

2023-2024

ANNUAL REPORT



**Ship and Rail
Compensation Canada**
Rail Fund



About the cover: "Oil Tanker Train", City of White Rock, British Columbia by Jaya Kesavan.

Published by the Administrator of the Ship and Rail Compensation Canada – Rail Fund

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The Honourable Pablo Rodriguez, P.C., M.P.
Minister of Transport
Ottawa, Ontario
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Dear Minister:

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

The report covers the fiscal year ending March 31, 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark A.M. Gauthier', with a long, sweeping underline.

Mark A.M. Gauthier, B.A., LL.B
Administrator
Ship and Rail Compensation Canada – Rail Fund

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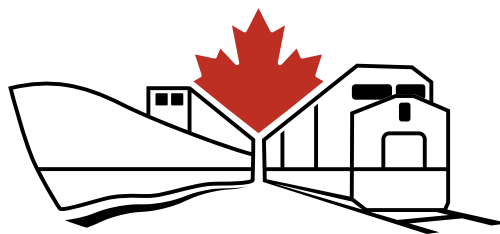
INTRODUCING SHIP AND RAIL COMPENSATION CANADA

We are pleased to unveil a new brand identity for the Rail Fund, aimed at enhancing awareness and recognition. To serve Canadians better, we have rebranded and joined forces with the Ship Fund.

Ship and Rail Compensation Canada is Canada's new compensation hub for anyone affected by oil spills from ships or boats and by major rail accidents involving crude oil.

The current lack of awareness about the Rail Fund poses a challenge to access to justice. We anticipate a notable improvement with a brand name that is easily recognizable, understood, and memorable to the public.

As we embark on this transformative journey, we will also launch a new website designed for enhanced accessibility in 2024.



**Ship and Rail
Compensation Canada**

Rail Fund

ABOUT THE RAIL FUND

The Rail Fund compensates anyone affected by major rail accidents involving crude oil.

Canadians can access compensation from the Rail Fund for damages that exceed the liability limit of the railway company involved in the accident. The amount of coverage it needs is based on the risk, type, and volume of crude oil it transports. The amount required ranges from \$100 million to \$1 billion.

The railway company is the first to pay. It is responsible for the damages and losses following a major accident involving crude oil. Fault or negligence doesn't have to be proven. If more than one railway company is liable, they all have to pay compensation. This is the polluter pays principle.

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

We collect levies from crude oil shippers. The railway companies must pay a fee, called a levy, for each tonne of crude oil that they ship by rail. The levy is collected only for the first time that the tonne of crude oil is moved by rail.

In the event of a disaster, there is no limit to how much we can pay to claimants. If our balance is exhausted, the Minister of Finance can provide additional money from Canada's Consolidated Revenue Funds.



This annual report covers the fiscal year from April 1, 2023 to March 31, 2024.

This is the 8th annual report concerning our activities.



In the rest of this report, when we use the term “accident”, we mean:

- ▶ Railway accident involving crude oil.

By “railway company”, we mean:

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

By “transition of claims”, we mean:

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

By “crude oil”, we mean:

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



FOREWORD FROM THE OUTGOING ADMINISTRATOR

Welcome to Canada's new compensation hub for anyone affected by oil spills from ships or boats and by major rail accidents involving crude oil.

After completing a fulfilling five-year term as Deputy Administrator of both the Rail Fund and the Ship Fund in April 2023, I announced my decision not to pursue further mandates after over four decades of dedicated service in the public sector.

I ultimately agreed to serve as Administrator for both Funds for a term of one year starting in April 2023 and pending the appointment of a new Administrator. My first order of business was to continue to advance and build upon the action plan started by my predecessor, Anne Legars, who served with distinction for seven years.

I was able to pursue my mandate because of the pivotal roles played by our two new Deputy Administrators, the professionalism exhibited by our staff, and the contributions from our network of consultants and partners.

I am pleased to report that in 2023-2024 we actively pursued many initiatives set out in the action plan. Well beyond my expectations, the Rail Fund's team made strides in advancing multiple key objectives. We have now secured multiple agreements with major railway companies in Canada to pave the way for an effective transition of claims from railway companies to us. This will ensure a seamless and efficient compensation process for anyone affected.

This year, we have also advanced on key objectives shared by both Funds. To enhance our access to justice goals, we have renamed our Funds as Ship and Rail Compensation Canada. We will also launch a new website in 2024. This will be instrumental in our upcoming outreach efforts.

I want to extend my heartfelt thanks to Dan Di Tota who has recently retired as our Director of the Rail Fund and to wish every success to our new Director, Chantal Guénette.

Finally, I extend my sincerest wishes to my successor as Administrator for a tenure that is as pleasant and rewarding as the one I have had at Ship and Rail Compensation Canada.

Most warmly and sincerely,



Mark A.M. Gauthier
Outgoing Administrator



MESSAGE FROM THE NEW DEPUTY ADMINISTRATOR

I am honoured to be appointed as the new Deputy Administrator for the Rail Fund. I have dedicated much of my career to public service, and I welcome the opportunity to work with my incredible team in this new role. Joining the Rail Fund and shortly thereafter marking the 10-year anniversary of the 2023 Lac-Mégantic rail disaster was a humbling learning experience that will guide my leadership on the rail portfolio moving forward.

