presentations at 7 of them, and we participated as exhibitors in a national and provincial trade show with heavy foot traffic.

By leveraging our existing network and seizing new opportunities, we secured many speaking engagements and booths at high-profile conferences and webinars. We continued to engage with our key partners and to reach out to new stakeholders. This increased visibility, built through multi-year engagement, likely resulted in five claims being submitted from groups with whom we engaged at events or through targeted meetings.

Strategic Stakeholder Engagement

In 2025–2026, the Ship Fund focused on strengthening national awareness of compensation rights by deepening relationships with the groups most involved in oil spill response and recovery. Our engagement efforts were aimed at ensuring that communities, responders, and organizations understand how to access the Ship Fund when they incur eligible costs.



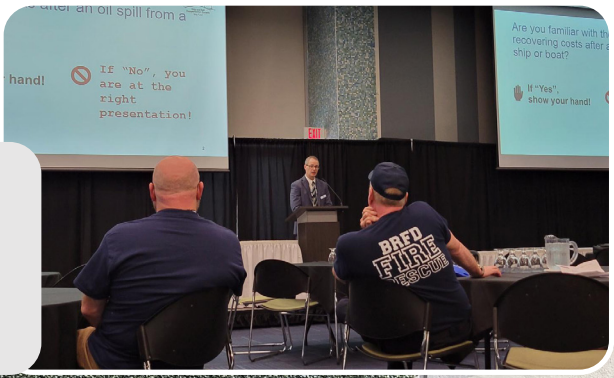
Caroline Healey, CEO and Administrator, and Elise Mallette, Legal Counsel, at the BLG's 37th Annual Maritime Law Seminar

A key priority this year was expanding outreach to federal partners, provincial and municipal governments, and Indigenous rights holders and communities. These groups play essential roles during incidents and our sustained engagement helps ensure they have clear, timely information about compensation. We also met with first responders, environmental response professionals, and certified Response Organizations to clarify how their activities may fit within our compensatory mandate.

We further strengthened our engagement with ports, harbours, and marinas by launching a new national compensation handbook tailored to their needs and distributing it through major sector associations. Across all audiences, our multiyear strategy is improving access to justice by closing information gaps, building trust, and making it easier for stakeholders to navigate our compensation process when an incident occurs.

Operational Readiness

In addition to expanded stakeholder engagement, we enhanced our operational readiness. One of our key goals is streamlining our operations, particularly in the event of a mass claims incident. Notably, we took part in a Tabletop Exercise in Vancouver, British Columbia with our partners at ITOPF, the International Group of P&I Clubs, and the IOPC Funds. The exercise focused on the early stages following an incident, coordination among the various "payers", and the likely need for a joint claims office. Some of the key takeaways related to the importance of a clear general communications strategy and ongoing engagement with affected communities.



Right: Cameron Grant, Director and General Counsel, presenting at the Atlantic Fire Leadership Conference

Below: Ship Fund team at a Mass Claims Workshop in Vancouver



In 2025-2026, 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 are involved in incident response. We also keep abreast of federal legislative changes and other initiatives. We are often invited to speak at national events and webinars, including Canadian Marine Advisory Council ("CMAC") meetings.



SRCC team meeting with the Government of Quebec



Ship Fund team on tour of CCG facility

- **Municipal, Local and provincial governments**

  Many municipalities and provincial governments across Canada understand that oil spill response activities often fall under federal jurisdiction. However, they also recognize that they may still be involved or affected by the impacts. In addition to their role in emergency preparedness, they 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 2025-2026, we strengthened our collaboration with municipal associations to broaden our reach, particularly in Nova Scotia, Prince Edward Island, British Columbia, and Quebec. For example, we engaged with hundreds of local leaders at municipal conferences. Many participants committed to informing their local leadership, fire departments, and emergency response teams, about the Ship Fund and the cost recovery options it provides.

  We will continue to seek out local and provincial stakeholders and develop tools and tailored messages to reach them more effectively.

- **Indigenous Rights Holders, communities and associations**

  This year, we increased our direct engagement with First Nations and Inuit communities, particularly in British Columbia, the Atlantic, Quebec, and Nunavut. Indigenous Peoples have deep relationships with the land, water, and coastal resources that are essential for food, livelihoods, and cultural practices. As a result, they can be significantly affected by oil spills and play an important role during incident response and reinstatement measures. Therefore, many Indigenous communities are interested in understanding how they can be compensated. At conferences and events, our discussions often lead to invitations for follow-up webinars tailored to the concerns of specific Indigenous communities.

  We will continue to prioritize outreach to Indigenous Rights Holders and Indigenous communities to strengthen these relationships and ensure they have access to the information and support they need.

- **First responders and environmental response professionals and industry**

  Several of our meetings this year highlighted the critical role first responders and firefighters often play in the initial response to an oil spill. When a vessel spills oil or catches fire, they are frequently the first on the scene, tasked with stabilizing the situation before other authorities, such as the CCG, assume control. These initial interventions can be vital in preventing further damage and monitoring the situation.

  Through these engagements, we heard firsthand about the challenges that local fire fighting services face when it comes to recovering the costs of their interventions. Limited budgets often mean that these costs are absorbed by local governments, placing additional strain on their resources. As we continue to engage with first responders, we hope that the relationships we build will encourage more claims from those on the front lines.



Ship Fund team with Western Canada Marine Response Corporation staff

– **Ports, marinas, and harbours**

Ports, marinas, and harbours are key stakeholders, as they are often involved in oil spill response operations. They may also become claimants when their equipment and infrastructure are contaminated or when a spill disrupts their activities. Nevertheless, they have accounted for only about 5% of the claims submitted to the Ship Fund since 1989. To increase awareness, we released our new Compensation Handbook for Ports, Harbours, and Marinas and began distributing it across the country.

We engaged organizations such as the Association of Canadian Port Authorities and their individual members, the Harbour Authority Association of British Columbia, Nautisme Québec, and the Small Craft Harbours program of Fisheries and Oceans Canada. Some of the claims we received this year were directly linked to our past engagement efforts.

Engagement activities in 2025-2026

59 meetings with key partners and new stakeholders, including emergency management, first responders, Indigenous groups, and various levels of government.

