

A photograph of a woman with curly brown hair and a young boy looking out of a train window. The woman is smiling and looking towards the right. The boy is also smiling and looking out the window, with his hands resting on the ledge. The window reflects the boy's face. The background outside the window is a blurred landscape. The text '2023-24 Annual Report' is overlaid in white on the right side of the image.

2023-24 Annual Report

hfr-tgf

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Messages from Leadership

Québec City



Message from the Chair and Vice Chair of the Board of Directors

A fast, frequent, and reliable passenger train: a necessary path forward

As the Chair and Vice Chair of the VIA HFR Board of Directors, we are pleased to introduce the 2023-24 VIA HFR inaugural Annual Report. Our first year of operation as a newly created organization was marked by significant achievements as we advance the High Frequency Rail (HFR) project.

The HFR project aims to transform intercity passenger rail service in the corridor between Toronto and Québec City – connecting three capitals, the two largest Canadian cities, 15 million people and counting, and many communities along the way.

By fostering greater proximity between nearly half of Canada’s population, who collectively represent nearly half of Canada’s gross domestic product (GDP), the project promises to enhance quality of life and boost economic growth and productivity. It will also facilitate access to more housing options and help make life more affordable.

VIA HFR has been growing rapidly in order to assume this important role mandated by the Government of Canada. Over the last year, the Corporation welcomed three new directors to its Board, and in September 2023, after a thorough search, Mr. Martin Imbleau was appointed President and Chief Executive Officer (CEO). The Board of Directors would like to express appreciation to Mr. Marc-Olivier Ranger, whose leadership and professionalism in the role of interim CEO, steadied the Corporation during its inception.

This past year was also marked by our effort to support the advancement of the Request for Proposals (RFP) launched in fall 2023. The Government-led procurement process progressed steadily in 2023-24 and is generating promising results. It is expected that the proposals will meet and exceed the required outcomes for the HFR project.



J. Robert S. Prichard
Chair of the Board of Directors

Marie-José Nadeau
Vice Chair of the Board of Directors

As VIA HFR builds momentum, planning and preparation will remain critical to ensure readiness for the increased responsibilities that it will assume when a Private Developer Partner is selected at the end of the procurement process. The Corporation will then become, on behalf of the Government, the single window counterparty to the selected Private Developer Partner. Both parties will collaborate to further design, de-risk and co-develop the HFR project, in preparation for a future government investment decision.

Finally, the current success of the Corporation is attributable to significant efforts made by the Government over the last two years. On behalf of the Board of Directors and the Corporation, we want to thank the Minister of Transport and his officials, our partners at Transport Canada, VIA Rail, Public Services and Procurement Canada, Infrastructure Canada, the Canada Infrastructure Bank, and Justice Canada, for their commitment and hard work that has brought us to this point.

More than just a large infrastructure undertaking, this project is required now to contribute to all Canadians' prosperity and quality of life. As VIA HFR continues on its journey, it does so with enthusiasm, determination, and a unified sense of purpose to deliver a modern, electrified passenger rail service that is socially, environmentally, and financially sustainable for future generations.

"J. Robert S. Prichard" (signed)
Chair of the Board of Directors

"Marie-José Nadeau" (signed)
Vice Chair of the Board of Directors

Message from the President and Chief Executive Officer

It is my pleasure to present VIA HFR's Annual Report for its first full operating year ended on March 31, 2024. Since I joined the Corporation in September 2023, I can attest to the significant progress and milestones achieved by the Corporation. It is exciting to advance the vision for the future of intercity passenger rail in Canada, and to begin translating that vision into a reality for Canadians. With a commitment to multi-stakeholder engagement, partnering with Indigenous peoples, and environmental sustainability, we embrace the opportunity to redefine intercity passenger rail transportation in Canada's most vital economic and demographic Corridor.

The Corporation's vision is to develop a modern, rapid, frequent, and reliable passenger rail network that will connect Toronto to Québec City. This ambitious project, spanning nearly 1,000 kilometers of mainly electrified tracks, aims to transform the way Canadians travel, offering a sustainable, efficient, and comfortable alternative to current transportation options. We envision a future where rail is the preferred travel choice for millions of Canadians.

The intercity passenger rail system will serve as the backbone connecting local systems and major urban centers such as Toronto, Ottawa, Montréal, and Québec City, providing a service comparable to European and other G20 countries, with trains travelling at speeds of 200 km per hour or higher, significantly faster than current services, and with limited stops, resulting in greatly reduced journey times. Furthermore, the new services will provide enhanced reliability with trains operating on dedicated tracks and more departures to ensure services are offered at key moments of the day for travellers – neither of which is currently available with Canada's existing intercity train services.

This project is not merely a transportation initiative – it is a catalyst for economic growth and productivity. By improving connectivity between major cities and regions along the Corridor and by reducing travel times and increasing the frequency of departures, we will make it easier for people to commute and engage in economic activities – whether associated with work, tourism, or education. We aim through this project to improve Canadians' quality of life.

We firmly believe that providing an appealing, efficient, and sustainable mobility alternative, running mainly on electrified tracks, is a key step towards reducing congestion on roads and in airports while also lowering overall emissions compared to current modes of transportation. This aligns with national goals to achieve net zero, combat climate change and transition towards more sustainable energy sources.



Martin Imbleau
President and Chief Executive Officer

This project is also an opportunity to demonstrate a meaningful commitment to reconciliation, in support of the Government of Canada's goal of advancing the rights, perspectives, and prosperity of Indigenous peoples. We are engaging with Indigenous communities along the Corridor from the outset to ensure their insights and needs are incorporated into the conception, construction, and operation of the project. We aim to set a precedent for inclusive and respectful development practices, and we seek to create opportunities for socio-economic benefits as well as economic participation in the project for those communities.

In addition, we are engaging with a broad range of stakeholders, including elected officials, to raise awareness of the project and gather feedback and support. This inclusive approach is meant to ensure that the HFR project is designed to meet the diverse needs of all Canadians.

Concurrently with these engagement activities, VIA HFR participates actively in the competitive procurement process led by the Government of Canada to select a Private Developer Partner to design, build, finance, operate and maintain this new interprovincial passenger rail service. This procurement process launched in October 2023 is bringing together some of the world's best experts in passenger rail. Three consortia will present their concepts later this summer to the Government of Canada, and a winner is expected to be selected and announced by the end of the year.

We look forward to the successful close of the procurement and to start working closely with the selected Private Developer Partner to advance the project's design and development. This collaborative effort will ensure that our vision for a fast, frequent, and reliable interprovincial passenger rail network indeed becomes a reality. The HFR project is not just an investment in transportation; it is Canada's largest and most ambitious public infrastructure project since the construction of the St. Lawrence Seaway and a significant investment in our collective future.

I would like to extend my heartfelt thanks to the Board of Directors, to our dedicated personnel, to our counterparts at Transport Canada and to other Government of Canada departments for their unwavering support and commitment to this unique project. Their dedication and hard work are the cornerstone of our progress and success.

Together, we are building a legacy that will benefit generations to come.

"Martin Imbleau" (signed)
President and Chief Executive Officer

At a Glance



Trois-Rivières

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At a Glance

Building the Train Canada Needs – Fast, Frequent, and Reliable

The High Frequency Rail (HFR) project is a transformative initiative by the Canadian government, designed to revolutionize intercity travel within the country's most densely populated corridor. This ambitious network will see the construction of nearly 1,000 km of dedicated tracks to connect Toronto, Peterborough, Ottawa, Montréal, Laval, Trois-Rivières and Québec City. The service will operate on mostly electrified tracks, which will significantly reduce greenhouse gas emissions, providing a more sustainable alternative to current intercity travel options, while at the same time boosting the economy and the productivity.

The project is set to transform the landscape of intercity travel in Canada with key outcomes that underscore its ambitious goals of being fast, frequent, and reliable.