This year, we have made considerable progress towards our state of preparedness. We've successfully signed five Memoranda of Understanding (MOUs) with railway companies involved in crude oil transportation and have conducted several tabletop exercises to test our joint readiness. Our goal is to collaborate with industry and community partners to ensure that victims receive timely compensation in their time of need.

In the coming year, we will redouble our efforts to build upon the progress we have achieved thus far. Throughout 2024-2025, our team will be traveling across Canada to form new strategic relationships with government, industry, and Indigenous partners to listen, learn and share the mandate of the Rail Fund.

I want to thank our Administrator, Mark A.M. Gauthier, for his vision, leadership, and dedication to the success of the Rail Fund. While his pending departure will impact us all, he has helped to establish a culture of success that will serve us for years to come!

Sincerely,



Steve D. Anderson
Deputy Administrator
of the Rail Fund



The Rail Fund Team was among the participants of the Railway Operations Live 2024 training course offered by the Railway Association of Canada



2023-2024 AT A GLANCE

We did not receive any claims as no rail accident activated the Rail Fund. However, we continue to monitor six past accidents for any potential compensation ramifications (see map on page 9).

We made steady progress towards strong preparedness. It included:



Welcoming and onboarding of our new Deputy Administrator, Steve D. Anderson, who was appointed specifically for the Rail Fund

We also welcomed Chantal Guénette as the new Director of the Rail Fund, following the retirement of Dan Di Tota.



Selecting a new name and branding: Ship and Rail Compensation Canada

This new distinctive and recognizable brand will play a key role in building new awareness campaigns. We are also preparing for the launch of a new website in 2024.



Advancing key objectives of our action plan such as:

► Signing five (5) agreements with railway companies and an association about the transition of claims

These Memoranda of Understanding (MOUs) ensure a seamless and efficient compensation process for anyone affected by an accident. We now have agreements with:

- VIA Rail Canada
- CSX
- CN
- CPKC (formerly CP)
- Railway Association of Canada (RAC) for some shortline railways

We expect similar agreements with other companies to follow.



Facilitating three (3) tabletop exercises to test our readiness with:

- ▶ CN
- ▶ CPKC
- ▶ Charles Taylor Adjusting (internal readiness exercise with the support of our claims assessment firm)



Improving our legal preparedness by conducting legal and policy research



Validating the levy collection on the railway shipments of crude oil

We worked with federal regulators to try to get the full picture.



Strengthening partnerships with both the railway sector and potential claimants.

This included:

- ▶ Participating in conferences and training sessions on railway safety and transportation of dangerous goods.
- ▶ Better understanding of the perspectives and compensation challenges faced by the victims of the Lac-Mégantic rail disaster to improve our processes.
- ▶ Organizing our first seminar with the provincial departments of the Province of British Columbia.
- ▶ Seeking to improve our Indigenous engagement and cultural competency.

In 2023-2024, the levy was set at \$1.99 per tonne. We collected \$3.45 million in levies, representing 1.73 million tonnes of levied crude oil.

As of March 31, 2024, the Rail Fund had accumulated over \$107 million.