Ongoing collaboration through meetings with the **Canadian Coast Guard and Transport Canada**.

In the spirit of one organization, we continue to do joint outreach with the Rail Fund. For example, representatives from both Funds met with the Manitoba Emergency Management Organization and attended the Federation of Canadian Municipalities Conference and Trade Show in Ottawa. At these dynamic events, we engaged with influential decision-makers and leaders from priority areas, promoted awareness of our new branding, and enhanced our network and understanding of regional needs and priorities.

Participation and networking during **14 conferences, seminars, workshops or webinars**, receptions including the following:

7 presentations as hosts or guest speakers

1 exhibition at a municipal and national trade show with high foot traffic

5 webinars delivered to representatives of federal, provincial, and local governments, Indigenous rights holders and communities, and the environmental response industry

1 lecture in a university law course



Caroline Healey, CEO and Administrator, with ITOPF delegates in London, UK

2. Financial Report

In 2025-2026, the Ship Fund collected $12.2M in interest (compared to $12.9M in 2024-2025).

We also recovered $499K from shipowners responsible for pollution or from their insurers (compared to $505K in 2024-2025).

Our interest revenue decreased by $696K. Together, the Ship Fund's total revenues for 2025-2026 were $12.7M (compared to $13.4M in 2024-2025). These include the following:

- The decrease in the average rate of interest from 2.96% in 2024-2025 to 2.77% in 2025-2026
- Ten recoveries in 2025-2026 compared to thirteen in 2024-2025.

Our expenses were $6.8M (compared to $7.9M in 2024-2025), of which $2.9M were operating expenses (compared to $3M in 2024-2025):

- $1.7M was paid for Canadian claims (including $332K paid in statutory interest), compared to $1.4M the previous year (including $187K paid in statutory interest).
- $64K was received from CCG for Overpayment on small claims (including $2K paid in statutory interest).
- The provision for claims under review decreased by $23K compared to $265K last year due to the decreased total dollar value of claims received but not yet processed at the end of the fiscal year.
- Operating expenses decreased by $40K. Variances include the following:
  - A $50K decrease in the cost of salaries and benefits, including Administrator and Deputy Administrator fees;
  - A $119K increase in consulting fees for marine and engineering services and claims investigators;
  - A $137K decrease in legal fees;
  - A $71K decrease in the cost of information technology services;
  - A $119K increase in general office, and administrative expenses;
  - Additional minor variances for other costs.

At the end of the fiscal year, the Ship Fund has accumulated $432.5M (compared to $426.6M in 2024-2025).

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

RAIL FUND



Foreword from Steve Anderson, Deputy Administrator, Rail Fund



The Rail Fund is playing an important part in the modernization and unification of Ship and Rail Compensation Canada. As we move through this period of evolution, our goal remains unchanged: to ensure Canadians can access fair and timely compensation following a major crude-by-rail accident. To that end, we have taken on several key projects to build our claims compensation capacity.

Our team continues to develop and maintain strong partnerships with leaders in Canada's railway industry. Our attendance at several high-level rail association events, and direct engagement with the railways' compensation and emergency response teams, has furthered our understanding of when and how we fit in post-accident recovery.

The Rail Fund has maintained an active preparedness program. Over the past year, we have consulted with industry experts in claims compensation and risk management to ensure our team is prepared to manage a mass-claims situation. We also organized and facilitated two readiness exercises with our partners in the insurance industry and federal government to establish clear processes and procedures for fund-activating scenarios.

One of our goals this year was to amplify the Rail Fund's outreach in the Prairies given the strong presence of the rail industry across this region. We pursued outreach opportunities across Manitoba, Saskatchewan and Alberta to further increase our exposure to municipal and provincial governments in these provinces. Additionally, our team met with several emergency response associations and Indigenous communities to raise awareness of our compensation regime.

With the launching of Ship and Rail Compensation Canada's Strategic Plan, the Rail Fund is set to expand its operational capabilities. Through a unified and improved strategic direction, our capacity to effectively serve Canadians in post-accident recovery will be increased to new levels. This is an exciting period for the organization, and the Rail Fund remains well-positioned to enter the next era of Ship and Rail Compensation Canada.

About the Rail Fund

The Rail Fund compensates anyone affected by major railway accidents involving crude oil and federally regulated railways. 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 amount of coverage as set out in the *Canada Transportation Act* ("CTA"), Schedule IV, ranges from $100 million to $1 billion and is based on the volume of crude oil transported by the railway.

The railway company is the first to provide compensation for any 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 are all obliged to pay compensation (section 152.7 of the CTA).

Once the railway has paid up to its limit of liability, the Rail Fund is responsible for all remaining eligible claims. If our balance is exhausted, the Minister of Finance may provide additional money from Canada's Consolidated Revenue Fund.

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 CTA).

This annual report ("Report") covers the fiscal year from April 1, 2025, to March 31, 2026.

This is the 10th annual report concerning the Rail Fund's 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 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 *CTA*.

2025-2026 At a Glance

No accident activated the Rail Fund, so we are not accepting claims at this time. However, we continued to monitor four past accidents for any potential compensation ramifications.

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

Strengthening our relationship with railway companies

We maintained a strong relationship with key stakeholders in the railway industry and were involved in several high-profile events hosted by the railway industry. The Rail Fund also engaged with several railway companies directly over the last year.

Facilitating two readiness exercises

We conducted two scenario-based exercises to review our claims management protocols and our response timelines.

Claims management preparedness

We worked closely with claims adjusting consultants for strategic advice on a wide variety of claims considerations. We have also updated our claims management protocols.

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 preparedness through dedicated research

We conducted significant research to expand our knowledge base on issues that may arise following an accident.

Amplifying visibility through engagement and communication efforts

We maintained a strong presence across Canada through our engagement efforts. We also continued to strengthen relationships with multiple sectors, including all levels of government.

In 2025-2026, the levy was set at $2.12 per tonne. **We collected $1.92M in levies, representing 907K tonnes** of levied crude oil.

As of March 31, 2026, the Rail Fund had accumulated **over $115 million**.

3. Activity Report

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

- 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).

3.1. 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.

3.1.1. 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 2025-2026.

