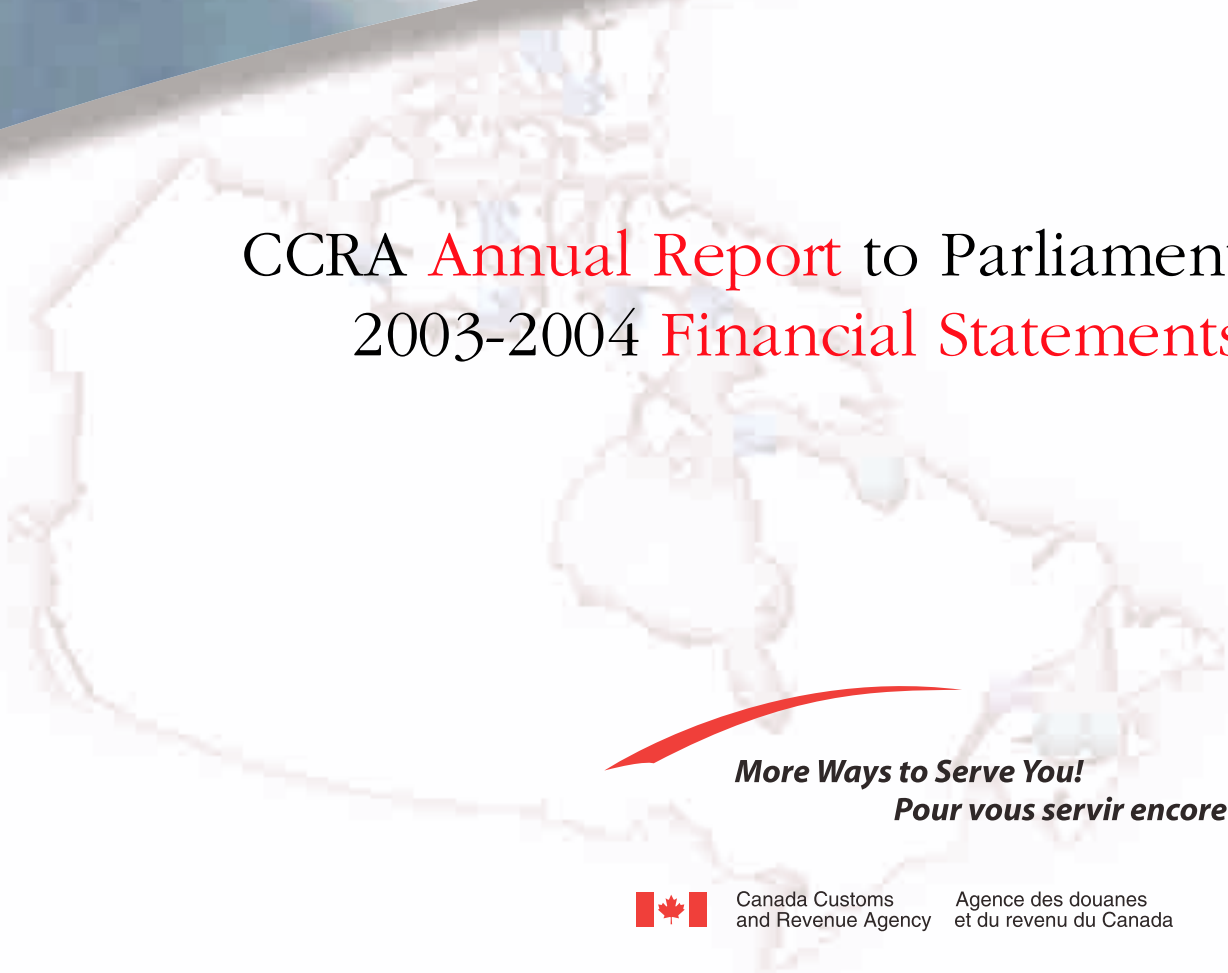




CCRA **Annual Report** to Parliament
2003-2004 **Financial Statements**



More Ways to Serve You!
Pour vous servir encore mieux!



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada¹³¹



accountability

The title of our annual report, **Accountability**, embodies the themes of being accountable for our performance, and the ability of our workforce to realize the potential of agency status. The common thread is that teamwork is essential not only for our successes to date, but for achieving the CCRA's strategic objectives. A keystone to these themes is our commitment to being a connected learning organization that reflects on our successes and failures and pursues new ideas, knowledge, and insights to continually improve our performance.

Our annual report comprises two volumes. This volume, the **CCRA Financial Statements**, provides the financial information for our operations and responsibilities in 2003-2004. It also includes additional financial information to meet government-wide performance reporting. The main volume, the CCRA Performance Report, provides an agency-wide overview of our program delivery results and summaries of our performance in each of the CCRA's four business lines against the objectives set out in our *2003-2004 to 2005-2006 Corporate Business Plan*.

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Introduction

This volume of the Canada Customs and Revenue Agency's (CCRA's) Annual Report to Parliament contains audited financial statements for the CCRA's operations and the activities it administers, as well as unaudited supplementary financial information relating to Parliamentary appropriations. The audited financial statements pertaining to the operations and activities of the CCRA present the financial information in accordance with the accounting principles of the Government of Canada.

The activities of the CCRA have been divided into two sets of financial statements: Agency Activities and Administered Activities. The statements for Agency Activities include the operational revenues and expenses that the CCRA controls and utilizes in running the organization. The Administered Activities statements provide information on the revenues and expenses that the CCRA manages on behalf of the federal government, provinces, territories, First Nations, or other groups or organizations. The Auditor General of Canada provides audit opinions on these two sets of financial statements. This volume also contains management discussions on the CCRA's operations and the activities it administers.

The unaudited supplementary financial information relating to the CCRA's resource management performance for purposes of reporting to Parliament on the use of its annual appropriations are prepared on a modified cash basis of accounting, which does not parallel the financial statement reporting. This appropriation basis of accounting does not include, for example, a mortization or certain accrual accounting adjustments for services provided by other government departments that are part of the audited financial statement of operations. Note 3 on page 2-23 reconciles these two accounting methods. The opinions of the Auditor General on the financial statements do not extend to this supplementary financial information.

The CCRA maintains financial and management control systems and practices that provide reasonable assurance the information presented constitutes a fair and frank accounting of how well the CCRA is performing against its objectives. To ensure a high level of assurance, Corporate Audit and Evaluation Directorate conducts independent reviews of various aspects of the CCRA's performance information. In addition, the Board of Management's Finance Committee, which oversees management's responsibilities for maintaining adequate internal control and financial/performance reporting systems, meets regularly with internal and external auditors. The Board of Management recommends the Annual Report to the Minister for approval.



Audited *Financial Statements*



Statement of Management Responsibility

We have prepared the accompanying financial statements of the Canada Customs and Revenue Agency according to the accounting principles consistent with those applied in preparing the financial statements of the Government of Canada. Significant accounting policies are set out in Note 2 to the financial statements.


The Agency's management is responsible for the integrity and objectivity of data in these financial statements. To assure objectivity and freedom from bias, these financial statements have been approved by the Agency's Finance Committee on behalf of the Board of Management. The Finance Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Canada on a regular basis. The auditors have full and free access to the Finance Committee.

Some of the information included in the financial statements, such as accruals, and the allowance for doubtful accounts, is based on management's best estimates and judgments with due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains sets of accounts, which provide a record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Annual Report* is consistent with these financial statements.

The Agency maintains financial management and internal control systems that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are within the authorities provided by Parliament and by others such as the provinces and territories, and are executed in accordance with prescribed regulations and properly recorded to maintain the accountability of funds and safeguarding of assets. Financial management and internal control systems are reinforced by the maintenance of internal audit programs. The Agency also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training, and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards, and managerial authorities are understood throughout the organization.

The Auditor General of Canada conducts an independent audit and expresses opinions on the accompanying financial statements.

Approved by:



Alan Nymark
Commissioner



James Ralston
Chief Financial Officer and Assistant
Commissioner, Finance and Administration

Ottawa, Ontario
September 7, 2004



Financial Statements – *Agency Activities*





Auditor General of Canada
Vérificateur général du Canada

AUDITOR'S REPORT

To the Board of Management of the Canada Customs and Revenue Agency
and the Minister of National Revenue

I have audited the statement of financial position – Agency Activities of the Canada Customs and Revenue Agency as at March 31, 2004 and the statements of operations, net liabilities and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency Activities of the Canada Customs and Revenue Agency as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
September 7, 2004



Statement of Financial Position – Agency Activities

as at March 31
(in thousands of dollars)

	2004	2003
ASSETS		
Financial assets		
Cash	318	315
Due from the Consolidated Revenue Fund	214,353	266,225
Accounts receivable (Note 6)	38,051	25,497
	252,722	292,037
Non-financial assets		
Prepaid expenses	7,427	9,217
Consumable supplies	9,043	9,537
Capital assets (Note 8)	469,440	329,963
	485,910	348,717
TOTAL	738,632	640,754
LIABILITIES		
Accrued employee salaries and benefits	87,232	56,497
Accounts payable and accrued liabilities	144,663	209,371
Vacation pay and compensatory leave	106,929	148,030
Capital lease obligations (Note 12)	3,281	5,968
Employee severance benefits	454,267	441,915
Other liabilities	1,783	1,038
	798,155	862,819
Net liabilities (Note 7)	(59,523)	(222,065)
TOTAL	738,632	640,754

Contingent liabilities (Note 11) and commitments (Note 13)

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

Approved by:



Alan Nymark
Commissioner



Michael L. Turcotte
Chair, Board of Management

Statement of Operations – Agency Activities

for the year ended March 31
(in thousands of dollars)

	2004	2003
CONTINUING OPERATIONS		
Non-tax revenue (Note 4)		
Tax services	145,581	132,944
Benefit programs and other services	6,534	4,941
Appeals	11,559	7,728
Corporate management and direction	37,410	43,373
Total non-tax revenue	201,084	188,986
Expenses (Note 5)		
Tax services	2,293,399	2,296,096
Benefit programs and other services	91,690	69,955
Appeals	102,179	107,114
Corporate management and direction	773,419	895,426
Total expenses	3,260,687	3,368,591
Net costs of continuing operations	3,059,603	3,179,605
TRANSFERRED OPERATIONS (Note 15)		
Border operations non-tax revenue (Note 4)	12,930	7,622
Border operations expenses (Note 5)	881,456	922,098
Net costs of transferred operations	868,526	914,476
Net costs of operations	3,928,129	4,094,081

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

Statement of Net Liabilities – Agency Activities

for the year ended March 31
(in thousands of dollars)

	2004	2003
Net liabilities at beginning of year	(222,065)	(246,204)
Net costs of operations	(3,928,129)	(4,094,081)
Net cash provided by Government of Canada	3,597,281	3,681,645
Services provided without charge by other Government departments (Note 10)	545,262	506,613
Change in Due from the Consolidated Revenue Fund (Note 2(h))	(51,872)	(70,038)
Net liabilities at end of year (Note 7)	(59,523)	(222,065)

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

Statement of Cash Flow – Agency Activities

for the year ended March 31
(in thousands of dollars)

	2004	2003
Operating transactions		
Net costs of operations	3,928,129	4,094,081
Adjustments for items not affecting cash		
Statement of operations		
Amortization of capital assets (Note 8)	(37,850)	(27,419)
Net loss on disposal/write-off of capital assets	(4,409)	(15,567)
Services provided without charge by other Government departments (Note 10)	(545,262)	(506,613)
Statement of financial position		
Change in financial assets other than Due from the Consolidated Revenue Fund	12,557	3,094
Change in non-financial assets other than capital assets	(2,284)	(1,787)
Change in liabilities other than capital lease obligations	61,977	(4,521)
Cash applied to operating transactions	3,412,858	3,541,268
Capital transactions		
Acquisition of capital assets	181,996	139,904
Change in capital lease obligations	2,687	836
Proceeds from disposal of capital assets	(260)	(363)
Cash applied to capital transactions	184,423	140,377
Net cash provided by Government of Canada	3,597,281	3,681,645

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

Notes to the Financial Statements – Agency Activities

1. Authority and purpose

The Canada Customs and Revenue Agency (the “Agency”) was established effective November 1, 1999, under the *Canada Customs and Revenue Agency Act*. The Agency was originally established to support the evolution of tax administration and customs services in Canada. This role has changed in respect of the provision of customs services as a result of the creation of Canada Border Services Agency (CBSA).