1. ACTIVITY REPORT

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

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

1.1. PREPARING 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 the accident is at the heart of our mandate.

1.1.1. ACCIDENT MONITORING

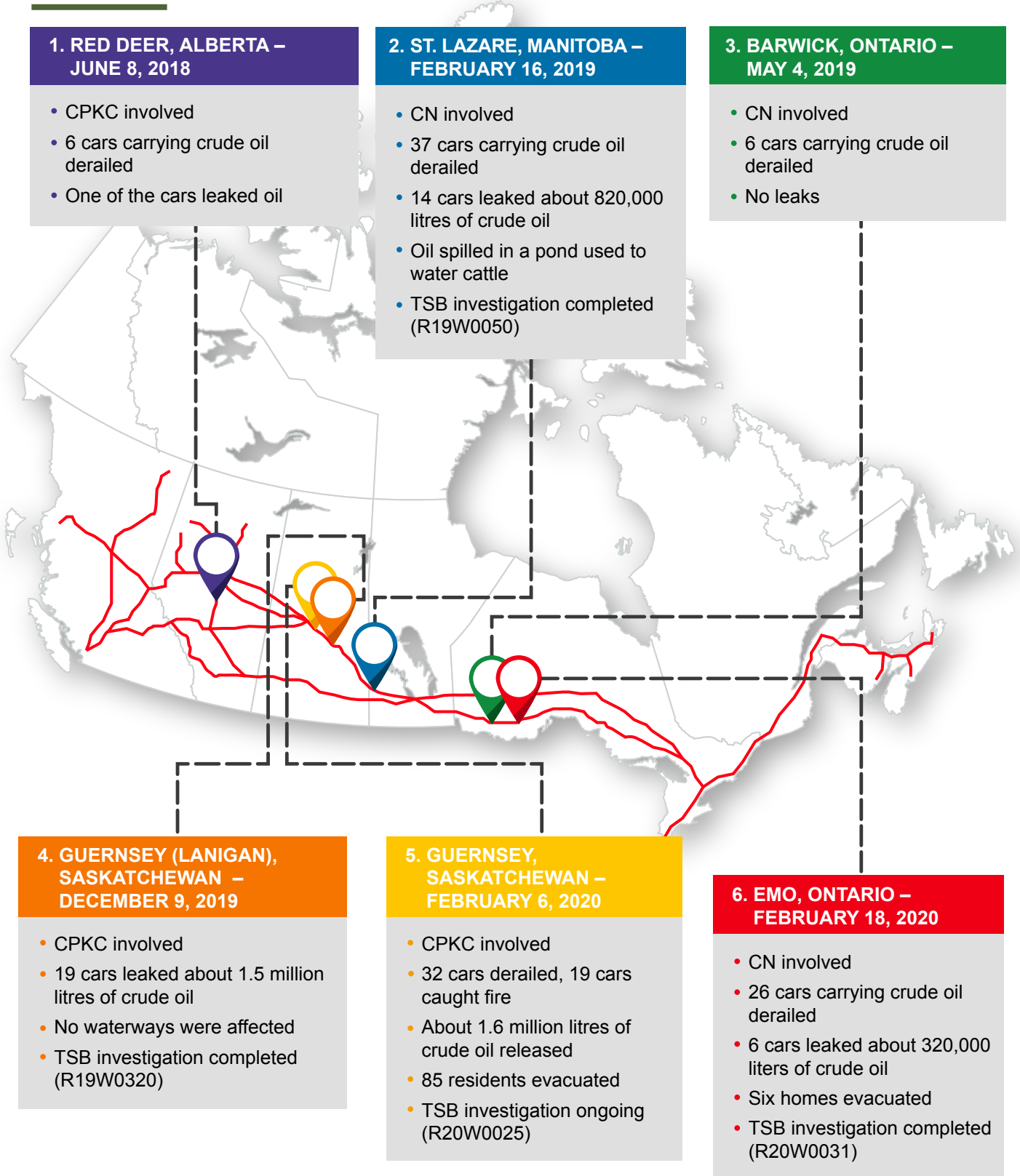
We monitor accidents involving crude oil by analyzing the notifications received from the Transportation Safety Board of Canada (TSB).

We did not add any accidents to our monitoring portfolio in 2023-2024.

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

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

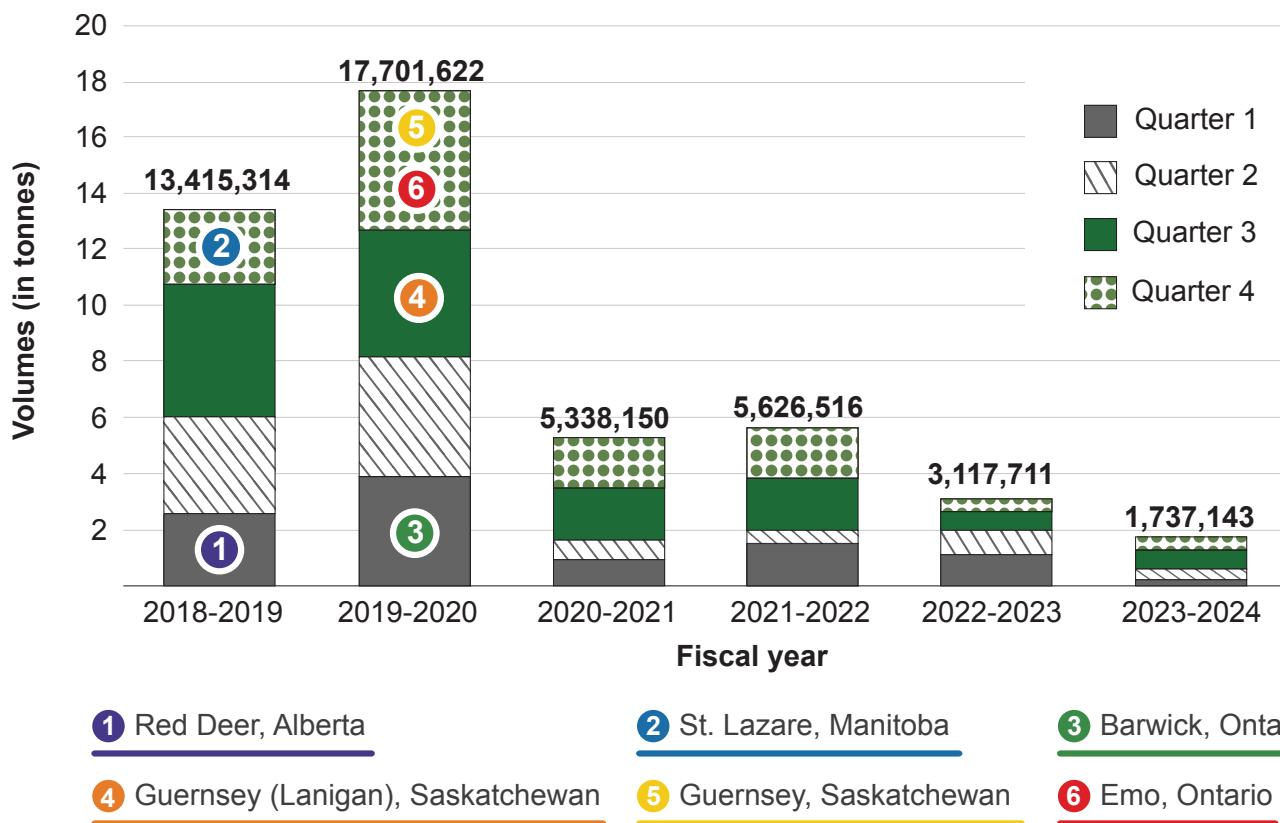
MAP OF ACCIDENTS MONITORED IN 2023-2024



The accident summaries are available on our website.