- Enhancing the passenger experience in the corridor is an essential part of the HFR project. This will be achieved by providing **faster services with shorter travel times** between major cities such as Toronto, Ottawa, Montréal and Québec City, making rail travel a more attractive option for commuters and travelers alike.
- The HFR project will also meet the demands of passengers who want flexibility by offering more **frequent departures**. This improvement in service regularity will offer passengers more options to organize their travel based on their needs.
- The project also focuses on delivering a more **reliable service** with better on-time performance in the corridor. The goal is to reach up to 95% on-time performance on dedicated tracks, thereby increasing the dependability of rail services.
- By improving the speed, frequency and reliability of the service, the HFR Project aims to **significantly increase the number of intercity rail passengers**, with a target to boost the annual passenger count in the corridor to at least 17 million by 2059, a substantial rise from the 4.8 million recorded in 2019.

The project also aims to maintain connectivity between currently served cities. The project will create optimization opportunities for local services, ensuring that all regions continue to benefit from rail connectivity.

The socio-economic benefits of the HFR project are far-reaching. The initiative is anticipated to create long-term socio-economic opportunities, particularly through direct collaboration with Indigenous communities. This aligns with the Government of Canada's priorities for economic prosperity and sustainable growth. The project will support the expected population increase in the corridor, which is projected to grow by 5 million over the next 20 years.

A key component of the HFR project is the engagement and collaboration with Indigenous communities. The project aims to create mutually beneficial opportunities and contribute to the reconciliation process, reflecting and supporting Indigenous culture, peoples, and their territories.

The project is designed to be environmentally friendly, with a focus on reducing emissions and promoting sustainable travel options. This aligns with Canada's environmental goals and commitments to combat climate change.

The HFR project represents a significant advancement for Canada's transportation sector, offering an innovative, environmentally friendly, and economically beneficial solution for intercity travel. It is a strategic initiative that promises to enhance the quality of life for Canadians, support economic growth, and foster a more sustainable future.

Corporate Profile

Mandate

Vision

Mission

HFR Project

2023-24 Milestones

Looking Ahead to 2024-25

Laval

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Corporate Profile

MANDATE

The mandate of VIA HFR is to develop and implement the High Frequency Rail (HFR) project including the design, construction, financing, operation, and maintenance of passenger rail services in Ontario and Québec through one or more agreements with the private sector, in cooperation with the Minister of Transport, and in accordance with the Minister's Statement of Priorities and Accountabilities provided upon VIA HFR's incorporation.

VISION

The vision of VIA HFR is to transform, and support modal shift to, passenger rail services in the Toronto to Québec City corridor (Corridor) by providing Canadians a more rapid, frequent, reliable, and greener transportation option.

MISSION

The mission of VIA HFR is to advance, for the benefit of all Canadians, a high frequency passenger rail service between Toronto and Québec City that is socially, economically, environmentally, and financially sustainable, in collaboration with the private sector.

HFR PROJECT

The HFR project will transform passenger rail services in Canada by constructing an approximately 1,000 km intercity passenger rail network, run on predominantly dedicated electrified tracks at higher frequencies, higher speeds and with improved reliability between Toronto and Québec City, making it faster and easier for people in Canada's most populated areas to travel for work, education, or leisure. The operation of new HFR services and local services will be treated as an integrated network system along the entire Corridor, with operation of local services to be maintained and optimized to enable better connections with HFR.

2023-24 MILESTONES

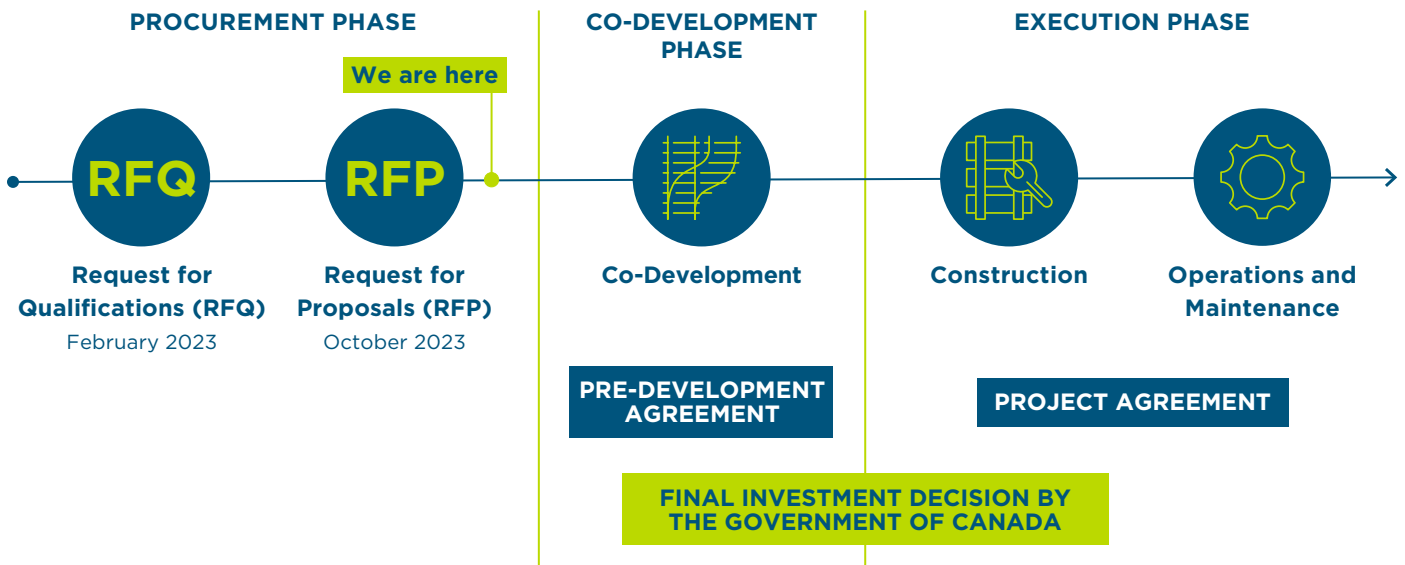
- **Procurement** – On July 20, 2023, the Government of Canada qualified three bidding teams to respond to the Request for Proposals (RFP) aimed at selecting a private sector partner to co-develop and optimize the HFR project. The RFP was launched on October 13, 2023, and will close in summer 2024.
- **Leadership** – On July 31, 2023, the Board of Directors announced the appointment of a President and CEO, Martin Imbleau, who joined VIA HFR on September 8, 2023.
- **Engagement** – Over the course of the year, VIA HFR significantly increased its engagement activities with various levels of governments, stakeholders, and Indigenous communities and organizations to discuss collaboration opportunities and project development. VIA HFR planners also conducted a series of preliminary field studies for the project.
- **Capacity** – The Corporation has grown rapidly to ensure it can fulfill its mandate and achieve its vision. It established a footprint in Ottawa, Montréal, and Toronto for its growing workforce, and implemented the necessary tools and systems to operationalize the Corporation. This has put the organization in a strong position for 2024-25 and beyond.

LOOKING AHEAD TO 2024-25

The HFR project includes a multi-year, staged approach to co-development and delivery of the project with a private partner. The collaborative approach is intended to promote innovation, drive better service for passengers, reduce overall risk, improve risk management, and ultimately achieve better value for Canadians.

The RFP will close in the summer of 2024 and one of three qualified consortia – bringing to bear expertise in both the development and the operation of rail services – is expected to be selected by the end of the calendar year to become the Private Developer Partner. The Co-Development phase of the project is slated to begin during the last quarter of the 2024-25 fiscal year.

KEY STEPS IN THE PROJECT



ROLE OF PRIVATE SECTOR IN HFR PROJECT

Proponents	Private Developer Partner	Private Partner
Participate in RFP process; develop and submit proposals	Further advance and optimize design and scope of the HFR Project to enable a final investment decision by Canada	Finalize design, construct, and finance the HFR Project, and operate, maintain, and rehabilitate HFR Services and Local Services

ROLE OF VIA HFR IN THE PROCESS

The procurement process is the exclusive responsibility of the Government of Canada, and VIA HFR works closely with it. VIA HFR leads the advancement of key project activities and will work with the Private Developer Partner to be chosen through the RFP process.