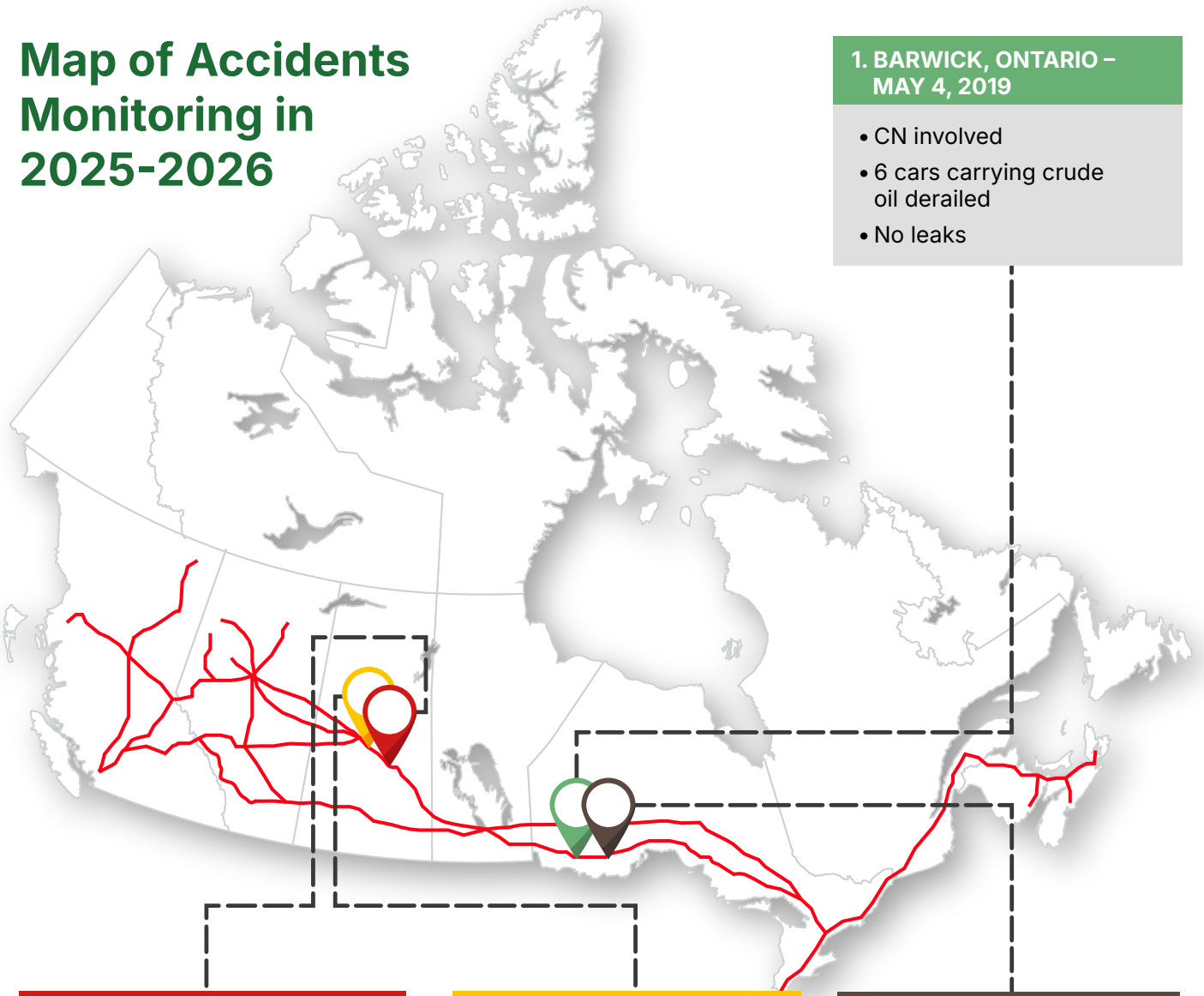
We keep our monitoring files open for six years for the following reasons:

- If lawsuits are started against a railway company for damages, the Administrator becomes a party to the lawsuit under the law.
  - This form of engagement 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.

Expired Limitation Period for Monitored Accidents

Over the 2025-2026 year, four of our monitored accidents saw their limitation period expire. With the expiration of the limitation period for the Emo, Ontario accident, which occurred on February 18, 2026, the Rail Fund no longer actively monitors any accident files.

Map of Accidents Monitoring in 2025-2026



1. BARWICK, ONTARIO – MAY 4, 2019

- CN involved
- 6 cars carrying crude oil derailed
- No leaks

2. GUERNSEY (LANIGAN), SASKATCHEWAN – DECEMBER 9, 2019

- CPKC involved
- 19 cars leaked about 1.5 million litres of crude oil
- No waterways were affected
- TSB investigation completed (R19W0320)

3. GUERNSEY, SASKATCHEWAN – FEBRUARY 6, 2020

- CPKC involved
- 32 cars derailed, 19 cars caught fire
- About 1.6 million litres of crude oil released
- 85 residents evacuated
- TSB investigation completed (R20W0025)

4. EMO, ONTARIO – FEBRUARY 18, 2020

- CN involved
- 26 cars carrying crude oil derailed
- 6 cars leaked about 320,000 liters of crude oil
- Six homes evacuated
- TSB investigation completed (R20W0031)

The accident summaries are available on our website.



Chantal Guénette, Director, presenting at the Association of Manitoba Municipalities (AMM) Conference in Winnipeg