The graph below shows the volume of levied crude oil transported by rail in Canada. We have also included numbers above the columns showing the accidents that we currently monitor.

Graph 1: Crude-by-rail volumes (in tonnes) per quarter since 2018



Surveying all railway companies prior to any accident

In 2023, we sent out our annual voluntary survey, which allows us to obtain updated relevant information, including the company's:

- ▶ current capacity or intention to transport crude oil;
- ▶ key contacts.

Out of the 25 federally regulated railway companies, we received 16 responses, compared to 18 last year. To improve our response rate, we are actively pursuing collaboration with federal organizations that gather similar data. Our aim is to establish a streamlined data-sharing mechanism with them. This collaborative effort has the potential to reduce bureaucratic hurdles for the industry while enhancing our access to important data.



Learning from railway accidents, regardless of location

We have been observing different railway accidents in Canada and abroad, including the February 2023 derailment in East Palestine, Ohio. While this accident did not involve crude oil, it provides us with critical insights into response times, public relations, compensation issues, and government responsibility. We are drawing valuable lessons on how to continually enhance our processes.

1.1.2. PREPAREDNESS

In the event of a 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 reached significant milestones on the following elements of our preparedness.



Aerial photograph of derailment site in East Palestine, Ohio. Courtesy: National Transportation Safety Board (NTSB)

New leadership

In the past years, we advocated for the appointment of a dedicated Deputy Administrator for the Rail Fund, instead of having to split time with the Ship Fund. As we are working to strengthen our preparedness for mass compensation, we needed additional leadership. In April 2023, we succeeded in our advocacy efforts. Steve D. Anderson was appointed as Deputy Administrator. Since then, he has used his legal and public policy experience to help move our mandate forward.

We also completed a hiring process to secure a successor following the retirement of our Director, Dan Di Tota. Through his dedication, vision, and unwavering work ethic, Dan has left an indelible mark on our team. We are looking forward to onboarding a new Director, Chantal Guénette, who started with us at the end of March 2024.



Chantal Guénette,
new Director of the Rail Fund



Signing agreements with railway companies on transition of claims

We have signed five (5) Memoranda of Understanding (MOUs) with railway companies and an association. This includes VIA Rail Canada, CSX, CN, CPKC, and the Railway Association of Canada on behalf of some shortlines. Together, they represent the primary companies involved in the transportation of crude oil on federal railways in Canada.

These MOUs are the first of their kind for the Rail Fund and are a major step forward in our preparedness to fulfill our mandate and serve the Canadian public. The MOUs establish a protocol for the transition of claims from the railway company involved in the accident to us. We are working to make the transition as seamless as possible, so claimants can be compensated fairly and quickly.

We are actively pursuing more MOUs with railway companies.



Practice of our activation protocols

We have begun holding tabletop exercises with railways with which we have a MOU. We completed two separate exercises, one with CN and one with CPKC. These exercises immersed our teams in simulated situations, which are similar to real events. We practiced the protocols included in the MOUs and enhanced our collaboration and preparedness with these railway companies. Both exercises were a success and allowed us to explore further opportunities for collaboration.

We also completed an internal preparedness exercise with our claims assessment firm, Charles Taylor Adjusting, to test our preparedness. We practiced our activation protocols by discussing these elements:

- ▶ communication with claimants and the public;
- ▶ information gathering in the aftermath of an accident; and
- ▶ the transfer of information about claims from the railway company liable for the accident to us under the Act.

We enhanced our preparedness by identifying areas of improvement. We will continue to hold other exercises in the future.



Rail Fund team members visiting CN Headquarters in Montreal for a tabletop exercise



Legal preparedness: a key aspect of our mandate

This year, we conducted research on the following topics:

- ▶ The impact on the Rail Fund when class action lawsuits are started against railway companies following an accident;
- ▶ The impact confidential documents would have on the transition of claims from a railway company to the Rail Fund following an accident;
- ▶ The type of compensation available to non-governmental organizations in responding to railway accidents; and
- ▶ The gathering of knowledge with governmental and industry partners about DRUbit™, a petroleum product, to better understand the impact on our crude oil levy collection as defined by the Act.

We also continue to monitor the ongoing appeal of the Quebec Superior Court's decision in the class action lawsuit against CPKC arising from the 2013 Lac-Mégantic derailment.



Our legal preparedness includes:

- ▶ Undertaking legal research and statutory interpretation of the Act;
- ▶ Developing and maintaining a legal library;
- ▶ Researching past derailment cases to capture the legal issues at stake that would be relevant in an accident covered by our regime; and
- ▶ Fostering ties with the legal community such as the Canadian Transport Lawyers Association and the Canadian Bar Association.

1.1.3. CHALLENGES AND OPPORTUNITIES

Throughout 2023-2024, as we dedicated efforts to our action plan, we encountered challenges in our preparedness and pursued new opportunities and solutions, all of which are outlined below.