VIA HFR's efforts will be structured under the following pillars in the upcoming year to successfully finalize the procurement process and launch the Co-Development phase:

- Drive the Design Development of a Passenger Rail Service in the Corridor
- Foster Indigenous Partnerships, Engage Stakeholders, and other Partners Effectively
- Strengthen the Corporation

While details are available in the 2024-25 Summary Corporate Plan, the highlights of each priority area are as follows:

Drive the Design Development of a Passenger Rail Service in the Corridor – VIA HFR will advance the project by supporting the Government-led procurement process, help finalize the terms of the Pre-Development Agreement, and advance all preparatory work that will support and accelerate the design phase of the project.

Foster Indigenous Partnerships, Engage Stakeholders, and other Partners Effectively – VIA HFR will foster partnerships through relationship building with Indigenous communities, entities and organizations and effectively engage external stakeholders and other partners, including federal and other levels of government, to enhance public support. The project needs to be known, required and desired. As a result, VIA HFR will continue to establish and build awareness of the HFR project and ensure that its merits are recognized. The Corporation will also listen to mitigate concerns early and proactively address them.

Strengthen the Corporation – VIA HFR will manage itself effectively as a Crown corporation to fulfil its mandate. This will include demonstrating strong financial stewardship, seeking funding to allow for the long-term stability of the Corporation, and building a strong project management culture focused on delivering on Canada’s largest infrastructure project.

Management's Discussion and Analysis

Strategic Objectives

Performance Highlights

Analysis of Financial Results

Risk Management

Outlook

Montréal



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Management's Discussion and Analysis

This annual report, the enclosed financial statements, and this management's discussion and analysis represent an important milestone for VIA HFR – VIA TGF Inc. (VIA HFR) and the successful completion of its first year of operations.

This management's discussion and analysis outlines the financial results of VIA HFR for the fourth quarter and the year ended March 31, 2024. These financial results reflect a start-up organization that has grown rapidly in terms of spend, workforce, and complexity of mandate. This section should be read in conjunction with the audited financial statements and notes.

VIA HFR is a wholly owned subsidiary of VIA Rail Canada Inc. (VIA Rail) that operates at arm's length and acts as a parent Crown Corporation under the *Financial Administration Act*, with some exceptions, in accordance with Order in Council P.C. 2022-0260. Its mandate is to develop and implement the HFR project with the private sector, including the design, construction, financing, operation, and maintenance of passenger rail services in Ontario and Québec.

FIRST OPERATIONAL YEAR

VIA HFR was incorporated on November 29, 2022, and became operational on July 1, 2023. As such, the year ended March 31, 2024 is VIA HFR's first year of operations. No comparative figures are presented in the discussion and analysis below.

MATERIALITY




In assessing what information to include in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence decisions that VIA HFR's stakeholders make on the basis of the financial information.

FORWARD-LOOKING STATEMENT DISCLOSURE


This management's discussion and analysis contains forward-looking statements which may be identified with the words "may", "likely to", "could". These statements reflect our evaluation of the information currently available and are subject to a number of risks and uncertainties referred to in the risk section of this document which may cause the actual results and performance of the organisation to be materially different from any future results and performance expressed or implied by such forward-looking information.

STRATEGIC OBJECTIVES

VIA HFR continues to deliver upon its strategic objectives for 2023-24. Some activities persist over various years as the Corporation continues to establish itself, completes the Procurement phase, and prepares for the Co-Development phase, which is expected to begin in fiscal year 2024-25. Progress demonstrates VIA HFR’s ongoing commitment to strengthening the Corporation, fostering relationships with key partners and stakeholders, and driving the development of passenger rail in the Corridor. Details can be found in VIA HFR’s 2024-25 Summary Corporate Plan.

OBJECTIVE: Establishing and operationalizing VIA HFR		
Measurement	Status	In 2023-24
<ul style="list-style-type: none"> Establish appropriate governance processes and corporate policies to staff the organization effectively to undertake VIA HFR’s objectives for the Procurement and future phases 	 <p>Achieved</p>	<ul style="list-style-type: none"> CEO appointed and three new directors onboarded Corporate policies established to staff and govern the organization
<ul style="list-style-type: none"> Establish organizational processes, continue to add resources, and develop forecasting requirements and reporting processes to progress to the Co-Development phase 	 <p>On track</p>	<ul style="list-style-type: none"> Preliminary organizational processes established Key staff and additional resources hired to advance priorities
OBJECTIVE: Providing expert strategic and technical advice to the Minister of Transport and on the Government-led procurement process		
Measurement	Status	In 2023-24
<ul style="list-style-type: none"> Provide strategic and technical advice on selection criteria and proposal evaluation process Develop commercial and technical components of Pre-Development Agreement Provide briefings to the Minister of Transport, covering VIA HFR’s range of responsibilities Maintain the project business case, including annual updates to reflect the progress of the main features of the project and business environment 	 <p>On track</p>	<ul style="list-style-type: none"> Expert strategic and technical advice, quality assurance, and briefings provided on an ongoing basis Significant development of all components of the Pre-Development Agreement First major update to the project’s business case progressed significantly

OBJECTIVE: Leading select HFR-enabling activities

Measurement	Status	In 2023-24
<ul style="list-style-type: none"> • Advance engagement with host railways with respect to track access • Support the impact assessment and regulatory approvals, including conducting technical/field/engineering studies and assessing safety-related requirements • Prepare for Indigenous consultations and explore mechanisms to support the participation of Indigenous peoples • Plan and prepare for land acquisition and utility management 	 <p>On track</p>	<ul style="list-style-type: none"> • Engagement with key stakeholders and Indigenous partners conducted regularly and on an ongoing basis • Conducted preliminary field studies and launched the 2024 field studies program • Work underway in support for the development of a land acquisition plan

OBJECTIVE: Project management

Measurement	Status	In 2023-24
<ul style="list-style-type: none"> • Implement a Project Management Plan describing how the HFR project will be executed, monitored, controlled, and reported • Monitor project costs, schedule, and scope to ensure consistency with the Project Charter and other project governance documents • Identify strategic options to address project engineering, and technical, market, commercial, and financing issues that significantly impact scope, budget, and schedule 	 <p>On track</p>	<ul style="list-style-type: none"> • Project management mechanisms and related governance being developed, subject to ongoing refinement as the project moves into the next phase

PERFORMANCE HIGHLIGHTS

On October 13, 2023, the Government of Canada launched the RFP process for the HFR project. VIA HFR contributed significantly to the development of RFP strategy and materials and is actively involved in supporting the process through provision of expert analysis and advice on technical and strategic issues.

VIA HFR has continued to grow to support the RFP process. As of March 31, 2024, VIA HFR had a workforce of 79, comprised of employees, individuals on interchange arrangements and contract personnel. It currently has a fully functioning management team, led by a CEO and overseen by a Board of Directors. Continued prioritization of human capital is important in order for VIA HFR to be prepared to lead the project in the Co-Development phase expected to begin late in 2024-25, and be an effective counterparty to the Private Developer Partner.

VIA HFR is meeting the current expectations of its mandate, while focusing on the future needs of the project and the organization, and is on the right trajectory for a successful transition to the Co-Development phase of the project.

ANALYSIS OF FINANCIAL RESULTS

VIA HFR's operations are fully funded through Parliamentary Appropriations. For the fiscal year 2023-24, Parliament appropriated \$43.7M for VIA HFR through the 2023-24 Main Estimates, the first ever appropriations for the new Crown corporation. To this, \$8M of funding was added through the Government of Canada's Supplementary Estimates B appropriation process.

At year end, VIA HFR had received \$49.1M out of \$51.7M in Parliamentary Appropriations, or about 95% of available funding. At year end, it recognized \$41.6M as expenses, with the balance being associated to investments required to collateralize a long-term lease for the organization's future headquarters and to prepaid services and IT assets.