On December 12, 2003, the government announced a restructuring, which resulted in the creation of the CBSA. Prior to this announcement, the CCRA had been identified as being responsible for the appropriations established in the 2003-2004 Main and Supplementary Estimates. Therefore, the Agency Activities include the portion of expenses, revenue, assets, and liabilities applicable to the CBSA as at March 31, 2004 (Note 15).

The Agency is a departmental corporation named in Schedule II of the *Financial Administration Act* and reports to Parliament through the Minister of National Revenue. The Agency’s expenditures are funded by the Government of Canada through appropriations.

The Agency administers, on behalf of others, income taxes and sales taxes, Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, as well as amounts collected for other groups or organizations. The Agency is responsible for the administration and enforcement of the following acts or portions of these acts and certain other acts for which the Minister of National Revenue has a mandated role, including: the *Air Travellers Security Charge Act*, the *Canada Customs and Revenue Agency Act*, the *Children’s Special Allowances Act*, *Part V.1 of the Customs Act*, the *Excise Act*, the *Excise Tax Act* (includes *GST/HST*), the *Excise Act, 2001*, the *Income Tax Act*, and others. As a result of the creation of the CBSA, Acts that were formerly administered by the CCRA such as the *Customs Tariff* and those portions of the *Customs Act* other than Part V.1 are administered by the CBSA.

The Agency’s mandate is to provide support, advice, and services when:

- (a) supporting the administration and enforcement of program legislation;
- (b) implementing agreements between the Government of Canada or the Agency and the government of a province or other public body performing a function of government in Canada to carry out an activity or administer a tax or program;
- (c) implementing agreements or arrangements between the Agency and departments or agencies of the Government of Canada to carry out an activity or administer a program; and
- (d) implementing agreements between the Government of Canada and Aboriginal governments to administer a tax.

In delivering its mandate, the Agency operates under the following business lines:

- (a) Tax Services: Assesses and collects taxes on behalf of federal, provincial (except Quebec) and territorial governments and promotes compliance with Canada’s tax laws.
- (b) Benefit Programs and Other Services: Delivers certain income-based benefits, credits and other services to low – and moderate-income Canadians on behalf of federal, provincial (except Quebec), and territorial governments.
- (c) Appeals: Provides clients an impartial review of their disagreements with CCRA decisions involving tax, customs, employment insurance, Canada Pension Plan, and trade administration issues. It manages the Voluntary Disclosure Program and coordinates initiatives relating to the fairness of Agency programs.
- (d) Corporate Management and Direction: Provides the following internal services: financial, administration, information technology, human resources, communications, legal, internal audit and program evaluations.
- (e) Customs Services: Facilitates the flow of legitimate trade and travel, while securing Canada’s borders against external threats. Customs Services also seeks to protect Canadian industry from unfair trade practices and injury caused by dumping or subsidizing of goods imported into Canada.

The Minister of National Revenue is responsible for the Agency and remains accountable to Parliament for the administration and the enforcement of the various tax and customs programs’ legislation.

2. Summary of significant accounting policies

For financial reporting purposes, the activities of the Agency have been divided into two sets of financial statements: Agency Activities and Administered Activities. The financial statements – Agency Activities include those operational revenue and expenses, which are controlled by the Agency and utilized in running the organization. The financial statements – Administered Activities include those revenues and expenses which are controlled by someone other than the Agency, such as the federal government, a province or territory, or another group or organization, and managed by the Agency on their behalf. The purpose of the distinction between Agency and Administered activities is to facilitate, among other things, the assessment of the administrative efficiency of the Agency in achieving its mandate.

As required by section 88(2)(a) of the *Canada Customs and Revenue Agency Act*, the Financial Statements – Agency Activities have been prepared using accounting principles consistent with those applied in the preparation of the financial statements of the Government of Canada. These accounting principles are based on Canadian generally accepted accounting principles. The purpose of these financial statements is to present operational non-tax revenue and expenses and assets and liabilities that are controlled by the Agency and utilized in running the organization. A summary of significant accounting policies follows:

(a) Parliamentary appropriations

The Agency is financed by the Government of Canada through funding voted annually by Parliament. This funding, referred to as appropriations, is primarily based on cash flow requirements. The financial statements are prepared in accordance with accounting principles consistent with those applied in preparing the financial statements of the Government of Canada. Items recognized in the statement of operations and the statement of financial position are not necessarily the same, or on the same basis, as those provided through appropriations from Parliament. The statement of operations does not include budgetary information.

(b) Expense recognition

All expenses are recorded on the accrual basis.

(c) Revenue recognition

Non-tax revenue reported in this statement excludes administered revenues collected under the authority of the *Income Tax Act*, the *Customs Act*, the *Excise Act*, the *Excise Tax Act* and other similar legislation. Non-tax revenue is recorded on the accrual basis.

(d) Consumable supplies

Consumable supplies consist of forms, publications and uniforms. These assets are recorded at the lower of cost (determined by using the weighted average cost method) or net realizable value. The cost of consumable supplies is charged to operations in the period in which the items are used.

(e) Capital assets

All costs of \$10,000 or more incurred in acquiring and developing land, buildings, equipment, and other capital property (including leasehold improvements) are capitalized as tangible capital assets and amortized over the useful lives of the assets. Similar items under \$10,000 are included in the statement of operations and are disclosed as equipment purchases in note 5. The capitalization of software and leasehold improvements has been done on a prospective basis from April 1, 2001. Capital assets do not include intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, and museum collections. Amortization of capital assets is done on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Useful life
Border crossings infrastructure (Roads, sewers and works)	40 years
Buildings	30 years
Machinery, equipment and furniture	10 years
In house developed software	7 years
Vehicles and other means of transportation	5 years
Information technology equipment	5 years
Purchased software	3 years
Capital leases and leasehold improvements	Term of the lease

Assets under construction/development are not amortized until completed and put into operation (Note 8).

(f) Services provided without charge by other Government departments

Estimates of amounts for services provided without charge by other government departments are included in expenses. Those amounts include:

- accommodation provided by Public Works and Government Services Canada;
- employer's contributions to the health insurance plan and employee benefit plan provided by Treasury Board;
- legal services provided by Justice Canada;
- audit services provided by the Office of the Auditor General of Canada;
- workers' compensation benefits provided by Human Resources and Skills Development Canada; and
- payroll services provided by Public Works and Government Services Canada.

(g) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash receipts are deposited to the CRF and all cash disbursements are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions with departments and agencies.

(h) Due from the Consolidated Revenue Fund (CRF)

Due from the CRF represents the amount of cash that the Canada Customs and Revenue Agency is entitled to draw from the CRF without further appropriations to discharge its liabilities. These amounts have been charged to current or prior years' appropriations, but will be paid in the future and include items such as accrued employee salaries, accounts payable, and accrued liabilities.

(i) Employee severance benefits, vacation pay, and compensatory leave

Employee severance benefits, vacation pay, and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment. The employee severance benefits liability is estimated using the Government of Canada's demographic population characteristics and assumptions. The liability for vacation pay and compensatory leave is calculated at the salary levels in effect at the end of the year for all unused vacation pay and compensatory leave benefits accruing to employees. Employee severance benefits and vacation pay liabilities payable on cessation of employment are Agency obligations that are normally funded through future years' appropriations.

(j) Contributions to Public Service Superannuation Plan

Most Agency employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Agency contribute to the cost of the plan. The Agency's contributions are charged to expenses in the year incurred and represent the total Agency pension obligation to the plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Public Service Superannuation Account.

(k) Employee benefit plan

The federal government sponsors an employee benefit plan (health and dental) in which the Agency participates. The Agency's contributions to the plan are recorded at cost and charged to personnel expenses in the year incurred. They represent the Agency's total obligation to the plan. Current legislation does not require the Agency to make contributions for any future unfunded liabilities of the plan.

(l) Measurement uncertainty

The preparation of these financial statements according to the accounting principles applied in preparing the financial statements of the Government of Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Employee severance benefits, contingencies, and the useful life of capital assets are the most significant items where estimates are used. Actual results could differ from these current estimates. The estimates are reviewed periodically and, as adjustments become necessary, they are reported in net results of operations in the period in which they become known.

3. Parliamentary appropriations

The Agency receives most of its funding through Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current, or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. These differences are reconciled below.

(a) Reconciliation of net cost of operations to total Parliamentary appropriations used:

	2004	2003
	(in thousands of dollars)	
Net costs of operations	3,928,129	4,094,081
Expenses not requiring use of current-year appropriations:		
Amortization of capital assets	(37,850)	(27,419)
Adjustment to prior years' expenses	3,350	9,722
Consumable supplies	(494)	(3,172)
Loss on disposal/write-off of capital assets	(4,652)	(15,888)
Services provided without charge by other government departments (Note 10)	(545,262)	(506,613)
Other	10,056	(128)
	<u>(574,852)</u>	<u>(543,498)</u>
Net changes in future funding requirements:		
Employee severance benefits	(12,352)	(60,163)
Vacation pay and compensatory leave	41,101	(14,041)
Other	(886)	(266)
	<u>27,863</u>	<u>(74,470)</u>
Asset acquisitions funded by current-year appropriations:		
Capital assets	149,014	140,740
Prepaid expenses	(1,790)	1,340
	<u>147,224</u>	<u>142,080</u>
Non-tax revenue (Note 4):		
Non-tax revenue available for spending	30,921	31,886
Other non-tax revenue	36,346	21,860
Adjustment to prior years' revenues	0	5,914
	<u>67,267</u>	<u>59,660</u>
Total parliamentary appropriations used	<u>3,595,631</u>	<u>3,677,853</u>

(b) Reconciliation of net cash provided by the Government of Canada to Parliamentary appropriations used:

	2004	2003
	(in thousands of dollars)	
Net Cash provided by Government of Canada	3,597,281	3,681,645
Net changes in funded liabilities:		
Accounts payable and accrued liabilities	(64,708)	24,165
Accrued employee salaries and benefits	30,735	(94,128)
Other liabilities	745	280
	<u>(33,228)</u>	<u>(69,683)</u>
Net changes in funded financial assets:		
Cash	(3)	(6)
Accounts receivable (Note 6)	(12,554)	(3,088)
	<u>(12,557)</u>	<u>(3,094)</u>
Non-tax revenue (Note 4):		
Non-tax revenue available for spending	30,921	31,886
Other non-tax revenue	36,346	21,860
Adjustment to prior years' revenues	0	5,914
	<u>67,267</u>	<u>59,660</u>
Adjustment to prior years' expenses	3,350	9,722
Other adjustments	(26,482)	(397)
Total parliamentary appropriations used	<u>3,595,631</u>	<u>3,677,853</u>

(c) Reconciliation of Parliamentary appropriations voted to Parliamentary appropriations used:

	2004	2003
	(in thousands of dollars)	
Parliamentary appropriations – voted:		
Vote 1 – CCRA operating expenditures	3,179,671	3,144,878
Less: Relief for Heating Expense payments ¹	(7,788)	(20,341)
Vote 5 – CCRA capital expenditures	23,349	23,840
Vote 10 – CCRA transfer payments	137,270	115,769
Statutory contributions to employee benefits plans	454,476	501,775
Amounts available for spending per section 60 of the <i>CCRA Act</i>	30,951	37,366
Spending of proceeds from disposal of surplus Crown assets	482	588
Other statutory expenditures	1,528	7,256
	<u>3,819,939</u>	<u>3,811,131</u>
Less:		
Appropriations available for future year ² :		
Operating	(187,675)	(126,816)
Capital	(11,931)	0
Transfer payments	(17,343)	(6,462)
Appropriation lapsed ²	(7,359)	0
	<u>(224,308)</u>	<u>(133,278)</u>
Total parliamentary appropriations used	<u>3,595,631</u>	<u>3,677,853</u>

¹ In accordance with the division of activities for financial reporting purposes outlined in Note 2, the ex-gratia Relief for Heating Expense payments, which were authorized through Vote 1-CCRA (Operating expenditures), are reported as a federal administered expense on the Statement of Administered Expenses.