Ensuring we are collecting all the levies on the shipments of crude oil by rail

We worked with Transport Canada (TC) to set up a formal levy attestation to be provided to us each year. The attestation verifies and confirms that the levies on shipments of crude oil are accurate. This verification is an important process to maintain the integrity of Canada's polluter pays principle. The first attestation will be provided to us by TC in 2024.



Building awareness in communities near railways

With the COVID-19 pandemic, we faced significant challenges in fulfilling the part of our mandate about raising awareness within communities in proximity of railways. As travel restrictions were lifted, we swiftly pivoted to re-engage and forge new relationships with

partners. We are now better positioned to fulfill our mandate effectively due to:

- ▶ numerous conferences;
- ▶ presentations nationwide;
- ▶ signing MOUs with several companies in 2023; and
- ▶ starting tabletop exercises in early 2024.

We are also enthusiastic about building meaningful relationships with Indigenous communities that might be impacted by a railway accident. While we are eager to engage, we acknowledge the importance of first listening and learning about Indigenous history in Canada. In 2024, we undertook a cultural humility training, showing our commitment to Truth and Reconciliation and ensuring fair access to justice. This initial training session is only the beginning. We are committed to ongoing staff development, ensuring our continued engagement with Indigenous communities.

In the end, all Canadians should feel confident that we will be there to assist in their time of need.

Driving Access to Justice through Active Engagement

We consider partner and stakeholder engagement as the best way to ensure access to justice for claimants. We continued to make efforts to keep our key partners engaged and reaching out to new stakeholders.

Our communications initiatives included:

► **Collaborating with the provinces, local governments and elected officials**

We hosted our first seminar dedicated to provincial representatives. The event was a success, with active participation from various British Columbia government ministries, including:

- Emergency Management
- Health
- Indigenous Relations and Reconciliation
- Finance
- Environment and Climate Change Strategy.

Many participants were unaware of the existence of the Rail Fund and expressed curiosity about eligibility criteria.

This seminar underscored the importance of extending our efforts to engage diverse provincial departments from across Canada. In 2024-2025, we will be meeting with provincial representatives from Alberta and Manitoba.

► **Participation as exhibitors at three national and provincial trade shows with heavy foot traffic**

Throughout these events, we engaged with hundreds of municipal elected officials, chief administrative officers, municipal senior managers, and staff members. We



Photo of Derek Pace, one of our legal counsel taken at the 2023 Canadian Association of Municipal Administrators (CAMA) Conference

were able to showcase our initiatives and cultivate meaningful connections. It is one of the most effective methods for networking with many local leaders.

These events also helped us meet other organizations such as the Fire Chiefs' Association of British Columbia. They were interested to know that responders are eligible for compensation to the Rail Fund following an accident. We will continue our outreach towards first responders and public safety personnel in 2024-2025.

► **Commemoration of the 10th anniversary of the Lac-Mégantic railway accident from July 2023**

We are examining the continued impact it has on the community. The anniversary serves as a reminder of the longstanding impacts of the losses, damages and costs involved in the reconstruction. It also serves as a strong motivator for our team to establish a compensation process that can effectively support people when they need it the most.

In 2024, we met with Luc Berthold, Member of Parliament for Mégantic—L'Érable to discuss our preparedness strategy. In 2024-2025, we will explore opportunities to meet with other leaders from Lac-Mégantic.

We also continue to educate ourselves about this accident through documentaries, court proceedings, books, and other publications.



Source: TSB, Report R13D0054, Lac-Mégantic (Quebec)

► **Strengthen our ties with the railway industry**

In 2023, we attended the first Rail Symposium in Montreal. We engaged with many industry leaders about issues related to rail safety and the transportation of dangerous goods. We extend thanks to the Railway Association of Canada (RAC) and the Association québécoise des transports (AQTr) for facilitating these opportunities for exchange and networking. We were also invited at the RAC Annual Rail Safety Awards Ceremony.



Our Deputy Administrator, Steve Anderson, with Marc Brazeau, President and Chief Executive Officer of the Railway Association of Canada

Our team also completed training at CN's Walkley Yard in Ottawa, gaining valuable perspective on railway operations and safety measures, particularly in the handling of crude oil.

► **Improving our Indigenous engagement and cultural competency**

We made strides to enhance our Indigenous outreach and engagement efforts, particularly as we are planning outreach trips across Canada. We participated in a cultural humility training exercise facilitated by the Aboriginal Friendship Centres of Saskatchewan. This training provided our team with invaluable insights in engagement with Indigenous groups respectfully and effectively.

We are also exploring the impact of the Calls to Action of the Truth and Reconciliation Commission and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) on our mandate.

In 2024-2025, we are committed to increasing our engagement with Indigenous communities. We will also look for training opportunities to further strengthen our cultural competency.

► **Promoting diversity and inclusion within the railway industry**

We reaffirmed our dedication to this initiative by attending the Women in Rail Conference every year since 2021. We heard industry leaders share insights about inclusion and celebrate the contributions of women in railway roles in this industry.