At the end of the fiscal year there is a surplus of \$7.5M. This surplus is comprised of three groups of non-accrued items. The first is the purchase of a \$4.5M investment certificate which is used as collateral by the organization in lease negotiations over expanding the organization's workspaces. The second is a \$2.3M tax receivable from the tax authority for sales taxes paid. And at last, \$0.7M is a prepayment of services that extend beyond the current fiscal year.

YEAR ENDED MARCH 31, 2024

Financial results	Budget	Actual	Variance	
	\$M	\$M	\$M	%
Government appropriations	43.7	49.1	5.4	12%
Expenses				
Management and support	4.7	9.9	5.2	111%
Technical office	39.0	31.7	7.3	-19%
Total expenses	43.7	41.6		
Non-accrued items				
Investment		4.5		
Taxes receivable		2.3		
Other assets		0.7		
Grand total		49.1		

Variance analysis:

- The increase in funds allocated to Management and support (from \$4.7M to \$9.9M) is related to the acceleration of foundational work required to set up VIA HFR in its first year of operations. It relates to both the setting up of corporate functions and the increase in headcount required to support a project of this magnitude.
- The decrease in funds allocated to the Technical office (from \$39.0M to \$31.7M) is attributable to a lower volume of technical questions from the bidders during the RFP process and a re-baselining of in-field work.

RISK MANAGEMENT

Risk management is a fundamental component of VIA HFR’s operations. The objective of VIA HFR’s risk management function is to identify and prioritize the Corporation’s most critical risks that, if not mitigated, will impact its ability to meet its objectives.

Enabling its risk management practices is an integrated Enterprise Risk Management (ERM) Framework, currently under development, that encompasses several risk management objectives, including:

- Establishing a “risk aware” culture at all levels of VIA HFR
- Establishing a consistent framework for risk identification, management, monitoring, and reporting, enabling risks to be a key input in the decision-making process.

Risk management process at VIA HFR

In preparation for the completion of the Procurement phase and the transition to the Co-Development phase of the project, VIA HFR is undertaking a detailed review of operational project risks, as well as enterprise risks. This initiative will enforce alignment between operational and strategic risk levels, which will provide consistent, timely, and reliable information to decision makers and partners.

Overall, the risk management processes being implemented in 2024-25 comprise the following five elements:

Risk Identification	Risk Measurement	Risk Assessment	Risk Response	Escalation and Monitoring
Identify new and emerging risks across risk categories and develop risk rating criteria based on impact and likelihood	Identify appropriate qualitative and quantitative measurement criteria to perform risk assessment	Assess and prioritize risks using the risk measurement criteria	Confirm and prioritize root causes of key risks and develop action plans to mitigate the risks Identify Key Risk Indicators and thresholds for acceptable levels of risk	Monitor progress and effectiveness of addressing top risks and increase focus on risks that remain elevated

Key risks as of March 31, 2024

As a start-up organization, VIA HFR was pragmatic in its approach to risk management. The Corporation identified its most critical risks – those risks which would be of greatest impact to both the project and the Corporation in the present – and managed those specific risks closely and actively. Work started at the end of the fiscal year 2023-24 to review, identify, and update project and enterprise risks, and is continuing into 2024-25. This work will expand the role of risk management across VIA HFR, and will deepen the Corporation’s risk data and oversight.

The table below presents risks that were monitored most closely during the fiscal year 2023-24:

Risks	Risk Description	Risk Impact	Mitigation Measures	Severity of Residual Risk
Stakeholder Management	Risk of ineffective stakeholder management	<ul style="list-style-type: none"> • The project becomes less of a public policy priority • Interest will diminish along with support • Incorrect expectations will be impossible to meet, leading to a credibility gap in the longer term 	<ul style="list-style-type: none"> • Integrated and proactive communications • Ensure that stakeholders, elected officials and all levels of governments are aware of project benefits and of the current governance and development approach • Media outreach and integrated communications • Prioritization of stakeholder engagement • Increased participation in public speaking opportunities 	Moderate Trend stable

Risks	Risk Description	Risk Impact	Mitigation Measures	Severity of Residual Risk
Indigenous Relations	Risk of ineffective collaboration with Indigenous communities and organizations	<ul style="list-style-type: none"> • Confusion of expectations by the Indigenous partners as well as the Private Developer Partner • Project fails to become a priority for the Indigenous communities it intends to benefit • Project delay and sub-optimal design, construction, and service offering • Incorrect expectations will be impossible to meet, leading to a credibility gap in the longer term 	<ul style="list-style-type: none"> • Frequent and proactive engagement with Indigenous communities and organizations throughout the project • Determine employment and business development opportunities for Indigenous peoples, communities, and businesses • Provide cultural awareness training to the VIA HFR team • Work with federal departments/agencies to identify and develop programs to support economic and business opportunities 	Moderate Trend stable
Procurement	The procurement process for the HFR project may be ineffective and/or unsuccessful	<ul style="list-style-type: none"> • Inability to enter into a contract with a successful bidder on a timely basis • Loss of a bidder would reduce the competitiveness of the process 	<ul style="list-style-type: none"> • Actively working with Government on funding profile for 2024-25, as well as elements of the next five years • Work with bidders to understand issues and propose options to further de-risk the HFR project and ensure market participation • Active public outreach to increase public and stakeholder awareness, interest, and support 	Moderate Trend improving

Risks	Risk Description	Risk Impact	Mitigation Measures	Severity of Residual Risk
Financial Sustainability	VIA HFR may be unable to secure adequate and timely funding to achieve its long-term project objectives	<ul style="list-style-type: none"> • Project delays • Insufficient announced funding could lead parties to redirect best resources to other opportunities, or withdraw altogether • Difficulty hiring in-demand talent 	<ul style="list-style-type: none"> • Engagement with Transport Canada, Minister and staff, and central agencies on needs, constraints and issues of low or uncertain funding • Expedited access to all Budget 2024 funding • Prioritize confirmed funds to meet critical objectives and ensure financial obligations can be met • Undertake new costing exercise for non-core costs • Develop options to scale up or down individual activities 	High Trend improving
Compliance, Legal, Regulatory	VIA HFR may be non-compliant with applicable laws and regulations	<ul style="list-style-type: none"> • Reputation damage and exposure to legal action and costs • Project delays • Risk damaging relationships with local government and Indigenous communities 	<ul style="list-style-type: none"> • Review legal framework to identify obligations • Implement policies and procedures to raise awareness on business ethics and require the disclosure of conflicts of interests • Develop table of potential legislative opportunities that could support the HFR project • Launch working group on rail safety and security regulation update • Engage with federal and provincial regulatory authorities 	Moderate Trend stable

OUTLOOK

The 2024-25 fiscal year will be marked by two key milestones in the evolution of the project: (1) the close of the RFP launched in fall 2023, culminating with the selection of a Private Developer Partner (PDP), and, subject to Government decisions, (2) the execution of the Pre-Development Agreement (PDA) by VIA HFR and the PDP and the start of the Co-Development phase.

Following the competitive process and the evaluation period, the Government is expected to select a winning bidder who will become the PDP for the duration of the Co-Development phase of the project.

Through Budget 2024, VIA HFR received additional funding to support its internal operations, providing a strong signal that the Government of Canada endorses the project and its current pathway. These funds will allow VIA HFR to continue to lay the foundation of the organization and to lead the work in the Co-Development phase of the project.

In 2024-25, funding will increase from 2023-24, including over \$45M in funding from the 2024-25 Main Estimates and additional funding through Budget 2024. The majority of these funds will be allocated to the following three priorities: Drive the Design Development of a Passenger Rail Service in the Corridor; Foster Indigenous Partnerships, Engage Stakeholders and other Partners effectively; and Strengthen the Corporation.

Additional details will be available in the 2024-25 Summary Corporate Plan.

Financial Statements

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Independent Auditor's Report

Financial Statements

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Ottawa

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Statement of Management Responsibility

YEAR ENDED MARCH 31, 2024

Management of VIA HFR – VIA TGF Inc. (the Corporation) is responsible for the preparation and fair presentation of the financial statements contained in the Annual Report. These financial statements have been prepared in accordance with Public Sector Accounting Standards and necessarily include certain amounts that are based on management’s best estimates and judgment. Financial information contained throughout the Annual Report is consistent with that in the financial statements. Management considers that the financial statements present fairly the financial position of the Corporation and its financial performance and its cash flows.