² Pursuant to section 60 (1) of the Canada Customs and Revenue Act, the balance of money appropriated by Parliament for the use of the Agency that remains unexpended at the end of the fiscal year lapses at the end of the following fiscal year.

4. Non-tax revenue

The following table presents details of non-tax revenue:

	2004	2003
	(in thousands of dollars)	
Non-tax revenue credited to vote 1-CCRA (Operating expenditures)		
Fees for collecting Employment Insurance premiums (from HRSDC)	77,933	77,933
Fees for collecting Canada Pension Plan contributions (from HRSDC)	68,814	64,929
	<u>146,747</u>	<u>142,862</u>
Non-tax revenue available for spending		
Administration fees – provinces and territories	22,574	21,304
Services fees	1,949	3,416
Ruling fees	1,946	1,667
Border Canada / United States Programs	952	1,588
Miscellaneous spendable revenue	3,500	3,911
	<u>30,921</u>	<u>31,886</u>
Non-tax revenue not available for spending		
Recovery of employee benefit costs for collecting activities (from HRSDC)	25,921	24,057
Duty-free shops ¹	–	(3,830)
Administration fees – Provinces and Territories ²	2,094	–
Services fees ²	1,934	–
Border Canada / United States Programs ²	764	–
Lease and use of public property	560	637
Miscellaneous non-tax revenue	5,073	996
	<u>36,346</u>	<u>21,860</u>
TOTAL NON-TAX REVENUE	<u>214,014</u>	<u>196,608</u>
Non-tax revenue as presented on the Statement of Operations:		
Non-tax revenue from continuing operations	201,084	188,986
Non-tax revenue from transferred operations	12,930	7,622
TOTAL NON-TAX REVENUE	<u>214,014</u>	<u>196,608</u>

¹ Due to retroactive regulatory changes, some 2001-2002 duty-free shops – Licence fees revenue was reimbursed to licensees in 2002-2003.

² Effective December 12, 2003, non-tax revenue relating to border services were not available for spending.

5. Expenses

The following table presents details of expenses by category:

	2004	2003
	(in thousands of dollars)	
Personnel		
Salaries	2,193,264	2,208,492
Other allowances and benefits (including employee future benefits described in Note 16)	918,694	1,009,550
	<u>3,111,958</u>	<u>3,218,042</u>
Accommodation	250,080	241,016
Professional and special services	183,545	199,596
Transportation and communications	173,691	192,857
Transfer payments (Note 14)	119,927	109,307
Repair and maintenance	89,233	83,339
Materials and supplies	49,209	57,453
Equipment purchases	46,605	81,696
Other services	38,380	39,760
Amortization of capital assets (Note 8)	37,850	27,419
Equipment and other rentals	10,838	14,189
Advertising, printing and related services	6,280	6,051
Loss on disposal/write-off of capital assets	4,652	15,888
Utilities	610	510
Other expenses	19,285	3,566
TOTAL EXPENSES	<u>4,142,143</u>	<u>4,290,689</u>
Expenses as presented on the Statement of Operations:		
Expenses from continuing operations	3,260,687	3,368,591
Expenses from transferred operations	881,456	922,098
TOTAL EXPENSES	<u>4,142,143</u>	<u>4,290,689</u>

6. Accounts receivable

The following table presents details of accounts receivable:

	2004	2003
	(in thousands of dollars)	
Accounts receivable – From Government departments and agencies	30,705	18,925
Accounts receivable – External to the Government	1,810	1,254
Advances to employees	2,365	2,218
Salary overpayments	3,259	3,228
Other	39	34
	38,178	25,659
Less: Allowance for doubtful accounts	(127)	(162)
	38,051	25,497

7. Net liabilities

Net liabilities represent the excess of the liabilities relating to Agency activities over its assets.

Included in the liabilities are \$562,615,000 (2003 – \$590,478,000), which represent transactions incurred by the Agency in providing services that will require future funding. Significant components of the future funding requirements amounts are employee severance benefits and vacation pay and compensatory leave liabilities. These amounts are expected to be funded by appropriations in future years as they are paid.

8. Capital assets

The following table presents details of capital assets:

	Asset Class					
	(In thousands of dollars)					
	Land, buildings (owned and under construction), roads, sewers works and infrastructure	Machinery, equipment, and furniture	Vehicles and other means of transportation	Software (purchased and in house developed and/or in development)	Information technology equipment including capital leases (Note 12)	Total
Opening (April 1, 2003)						
Cost	147,214	49,362	17,390	126,106	143,430	483,502
Accumulated Amortization	(28,628)	(19,792)	(8,551)	(2,262)	(94,306)	(153,539)
Carrying Cost	118,586	29,570	8,839	123,844	49,124	329,963
In-year transactions						
Additions	6,492	18,221	1,515	136,047	19,721	181,996
Disposals/Write-off	(1,030)	(2,787)	(26)	(754)	(72)	(4,669)
Amortization	(3,871)	(4,555)	(2,633)	(8,537)	(18,254)	(37,850)
Closing (March 31, 2004)						
Cost	152,678	63,531	17,337	262,015	158,842	654,403
Accumulated Amortization	(32,501)	(23,082)	(9,642)	(11,415)	(108,323)	(184,963)
Carrying Cost	120,177	40,449	7,695	250,600	50,519	469,440

Certain amounts above are shown on a net basis.

The cost of assets under construction or development, which are not amortized, are \$23,586,000 in buildings works and infrastructure, \$1,284,000 in equipment, \$98,625,000 in software and \$1,277,000 in information technology equipment as at March 31, 2004 (\$50,310,000; \$1,350,000; \$87,826,000; and \$599,000 respectively as at March 31, 2003).

9. Board of Management

Pursuant to the *Canada Customs and Revenue Agency Act*, a Board of Management is appointed to oversee the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts. Expenses relating to the Board's activities during the year total \$811,000 (2003 – \$937,000) and are included in the net costs of operations. This includes payments to the Board of Management, secretariat staff personnel expenses, travel and other expenses.

10. Related party transactions

The Agency is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. Also, during the year, the Agency received services, which were obtained without charge from other Government departments as presented in part (a). Transactions with enterprise Crown corporations and other government business enterprises that are not dependent on the government for financing their activities are not considered to be related party transactions.

(a) Services provided without charge by other Government departments:

During the year, the Agency received accommodation and professional services without charge from other government departments and agencies. Employer's health insurance plan contributions, employee benefit plans and workers' compensation benefits were also provided by other Government departments without charge. Significant services provided without charge have been recognized in the Agency's Statement of Operations as follows:

	2004	2003
	(in thousands of dollars)	
Accommodation	250,080	241,016
Employer's contribution to the health insurance plan and employee benefit plans	216,794	187,134
Legal services	69,461	69,362
Audit services	4,700	4,089
Workers' compensation benefits	2,327	2,940
Payroll services	1,900	2,072
	545,262	506,613

(b) Payables and receivables outstanding at year end with related parties:

Accounts receivable – From other government departments and agencies	30,705	18,925
Accounts payable – To other government departments and agencies	16,125	87,244

11. Contingent liabilities

In connection with its operations, the Agency is a defendant in certain cases of litigation and has contingencies for contaminated sites. It is estimated that, at March 31, 2004, there are \$10 million (\$6 million at March 31, 2003) in potential liabilities arising from claims and contaminated sites. A contingent liability will be recorded as an actual liability with a corresponding charge to expenses when it becomes likely that a payment will be made and the amount of that payment may be reasonably and reliably estimated.

12. Capital lease obligations

The Agency has entered into agreements to rent information technology equipment under capital leases with a cost of \$9,690,000 and accumulated amortization of \$6,559,000 as at March 31, 2004 (\$12,214,000 and \$6,424,000 respectively as at March 31, 2003) (Note 8). The obligations for the upcoming years include the following:

	2004	2003
	(in thousands of dollars)	
Year 1	2,906	3,231
Year 2	480	2,594
Year 3	0	480
Year 4	0	0
Year 5	0	0
Total future minimum lease payments	3,386	6,305
Less: imputed interest (2.36% – 6.17%)	105	337
Balance of obligations under capital leases	3,281	5,968

13. Commitments

The nature of the Agency's activities can result in multi-year contracts and obligations whereby the Agency will be committed to make future payments when the services/goods are received. Significant commitments that can be reasonably estimated are as follows:

	2005	2006	2007	2008	2009 and thereafter	Total
	(in thousands of dollars)					
Capital leases (Note 12)	2,906	480	0	0	0	3,386
Operating leases	1,235	1,115	940	703	117	4,110
Total	4,141	1,595	940	703	117	7,496

14. Transfer payments

The following table presents details of transfer payments as reported in note 5:

	2004	2003
	(in thousands of dollars)	
Contributions to the Province of Quebec in respect of the joint administration costs of federal and provincial sales taxes	119,855	108,826
Contribution to the Canadian Home Builders' Association to support the "Get It in Writing!" consumer information campaign	72	481
	119,927	109,307

15. Transferred operations

On December 12, 2003, the government announced a restructuring, which resulted in the creation of the Canada Border Services Agency (CBSA). The border operations managed by the Canada Customs and Revenue Agency were transferred to the new CBSA at that date as a result of this change. The transferred border operations have been included in these financial statements in order to be consistent with the authorities established in the 2003-2004 main and supplementary estimates. Border operations expenses include an allocation of costs related to corporate management and direction. The following table presents the revenue and expenses:

	April 1 to December 11, 2003	December 12, 2003 to March 31, 2004	Total
	(in thousands of dollars)		
Border operations non-tax revenue (Note 4)	4,973	7,957	12,930
Border operations expenses (Note 5)	644,778	236,678	881,456
Net cost of transferred operations	639,805	228,721	868,526

The information required to segregate the border services assets and liabilities were not available as at the reporting date.

16. Employee future benefits

The following Agency expenses with respect to employee future benefits are included in the Statement of Operations and in Note 5 as other allowances and benefits.

	2004	2003
	(in thousands of dollars)	
Contributions to the Public Service Superannuation Plan	340,015	352,748
Employee severance benefits	12,352	60,163
	352,367	412,911

17. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation used in the current year.



Financial Statements – *Administered Activities*





Auditor General of Canada
Vérificateur général du Canada

AUDITOR'S REPORT

To the Board of Management of the Canada Customs and Revenue Agency
and the Minister of National Revenue

I have audited the statement of administered assets and liabilities of the Canada Customs and Revenue Agency as at March 31, 2004 and the statements of administered revenues, administered expenses and recoveries and administered cash flows for the year then ended. This financial information is the responsibility of the Agency's management. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, these statements present fairly, in all material respects, the administered assets and liabilities of the Canada Customs and Revenue Agency as at March 31, 2004 and the results of its administered operations and cash flows for the year then ended in accordance with the accounting policies set out in Note 2 to the statements.