During the 2023 Rail Symposium, our Deputy Administrator was also delighted to learn and support the important discussions on the experiences of women in rail. By actively participating in events like these, we strive to create a more inclusive and equitable workplace. We are committed to championing diversity and gender equality by acknowledging women’s invaluable role in shaping the industry’s future.



On the photo: Rosemarie Engele, Senior Rail Traffic Controller Chief at CN, Vanessa Knapton, Senior Vice President, Sales Field Services at Cathcart Rail, Steve Anderson, Deputy Administrator of the Rail Fund, Michele Malski, Founder and President of Succession Planning for Railroads Investing in the Next Generation LLC (SPRING) Director at Large, League of Railway Women

1.2. OFFICE MANAGEMENT AND CONTROLS

We made many corporate changes and improvements during the year, including:

- ▶ An information management (IM) and data visioning exercise. We created a two-year plan to make our organization fully digital. For example, this will allow our business processes and approvals to be automated using Microsoft 365 functionality.
- ▶ Improvements in information technology (IT) for team meetings and collaboration and office security, including a security training program for employees.

We continue to maintain and modernize human resources (HR) services for both Funds. The 2023-2024 activities included:

- ▶ Engaging a specialised HR service firm to provide HR consulting and professional management support.
- ▶ Initiating and completing an executive recruitment process to replace the Director of the Rail Fund who retired in December 2023.
- ▶ Establishing our staffing levels at around 22 employees for both Funds, including four dedicated Rail Fund employees. We also have full and part-time students.
- ▶ Expanding the use of new HR information systems for personnel records management, facilitating staffing actions, reporting and improving performance management.

These initiatives help build an HR service delivery model to better support the activity of Ship and Rail Compensation Canada.

Continued success with the Rail Fund's Student Program

This year, we employed four students who worked on legal, policy and communication files and completed the following tasks:

- ▶ Providing research on:
 - The transport of crude oil by shortline railway companies;
 - Accidents involving crude oil; and
 - The authority given to the Administrator to conduct investigations under the *Inquiries Act*.

- ▶ Preparation of publications, such as social media and newsletters; and
- ▶ Supporting the preparation and participating in meetings with partners.

We highly value the work and dedication demonstrated by our students. We will continue to seek to hire more students.



1.3. REPORTING, TRANSPARENCY AND COMMUNICATIONS

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

We also have reporting obligations under the *Access to Information Act* (ATI):

- ▶ This year, we provided a requester with the information we had on the 2015 Gogama derailments. The request, made in 2022-2023, was the second ATI request that we have received since 2016.

In addition to our reporting obligations under these acts, we consider transparency, communications and outreach as integrally linked to our core mandate.

This year, our team has effectively sustained our engagement levels, staying consistent with the outreach outcomes achieved in 2022-2023. We have carried out several outreach activities in 2023-2024. The list of our outreach activities is found below.



OUTREACH ACTIVITIES IN 2023-2024

HIGHLIGHTS:

28 meetings with key partners and new stakeholders, including:

- 11 discussion sessions on the transition of claims with railway companies

3 exhibitions at municipal and national trade shows with high foot traffic

2 tabletop exercises with a railway company on the transition of claims

1 provincial seminar with multiple BC ministries

Participation and networking during 4 national conferences

We continue to do joint outreach with the Ship Fund.

Legend for the type of participant



Railway companies and related associations



Federal Government and Members of Parliament



Provincial and territorial governments



Legal communities



Local governments, municipalities and related associations

* Recurring meetings with TC (10) are not listed below.

2023

APRIL

Meeting with CPKC on the transition of claims

MAY

Meeting with the Federation of Canadian Municipalities (FCM), Policy and Research Manager

Participation as exhibitor at the trade show of the:

- ▶ 2023 Federation of Canadian Municipalities (FCM) Conference
- ▶ 2023 Canadian Association of Municipal Administrators (CAMA) Conference

Meeting with CPKC on the transition of claims

JUNE

Participation at the 2023 Women in Rail Conference from the Railway Association of Canada (RAC)

Meetings (4) with railway companies and associations on the transition of claims

- ▶ BNSF
- ▶ CSX
- ▶ CN
- ▶ RAC

JULY

Meeting with CPKC on the transition of claims

AUGUST

Meetings (2) with RAC: one on the transition of claims and the other on communications

SEPTEMBER

Participation as exhibitor at the trade show of the Union of BC municipalities

Meeting with RAC on the transition of claims

OCTOBER

Presentation to government officials of the Province of British Columbia in Victoria

Participation at the 2023 Canadian Transport Lawyers Association (CTLA) Conference

Meetings (2) with RAC and CPKC on transition of claims

Meeting with Public Services and Procurement Canada

NOVEMBER

Participation at the first Rail Symposium 2023 Symposium Ferroviaire hosted by the RAC and the Association québécoise des transports (AQTr)

Meeting with the Canadian Association of Railway Suppliers (CARS)