To fulfil its responsibility, the Corporation maintains systems of internal controls, policies and procedures. These are designed to provide reasonable assurance as to the integrity and reliability of financial information, that the assets are safeguarded and controlled, and that transactions and events are properly recorded.

The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Audit and Risk Committee of the Board of Directors, consisting of directors who are independent in accordance with the Committee’s charter, that meets periodically with the external auditors and with management, to fulfill its oversight responsibilities with respect to financial reporting and disclosures, policies, processes and practices; internal controls; audit processes; accounting standards; risk management; legal and regulatory compliance; security, information management, and information technology; reporting on environmental, social, and governance matters; and any other oversight responsibilities as the Board of Directors may assign to the Committee. The Committee is responsible for reviewing the financial statements and Annual Report and for making a recommendation with respect to approval thereof to the Board of Directors.

The Board of Directors, on the recommendation of the Audit and Risk Committee, approved the financial statements.

The external auditor, the Auditor General of Canada, has audited the Corporation’s financial statements for the year ended March 31, 2024 and her report indicates the scope of her audit and her opinion on the financial statements.

“Martin Imbleau” (signed)
Chief Executive Officer

Montréal, Canada

“Tom Roberts” (signed)
Chief Financial Officer

June 21, 2024



INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VIA HFR – VIA TGF Inc. (the Corporation), which comprise the statement of financial position as at 31 March 2024, and the statement of operations, statement of change in net financial assets and statement of 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 Corporation as at 31 March 2024, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian 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 Corporation 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Canadian 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of VIA HFR – VIA TGF Inc. coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations and the by-laws of VIA HFR – VIA TGF Inc.

In our opinion, the transactions of VIA HFR – VIA TGF Inc. that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for VIA HFR – VIA TGF Inc.'s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable VIA HFR – VIA TGF Inc. to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Chantale Perreault, CPA auditor
Principal
for the Auditor General of Canada

Montréal, Canada
21 June 2024

VIA HFR - VIA TGF Inc.

Statement of Financial Position

As at March 31¹

In thousands of Canadian dollars

	2024
FINANCIAL ASSETS	
Cash	\$3,060
Government funding receivable	8,396
Investment – Note 3	4,503
Taxes receivable – Note 5	2,334
TOTAL FINANCIAL ASSETS	\$18,293
LIABILITIES	
Accounts payable and accrued liabilities – Note 7	\$11,471
TOTAL LIABILITIES	\$11,471
NET FINANCIAL ASSETS	\$6,822
NON-FINANCIAL ASSETS	
Tangible capital assets – Note 6	\$48
Prepaid expenses	565
TOTAL NON-FINANCIAL ASSETS	\$613
ACCUMULATED SURPLUS	\$7,435
Accumulated surplus is comprised of: Accumulated operating surplus	\$7,435

¹ See Note 1 for information on comparative figures.

Commitments – Note 9

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board,

“J. Robert S. Prichard” (signed)
Chair of the Board of Directors

“Robert Fonberg” (signed)
Chair of the Audit and Risk Committee

VIA HFR - VIA TGF Inc.

Statement of Operations

Year ended March 31¹

In thousands of Canadian dollars

	BUDGET	2024
REVENUES		
Government funding	\$43,670	\$49,045
Interest revenue	-	25
TOTAL REVENUES AND GOVERNMENT FUNDING	\$43,670	\$49,070
EXPENSES - NOTE 11		
Management and support	\$4,639	\$9,911
Technical office	39,031	31,724
TOTAL EXPENSES	\$43,670	\$41,635
OPERATING SURPLUS	-	\$7,435
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	-	-
ACCUMULATED OPERATING SURPLUS AT END OF YEAR	-	\$7,435

¹ See Note 1 for information on comparative figures.

The accompanying notes are an integral part of these financial statements.

VIA HFR - VIA TGF Inc.

Statement of Change in Net Financial Assets

Year ended March 31¹

In thousands of Canadian dollars

	BUDGET	2024
OPERATING SURPLUS	-	\$7,435
Acquisition of Tangible capital assets - Note 6	-	(52)
Amortization of Tangible capital assets	-	4
	-	\$7,387
Changes in Prepaid expenses	-	\$(565)
INCREASE IN NET FINANCIAL ASSETS	-	\$6,822
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	-
NET FINANCIAL ASSETS AT END OF YEAR	-	\$6,822

¹ See Note 1 for information on comparative figures.

The accompanying notes are an integral part of these financial statements.

VIA HFR - VIA TGF Inc.

Statement of Cash Flow

Year ended March 31¹

In thousands of Canadian dollars

	2024
OPERATING ACTIVITIES	
Operating surplus ²	\$7,435
Changes in non-cash items	
Amortization of Tangible capital assets - Note 6	4
Accrued interest on Investment - Note 3	(3)
Changes in non-cash working capital items	
Change in Accounts payable and accrued liabilities - Note 7	\$11,471
Change in Government funding receivable	(8,396)
Change in Taxes receivable - Note 5	(2,334)
Change in Prepaid expenses	(565)
CASH PROVIDED BY OPERATING ACTIVITIES	\$7,612
CAPITAL INVESTING ACTIVITIES	
Acquisition of Tangible capital assets - Note 6	\$(52)
CASH USED BY CAPITAL INVESTING ACTIVITIES	\$(52)
INVESTING ACTIVITIES	
Acquisition of Investment - Note 3	\$(4,500)
CASH USED BY INVESTING ACTIVITIES	\$(4,500)
NET INCREASE IN CASH	\$3,060
CASH, BEGINNING OF YEAR	-
CASH, END OF YEAR	\$3,060

1 See Note 1 for information on comparative figures.

2 The **Operating surplus** includes interest revenue of \$25 from the Corporation's working capital and investments.

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Year ended March 31, 2024

In thousands of Canadian dollars

1. AUTHORITY, MANDATE AND ACTIVITIES

VIA HFR - VIA TGF Inc. (the Corporation) was incorporated on November 29, 2022, under the provisions of the *Canada Business Corporations Act*. The Corporation reports to Parliament directly through the Minister of Transport. The Corporation's mandate is to develop and implement the High Frequency Rail project with the private sector, including the design, construction, financing, operation, and maintenance of passenger rail services in Ontario and Québec. The mandate comes from Order in Council P.C. 2022-0259 and may only be amended with the approval of the Governor in Council (Order in Council P.C. 2022-0261).

The Corporation is a wholly owned subsidiary of VIA Rail Canada Inc., from which it operates at arm's length. The Corporation must comply with all provisions of Part X of the *Financial Administration Act* that apply as if it were a parent Crown corporation – except for sections 104.1, 105, 106, 107 and 108 in accordance with Order in Council P.C. 2022-0260. The Corporation receives funding from the Government of Canada and is exempt from income taxes in Canada. The Corporation has received Treasury Board of Canada approval for its 2023-24 to 2027-28 Corporate Plan. The Corporate Plan is aligned with the direction provided by the Corporation's ultimate shareholder, the Government of Canada, and reflects its plans and priorities to be delivered under the Government-owned, Contractor-operated model.

The Corporation has not provided comparative figures for the period from incorporation to March 31, 2023 as there were no transactions incurred.

The financial statements were approved by the Board of Directors and authorized for issuance on June 21, 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

The Corporation is an "other government organization" as defined in the Public Sector Accounting Standards. These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as promulgated by the Chartered Professional Accountants (CPA) of Canada.

b. Measurement uncertainty

The preparation of financial statements in accordance with the PSAS requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities, and non-financial assets at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

The measurement of the amount of Taxes receivable and the estimated useful life of Tangible capital assets are the most significant items where estimates are used. These estimates are reviewed by management on an ongoing basis.

The Corporation estimates that 50% of taxes on goods and services will be recoverable and has recorded taxes receivable at that amount. However, the Corporation is currently awaiting a decision from tax authorities and the recoverable amount could be as high as 100% for a portion of the taxes paid.