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
September 7, 2004



Statement of Administered Assets and Liabilities

as at March 31
(in thousands of dollars)

	2004	2003
ADMINISTERED ASSETS		
Cash on hand	6,136,765	5,609,498
Amounts receivable from taxpayers (net of allowance for doubtful accounts of \$7,597,960 in 2004 and \$7,174,162 in 2003) (Note 3)	47,953,395	43,597,037
TOTAL ASSETS	54,090,160	49,206,535
ADMINISTERED LIABILITIES		
Amounts payable to taxpayers (Note 4)	33,039,710	33,570,536
Amounts payable to provinces (Note 5)	87,742	161,321
Deposit accounts (Note 6)	38,172	28,133
	33,165,624	33,759,990
Net amount due to the Consolidated Revenue Fund on behalf of the Government of Canada and others (Note 7)	20,924,536	15,446,545
TOTAL LIABILITIES	54,090,160	49,206,535

Contingent Liabilities: Note 8

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

Approved by:



Alan Nymark
Commissioner



Michael L. Turcotte
Chair, Board of Management

Statement of Administered Revenues

for the year ended March 31
(in thousands of dollars)

	2004	2003
Federal Government		
Income Tax Revenues		
Personal and trust	93,143,364	89,575,641
Corporate	27,430,779	22,221,626
Non-resident	3,142,187	3,291,113
	<u>123,716,330</u>	<u>115,088,380</u>
Other Taxes and Duties		
Goods and Services Tax (GST) (Note 9)	29,329,282	29,456,893
Energy taxes	4,951,993	4,935,264
Other Excise taxes and duties	4,830,321	4,474,920
Customs import duties	2,887,025	3,220,527
Air Transportation Security Charge	409,559	421,006
	<u>42,408,180</u>	<u>42,508,610</u>
Total Tax Revenues	166,124,510	157,596,990
Employment Insurance Premiums	17,900,359	18,243,025
Interest, penalties and other revenues (Note 10)	2,918,738	2,771,809
Gross revenues administered on behalf of the Government of Canada	<u>186,943,607</u>	<u>178,611,824</u>
Provision for bad debts	(1,887,386)	(2,060,604)
Interest expense	(939,231)	(985,850)
Net revenues administered on behalf of the Government of Canada	<u>184,116,990</u>	<u>175,565,370</u>
Provincial, Territorial Governments and First Nations		
Income Tax Revenues		
Personal and trust	34,954,094	32,994,104
Corporate	2,755,684	1,833,294
	<u>37,709,778</u>	<u>34,827,398</u>
Harmonized Sales Tax (HST)	2,369,266	2,192,014
Other Revenues (Note 11)	237,100	217,078
Revenues Administered on behalf of Provincial, Territorial Governments and First Nations	<u>40,316,144</u>	<u>37,236,490</u>
Net Revenues Administered on behalf of the Canada Pension Plan (Note 12)	<u>28,028,399</u>	<u>25,203,787</u>
Total Net Administered Revenues	<u>252,461,533</u>	<u>238,005,647</u>

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

Statement of Administered Expenses and Recoveries

for the year ended March 31
(in thousands of dollars)

	2004	2003
Federal administered expenses		
Child tax benefits	8,061,931	7,822,688
Children's special allowance	147,424	134,498
Relief for heating expenses	6,855	(1,117)
Federal administered recoveries		
Old Age Security benefits	(718,107)	(641,631)
Employment Insurance benefits	(114,374)	(101,747)
Net expenses administered for the Federal Government	7,383,729	7,212,691
Provincial and Territorial administered expenses		
Family benefit programs	263,468	302,055
Nova Scotia taxpayer refund program	72,703	-
Sales tax credits	38,074	37,659
Energy tax rebates	(2)	(1,219)
Net expenses administered for Provinces and Territories	374,243	338,495
Total Net Administered Expenses	7,757,972	7,551,186

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

Statement of Administered Cash Flows

for the year ended March 31
(in thousands of dollars)

	2004	2003
Total Net Administered Revenues	252,461,533	238,005,647
Less provincial revenues paid directly to provinces:		
Revenue administered for Nova Scotia workers' compensation	(181,586)	(172,649)
Provincial sales tax on tobacco and alcohol	(51,472)	(40,680)
Less Total Net Administered Expenses	(7,757,972)	(7,551,186)
Change in administered assets and liabilities:		
Increase in cash on hand	(527,267)	(1,652,012)
(Increase) decrease in amounts receivable from taxpayers net of Allowance for doubtful accounts	(4,356,358)	2,007,869
Decrease in amounts payable to taxpayers	(530,826)	(844,575)
(Decrease) increase in amounts payable to provinces	(73,579)	88,910
Increase in deposit accounts	10,039	11,417
Net Cash Deposited in the Consolidated Revenue Fund of the Government of Canada	238,992,512	229,852,741
Consisting of:		
Cash deposits to the Consolidated Revenue Fund	313,303,719	305,495,615
Cash refunds/ payments from the Consolidated Revenue Fund	(74,311,207)	(75,642,874)
Net Cash Deposited in the Consolidated Revenue Fund of the Government of Canada	238,992,512	229,852,741

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

Notes to the Financial Statements – Administered Activities

1. Authority and purpose

The Canada Customs and Revenue Agency (the “Agency”) was established effective November 1, 1999, under the *Canada Customs and Revenue Agency Act*. The Agency was originally established to support the evolution of tax administration and customs services in Canada. This role has changed in respect of the provision of customs services as a result of the creation of Canada Border Services Agency (CBSA).

On December 12, 2003, the government announced a restructuring, which resulted in the creation of the Canada Border Services Agency. While responsibility for the administration of the *Customs Act* has been transferred in large part to the CBSA, the responsibility for the collection of amounts owing or payable under Part V.1 of the *Customs Act* was not transferred to the CBSA. These amounts, and all other revenues, expenses, assets, and liabilities applicable to the customs program, are included in these financial statements.

The Agency is a departmental corporation named in Schedule II of the *Financial Administration Act* and reports to Parliament through the Minister of National Revenue. The Agency’s expenses are funded by the Government of Canada through appropriations.

The Agency administers, on behalf of others, income taxes and sales taxes, Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, as well as amounts collected for other groups or organizations. The Agency is responsible for the administration and enforcement of the following acts or portions of these acts and certain other acts for which the Minister of National Revenue has a mandated role including: the *Air Travellers Security Charge Act*, the *Canada Customs and Revenue Agency Act*, the *Children’s Special Allowances Act*, *Part V.1 of the Customs Act*, the *Excise Act*, the *Excise Tax Act* (includes *GST/HST*), the *Excise Act, 2001*, the *Income Tax Act*, and others. As a result of the creation of the CBSA, Acts that were formerly administered by the CCRA such as the *Customs Tariff* and those portions of the *Customs Act*, other than Part V.1, are administered by the CBSA.

The Agency’s mandate is to provide support, advice and services when:

- (a) supporting the administration and enforcement of the program legislation;
- (b) implementing agreements between the Government of Canada or the Agency and the government of a province or other public body performing a function of government in Canada to carry out an activity or administer a tax or program;
- (c) implementing agreements or arrangements between the Agency and departments or agencies of the Government of Canada to carry out an activity or administer a program; and
- (d) implementing agreements between the Government of Canada and Aboriginal governments to administer a tax.

In delivering its mandate, the Agency:

- collects revenues and administers tax and other legislation for the Federal Government and for certain provinces and territories and others, including First Nations; and
- delivers certain federal and provincial governments’ social and economic benefit programs to Canadians, through the tax system.

The Minister of National Revenue is responsible for the Agency and is accountable to Parliament for the administration and the enforcement of the various tax programs’ legislation.

In the province of Quebec, the Ministère du Revenu du Québec (MRQ) acts as an agent of the Agency for the administration of the GST. The Agency monitors cash transfers made by MRQ, reports the GST revenues administered on its behalf, authorizes refunds and transfers funds out of the Consolidated Revenue Fund to MRQ for the purpose of issuing refunds.

2. Summary of significant accounting policies

For financial reporting purposes, the activities of the Agency have been divided into two financial statements: Administered Activities and Agency Activities. The financial statements – Administered Activities include those revenues and expenses which are controlled by someone other than the Agency, such as the federal government, a province or territory, or another group or organization, and managed by the Agency on their behalf. The financial statements – Agency Activities include the operational revenues and expenses which are controlled by the Agency and utilized in running the organization. The purpose of the distinction between Agency and Administered activities is to facilitate, among other things, the assessment of the administrative efficiency of the Agency in achieving its mandate.

As required by section 88(2)(a) of the *Canada Customs and Revenue Agency Act*, the financial statements of the Agency have been prepared with accounting principles consistent with those applied in the preparation of the financial statements of the Government of Canada. The purpose of these financial statements is to present the tax and tax-related revenues, expenses, assets, and liabilities that the Agency administers on behalf of the Federal Government, provincial governments and other organizations. The most significant accounting policies are as follows:

(a) Revenue recognition

Revenues are recognized in the period in which the event that generates the revenue occurs.

The following policies are applied for specific revenue streams:

(i) Income taxes, Canada Pension Plan contributions and Employment Insurance premiums:

For income taxes, revenue is recognized when the taxpayer has earned and received the income producing the tax. This is done by determining income earned net of tax deductions and credits allowed under the *Income Tax Act*, including refundable taxes resulting from current year activity. For Canada Pension Plan contributions (CPP), revenue is recognized when the employee or the self-employed person has earned pensionable income. For Employment Insurance premiums (EI), revenue is recognized when the employee has earned insurable earnings.

Revenues for the fiscal year are based on actual amounts assessed/reassessed at the time of preparation of the financial statements and estimates of income tax, CPP contributions and EI premiums not yet assessed/reassessed. The vast majority of these estimates are based on cash payments received at the time of preparation of the financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. The difference will be recorded in the fiscal year in which the actual assessment/reassessment is completed. No additional estimate of future reassessments is made.

Reassessments include changes made to previously assessed net income at the request of the taxpayer, for example to claim a subsequent loss carry back, or are initiated by the Agency as a result of applying reporting compliance procedures such as taxpayer audits.

(ii) GST and HST, Excise and Customs:

The determination of these revenues is based on the taxes and duties assessed and estimates of amounts not yet assessed that relate to the fiscal year ended March 31. These estimates are based on cash payments received at the time of preparation of the financial statements that relate to the fiscal year ended March 31 that have not been assessed.

For the Goods and Services Tax (GST) and Harmonized Sales Tax (HST) on domestic goods and services, revenue is recognized at the time of the sale of goods or the provision of services. Revenue is determined net of the input tax credits (ITC), GST rebates and the GST quarterly tax credit. ITC is the recovery of GST/HST paid or owed on purchases related to commercial activities of the taxpayer. The GST quarterly tax credit for lower-income families is recorded in the period to which it relates. It is intended to offset the cost of the tax for lower-income individuals and families.

For Excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For Excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For GST/HST on imports and Customs duties, revenue is recognized when goods are authorized by the Agency to enter Canada.

(iii) Other revenue recognition:

Other revenues are recorded in the period to which they relate. All interest and penalty revenues are recorded as revenues administered for the Federal Government as per the terms of the tax collection agreements with the provinces and territories. Interest and penalties are recorded net of amounts forgiven under the various tax acts.

(iv) Assessment definition:

An assessment (or reassessment) of tax is defined as all decisions and other steps made or taken by the Minister of National Revenue and officials of the Agency under the federal, provincial, and territorial acts or sections of the acts administered by the Agency to determine tax payable by taxpayers. When verifying a taxpayer's return, the Agency uses applicable provisions of the various tax acts it administers as well as other internally developed criteria which are designed to substantially meet the provisions of these acts.