Participation at the RAC Annual Rail Safety Awards Ceremony

DECEMBER

Meeting with the President of the RAC

2024



JANUARY

Tabletop exercise with CN



FEBRUARY

Tabletop exercise with CPKC



Meeting with the Member of Parliament for Mégantic—L'Érable



Meeting with Public Services and Procurement Canada



Ottawa Food Bank

Our employees giving back to the community

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



2. FINANCIAL REPORT

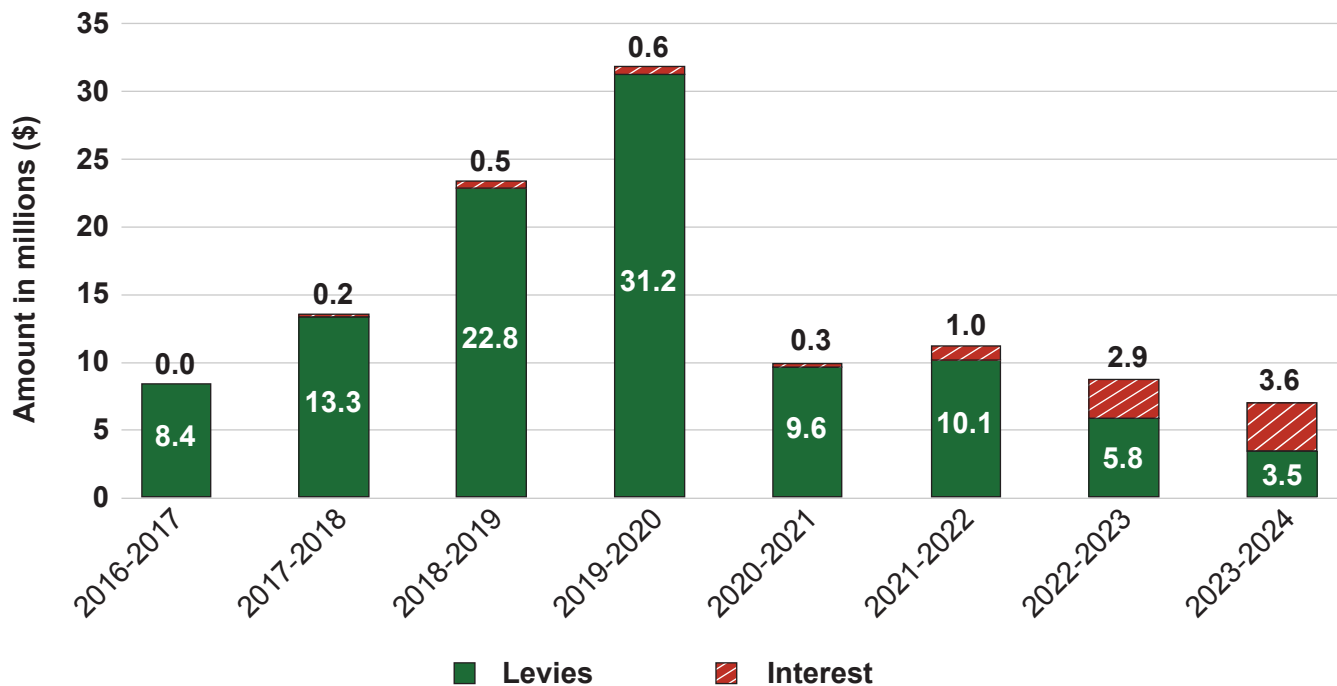
In 2023-2024, we collected \$3,456,915 in levies (compared to \$5,798,944 in 2022-2023). We also earned \$3,594,949 in interest in 2023-2024 (compared to \$2,867,865 in 2022-2023).

Our revenues decreased by \$1,614,945 in 2023-2024 compared to the previous year:

- ▶ A 44% decrease in the volume of levied crude oil shipped by rail was offset by a 4% increase in the 2023 levy. The levy increased by \$0.08, for a total of \$2.07 per tonne.

Our interest revenues increased by \$727,084 in 2023-2024. This is largely due to an increase in average interest rates, which were 3.64% (ranged from 2.98% to 4.33%) in 2023-2024 (compared to 3.10% in 2022-2023).

Graph 2: Amount collected from the levy and interest since 2017



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

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

Our operating expenses amounted to \$1,434,562 in 2023-2024 (compared to \$1,108,193 the previous year). This includes the fees of \$111,423 paid to the Administrator and Deputy Administrator (compared to \$66,242 in 2022-2023).

Our operating expenses increased by \$326,369 due to:

- ▶ An increase of \$205,178 in administrative services, salaries and office expenses;
- ▶ An increase of \$50,990 in consulting fees for legal and professional advisory costs;
- ▶ A net increase of \$70,201 in other operating expenses.

The portion of administrative costs which is allocated from a common cost base (shared with the Ship Fund), averaged 41% in 2023-2024 compared to 33% in 2022-2023 due to changes in common cost allocation factors.

At the end of the fiscal year, the Fund had an accumulated surplus of \$107,222,603 (compared to \$101,605,301 on March 31, 2023).