Actual results could differ significantly from those estimates.

c. Financial instruments

Financial instruments are classified in one of the following categories: (i) fair value; or (ii) cost or amortized cost. The Corporation determines the classification of its financial instruments at initial recognition.

Financial instruments, including Cash, Investment, and Accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

The measurement of financial instruments depends on their classification as follows:

CATEGORIES	FINANCIAL INSTRUMENTS	MEASUREMENT
Financial Assets	Cash Investment	Cost Cost
Financial Liabilities	Accounts payable and accrued liabilities	Cost

The Corporation identifies, assesses and manages financial risks in order to minimize their impact on its results and financial position. Financial risks are managed in accordance with specific criteria. The Corporation does not engage in speculative transactions or the use of derivatives.

d. Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization.

The cost of Tangible capital assets in use is amortized on a straight-line basis over the estimated useful life, as follows:

ASSET	USEFUL LIFE
IT Hardware	5 years

The amortization and write-downs of Tangible capital assets are recognized in Operating expenses in the Statement of Operations.

e. Government funding

Government transfers are recognized as revenue when eligibility criteria are met, up to the limit of voted authority.

Any portion of government transfers to which The Corporation is entitled to but that has not been received is recognized under Government funding receivable.

f. Interest

Interest on cash deposits and investments are recorded in the period in which it is earned.

g. Expense recognition

The Corporation recognizes all expenses in the period in which they are incurred. Estimates for accruals are made at the end of each period.

h. Employee future benefits / Employee benefits

The Corporation offers a defined contribution pension plan and a health benefit plan to its employees; expenses related to these plans are recognized in the period in which they are incurred.

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) is recognized in the period in which the expense relates and is not discounted.

The Corporation did not recognize a sick leave liability as employees do not maintain a balance for this type of leave. Vacation leave accrued but not used are expensed in the year they were accrued.

i. Foreign currency translation

Transactions denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using rates as at March 31.

The Corporation elected to recognize all exchange gains and losses resulting from foreign currency transactions in the Statement of Operations, including those exchange gains and losses arising prior to settlement or derecognition.

j. Budget figures

Budget figures included in the financial statements were provided for comparison. These figures are from the Corporation's Corporate Plan which was approved by the Corporation's Board of Directors and the Treasury Board of Canada.

k. Inter entity and related party transactions

Inter entity transactions are presented at the exchange amount and are disclosed when entering into transactions with commonly controlled entities (entities controlled by the Government of Canada).

3. INVESTMENT

Investment is comprised of a guaranteed investment certificate that will be used to collateralize a Letter of Credit for a lease agreement in the year ending March 31, 2025. The cash invested is expected to be used for operations in the upcoming fiscal years. The certificate matures on April 24, 2024 at which point the funds will be reinvested.

DESCRIPTION	RATE
GUARANTEED INVESTMENT CERTIFICATE	4.65%

4. FINANCIAL INSTRUMENTS

a. Fair value

The carrying value of the Corporation's financial assets and financial liabilities, approximates their fair value due to their short-term nature.

For the year ended March 31, 2024, no impairment was recognized on these instruments.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation does not have any significant credit risk.

The maximum exposure of the Corporation to credit risk as at March 31 is as follows:

<i>IN THOUSANDS OF CANADIAN DOLLARS</i>	2024
Cash	\$3,060
Government funding receivable	8,396
Investment	4,503

The Corporation mitigates credit risk of receivable through monitoring of outstanding balances. As at March 31, 2024, all amounts in Government funding receivable was from the Government of Canada and there were no amounts past due and no impairment losses have been recognized.

c. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation manages the risk by establishing budgets with detailed cash estimates and regular monitoring. The liquidity risk is low given that the Corporation is financed by the Government of Canada as announced in the Federal Budgets 2022 and 2024. The Corporation's Accounts payable and accrued liabilities are non-interest-bearing; liabilities are payable 30 days after the receipt of an invoice.

d. Market risk

Market risk is the risk of an impact on results from changes in market factors such as fluctuations in foreign currency exchange rates and interest rates. The Corporation is subject to foreign currency exchange rate risk on its U.S. dollar Cash, and Accounts payable and accrued liabilities related to U.S. suppliers.

There is no significant foreign exchange risk or impact due to interest rate fluctuations.

5. TAXES

The lowest possible Taxes receivable (50% of sales and services taxes paid) is presented for the year ended March 31, 2024 and will be reviewed once the Corporation receives a ruling from the relevant authorities.

The Corporation is exempt from Provincial and Federal income tax.

6. TANGIBLE CAPITAL ASSETS

<i>IN THOUSANDS OF CANADIAN DOLLARS</i>	
April 1, 2023	\$ -
Additions	52
TOTAL COST	\$52
ACCUMULATED AMORTIZATION:	
April 1, 2023	\$ -
Amortization	(4)
TOTAL ACCUMULATED AMORTIZATION	\$(4)
TOTAL CARRYING AMOUNT	\$48

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accruals are made at the end of the period to present expenses and liabilities for the period.

The accounts payable and accrued liabilities include the following:

<i>IN THOUSANDS OF CANADIAN DOLLARS</i>	2024
Wages and benefits payable and accrued	\$984
Accounts payable and accrued liabilities – Other	10,487
TOTAL ACCOUNTS PAYABLES AND ACCRUED LIABILITIES	\$11,471

8. EMPLOYEE FUTURE BENEFITS

The Corporation offers benefit plans to its employees, including a defined contribution pension plan, a non-registered savings plan, and a group benefit plan. The expenses recognized for each plan is disclosed in the table below:

<i>IN THOUSANDS OF CANADIAN DOLLARS</i>	2024
Pension plan - employer contribution	\$127
Group benefit plan - employer contribution	296
TOTAL	\$423

a. Pension plan

The defined contribution pension plan is a registered pension plan where contribution amounts are pre-determined, and the benefit received at retirement depends on the amount of the contributions accumulated and the earnings on the contributions. Participation in the plan is compulsory; employees must join immediately upon becoming eligible for participation. Employees are required to make basic contributions equal to 4% of their base earnings and may make optional contributions of up to 3% of their base earnings, for a maximum possible total of 7% of base earnings.

The pension plan was established November 20, 2023.

The non-registered savings plan is for employees at the executive level who have reached the annual *Income Tax Act* limit within the defined contribution pension plan. The contributions are made solely by the Corporation for this plan.

b. Group benefit plan

Premiums for a comprehensive suite of benefits are paid by the Corporation. They include an insured portion (for health benefits) and an uninsured portion (for personal benefits), the latter being paid by the Corporation based on use.

9. COMMITMENTS

The Corporation has commitments due in future years under the categories of professional services and lease agreements for amounts totaling \$1,093. The minimum payments are as follows:

<i>IN THOUSANDS OF CANADIAN DOLLARS</i>	PROFESSIONAL FEES	RENT	TOTAL
2025	\$463	\$630	\$1,093
2026 & onwards	-	-	-
TOTAL	\$463	\$630	\$1,093

10. RELATED PARTY TRANSACTIONS

The Corporation is related to Government of Canada Departments, Agencies and Crown Corporations through common control. Transactions recorded in the Corporation's financial information are measured at the exchange amount. The Corporation enters into transactions with these entities in the normal course of business for some specific services.

The Corporation receives a variety of administrative support services from VIA Rail in the areas of finance, human resources, information technology, and facilities management. This includes the use of underlying systems, such as VIA Rail's financial system. The transactions totaled \$3,000 for the year.

The Corporation receives consulting services to support the procurement process from Public Services and Procurement Canada. The transactions totaled \$764 for the year.

As part of the Interchange Canada program, federal public servants were seconded from a variety of federal departments to the Corporation to support its operations and contribute to the professional development of the participants. The transactions totaled \$2,235 for the year.

The funds received from the Government of Canada are related to items contained in the Corporation's voted appropriation named "Payments to the Corporation for operating and capital expenditures", held by Transport Canada. The transactions totaled \$49,045 for the year.