3.1.2. 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

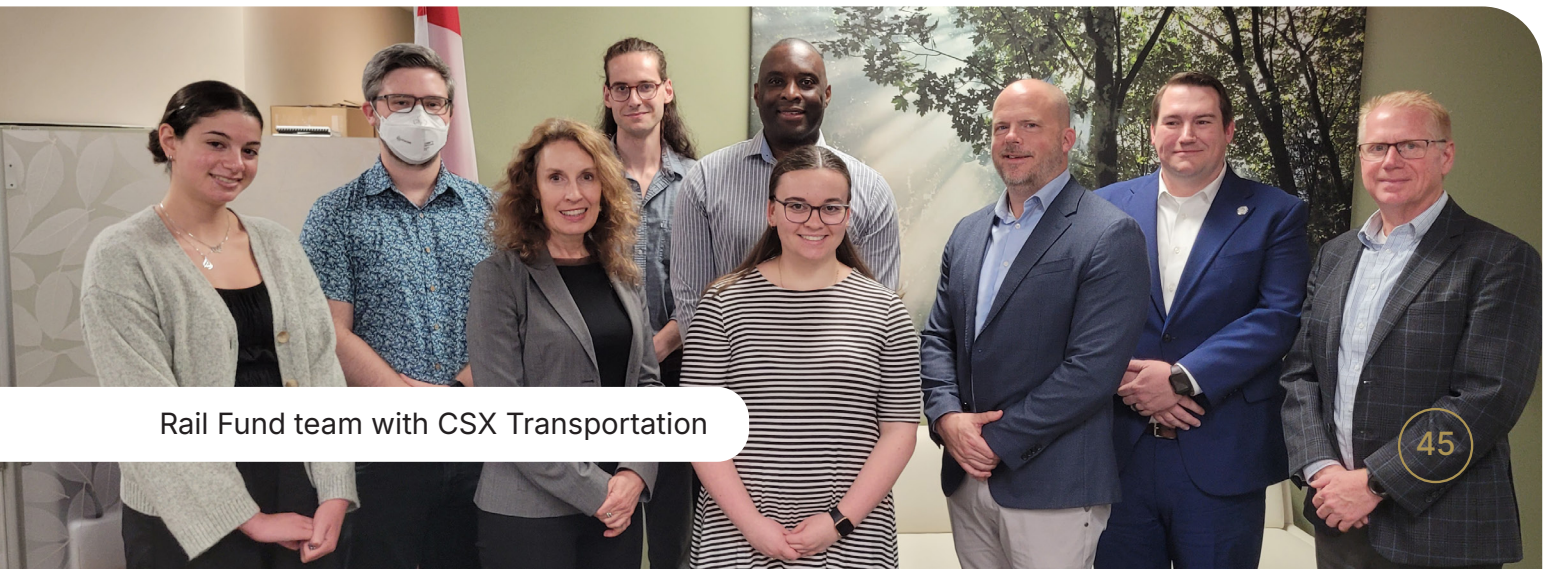
We worked closely with claims adjusting consultants, who provided strategic advice related to a wide variety of claims considerations. We are working with them to refine our mass claims management procedures, learning from catastrophic events, such as environmental disasters. We are also keeping up to date with new developments in the insurance industry.

Last summer, we hosted a readiness exercise with claims adjusting consultants. The goal of this exercise was to explore our claims readiness and to ensure interoperability with claims adjusters by testing the claims process workflow. This successful exercise also helped test our exercise program and build experience for future exercises.

We continued participation in claims platform demonstrations to better understand industry best practices in efficient claims processing. We also revitalised our claims management documentation, ensuring the tools are easy to read and accessible.

Agreements with railway companies on transition of claims

We maintained a total of six Memoranda of Understanding ("MOU") with railway companies and an association. These MOUs represent a critical aspect of our preparedness and enable the Rail Fund to fulfil its mandate. Each MOU establishes a protocol for the transition of claims from the railway company involved in the accident to us. We continue to work to make the transition as seamless as possible, so claimants can be compensated fairly and in a timely manner.



Rail Fund team with CSX Transportation

Explore Our Activation Timelines

We conducted a readiness exercise with the Surface Transportation Policy Directorate of Transport Canada. The objective of the exercise was to explore our involvement following a major railway accident, the activation and response timelines of the Rail Fund, and our obligations under both the CTA and our agreements with Transport Canada. The exercise allowed us to discuss any outstanding questions and to set clear follow-ups to improve our processes. The exercise also allowed us to test additional aspects of our exercise program and to develop new reference tools for future exercises.

Checklist for Local Governments

We continued to distribute a 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.

Preparedness and research

Our preparedness includes the following:

- Statutory interpretation of the CTA, 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* ("Declaration") and how other administrative tribunals are addressing the Declaration.
- Fostering ties with the legal community, such as the Canadian Bar Association and the Council of Canadian Administrative Tribunals.



SRCC team at the FCM Conference in Ottawa

3.1.3. Challenges and Opportunities

This year, as part of our ongoing operational readiness efforts, we faced challenges, 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 annual attestation from Transport Canada 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 continued to maintain our readiness to activate, receive, assess, and pay claims. Members of the Rail team completed training in exercise design and put these skills to the test through the development of two readiness exercises this past year. These exercises form part of our larger exercise program and will allow our team to test aspects of our readiness to better prepare us in a Fund-activation scenario.

Continuing to promote access to justice through active engagement

This year, our team has maintained a strong engagement effort. We had a significant presence at conferences, expanding our name recognition across key sectors. We leveraged our network and seized opportunities to engage with numerous groups through direct meetings, speaking engagements, and presentations. In 2025-2026, 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**

  Municipalities across the country have identified rail accidents as a potential threat to 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 2025-2026, 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.

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



Chantal Guénette, Director, at the Alberta Municipalities Public Risk Conference

- **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 2025-2026, we continued our Indigenous engagement efforts. Most notably, we were involved in the Indigenous Public Safety Conference, where we had a speaking role and a booth presence. 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 Indigenous lands, resources, and ways of life. Their feedback and questions are 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.



Chantal Guénette, Director, and Matt Henrie, Policy Analyst, at the SEPA Conference in Waskesiu Lake, SK

– **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, Saskatchewan, 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 to 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 discussions through multiple channels.

Our team continued to engage with the Railway Association of Canada and its members. We attended this year's RailCAN25 Conference in Ottawa and the virtual Women in Rail Conference, giving us the chance to connect with key players in the railway industry. The Rail team also continued its direct engagement with the railway industry to further several projects.



SRCC team with Eric Harvey, President & CEO – RAC, at the RailCAN25 Conference in Ottawa

- **Insurance, legal, and risk management industry**

  We continued to learn from this industry and their experts in mass claims management. Our group attended presentations to learn best practices in claims coordination following a catastrophic incident. We also met directly with key contacts in the insurance industry to explore how to address complex claims.

Strategic Stakeholder Engagement

In 2025–2026, Ship and Rail Compensation Canada focused on strengthening national awareness of compensation rights by deepening relationships with the groups most involved in post-derailment emergency response and with potential claimants. Our engagement efforts were aimed at ensuring that communities, responders, and organizations understand how to access the Rail Fund.