(v) Completeness of tax revenues:

The Canadian tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. The Agency has implemented systems and controls in order to detect and correct situations where taxpayers are not complying with the various acts it administers. These systems and controls include performing audits of taxpayer records where determined necessary by the Agency. Such procedures cannot be expected to identify all sources of unreported income or other cases of non-compliance with tax laws. The Agency does not estimate the amount of unreported tax. However, such amounts are included in revenues when assessed.

(b) Expenses

(i) Interest expense:

The Agency incurs interest expenses as a result of late refund payments. These are in large part due to the resolution of long standing corporate tax cases which have been appealed and which are resolved in favour of the taxpayer. The refund payment includes interest accrued since the tax in dispute was initially paid. Accrued interest is recognized when the liability for the related tax case is recognized. The Agency does not estimate these amounts in advance.

(ii) Administered expenses:

Expenses relating to child tax benefits, the Children's Special Allowance and the Provincial and Territorial administered expenses are recorded in the period to which they relate.

(iii) Administered recoveries:

Recoveries of Old Age Security and Employment Insurance benefits are recognized when assessed, with an estimate for amounts not yet assessed. Only recoveries assessed through the personal income tax system are reported by the Agency. Recoveries determined by other Federal Government departments are not reported in these financial statements.

(c) Cash on hand

Cash on hand includes amounts received in CCRA offices or by CCRA agents as at March 31 but not yet deposited to the credit of the Consolidated Revenue Fund of the Government of Canada.

(d) Amounts receivable from taxpayers

Amounts receivable represent taxes and other revenues assessed or estimated by the Agency but not yet collected. A significant portion of the receivable balance is due to the recording of accrued receivables, which relate to the current fiscal year but are not due for payment until the next fiscal year.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts reflects management's best estimate of the collectibility of amounts assessed but not yet paid. The allowance for doubtful accounts has two components. A general allowance is calculated based on a periodic review of a sample of accounts receivable with a balance of less than \$10 million. A specific allowance is calculated based on an annual review of all accounts over \$10 million.

The allowance for doubtful accounts is increased by an annual provision for bad debts and is reduced by amounts written off as uncollectible during the year. The bad debt provision is reported in the statement of Administered Revenues because it is associated with the administration of tax and non-tax revenues and is not related to any program expenses. The provision is charged entirely to revenues administered for the Federal Government as it assumes all collection risks, as per the terms of the tax collection agreements with the provinces and territories.

(f) Amounts payable to taxpayers

Amounts payable to taxpayers represent tax and interest assessed, or estimated by the Agency, not paid as at March 31. A significant portion of the payable is due to the recording of accrued payables, which relate to the current fiscal year but are not due for payment until the next fiscal year. They include refunds resulting from assessments completed after March 31, and estimates of refunds for personal and corporate income tax not yet assessed.

(g) Contingent liabilities

Contingent liabilities are potential liabilities resulting from, for example, previously assessed taxes recorded as revenue, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or to fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(h) Measurement uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Estimates are used to record tax revenues and the related amounts receivable and payable. Actual results could differ from the current estimates. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

3. Amounts receivable from taxpayers

For the purpose of this note, income tax receivables include Canada Pension Plan, Employment Insurance and related interest and penalties receivable. The Agency has established the following allowance for doubtful accounts related to the amounts receivable:

	2004		2003	
	Gross	Allowance for Doubtful Accounts	Net	Net
	(in thousands of dollars)			
Income taxes receivable				
Individuals	26,511,937	(3,766,617)	22,745,320	20,969,211
Employers	11,311,718	(474,539)	10,837,179	9,558,738
Corporations	6,397,297	(1,215,631)	5,181,666	4,169,379
Non-residents	842,328	(162,004)	680,324	491,889
GST receivable	9,637,739	(1,883,190)	7,754,549	7,836,701
Excise receivable	693,111	(59,442)	633,669	482,753
Customs receivable	157,225	(36,537)	120,688	88,366
Total	55,551,355	(7,597,960)	47,953,395	43,597,037

Details of the allowance for doubtful accounts are as follows:

	Allowance for Doubtful Accounts April 1, 2003	Provision for Bad Debt	Write-Offs	Allowance for Doubtful Accounts March 31, 2004
	(in thousands of dollars)			
Individuals, Employers and Non-Residents	(4,288,335)	(999,172)	884,347	(4,403,160)
Corporations	(1,073,723)	(349,071)	207,163	(1,215,631)
GST, Excise and Customs	(1,812,104)	(558,526)	391,461	(1,979,169)
Total	(7,174,162)	(1,906,769)	1,482,971	(7,597,960)

The provision for bad debt of \$1,906 million reported above includes an amount of \$1,887 million charged against revenues administered on behalf of the Federal Government (see note 2 (e)) and \$19 million charged against revenues administered on behalf of the CPP Account (see note 12).

4. Amounts payable to taxpayers

Amounts payable to taxpayers are as follows:

	2004	2003
	(in thousands of dollars)	
Personal income tax	18,646,295	18,754,192
Corporate income tax	8,238,969	8,258,328
GST	5,988,113	6,484,487
Customs and Excise tax and duties	166,333	73,529
Total	33,039,710	33,570,536

5. Amounts payable to provinces

These are amounts under the Agency's administrative responsibility that are payable directly to a province and consist primarily of amounts payable to Quebec. Amounts payable to provinces, territories, and other organizations which are settled by other departments such as the Department of Finance for Provincial, Territorial and First Nations taxes, are not recorded in these financial statements because these amounts are outside of the Agency's responsibility.

6. Deposit accounts

The Agency receives refundable deposits to ensure compliance with various regulations. Deposits held at March 31, are as follows:

	2004	2003
	(in thousands of dollars)	
Guarantee deposits		
Balance, beginning of year	32,519	19,475
Net transactions during the year	6,012	13,044
Balance, end of year	38,531	32,519
Temporary deposits received from importers		
Balance, beginning of year	698	305
Net transactions during the year	(113)	393
Balance, end of year	585	698
Total deposit accounts	39,116	33,217
Less: Securities held in trust	(944)	(5,084)
Net deposit accounts	38,172	28,133

The guarantee deposits account was established to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the *Customs Act* and the *Excise Tax Act*.

The temporary deposits received from importers account was established to record temporary security deposits received from importers to ensure compliance with various customs and excise regulations regarding temporary entry of goods.

Securities held in trust by the Agency are made up of cash and Government of Canada bonds.

7. Net amount due to the Consolidated Revenue Fund on behalf of the Government of Canada and others

The net cash deposited in the Consolidated Revenue Fund (CRF) of the Government of Canada includes all amounts collected on behalf of the Federal Government, provinces, territories and other organizations by the Agency and deposited in the CRF less refunds and payments issued from the CRF during the year.

The net amount due to the CRF on behalf of the Government of Canada and others is the difference between administered assets (taxes not yet collected and/or deposited in the CRF) and other administered liabilities payable by the Agency out of the CRF. The change in the net amount due to the CRF during the fiscal year is presented below:

	2004	2003
	(in thousands of dollars)	
Net amount due to the Consolidated Revenue Fund on behalf of the Government of Canada and others at the beginning of the year	15,446,545	15,058,154
Total net administered revenues	252,461,533	238,005,647
Less provincial revenues paid directly to provinces:		
Revenue administered for Nova Scotia Workers' Compensation	(181,586)	(172,649)
Provincial sales tax on tobacco and alcohol	(51,472)	(40,680)
Total net administered expenses	(7,757,972)	(7,551,186)
Net cash deposited in the Consolidated Revenue Fund of the Government of Canada	(238,992,512)	(229,852,741)
Net amount due to the Consolidated Revenue Fund on behalf of the Government of Canada and others at the end of the year	20,924,536	15,446,545

8. Contingent Liabilities

Contingent liabilities include previously assessed taxes where amounts are under objection or are being appealed to either the Tax Court, the Federal Court of Canada or the Supreme Court of Canada.

As at March 31, 2004, an amount of \$7,615 million was under objection at the Agency level (\$7,641 million for 2003) and an amount of \$986 million was being appealed to the courts (\$1,419 million for 2003). The Agency has recorded a provision of \$53 million for 2004 (no amount for 2003) to reflect the estimated amount of objections or appeals that are considered likely to be lost and that can be reasonably estimated.

9. GST Revenues administered for the Federal Government

The following table presents details of the revenues from the Goods and Services Tax (GST) administered for the Federal Government as classified in the statement of Administered Revenues:

	2004	2003
	(in thousands of dollars)	
GST net of input tax credits and rebates	32,492,122	32,538,589
GST quarterly tax credits	(3,162,840)	(3,081,696)
GST net revenues	29,329,282	29,456,893

10. Interest, penalties and other revenues

The Agency can, under certain circumstances, such as Agency processing delays, financial hardship by taxpayers or other extraordinary circumstances, forgive interest and penalties that have been charged or that would normally be charged. Under the various tax acts, interest and penalties may be cancelled if they have already been charged to the taxpayer or waived if they have not yet been charged to the taxpayer. Other revenues consist of miscellaneous fees and charges such as court fines, seizures, and administration charges for dishonoured payments instruments. Amounts of interest and penalties forgiven under applicable authority by the Agency are provided below:

	2004	2003
	(in thousands of dollars)	
Gross interest and penalties	3,372,932	3,065,761
Less interest and penalties cancelled or waived under a authority of the:		
<i>Income Tax Act</i>	(415,776)	(292,985)
<i>Excise Tax Act</i>	(58,396)	(24,116)
<i>Customs Act</i>	(420)	(3,410)
Interest and penalties cancelled or waived	(474,592)	(320,511)
Net interest and penalties	2,898,340	2,745,250
Other revenues	20,398	26,559
Interest, penalties and other revenues	2,918,738	2,771,809

11. Other Revenues administered for Provincial, Territorial Governments and First Nations

The following table presents details of the other revenues administered for Provincial, Territorial Governments and First Nations as classified in the statement of Administered Revenues:

	2004	2003
	(in thousands of dollars)	
First Nations Sales Tax	4,042	3,749
Nova Scotia workers' compensation	181,586	172,649
Sales tax on tobacco and alcohol	51,472	40,680
Total	237,100	217,078

12. Net Revenues administered on behalf of the Canada Pension Plan

The following table presents details on the revenues administered for the Canada Pension Plan as reported on the statement of Administered Revenues:

	2004	2003
	(in thousands of dollars)	
CPP Contributions	27,921,241	25,166,344
Interest and penalties revenue	126,541	100,975
Provision for bad debts	(19,383)	(63,532)
CPP net revenues	28,028,399	25,203,787

13. Internal transactions with the Federal Government

The Department of Finance makes payments to provinces, territories and other organizations for revenue amounts such as Provincial, Territorial and First Nations taxes, for which the Agency administers the revenue collection process. Canada Pension Plan contributions and Employment Insurance premiums, net of overpayments refunded by the Agency and Old Age Security benefit recoveries, are deposited to the Consolidated Revenue Fund by the Agency and are then credited to Human Resource Development Canada (HRDC) who administers these programs through the Employment Insurance Account and the Canada Pension Plan Account.

The Agency deposits all monies collected for provincial tax, Canada Pension Plan contributions and Employment Insurance premiums to the Consolidated Revenue Fund; therefore no related inter-departmental balances are reported in these financial statements.