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

**FUND FOR RAILWAY ACCIDENTS INVOLVING
DESIGNATED GOODS**

FINANCIAL STATEMENTS

MARCH 31, 2024

**FUND FOR RAILWAY ACCIDENTS INVOLVING
DESIGNATED GOODS**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Fund for Railway Accidents involving Designated Goods (“the Fund”), which comprise the statement of financial position as at March 31, 2024, 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, 2024, and the results of its operations and its cashflows for the year then ended, in accordance with Public Sector Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Budget figures

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

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

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

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

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

Marcil Lavallée

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Chartered Professional Accountants

 **MOORE**
Un membre indépendant de
Moore North America, Inc.
An independent member
of Moore North America, Inc.

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
May 29, 2024

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS**STATEMENT OF FINANCIAL POSITION****MARCH 31, 2024****3**

	2024	2023
FINANCIAL ASSETS		
Balance of the account with Receiver General of Canada (Note 3)	\$ 106,361,992	\$ 100,682,096
Accounts receivable	865,211	849,979
Accrued interest receivable	295,832	243,516
TOTAL FINANCIAL ASSETS	107,523,035	101,775,591
LIABILITIES		
Accounts payable and accrued liabilities	7,511	9,965
Due to Ship-Source Oil Pollution Fund	305,476	202,872
	312,987	212,837
NET FINANCIAL ASSETS	107,210,048	101,562,754
NON-FINANCIAL ASSETS		
Capital assets (Note 4)	12,555	42,547
ACCUMULATED SURPLUS	\$ 107,222,603	\$ 101,605,301

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, 2024

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	2024	2023
REVENUES		
Levy	\$ 3,456,915	\$ 5,798,944
Interest	3,594,949	2,867,865
	7,051,864	8,666,809
OPERATING EXPENSES		
Administrative services, salaries and office expenses	1,016,030	810,852
Consulting fees	171,656	120,666
Administrator and deputy administrator's fees	111,423	66,242
Rent	61,136	61,934
Travel	33,307	8,620
Audit fees	11,018	9,887
Amortization of capital assets	29,992	29,992
	1,434,562	1,108,193
EXCESS OF REVENUES OVER EXPENSES	5,617,302	7,558,616
ACCUMULATED SURPLUS, BEGINNING OF YEAR	101,605,301	94,046,685
ACCUMULATED SURPLUS, END OF YEAR	\$ 107,222,603	\$101,605,301

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2024

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	2024	2023
EXCESS OF REVENUES OVER EXPENSES	\$ 5,617,302	\$ 7,558,616
Acquisition of capital assets	-	(21,992)
Amortization of capital assets	29,992	29,992
	29,992	8,000
INCREASE IN NET FINANCIAL ASSETS	5,647,294	7,566,616
NET FINANCIAL ASSETS, BEGINNING OF YEAR	101,562,754	93,996,138
NET FINANCIAL ASSETS, END OF YEAR	\$ 107,210,048	\$ 101,562,754

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

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	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 5,617,302	\$ 7,558,616
Adjustment for:		
Amortization of capital assets	29,992	29,992
	5,647,294	7,588,608
Net change in non-cash items related to operating activities:		
Accounts receivable	(15,232)	696,637
Accrued interest receivable	(52,316)	(68,057)
Accounts payable and accrued liabilities	(2,454)	(20,028)
Due to Ship-Source Oil Pollution Fund	102,604	28,260
	32,602	636,812
INVESTING ACTIVITY		
Acquisition of capital assets	-	(21,992)
INCREASE IN THE BALANCE OF ACCOUNT WITH THE RECEIVER GENERAL OF CANADA	5,679,896	8,203,428
BALANCE, BEGINNING OF YEAR	100,682,096	92,478,668
BALANCE, END OF YEAR	\$ 106,361,992	\$ 100,682,096

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

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1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Use of estimates

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

Revenue recognition

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

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

Capital assets

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

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

Financial instruments

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

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

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

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

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

3. BALANCE OF THE ACCOUNT WITH RECEIVER GENERAL FOR CANADA

The cash balance of the Fund is held within the Consolidated Specified Purpose Accounts of the Government of Canada. Public Works and Government Services Canada acts as the custodian of this cash balance and Transport Canada records the various transactions on behalf of the Fund. Interest is credited to the account in accordance with the provisions of the agreement signed on April 20, 2018 between Transport Canada and the Department of Finance at a rate based on a 5-year Government of Canada bond interest rate, calculated monthly. The interest rates varied between 2.98% and 4.33% during the year (2023: 2.60% and 3.54%). The average interest rate for the year ended March 31, 2024 was 3.64% (2023: 3.10%).

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2024	2023
Computer equipment	\$ 27,134	\$ 19,803	\$ 7,331	\$ 14,662
Furniture and equipment	10,448	5,224	5,224	6,269
Leasehold improvements	108,083	108,083	-	21,616
	\$ 145,665	\$ 133,110	\$ 12,555	\$ 42,547

5. FINANCIAL INSTRUMENTS

Interest rate risk

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

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

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

The effect on financial assets of an increase (decrease) in the interest rate by 1.00% during the year would have reduced (increased) the surplus by approximately \$1,035,550.

FUND FOR RAILWAY ACCIDENTS INVOLVING DESIGNATED GOODS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

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6. RELATED PARTY TRANSACTIONS

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

Accounting services

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

Other

During the year, the Fund paid to the Ship-Source Oil Pollution Fund an amount of \$1,120,268 (2023: \$826,111) for its share of the following operating expenses:

	2024		2023
Administrative services, salaries and office expenses	\$ 1,059,132	\$	764,177
Rent	61,136		61,934
	\$ 1,120,268	\$	826,111

7. CONTINGENCIES

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

As of April 1, 2024, the Minister of Transport has the statutory power to impose a levy of \$2.07 (2023: \$1.99) 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.