The amounts due to and from related parties, included in Accounts payable and accrued liabilities and Government funding receivable, respectively, are as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES IN THOUSANDS OF CANADIAN DOLLARS	2024
Transport Canada	\$1,558
VIA Rail Canada Inc.	1,136
Public Services and Procurement Canada	451
Treasury Board of Canada Secretariat	76
Canada School of Public Service	58
Infrastructure Canada	37
Natural Resources Canada	36
Statistics Canada	21
TOTAL	\$3,373

GOVERNMENT FUNDING RECEIVABLE IN THOUSANDS OF CANADIAN DOLLARS	2024
Government of Canada	\$8,396
TOTAL	\$8,396

During the year, the Corporation received audit services without charge from the Office of the Auditor General. No costs are recorded in the financial statements for these services.

No transactions are recorded when a related party operates within its mandate to support the High Frequency Rail project unless an explicit agreement with the Corporation is reached.

11. OPERATING EXPENSES/ADDITIONAL INFORMATION BY TYPE OF EXPENSE

EXPENDITURE CATEGORIES

IN THOUSANDS OF CANADIAN DOLLARS	2024
Business Travel	\$298
Compensation and Benefits	5,400
Property Space Rental	894
Professional Services	33,375
Telecommunications	651
Other	1,017
TOTAL	\$41,635

12. KEY MANAGEMENT PERSONNEL

Other than compensation and benefits, the Corporation has not entered into transactions with its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, including the Corporation's senior management personnel and members of its Board of Directors.

13. SUBSEQUENT EVENT

On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received royal assent. As a result, the Corporation is an agent of His Majesty in right of Canada, with retroactive effect to November 29, 2022, the date of its incorporation.

A Crown corporation that has agent status enjoys the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown and can bind the Crown by its acts.

There is no impact on the financial statements, but it is expected that agent status will have a significant effect on future operations.

Governance

Legislative Authority

Board of Directors

Management

Travel, Hospitality and Conference Expenses

Code of Business Conduct and Ethics

Annual Public Meeting

Peterborough

6



Governance

LEGISLATIVE AUTHORITY

VIA HFR was incorporated on November 29, 2022 under the *Canada Business Corporations Act* as a wholly-owned subsidiary of VIA Rail Canada Inc. (VIA Rail), a federal Crown corporation, and therefore is not a parent Crown corporation as defined in the *Financial Administration Act* (FAA). However, in accordance with Order in Council P.C. 2022-0260 issued on March 24, 2022, all provisions of Part X of the FAA that apply only to parent Crown corporations – except for sections 104.1, 105, 106, 107 and 108 – apply, with any modifications that the circumstances require, to VIA HFR as if it were a parent Crown corporation. VIA HFR is an agent corporation of his Majesty.

VIA HFR operates at arm’s length from VIA Rail and is ultimately accountable to Parliament, through the Minister of Transport, for the conduct of its affairs. It is overseen by an independent Board of Directors (the Board).

BOARD OF DIRECTORS

The Board is responsible for the stewardship, oversight, and strategic direction of the Corporation and for ensuring that the business and activities carried on by the Corporation are consistent with its mandate. The Board ensures good governance, approves on an annual basis a corporate plan as well as an operating and a capital budget, approves quarterly and annual reports required to be prepared by the Corporation pursuant to the FAA and other applicable federal legislation, is responsible for management oversight as well as CEO compensation and performance evaluation, and ensures that risks are identified and managed, among other responsibilities. The Charter of the Board sets out roles and responsibilities and offers detailed guidelines on procedures.



Robert Prichard
Chair



Marie-José Nadeau
Vice Chair



Robert Fonberg



Fiona Blondin



Michael Keenan



Marie-France Poulin

The Board currently comprises six directors, three men and three women, all of whom are independent from the Corporation’s management: Robert Prichard, Chair; Marie-José Nadeau, Vice Chair; Robert Fonberg; Fiona Blondin; Michael Keenan; and Marie-France Poulin.

VIA HFR's articles of incorporation allow for up to seven directors; the selection of the seventh director is ongoing. All directors are appointed for a term of three years by VIA HFR's sole shareholder, VIA Rail, upon recommendation from the Minister of Transport and after consultations held between the Board, VIA Rail and Transport Canada.

Each director has a wealth of experience in senior executive leadership and strategic planning and, collectively, directors possess the skills and expertise that enable the Board to carry out its responsibilities, including in areas such as rail transportation, corporate governance, project management, government affairs, public policy, human resources, as well as risk management.

Board Committees

Two committees of the Board were established during the fiscal year ended March 31, 2024, shortly after the Board welcomed its fourth director, in accordance with section 148 of the FAA. Committees must be comprised of a minimum of three directors who are appointed by the Board. One of these members is designated by the Board to be the Chair of the committee.

The **Audit and Risk Committee** is chaired by Robert Fonberg and also comprises Marie-José Nadeau, Fiona Blondin, Michael Keenan and Marie-France Poulin.

The **Human Resources, Corporate Governance and Nominating Committee** is chaired by Marie-José Nadeau and also comprises Robert Fonberg, Fiona Blondin, Michael Keenan and Marie-France Poulin.

Each Committee Charter sets out roles and responsibilities of each committee and offers detailed guidelines on procedures.

Meeting Attendance

Over the course of the fiscal year ended March 31, 2024, the Board held 13 meetings, and the two committees, formed mid-year, held a total of 9 meetings. Attendance was 100% for all meetings.

Board meetings always include *in camera* sessions allowing directors to hold confidential discussions, both with and without the President and CEO. The Audit and Risk Committee also engages in such sessions, with representatives from the Office of the Auditor General of Canada, with VIA HFR's President and CEO and Chief Financial Officer, and exclusively as a committee without any member of management present. The Human Resources, Corporate Governance and Nominating Committee also holds *in camera* sessions at each meeting, without the presence of management.

Director Compensation

As per Order in Council P.C. 2022-0260, provisions that apply solely to parent Crown corporations in Part X of the FAA were declared to apply to VIA HFR, with specified exceptions. One of those exceptions relates to the compensation of directors.

Directors are remunerated with an annual retainer for their services and participation in Board and committee meetings. For the first two years of operation following VIA HFR's incorporation, the compensation paid to directors is as follows:

- Chair: \$120,000
- Vice Chair: \$90,000
- Committee Chair: \$55,000
- Board Member: \$45,000

A transitional compensation at the same rate as the Board Chair was paid to the founding director of VIA HFR, Robert Fonberg, for the first six months following his appointment on November 29, 2022.

Directors are also reimbursed for expenses incurred while performing their duties, in accordance with corporate policies on travel and hospitality.

MANAGEMENT

VIA HFR welcomed its current President and Chief Executive Officer, Martin Imbleau, on September 8, 2023. He assumed responsibility for leading and managing VIA HFR and reporting to the Board from interim CEO Marc-Olivier Ranger.

VIA HFR's executive leadership comprises of:



Martin Imbleau
President and
Chief Executive Officer



Tom Roberts
Chief Financial Officer
& Senior Vice President,
Corporate Services



Marc-Olivier Ranger
Senior Vice President,
Strategic Policy
and Partnerships



Julie Boucher
Senior Vice President,
Communications,
Public Affairs and
Indigenous Relations



Jacynthe Audette
Senior Vice President,
Commercial Project



Félix Turgeon
Vice President,
Legal Affairs &
Corporate Secretariat



Graeme Hampshire
Interim Senior Vice
President, Project
Management and Current
Procurement Process

A competitive compensation package is key to VIA HFR's ability to attract and retain a diverse and qualified management team. The organization's total cash compensation program consists of a base salary as well as performance incentives.

The Board, through the Human Resources, Corporate Governance and Nominating Committee, reviews the compensation package regularly to ensure that it is reasonable and competitive with similar public and private sector organizations.

The table below provides an overview of cash compensation for the CEO and his direct reports.