Our key priority this year was to engage with those involved in Emergency Management, the insurance and legal sector, representatives of railway companies and their associations, and Indigenous groups. We were able to increase the Rail Fund's access to justice capacity by expanding awareness to build stakeholder relationships, ensuring potential claimants are aware of the Rail Fund, its mandate, and how to submit claims.

These goals also help the Rail Fund to explore its claims management readiness. Our team learned from first responders and emergency managers, addressed any outstanding questions on the regime, and explored the specific needs of this sector and communities in terms of potential damages. Finally, we also worked towards reconciliation with the goal to ensure the Rail Fund's values are reflected in our procedures and communications.

Operational Readiness

Along with a strong stakeholder engagement file, our operational readiness was tested several times this year through targeted exercises with key stakeholders. We explored our working relationships with key stakeholders in the insurance and claims adjusting industry, as well as with our federal partners who would be managing a post-derailment response. We conducted significant work to refurbish our Claims Manual and claims readiness procedures, aligning these tools with a user-friendly and accessible approach to ensure claimants can access compensation fairly and without undue burden.



Steve Anderson, Deputy Administrator, and Chantal Guénette, Director, touring CanmetENERGY laboratory, Devon, AB

4. Financial Reporting – Summary

In 2025-2026, we collected $1.92M in levies (compared to $2.9M in 2024-2025). We also earned $3.1M in interest in 2025-2026 (compared to $3.2M in 2024-2025).

Our revenues decreased by $1.18M in 2025-2026 compared to the previous year:

- A 35% decrease in the volume of levied crude oil shipped by rail was offset by a 2.42% increase in the 2025 levy. The levy increased by $0.05 for a total of $2.12 per tonne.

Our interest revenues decreased by $167K in 2025-2026. This decline is largely due to a decrease in average interest rates, which were 2.86% (ranged from 2.67% to 3.09%) in 2025-2026 (compared to 3.13% in 2024-2025).

Our operating expenses amounted to $1.7M in 2025-2026 (compared to $1.6M the previous year). This total includes the fees of $171K paid to the Administrator and Deputy Administrator (compared to $137K in 2024-2025).

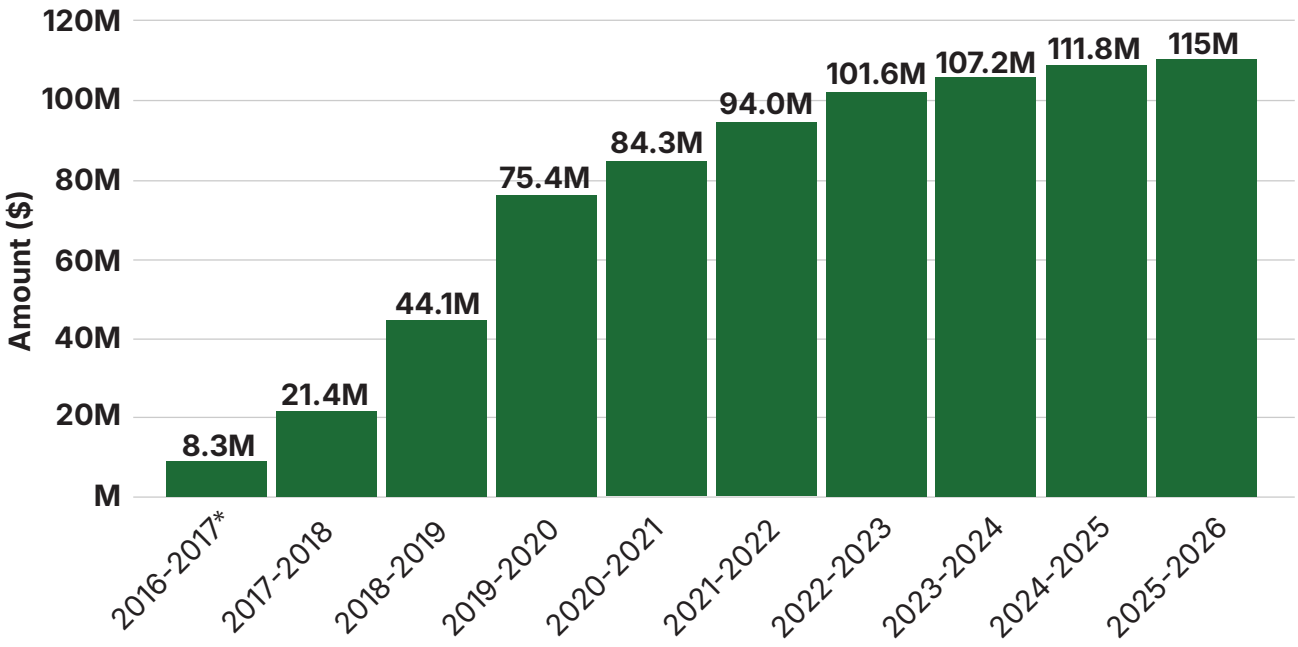
Our operating expenses increased due to:

- Consulting fees, and
- The portion of administrative costs which is allocated from a common cost base (shared with the Ship Fund), averaged 40% in 2025-2026, unchanged from 40% in 2024-2025 reflecting changes in common cost allocation factors.

At the end of the fiscal year, the Rail Fund had an accumulated surplus of $115M (compared to $111.8M on March 31, 2025).

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

Figure 10
Accumulated balance of the Rail Fund by fiscal year



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

Corporate Services Updates

Retirement of Ross Miller

After five years of service to the organization, we said goodbye to Ross Miller, Director, Corporate Services, as he entered retirement. Ross' contribution during this time oversaw many projects and improvements to the organization. We thank him for his dedication and valued contributions, and we wish him all the best in this new chapter of his life.

Welcoming Robin Ramrup

We are pleased to welcome Robin Ramrup as Director, Finance and Corporate Services. Robin is a senior finance executive with over 25 years of experience in the not-for-profit and private sectors, and he brings pertinent experience to the organization as we look to implement the strategic plan and position the organization for future success. Robin holds an MBA and the CPA and ICD.D designations.