Employment Insurance premiums administered on behalf of the Federal Government include the employer's share of Employment Insurance paid by the Federal Government. GST declared to the Agency includes the GST paid by the Federal Government to its suppliers. GST collected by other Federal Government departments is deposited to the Consolidated Revenue Fund and declared to the Agency and, therefore, included in the GST revenues. Amounts are provided below:

	2004	2003
	(in thousands of dollars)	
Employer's share of EI paid by the Federal Government	355,000	373,000
GST paid by the Federal Government to its suppliers	1,043,509	1,150,678
GST assessed on other Federal Government departments revenues	57,688	70,941

14. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation used in the current year.



Management Discussion in Support of *Audited Financial Statements*



Management Discussion and Analysis – Agency Activities

Introduction

This section of the Financial Statements provides unaudited supplementary information on Agency Activities, as reported in the audited Statement of Operations – Agency Activities. The information is on an accrual basis.

Agency Management

Agency expenditures decreased from 2002-2003 to 2003-2004 as a result of a minimal net increase in authorities received by the Agency in 2003-2004 for new initiatives announced in the Budget, increased revenue generation (a goal of the Resource and Management Review and Tax on Income); offset by higher amounts of unused funds at year end.

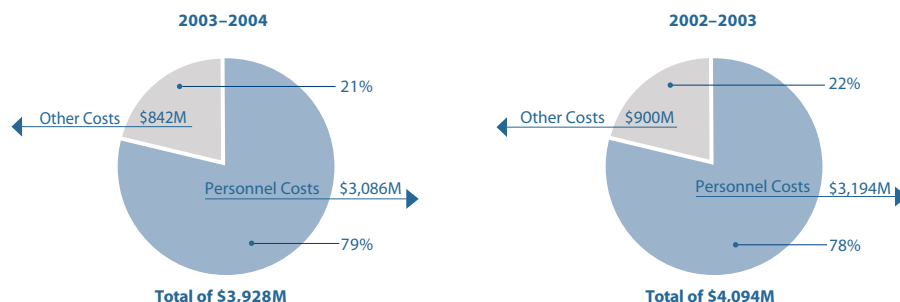
Net Cost of Operations (Based on Financial Statements)

The CCRA's total 2003-2004 net cost of operations decreased by \$166 million (4%) from 2002-2003. Agency costs totalled \$4,142,143,000 in 2004 and \$4,290,689,000 in 2003 (see Note 5 of the Annual Financial Statements for the breakdown of Personnel Costs and Other Costs). When adjusting for the receipt of Non-Tax Revenue of \$214,014,000 in 2004 and \$196,608,000 in 2003 in Personnel and Other Costs, the Net Cost of Operations becomes:

(in thousands of dollars)	2004	2003
Personnel	3,111,958	3,218,042
Less: Non-Tax Revenue	25,921	24,057
Net Personnel	3,086,037	3,193,985
Other Costs	1,030,185	1,072,647
Less: Non-Tax Revenue	188,093	172,551
Net Other Costs	842,092	900,096

Approximately 79% of CCRA expenditures are personnel costs (salaries, other allowances and benefits). Of the remaining Other Costs, much, such as travel for auditors, computers, accommodation, furniture replacement, etc., is linked to personnel. This makes personnel costs the primary cost drivers for the Agency. This is further illustrated in the charts below:

Exhibit 1 Net Cost of Operations:



Personnel Costs (Salaries, Other Allowances and Benefits)

The CCRA's personnel costs (salaries, other allowances and benefits) decreased by \$108 million (3%) from 2002-2003. Salaries, wages and overtime are down by \$15 million (0.7%). The change in personnel costs is a result of:

(i) Increased volumes due to Agency wide initiatives such as the 2003 Federal Budget, increasing resource levels for the Resource and Management Review and Tax on Income, etc.; and

(ii) Higher rates of pay, mainly from collective agreements;

which were offset by

(i) Replacing seasoned employees with employees at the bottom end of pay scales; and

(ii) The capitalization of salaries for the development of software in branches other than Information Technology.

Other allowances and benefits account for \$91 million of the \$108 million decrease. A \$41 million reduction adjustment was made in 2004 and relates to an enhancement of the methodology in estimating the accrued liability for vacation allowance. Another key reduction adjustment of \$48 million was made to the estimated value of accrued severance benefits.

Another \$2 million decrease is due to an increase in receipts of Non-Tax Revenue from 2003 to 2004.

Other Costs

Other costs decreased by \$58 million (6%). The majority of these expenses relate to the salary decreases noted above. Major components of this decrease are: Equipment purchases (\$35 million), Transportation and communications (\$19 million); Professional and special services (\$16 million); Loss on disposal/write-off of capital assets (\$11 million); Material and supplies (\$8 million); Equipment and other rentals (\$3 million); and Other services (\$1 million).

These decreases were offset by increases in accommodation (\$9 million); transfer payments (\$10 million); amortization of capital assets (\$10 million); repairs and maintenance (\$6 million); and advertising, printing and related services, utilities and other expenses (\$16 million). Adding an offset for an increase in Non-Tax Revenue of \$15 million (9%) results in the net decrease of \$58 million.

Management Discussion and Analysis – Administered Revenues

Introduction

The Financial Statements – Administered Activities reflect the total assets and liabilities, tax and non-tax revenues, expenses and recoveries, and cash flows administered by the CCRA on behalf of the Government of Canada, provinces, territories, First Nations, and other government organizations. Tax revenues are recognized on an accrual basis and are net of the applicable deductions and credits allowed under various Acts.

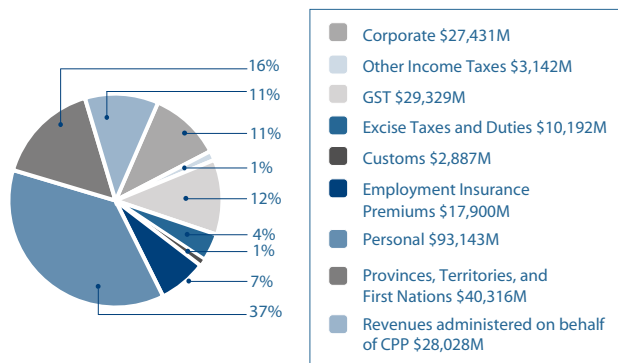
Analysis of Revenues Administered on Behalf of the Government of Canada

Federal income tax revenues were \$8.6 billion higher in 2003-2004 than in 2002-2003. Personal income tax revenues increased \$3.6 billion, while corporate income tax revenues increased \$5.2 billion. Other income tax revenues decreased \$149 million. The increase in personal income tax revenues is due to higher employment and labour income, adjusted for the impact of tax reduction measures announced in previous budgets. The corporate income tax revenue increase results from the strong rebound in corporate profits in 2003, particularly in the financial sector, as well as lower refunds pertaining to prior-year assessments.

There was a decrease of \$100 million in other taxes and duties. GST revenues declined \$128 million, reflecting a decline in gross receipts from imports and strong growth in rebates. Customs duties decreased \$334 million, reflecting the impact of the appreciation of the Canadian dollar on the value of imports. The remaining taxes and duties were \$361 million higher, mainly attributable to tobacco duty as a result of the introduction of the new Excise Act in July 2003.

EI premiums decreased \$343 million as the reduction in premiums more than offset the increase in the number of people employed.

Exhibit 2 Revenues 2003-2004





Unaudited Supplementary *Financial Information*



Financial Performance Information – Parliamentary Appropriations

Introduction

This section provides the details of the CCRA's Resource Management performance for purposes of reporting to Parliament on the use of appropriations in 2003-2004. It complements the information provided in the *CCRA Annual Report* and satisfies departmental performance reporting requirements.

Financial Reporting Methodologies

The CCRA's funding is provided by Parliament through annual appropriations. Funding is reported on a modified cash accounting basis. The CCRA reports its expenditures and performance to Parliament in the *CCRA Annual Report* together with details on the management of Parliamentary appropriations in this section on the same basis. The modified cash basis does not include, however, items such as services provided by other government departments that are part of the audited financial statement of operations.

The CCRA is also required to prepare its annual financial statements on a full accrual accounting basis and according to the accounting principles applied in preparing the financial statements of the Government of Canada. Accordingly, the CCRA Statement of Operations – Agency Activities does include items such as services provided by other government departments referred to above.

In the first volume of the *CCRA Annual Report* and for this section, the modified cash accounting approach is used.

CCRA Financial Information

Exhibit 3 Activities of the Agency

Canada Customs and Revenue Agency	2003-2004 (in thousands of dollars)
Main Estimates	3,662,279
Planned Spending	3,703,107
Final Authorities	3,064,689
Actual Spending	2,945,838

The Financial Statements – Agency Activities report \$3,595.6 million as total Parliamentary appropriations used (Note 3a shows the reconciliation to the net cost of operations). Adding the Children's Special Allowance (\$147.4 million) and the Relief for Heating Expenses (\$7.2 million) as reported in the Financial Statements – Administered Activities, makes up the total actual spending of \$3,750.2 million reported in the Public Accounts and this section where the modified cash accounting approach is used. Deducting the \$804.9 million transferred to CBSA and adding \$598,000 received from Transport Canada gives the final figure of \$2,945.8 million shown here as actual spending in 2003-2004.

Revenues administered by the Agency

Net Revenues administered by the CCRA totalled \$252.5 billion, an increase of 6.1% from the \$238.0 billion administered in 2002-2003.

	2002-2003	2003-2004
	(in thousands of dollars)	
Government of Canada	175,565,370	184,116,990
Provinces, Territories, and First Nations	37,236,490	40,316,144
CPP	25,203,787	28,028,399
Total	238,005,647	252,461,533

A portion of these revenues was collected by the new Canada Border Services Agency.

Overview

Parliament approved \$3,662.3 million in planned spending for CCRA in 2003-2004 through the Main Estimates, as shown in CCRA's *2003-2004 to 2005-2006 Corporate Business Plan*. An additional \$312.9 million was approved during the year for previously unfunded or new initiatives. The details for increased authorities are presented in Table 1 a).

Financial Performance Tables

Introduction

The following tables provide financial information about the performance of the Agency during the 2003- 2004 year. The tables compare Main Estimates and Planned Spending, as shown in the 2003-2004 *Report on Plans and Priorities* with total authorities at year end and actual expenditures for the fiscal year.

Only total authorities and actual spending are revised to account for the responsibilities and authorities transferred to the CBSA, effective April 1, 2003, though the announcement was made on December 12, 2003, and the first program units were transferred on that date; the corporate support was transferred on April 1, 2004. Also included in the revised authorities and spending are the resources received from Transport Canada for the Crown Corporation Secretariat resulting from the transfer of ministerial responsibility for the Canada Post Corporation and the Royal Canadian Mint.

Historical information (2001-2002 and 2002-2003) in the tables remains unchanged and represents the former CCRA in totality as any attempt to provide a breakdown would be arbitrary.

The information is presented at the Agency level, the business line level and by functional branch, as well as by authority, spending object, and type of revenue and expense.

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Table 1 Summary of Spending Authority

The following table displays the revised spending authorities for 2003-2004, by vote, since the Main Estimates tabled in February 2003. Total Planned Spending reflects the estimated spending shown in the *2003-2004 Report on Plans and Priorities*, while total authorities include all additional funding approved during the year. These are detailed below in Table 1 a). As a result of the December 12, 2003 announcement, the Customs portion of the CCRA is now part of the CBSA; associated estimated annual authorities are shown as transferred out (Table 1 b). Also included here are the resources received from Transport Canada for the Crown Corporation Secretariat (\$0.9 million) reflecting ministerial responsibility for the Canada Post Corporation and the Royal Canadian Mint.