2023-24 EXECUTIVE CASH COMPENSATION RANGE DISCLOSURE		
Cash Compensation ¹	CEO	CEO Direct Reports ²
Base Salary	\$562,200 - \$661,400	\$210,000 - \$330,000
Incentive Program Target	50% - 65% of base salary	30% - 40% of base salary

1 This table does not report the actual salary and incentives paid to executives in 2023-24, but rather the range for their positions, on an annualized basis.

2 This disclosure does not include individuals acting on an interim basis under a consulting arrangement with VIA HFR.

TRAVEL, HOSPITALITY AND CONFERENCE EXPENSES

Crown corporations are instructed to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments in a manner that is consistent with their legal obligations. VIA HFR complies with this directive.

As per the Treasury Board requirements, this report provides information on the total annual expenditures for travel, hospitality, and conferences for the fiscal year ended March 31, 2024. Expenditures are directly related to supporting VIA HFR's mandate.

	TOTAL AMOUNT
Travel	\$298,000
Hospitality	\$4,515
Conferences	\$16,018

CODE OF BUSINESS CONDUCT AND ETHICS

The Board adopted a Code of Business Conduct and Ethics (the Code). The Code applies to personnel and directors of the Corporation and serves as the foundation for how the Corporation does business while maintaining its reputation for ethical excellence. The Code sets out VIA HFR's values, its commitment to ethics, and expected behaviours from all members of personnel and directors in their dealing with colleagues, government authorities, suppliers, and other stakeholders.

Personnel and directors are asked to confirm their commitment to adhere to the principles set out in the Code annually, and to complete a disclosure form for purposes of identifying, managing, and monitoring conflicts of interests, whether actual, potential, or perceived, at least annually.

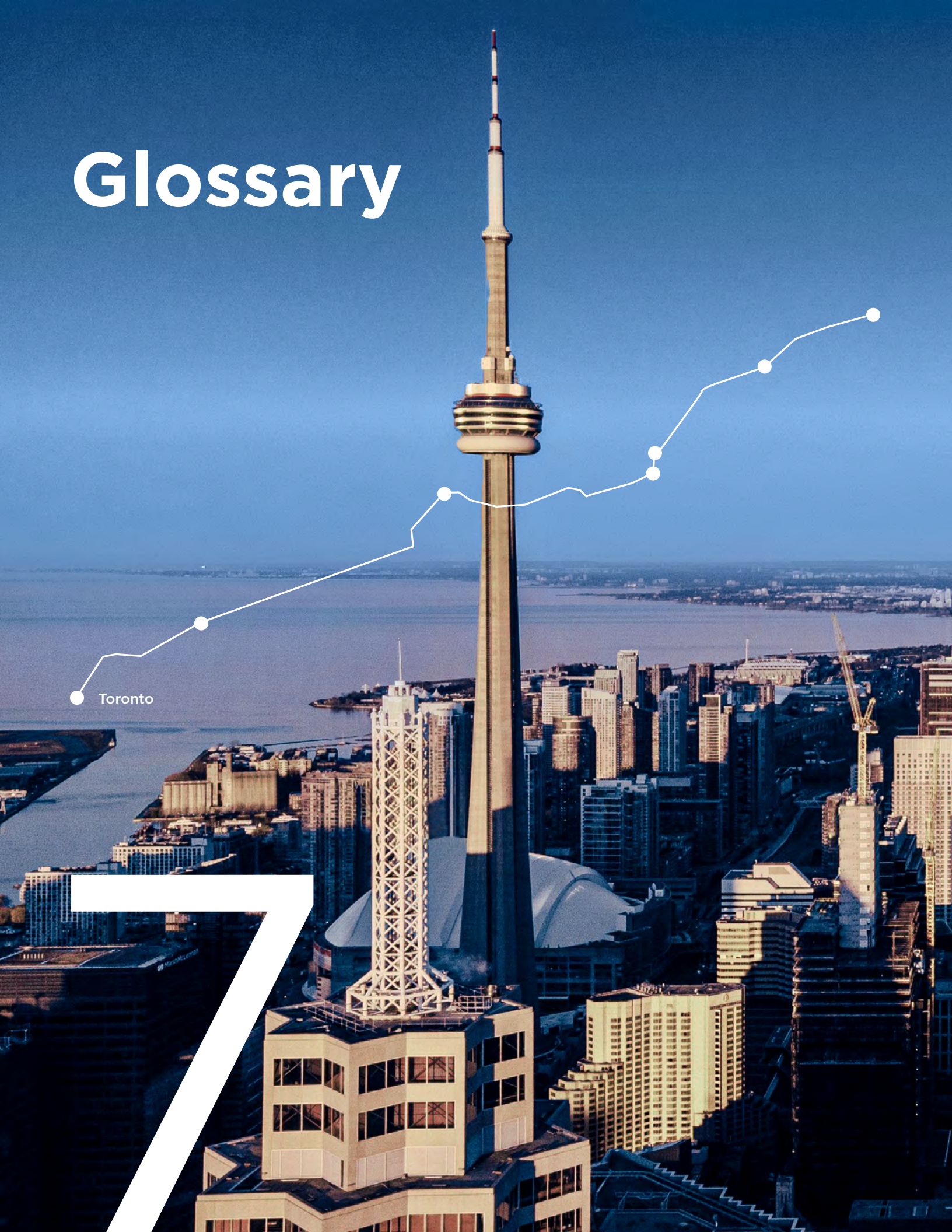
ANNUAL PUBLIC MEETING

VIA HFR's inaugural Annual Public Meeting (APM) will be held on July 10, 2024.

The Chair of the Board, Robert Prichard, the Vice Chair of the Board, Marie-José Nadeau, and the President and CEO, Martin Imbleau, will co-chair the 2024 APM. This event offers an opportunity for attendees to gain insights into the Corporation's mandate, its main accomplishments during its first fiscal year ended on March 31, 2024, and its vision for the remainder of 2024, and to engage directly with VIA HFR by submitting questions and inquiries in advance or by logging on to the webcast on July 10, 2024. A replay of the event will be available on VIA HFR's website after the meeting.

Glossary

Toronto



Glossary

ACRONYM OR TERM	DEFINITION
Bidders (Consortia)	<p>The Government of Canada announced on July 20, 2023 that it had qualified three bidding teams. The current composition of the consortia are as follows:</p> <ul style="list-style-type: none"> • Cadence - CDPQ Infra, AtkinsRéalis, Systra Canada, Keolis Canada • Intercity Rail Developers - Intercity Development Partners, Meridiam, Kilmer Transportation, First Rail Holdings, Jacobs, Hatch, CIMA+, RATP Dev Canada, First Group, Renfe Operadora • QCONNEXION Rail Partners - Fengate, John Laing, Bechtel, WSP, Deutsche Bahn
Co-Development phase	<p>Refers to the phase that begins at the execution of the Pre-Development Agreement. Through the Co-Development phase, VIA HFR will work with the Private Developer Partner to further develop the project and advance the design, prior to the Execution phase.</p>
Impact Assessment (IA)	<p>A federal planning and decision-making tool used to assess the potential positive and negative effects of proposed projects. Impact assessments consider a wide range of factors and propose measures to mitigate projects' adverse effects.</p>
Pre-Development Agreement (PDA)	<p>Refers to the agreement VIA HFR anticipates entering into with the preferred bidder that is selected pursuant to the RFP.</p> <p>The agreement will describe the parameters required to advance and optimize the design and scope of the project during the Co-Development phase and will provide the framework for delineating the roles and responsibilities of both the Private Developer Partner and VIA HFR.</p>
Private Developer Partner (PDP)	<p>Refers to the private sector partner selected by the Procurement authority pursuant to the RFP to enter into the Pre-Development Agreement with VIA HFR, and who will work with VIA HFR during the Co-Development phase to advance and optimize the design of the project.</p>
Procurement phase	<p>Refers to the phase that began when the RFQ was launched on February 17, 2023, and will conclude at the end of the RFP stage with the selected PDP and VIA HFR signing the Pre-Development Agreement.</p>
RFP	<p>Request for Proposals</p>
RFQ	<p>Request for Qualifications</p>

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