Special Examination

The Special Examination is a statutory requirement of the MLA for the Ship Fund, and the CTA for the Rail Fund. This review must be completed by an independent auditor at least every five years. This year, we aligned the Ship Fund and Rail Fund examinations to fall in the same year, covering a review period from 2020-2025.

The report found insufficient evidence to support that the required systems and processes were working as intended. There were also highlighted weaknesses in how management controls were designed and used during this period, including a lack of a formal strategy and budgetary process. As a result, the report issued an adverse opinion. The adverse opinion relates to the maturity and documentation of systems and practices rather than to financial integrity.

During the present Administrator's term, we have taken clear steps to strengthen how the organization is governed. This includes the finalization of the Strategic Plan, putting formal annual planning and budgeting in place to begin in the 2026-2027 fiscal year. We are also taking concrete steps to work more closely with Transport Canada and related stakeholders, improving and standardizing claims processing, and preparing a structured approach for handling mass claims. Together, these steps will better position the organization for the next special examination period.

Launching the Strategic Business Plan

Following a robust and comprehensive process, we finalized the groundwork for the organization's Strategic Business Plan. This plan builds on a current-state assessment, coupled with a strategic planning workshop, to clarify our operating context, update our mission and vision, and define strategic goals on a multi-year view.

Over the next 5 years, this plan will focus on three strategic goals:

- **Total Claims Excellence:** Improving claims quality and compensation timelines while solidifying readiness for mass claims. Key actions include updating the Ship Fund's and Rail Fund's Claims Manuals, establishing a digital claims process, strengthening review standards, and improving information governance.
- **High-Performing Organization:** Strengthen people, culture and internal systems through a workforce and HR strategy, refreshed performance and recognition practices, better planning and budgeting, clear strategic governance, and transparent reporting.
- **Access to Justice:** Reduce barriers for claimants by increasing awareness through targeted outreach, providing plain-language tools and guidance, and improving how decision-making is communicated.

This plan outlines a governance model to be led by a Strategic Plan Steering Committee and supported by various internal and external teams. The plan identifies key risks related to resources, decision clarity, stakeholders, technology, regulation, and scope. This will be managed through clear decision-making, diligent planning, and ongoing monitoring. The final plan will include measurable objectives, timelines, and performance metrics to support implementation and accountability.

Information Management

We completed a Microsoft SharePoint improvement project, enhancing the way we save, find, use, and manage our information. We also implemented Harmon.ie, a software that helps staff file emails and attachments and view email metadata in SharePoint.

Student Program

We once again ran a successful student program for the Summer 2025 term. For the summer of 2025, we took 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. The students completed several major research projects, took part in a readiness exercise, and overall helped further the mandate of the organization.

Community Engagement

This year, once again, our employees proudly supported the Ottawa Food Bank by contributing generously, 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 result showcased our employees' dedication to making a positive impact in the community. Our team also participated in a cleanup day along the Ottawa River, removing trash and debris from the riverbank and helping to revitalize the natural ecosystem.

Transparency and Reporting

The MLA and the CTA provide 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 Act* ("ATIA") and the *Privacy Act* ("PA"):

- We did not receive any formal access to information requests. We received seven informal requests submitted to the Ship Fund.
- We received one formal privacy request submitted to the Rail Fund. We did not receive any informal requests.

In addition to our reporting obligations under the MLA, CTA, ATIA and PA, we consider transparency, communications, and outreach as integrally linked to our core mandate.



SRCC team during Ottawa River cleanup day

SHIP FUND
FINANCIAL REPORT



SHIP-SOURCE OIL POLLUTION FUND

FINANCIAL STATEMENTS

MARCH 31, 2026

SHIP-SOURCE OIL POLLUTION FUND

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Additional Information	12

INDEPENDENT AUDITOR'S REPORT

To the Administrator of
Ship-Source Oil Pollution Fund

Opinion

We have audited the financial statements of the Ship-Source Oil Pollution Fund (the Fund), which comprise the statement of financial position as at March 31, 2026, the statements of operations, change in net financial assets and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2026, and the results of its operations and its cash flows 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 10 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.

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.

Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 15, 2026

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	2026	2025
FINANCIAL ASSETS		
Balance of the account with Receiver General of Canada (Note 3)	**$ 441,146,953**	$ 435,619,821
Accrued interest receivable	**1,101,537**	950,845
Reimbursement for overpayment on Small Claims	**-**	25,555
Advances to the Fund for Railway Accidents Involving Designated Goods	**548,707**	371,727
TOTAL FINANCIAL ASSETS	**442,797,197**	436,967,948
LIABILITIES		
Accounts payable and accrued liabilities	**279,098**	367,764
Provision for claims under review (Note 4)	**10,053,725**	10,030,152
TOTAL LIABILITIES	**10,332,823**	10,397,916
NET FINANCIAL ASSETS	**432,464,374**	426,570,032
NON-FINANCIAL ASSETS		
Capital assets (Note 5)	**28,499**	63,077
ACCUMULATED SURPLUS	**$ 432,492,873**	$ 426,633,109

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

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
REVENUES		
Interest	**$ 12,154,525**	$ 12,850,986
Recoveries related to claims and previously awarded settlements	**498,707**	505,423
	12,653,232	13,356,409
CLAIMS		
Increase of provision for claims under review	**23,573**	265,473
Payments made towards Canadian claims	**1,492,537**	1,089,799
Payments made under the expedited process for small claims	**160,241**	276,129
Interest on payments made towards Canadian claims	**324,501**	170,014
Interest on payments made under the expedited process for small claims	**7,884**	17,115
International Oil Pollution Compensation Funds Contributions (Note 7)	**1,868,828**	3,120,759
	3,877,564	4,939,289
	8,775,668	8,417,120
OPERATING EXPENSES		
Administrative services, salaries and office expenses (Schedule A)	**1,786,675**	1,839,180
Consulting fees (Schedule B)	**560,111**	441,295
Administrator and deputy administrator's fees	**150,291**	167,157
Travel	**115,016**	47,682
Rent	**105,002**	105,434
Legal fees	**132,177**	269,140
Audit fees	**19,210**	18,645
Amortization of capital assets	**47,422**	67,723
	2,915,904	2,956,256
EXCESS OF REVENUES OVER EXPENSES	**5,859,764**	5,460,864
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**426,633,109**	421,172,245
ACCUMULATED SURPLUS, END OF YEAR	**$ 432,492,873**	$ 426,633,109