Financial Requirements by Authority (in thousands of dollars)					
Vote	2003-2004				
	Total Main Estimates	Total Planned Spending	Total Authorities¹	Total Authorities received or transferred as a result of December 12, 2003 (Total Estimated Authorities for entire fiscal year)²	Revised Authorities
Canada Customs and Revenue Agency					
1 Operating expenditures	2,843,083	2,877,159	3,179,671	(782,526)	2,397,145
5 Capital expenditures	23,349	23,349	23,349	(23,349)	-
10 Contributions	137,208	137,208	137,270	-	137,270
(S) Minister of National Revenue – Salary and motor car allowance	67	67	69	-	69
(S) Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>CCRA Act</i> ³	34,076	34,076	30,951	(8,052)	22,899
(S) Contributions to employee benefits plans	477,496	484,248	454,476	(96,535)	357,941
(S) Children's Special Allowance payments	147,000	147,000	147,424	-	147,424
(S) Spending of proceeds from the disposal of Surplus Crown Assets			482	-	482
(S) Court Awards			1,459	-	1,459
Total Agency	3,662,279	3,703,107	3,975,151	(910,462)	3,064,689

¹ For more details on the authorities approved after the Main Estimates, see Table 1 a).

² For more details on the SPA set up for the period December 13, 2003 to March 31, 2004, and how this amount evolved into the total authorities estimated for CBSA, see Table 1 b).

³ The revenues generated by the CBSA after December 12, 2003, were calculated as non-responsible as they were no longer subject to the *CCRA Act*.

Table 1 a) Authorities approved after tabled Main Estimates

The following table details the authorities approved for the Canada Customs and Revenue Agency after the Main Estimates and reconciles with the Total Authorities shown in Table 1.

2003-2004 Main Estimates (in thousands of dollars)	3,662,279
Collective agreements	38,167
Market Access for Least Developed Countries	3,068
Other adjustments	(407)
Planned Spending	3,703,107
Carry forward from 2002-2003	141,066
Collective agreements	9,635
Reduction for the Government of Canada's \$1B Reallocation	(22,000)
New Initiatives:	
Public Security and Anti-Terrorism – Smart Border Initiatives	64,318
Tax on Income (incl. Nunavut & NWT)	26,650
2003 Omnibus submission	23,952
Pearson International Airport	11,698
Marine security	5,300
Classification Reform project	4,317
Modern Comptrollership	530
Integrated Proceeds of Crime	352
Official Languages Innovation Program	122
Crossing Boundaries National Council	(25)
Other Adjustments:	
Employee Benefit Plans/Maternity/Severance	3,281
Adjustments – Children's Special Allowance	(2,576)
Transfers to/from other departments	2,387
Court awards	1,459
Crown asset disposal	482
Other adjustments	1,096
Total Authorities at year-end	3,975,151

Table 1 b) Authorities transferred to CBSA as a result of December 12, 2003 Announcement

The following table shows the relation between the Special Purpose Allotment (SPA) set up by CCRA for the period December 13, 2003, to March 31, 2004, and the estimated final authorities transferred to the CBSA as if they had been in existence effective April 1, 2003.

(in thousands of dollars)				
Transferred to CBSA	Actual Expenditures for the period April 1, 2003 to Dec. 12, 2003	Special Purpose Allotment set up for the period Dec. 13, 2003 to March 31, 2004	Estimate of corporate support and other elements that were not part of the original SPA	Final Authorities transferred to CBSA ¹
Three named units in Order in Council:				
Customs Branch (including subsequent adjustment for ITB)	(346,904)	(237,728)	(4,508)	(589,140)
Customs Branch – Canada Post handling fees	(7,162)	(2,101)	–	(9,263)
Customs Appeals	(8,714)	(5,057)	(704)	(14,475)
Customs Investigations	(4,256)	(2,554)	(149)	(6,959)
Also deemed to be entirely dedicated to Customs work:				
Laboratory and Special Services			(6,600)	(6,600)
Capital Projects			(23,349)	(23,349)
Negotiated portion of corporate support			(153,900)	(153,900)
Other:				
Maternity, Severance			(10,016)	(10,016)
Employee Benefit Plans			(96,662)	(96,662)
Laboratory Royalties – Respendable Revenue			(936)	(936)
Total	(367,036)	(247,440)	(296,824)	(911,300)

¹ Final Authorities do not include \$0.9M received from Transport Canada for the Crown Corporation Secretariat as this is not part of this SPA.

Table 1.1 Expenditure by Authority

The following table shows, by vote, the actual spending incurred in 2003-2004 by the CCRA. The first column displays the total expenditures as they will be reported in the Public Accounts. Estimated annual expenditures related to the CBSA and the Crown Corporation Secretariat are shown as transferred/received in the second column. The resulting amounts shown as Revised Total Spending are used throughout the CCRA Annual Report.

Expenditures by Authority (in thousands of dollars)			
Vote	2003-2004		
	Total Actual Spending	Total Actual Spending for authorities and responsibilities transferred/received as a result of December 12, 2003 (Entire fiscal year)¹	Revised Total Spending
Canada Customs and Revenue Agency			
1 Operating expenditures	2,983,961	(688,270)	2,295,691
5 Capital expenditures	11,418	(11,418)	-
10 Contributions	119,927	-	119,927
(S) Minister of National Revenue – Salary and motor car allowance	69	-	69
(S) Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>CCRA Act</i> ²	30,951	(8,052)	22,899
(S) Contributions to employee benefits plans	454,476	(96,589)	357,887
(S) Children's Special Allowance payments	147,424	-	147,424
(S) Spending of proceeds from the disposal of Surplus Crown Assets	482	-	482
(S) Court Awards	1,459	-	1,459
Total Agency	3,750,167	(804,329)	2,945,838

¹ See Table 1.1 a) for the relation between the estimated annual CBSA expenditures and the SPA set up for the period December 13, 2003 to March 31, 2004.

² The amount shown as transferred to CBSA represents the revenue collected by the Customs Branch at December 12, 2003 (\$7.1 million), as well as another \$0.9 million in royalties related to the Laboratory and Scientific Services.

Table 1.1 a) Expenditures Transferred to CBSA as a Result of December 12, 2003 Announcement

The following table shows the relation between the SPA set up by CCRA for the period December 13, 2003 to March 31, 2004 and the actual spending deemed to have been incurred in 2003-2004 by the CBSA.

(in thousands of dollars)	Final Authorities transferred to CBSA (For SPA portion, see Table 1 b)	Estimated Actual Expenditures¹	Variance
Transferred to CBSA			
Three named units in Order in Council:			
Customs Branch (incl. Adj. for ITB)	(589,140)	(499,759)	(89,381)
Customs Branch – Canada Post Handling Fees	(9,263)	(8,613)	(650)
Customs Appeals	(14,475)	(13,219)	(1,256)
Customs Investigations	(6,959)	(7,275)	316
Also deemed to be entirely dedicated to Customs work:			
Laboratory & Special Services	(6,600)	(6,743)	143
Capital Projects	(23,349)	(11,418)	(11,931)
Negotiated Portion of Corporate Support	(153,900)	(151,222)	(2,678)
Other:			
Maternity, Severance	(10,016)	(10,016)	-
Employee Benefit Plans	(96,662)	(96,662)	-
Laboratory Royalties – Respendable Revenue	(936)		(936)
Total	(911,300)	(804,927)	(106,373)

¹ Actual expenditures do not include the amount of \$0.6M transferred from Transport Canada for the Crown Corporation Secretariat as this is not part of this SPA.

Table 1.2 Impact of December 12, 2003 Announcements

The following table shows, by vote, the estimated authorities and actual spending shown in Table 1 and 1.1 for CBSA (transferred out) and Transport Canada (received).

(in thousands of dollars)		2003-2004		
Vote	Funding transferred to/received from:	Total Estimated Authorities transferred or received	Total Actual Spending for Authorities transferred or received	FTE
To: CBSA				
1	Operating expenditures	(783,237)	(688,795)	(9,352)
5	Capital expenditures	(23,349)	(11,418)	
(S)	Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>CCRA Act</i>	(8,052)	(8,052)	
(S)	Contributions to employee benefits plans	(96,662)	(96,662)	
		(911,300)	(804,927)	(9,352)
From: Transport Canada for the Crown Corporation Secretariat				
1	Operating expenditures	711	525	8
(S)	Contributions to employee benefits plans	127	73	
		838	598	8
Total Agency		(910,462)	(804,329)	(9,344)

Table 2 Comparison of Total Planned to Actual Spending

The following table shows the resource information by business lines, the full time equivalent (FTE) utilization, and the net cost of the program. The Main Estimates show the information as it was tabled in February 2003; Planned Spending reflects the estimated spending shown in the *2003-2004 Report on Plans and Priorities* for the entire CCRA. Revised authorities and spending reflect the estimated annual resources received or transferred as a result of the December 12, 2003 announcement.

Agency Planned versus Actual Spending by Business Line (in thousands of dollars)									
Business Lines	FTE	Operating	Capital	Voted Grants & Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Responsible Revenues ¹	Total Net Expenditures
Tax Services									
Main Estimates	30,466	1,921,613	-	137,208	2,058,821	-	2,058,821	103,018	1,955,803
Planned Spending	30,491	1,961,253	-	137,208	2,098,461	-	2,098,461	103,018	1,995,443
Revised Authorities	28,287	1,976,788	-	137,270	2,114,058	-	2,114,058	109,310	2,004,748
Revised Spending	28,012	1,910,481	-	137,270	2,047,751	-	2,047,751	109,310	1,938,441
Benefit Programs and Other Services									
Main Estimates	1,212	77,478	-	-	77,478	147,000	224,478	380	224,098
Planned Spending	1,212	77,578	-	-	77,578	147,000	224,578	380	224,198
Revised Authorities	1,046	98,452	-	-	98,452	147,424	245,876	380	245,496
Revised Spending	1,027	96,353	-	-	96,353	147,424	243,777	380	243,397
Appeals									
Main Estimates	1,410	100,674	-	-	100,674	-	100,674	8,436	92,238
Planned Spending	1,410	103,610	-	-	103,610	-	103,610	8,436	95,174
Revised Authorities	1,188	93,660	-	-	93,660	-	93,660	6,912	86,748
Revised Spending	1,138	90,244	-	-	90,244	-	90,244	6,912	83,332
Customs Services									
Main Estimates	7,291	553,599	23,349	-	576,948	-	576,948	-	576,948
Planned Spending	7,297	555,269	23,349	-	578,618	-	578,618	-	578,618
Revised Authorities	-	-	-	-	-	-	-	-	-
Revised Spending	-	-	-	-	-	-	-	-	-
Corporate Management and Direction									
Main Estimates	7,974	842,247	-	-	842,247	-	842,247	29,055	813,192
Planned Spending	7,976	838,729	-	-	838,729	-	838,729	29,055	809,674
Revised Authorities	8,875	757,842	-	-	757,842	-	757,842	30,145	727,697
Revised Spending	7,146	710,813	-	-	710,813	-	710,813	30,145	680,668
Total Main Estimates	48,353	3,495,611	23,349	137,208	3,656,168	147,000	3,803,168	140,889	3,662,279
Total Planned Spending	48,386	3,536,439	23,349	137,208	3,696,996	147,000	3,843,996	140,889	3,703,107
Total Revised Authorities	39,396	2,926,742	-	137,270	3,064,012	147,424	3,211,436	146,747	3,064,689
Total Revised Spending	37,323	2,807,891	-	137,270	2,945,161	147,424	3,092,585	146,747	2,945,838
Other Revenues and Expenditures									
Less: Non-Tax Revenues									
Responsible Revenue – Pursuant to the CCRA Act²									
									22,899
									22,899
Non-Responsible Revenue³									
									1,960,195
									1,960,195
Add: Cost of services received from other departments without charge⁴									
									448,956
									448,956
Net Cost of the Program									
									1,530,551
									1,411,700

¹ Includes only Revenues Credited to the Vote (details in Table 4.2); does not include Responsible Revenue pursuant to Section 60 of the CCRA Act.