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2026

		2026		2025
EXCESS OF REVENUES OVER EXPENSES	**$**	**5,859,764**	$	5,460,864
Acquisition of capital assets		**(12,844)**		(32,302)
Amortization of capital assets		**47,422**		67,723
		34,578		35,421
INCREASE IN NET FINANCIAL ASSETS		**5,894,342**		5,496,285
NET FINANCIAL ASSETS, BEGINNING OF YEAR		**426,570,032**		421,073,747
NET FINANCIAL ASSETS, END OF YEAR	**$**	**432,464,374**	$	426,570,032

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2026

		2026		2025
OPERATING ACTIVITIES				
Excess of revenues over expenses	**$**	**5,859,764**	$	5,460,864
Adjustment for:				
Amortization of capital assets		**47,422**		67,723
		5,907,186		5,528,587
Net change in non-cash items related to operating activities:				
Accrued interest receivable		**(150,692)**		235,479
Reimbursement for overpayment on Small Claims		**25,555**		(25,555)
Advances to the Fund for Railway Accidents Involving Designated Goods		**(176,980)**		(66,251)
Accounts payable and accrued liabilities		**(88,666)**		74,056
Provision for claims under review		**23,573**		265,473
		(367,210)		483,202
INVESTMENT ACTIVITY				
Acquisition of capital assets		**(12,844)**		(32,302)
INCREASE IN BALANCE OF THE ACCOUNT WITH THE RECEIVER GENERAL FOR CANADA		**5,527,132**		5,979,487
BALANCE, BEGINNING OF YEAR		**435,619,821**		429,640,334
BALANCE, END OF YEAR	**$**	**441,146,953**	$	435,619,821

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Ship-Source Oil Pollution Fund (the Fund) was created on April 24, 1989 by amendments to the *Canada Shipping Act* and succeeded the Maritime Pollution Claims Fund. The Fund is governed by Part 7 of the *Marine Liability Act* (MLA) as modified by Statutes of Canada, 2009, Chapter 21.

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.

Accounting 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. The primary estimate relates to the valuation of provision for claims under review. Actual amounts could differ from the estimates.

Revenue recognition

Interest income is recognized as revenue when it is earned. Recoveries related to previously awarded settlements are recognized when they are received.

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	5 years

Recognition of the provision for claims under review

Provisions for indemnification claims are estimated and recognized when a formal claim is submitted by the claimant and is duly received by the Fund.

Recognition of the contributions to the International Oil Pollution Compensation Funds

The Fund recognizes its contributions to the International Oil Pollution Compensation Funds when the contributions are determined and requested by the International Oil Pollution Compensation Funds.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of earnings.

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 of Canada, accrued interest receivable and advances to the Funds for Railway Accidents Involving Designated Goods.

Liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 operations over the life of the instrument using the effective interest rate method.

3. BALANCE OF THE ACCOUNT WITH THE 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 performs the various transactions on behalf of the Fund. Interest is credited to the account in accordance with the provisions of the MLA at a rate based on a 5-year Government of Canada bond interest rate, calculated monthly. The interest rates varied between 2.59% and 2.94% during the year (2025: 2.57% and 3.54%). The average interest rate for the year ended March 31, 2026 was 2.77% (2025: 2.96%).

4. MEASUREMENT UNCERTAINTY

Due to uncertainties inherent to the claims review process, it is possible that the provision for claims under review is insufficient. Accordingly, a provision of $10,053,725 (2025: $10,030,152) for claims received prior to March 31, 2026 but not completely reviewed by that date has been calculated and recorded in the books. This provision is based on management's estimate and supported by claims payment historical data. All subsequent adjustments due to further investigation will be recognized in the year in which the claims are reviewed.

Provision for claims under review

As of March 31, 2026, the provision for claims under review was as follows:

- $13,449 (2025: $1,359,041) which represents the amount offered through formal offers and provisioned for claims received and currently under review.
- $10,040,276 (2025: $8,671,111) which represents the amount provided for on claims received not yet processed.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2026	2025
Computer equipment	**$ 404,517**	**$ 385,187**	**$ 19,330**	$ 46,829
Furniture and equipment	**233,130**	**224,750**	**8,380**	14,671
Leasehold improvements	**642,200**	**641,411**	**789**	1,577
	$ 1,279,847	**$ 1,251,348**	**$ 28,499**	$ 63,077

6. FINANCIAL INSTRUMENTS

Interest rate risk

The Fund 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 $4,383,834.

7. CONTINGENCIES

The Ship-Source Oil Pollution Fund may be required to make contributions to the International Oil Pollution Compensation Funds, for which the amount owing is determined by the International Oil Pollution Compensation Funds. The amounts contributed are used to pay compensation for claims arising under the jurisdiction of the contracting states to the International Oil Pollution Compensation Funds. The size of the contribution is contingent on the number of claims received by the International Oil Pollution Compensation Funds, resulting in varying levels of contributions from year to year. Given this volatility, it has been determined that this contribution cannot be reasonably estimated from year to year. The amount of the contribution is paid and recorded by the Ship-Source Oil Pollution Fund once the contribution is determined and requested by the International Oil Pollution Compensation Funds. During the year ended March 31, 2026, the Fund was asked to contribute an amount of $1,868,828 (2025: $3,120,759) to the International Oil Pollution Compensation Funds.

Starting December 18, 2018, the Ship-Source Oil Pollution Fund no longer has a liability limit per claim. Furthermore, as of April 1, 2026, the Minister of Transport has the statutory power to impose a levy of 64.63 cents (2025: 63.05 cents) per metric tonne of “contributing oil” imported into or shipped from a place in Canada in bulk as cargo in a ship. Both the maximum liability and the levy are indexed annually to the consumer price index. No levy has been imposed since 1976.

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 likeliness of a claim for any of these reported incidents. The Fund is also not able to assess the financial value of any such claims should they materialize. No provision related to these incidents is recognized in the financial statements. A provision is recognized when a claim is effectively received.

8. 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.

Rent

During the year, the Fund has paid $176,201 (2025: $176,201) to Public Works and Government Services Canada (PWGSC) for the use of office spaces of which a portion of $71,199 (2025: $72,526) is then charged to the Fund for Railway Accidents Involving Designated Goods. The Fund is committed to pay an annual minimum rent of $176,201 to PWGSC for the rental of premises under a lease agreement expiring March 31, 2029. As a tenant, the Fund is also responsible to pay its share of escalation costs annually.

Accounting services

During the year, the Fund paid $31,946 (2025: $31,831) to Transport Canada for accounting services.

8. RELATED PARTY TRANSACTIONS (continued)

Other

During the year, the Fund recovered $1,547,427 (2025: $1,391,862) from the Fund for Railway Accidents Involving Designated Goods for the following operating expenses:

	2026	2025
Administrative services, salaries and office expenses	**$ 1,476,228**	$ 1,319,336
Rent	**71,199**	72,526
	$ 1,547,427	$ 1,391,862

9. SUBSEQUENT EVENT

The Fund recognizes a provision for an indemnification claim when a formal and duly prepared claim is submitted by the claimant and is effectively received but the Fund. All claims received before March 31, 2026 were provided for in the financial statements. During the period from April 1, 2026 to June 9, 2026, the Fund has received additional claims totalling $170,353. These claims are provided for in the financial statements.

10. BUDGET

The Ship-Source Oil Pollution Fund does not prepare an annual budget due to the nature of its operations.

		2026		2025
SCHEDULE A - ADMINISTRATIVE SERVICES, SALARIES AND OFFICE EXPENSES				
Salaries and benefits	**$**	**1,658,585**	$	1,691,710
Office expenses		**42,602**		7,617
Information technology services		**3,109**		73,664
Telecommunications		**3,295**		2,921
Other administrative services		**79,084**		63,268
	$	**1,786,675**	$	1,839,180
SCHEDULE B – CONSULTING FEES				
Claims consultants and investigators	**$**	**299,097**	$	262,958
Management and expertise services		**231,382**		98,559
Graphic and multimedia services		**29,632**		79,778
	$	**560,111**	$	441,295

RAIL FUND
FINANCIAL REPORT



FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

FINANCIAL STATEMENTS

MARCH 31, 2026

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

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, 2026, 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, 2026, and the results of its operations and its cash flows 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.

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.

Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 15, 2026

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	2026	2025
FINANCIAL ASSETS		
Balance of the account with Receiver General of Canada (Note 3)	**$ 114,797,761**	$ 111,419,816
Accounts receivable	**509,889**	450,625
Accrued interest receivable	**280,888**	242,391
TOTAL FINANCIAL ASSETS	**115,588,538**	112,112,832
LIABILITIES		
Accounts payable and accrued liabilities	**2,476**	1,669
Due to Ship-Source Oil Pollution Fund	**548,707**	371,727
	551,183	373,396
NET FINANCIAL ASSETS	**115,037,355**	111,739,436
NON-FINANCIAL ASSETS		
Capital assets (Note 4)	**11,978**	21,866
ACCUMULATED SURPLUS	**$ 115,049,333**	$ 111,761,302

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, 2026

	2026	2025
REVENUES		
Levy	**$ 1,920,762**	$ 2,943,256
Interest	**3,068,261**	3,235,746
	4,989,023	6,179,002
OPERATING EXPENSES		
Administrative services, salaries and office expenses	**1,195,231**	1,208,463
Consulting fees	**191,258**	132,138
Administrator and deputy administrator's fees	**171,452**	137,901
Rent	**71,199**	72,526
Travel	**50,495**	61,038
Audit fees	**11,469**	11,018
Amortization of capital assets	**9,888**	17,219
	1,700,992	1,640,303
EXCESS OF REVENUES OVER EXPENSES	**3,288,031**	4,538,699
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**111,761,302**	107,222,603
ACCUMULATED SURPLUS, END OF YEAR	**$ 115,049,333**	$ 111,761,302

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
EXCESS OF REVENUES OVER EXPENSES	**$ 3,288,031**	$ 4,538,699
Acquisition of capital assets	**-**	(26,530)
Amortization of capital assets	**9,888**	17,219
	9,888	(9,311)
INCREASE IN NET FINANCIAL ASSETS	**3,297,919**	4,529,388
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**111,739,436**	107,210,048
NET FINANCIAL ASSETS, END OF YEAR	**$ 115,037,355**	$ 111,739,436

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 3,288,031**	$ 4,538,699
Adjustment for:		
Amortization of capital assets	**9,888**	17,219
	3,297,919	4,555,918
Net change in non-cash items related to operating activities:		
Accounts receivable	**(59,264)**	414,586
Accrued interest receivable	**(38,497)**	53,441
Accounts payable and accrued liabilities	**807**	(5,842)
Due to Ship-Source Oil Pollution Fund	**176,980**	66,251
	80,026	528,436
INVESTING ACTIVITY		
Acquisition of capital assets	**-**	(26,530)
INCREASE IN THE BALANCE OF ACCOUNT WITH THE RECEIVER GENERAL OF CANADA	**3,377,945**	5,057,824
BALANCE, BEGINNING OF YEAR	**111,419,816**	106,361,992
BALANCE, END OF YEAR	**$ 114,797,761**	$ 111,419,816

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.

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 THE 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 2.67% and 3.09% during the year (2025: 2.70% and 3.82%). The average interest rate for the year ended March 31, 2026 was 2.86% (2025: 3.13%).

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2026	2025
Computer equipment	**$ 53,664**	**$ 44,821**	**$ 8,843**	$ 17,687
Furniture and equipment	**10,448**	**7,313**	**3,135**	4,179
Leasehold improvements	**108,083**	**108,083**	**-**	-
	$ 172,195	**$ 160,217**	**$ 11,978**	$ 21,866

5. FINANCIAL INSTRUMENTS

Interest rate risk

The Fund 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 $1,131,088.

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 $14,366 (2025: $15,416) 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 $1,547,427 (2025: $1,391,862) for its share of the following operating expenses:

		2026		2025
Administrative services, salaries, office expenses and consulting fees	**$**	**1,476,228**	$	1,319,336
Rent		**71,199**		72,526
	$	**1,547,427**	$	1,391,862

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 likeliness 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, 2026, the Minister of Transport has the statutory power to impose a levy of $2.16 (2025: $2.12) 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.