² Details Table 4.1.

³ Details Table 4.2.

⁴ Details Table 2.1.

Table 2.1 Cost of Services Received from other Departments Without Charge

(in thousands of dollars)	Actual Spending 2001-2002	Actual Spending 2002-2003	2003-2004		
			Planned Spending	Revised Authorities ¹	Revised Spending ¹
Accommodations provided by Public Works and Government Services Canada (PWGSC)	222,495	241,016	257,100	225,000	225,000
Employer's share of Public Service Insurance Premiums provided by Treasury Board Secretariat	169,465	187,134	181,400	152,739	152,739
Legal services provided by Justice Canada	65,072	69,362	65,100	64,183	64,183
Audit services by the Office of the Auditor General	4,000	4,089	4,000	3,706	3,706
Worker's Compensation Benefits coverage provided by Human Resources and Skills Development Canada	2,811	2,940	2,700	1,834	1,834
Payroll Services provided by Public Works and Government Services Canada (PWGSC)	1,865	2,072		1,494	1,494
Total Services Received Without Charge	465,708	506,613	510,300	448,956	448,956

¹ Does not include the portion attributed to CBSA.

Table 3 Historical Comparison of Total Planned to Actual Spending

This table provides an historical perspective on how Agency resources are used by business line. The last two columns show the impact of the December 12, 2003 announcements.

Historical Comparison of Agency Planned versus Actual Spending by Business Line (in thousands of dollars)						
Business Lines	Actual 2001-2002	Actual 2002-2003	2003-2004			
			Total Main Estimates	Total Planned Spending	Revised Authorities	Revised Total Spending
Tax Services	1,855,462	2,074,575	1,955,803	1,995,443	2,004,748	1,938,441
Benefit Programs and Other Services ¹	220,675	217,207	224,098	224,198	245,496	243,397
Appeals	75,052	93,531	92,238	95,174	86,748	83,332
Customs Services	560,189	660,680	576,948	578,618	-	-
Corporate Management and Direction	730,116	778,911	813,192	809,674	727,697	680,668
Total	3,441,494	3,824,904	3,662,279	3,703,107	3,064,689	2,945,838

¹ Includes Relief for Heating Expenses: \$42.2 million in 2001-2002, \$12.6 million in 2002-2003 and \$7.2 million in 2003-2004.

Table 3.1 Details of Spending by Object

(in thousands of dollars)	Actual 2001-2002	Actual 2002-2003	2003-2004			
			Main Estimates	Planned Spending	Revised Authorities	Revised Total Spending
Personnel						
Salaries and wages	2,259,535	2,495,115	2,387,538	2,421,292	2,128,950	2,010,150
Contributions to employee benefits plans	390,100	501,775	477,496	484,248	357,941	357,887
Sub-total	2,649,635	2,996,890	2,865,034	2,905,540	2,486,891	2,368,037
Goods and Services						
Transportation and communications	184,610	194,662	184,037	184,131	127,686	132,414
Information	6,583	6,031	6,563	6,566	4,029	4,179
Professional and special services	176,198	195,773	175,651	175,741	122,284	126,813
Rentals	12,032	14,418	11,995	12,001	7,249	7,518
Purchased repair and maintenance	79,045	84,234	78,800	78,840	70,349	72,955
Utilities, materials and supplies	62,611	55,460	62,417	62,449	31,802	32,981
Other subsidies and payments	42,923	22,559	710	710	5,905	7,175
Acquisition of machinery and equipment	110,748	130,094	110,404	110,461	70,547	73,162
Sub-total	674,750	703,231	630,577	630,899	439,851	457,197
Capital						
Acquisition of land, buildings, and works	24,882	23,840	23,349	23,349		
Transfer payments						
Grants (statutory payments)	125,026	134,498	147,000	147,000	147,424	147,424
Contributions	108,125	109,307	137,208	137,208	137,270	119,927
Sub-total	233,151	243,805	284,208	284,208	284,694	267,351
Gross expenditures	3,582,418	3,967,766	3,803,168	3,843,996	3,211,436	3,092,585
Less: Revenue credited to the vote	(140,924)	(142,862)	(140,889)	(140,889)	(146,747)	(146,747)
Net Expenditures	3,441,494	3,824,904	3,662,279	3,703,107	3,064,689	2,945,838

Table 4 Non-Tax Revenue

The CCRA is responsible for collecting tax revenue as described earlier in the Audited Financial Statements – Administered Activities. The CCRA is also responsible for collecting non-tax revenue, similar to other government departments and agencies. These are detailed below, divided between spendable and non-spendable.

In Tables 4.1 and 4.2., the last two columns reflect the impact of the December 12, 2003 announcement. Revenue generated by the Customs Branch is reported in the CBSA departmental performance report, including the spendable revenue pursuant to the *CCRA Act* up until December 12, 2003.

Table 4.1 Spendable Non-Tax Revenue

(in thousands of dollars) Business Line	Actual 2001-2002	Actual 2002-2003	2003-2004		
			Planned Revenues	Revised Authorities	Revised Actual
Tax Services	112,066	116,530	119,028	124,878	124,878
Benefit Programs and Other Services	2,589	4,182	7,679	6,068	6,068
Appeals	6,394	6,352	8,436	6,912	6,912
Customs Services	8,134	12,392	8,181		
Corporate Management and Direction	42,697	40,772	31,641	32,270	32,270
Total	171,880	180,228	174,965	170,128	170,128
Detail of Spendable Non-Tax Revenue					
Pursuant to the CCRA Act					
Refunds of previous year's expenditures	2,979	4,600	922	1,434	1,434
Sales of goods and services					
Rights and privileges					
Brokers licence fees	378	384	397	-	-
Customs warehouse fees	1,249	1,176	1,200	-	-
Other	241	677	200	-	-
Service of a regulatory nature					
Ruling fees	2,186	1,837	2,100	2,097	2,097
Canada / United States Border Programs		1,791	-	-	-
Other	1,133	1,288	4,776	101	101
Services of a non-regulatory nature					
Administration of provincial programs	21,519	23,555	21,606	19,823	19,823
Special services fees	1,761	1,736	2,117	-	-
Others	585	1,457	2,444	1,375	1,375
Sales of goods and Information Products			66	80	80
Other fees and charges	36	27	40	43	43
Sub-total	32,067	38,528	35,868	24,953	24,953
Less: Amounts recovered on behalf of OGDs	1,111	1,162	1,792	2,054	2,054
Total Spendable Revenue Pursuant to Section 60 of the CCRA Act (cash receipts) ¹	30,956	37,366	34,076	22,899	22,899
Proceeds from the disposal of surplus Crown assets ²				482	482
Revenues credited to Vote 1					
CPP administration work	62,680	64,929	63,676	68,814	68,814
EI administration work	78,244	77,933	77,213	77,933	77,933
Total Revenues credited to Vote 1	140,924	142,862	140,889	146,747	146,747
Total Spendable Revenue	171,880	180,228	174,965	170,128	170,128

¹ Based on a full cash accounting method.

² In previous years, Proceeds from the disposal of crown assets were reported in non-spendable revenue.

Table 4.2: Non-Responsible Non-Tax Revenue

(in thousands of dollars)					
Business Line	Actual 2001-2002	Actual 2002-2003 ¹	2003-2004		
			Planned Revenues ²	Revised Authorities	Revised Actual
Tax Services	152,325	1,788,850	155,929	1,948,137	1,948,137
Benefit Programs and Other Services	69	64	60	67	67
Appeals	4,774	4,342	4,061	5,252	5,252
Customs Services	14,028	15,516	8,754		
Corporate Management and Direction	8,449	7,707	6,188	6,739	6,739
Total	179,644	1,816,479	174,992	1,960,195	1,960,195
Details of Non-Responsible Non-Tax Revenue					
Refunds of previous year's expenditures					
Adjustments to previous year's payables	1,594	3,865	102	1,775	1,775
Sales of goods and services					
Rights and privileges					
Duty free shops	5,531	826			
Public building and property rental					
Lease and use of public property	645	637	665	497	497
Services of a regulatory nature					
Other	18	9	416	14	14
Service of a non-regulatory nature					
Administration of provincial programs				70	70
Special service fees				37	37
Other fees and charges					
Recovery of employee benefits	25,512	24,056	23,044	25,921	25,921
Deferred revenues		88		(81)	(81)
Other	286	396	292	3,564	3,564
Proceeds from the disposal of surplus Crown assets ³	327	588	337		
Miscellaneous					
Interest and penalties earned on revenues					
Personal Income Tax		1,594,806		1,842,402	1,842,402
Corporations		734,632		826,133	826,133
GST/HST, Customs Import Duties, Excise and Air Travellers					
Security Charge	179,360	415,812	184,793	189,364	189,364
Interest paid on refunds					
Personal Income Tax		(111,652)		(85,559)	(85,559)
Corporations		(846,019)		(804,433)	(804,433)
GST/HST, Customs Import Duties, Excise and Air Travellers					
Security Charge	(53,801)	(28,179)	(55,427)	(49,239)	(49,239)
Other					
Court fines	8,566	9,340	8,824	8,677	8,677
Investigations seizures	813	5,538	838	-	-
Port seizures	7,684	9,152	7,916	-	-
Administration charge dishonored payment instrument		2,721		2,951	2,951
Interest earned on non-tax revenue - other	11	11		17	17
Miscellaneous		(192)		(2,244)	(2,244)
Other	3,028	44	3,120	329	329
Sale of goods and information products					
Sale of unclaimed goods, seals, etc.	70		72		
Total Non-Responsible Non-Tax Revenue	179,644	1,816,479	174,992	1,960,195	1,960,195

¹ Restated from the 2002-2003 Annual Report amount of \$30.4 million to include interest, penalties and other amounts to align with the Public Accounts presentation of information.

² As shown in the 2003-2004 Report on Plans and Priorities.

³ In 2003-2004, this item is shown in responsible revenue.

Table 5 Statutory Payments

Statutory Payments by Business Line (in thousands of dollars)						
Business Line	Actual 2001-2002	Actual 2002-2003	2003-2004			Total Actual Spending
			Main Estimates	Planned Spending	Revised Authorities	
Benefit Programs and Other Services	125,026	134,498	147,000	147,000	147,424	147,424
Total Statutory Payments¹	125,026	134,498	147,000	147,000	147,424	147,424

¹ These amounts represent payments made from the Children's Special Allowance Statutory Vote.

Table 6 Transfer Payments

Transfer Payments by Program/Business Line (in thousands of dollars)						
Business Line	Actual 2001-2002	Actual 2002-2003	2003-2004			Total Actual Spending
			Main Estimates	Planned Spending	Revised Authorities	
Contributions						
Tax Services	108,125	109,307	137,208	137,208	137,270	119,927
Total Transfer Payments¹	108,125	109,307	137,208	137,208	137,270	119,927

¹ These amounts represent contributions to the Province of Quebec in respect of the joint administration costs of federal and provincial sales taxes from the Vote 10 – Contributions.

Table 7 Resource Requirements by Functional Organization and Business Line

This table provides a comparison of Main Estimates, Planned Spending and Revised Authorities to Revised Spending by Organization and Business Line. For an explanation of the numbers prior to and after the December 12, 2003 announcement, see the introduction to Table 2.

Organization	Business Lines (in thousands of dollars)					Organization Total
	Tax Services	Benefit Programs and Other Services	Appeals	Customs Services	Corporate Management and Direction	
Executive Office						
Main Estimates	-	-	-	-	5,336	5,336
Planned Spending	-	-	-	-	5,417	5,417
Revised Authorities	-	-	-	-	6,040	6,040
Revised Spending	-	-	-	-	5,174	5,174
AC, Policy and Planning Branch						
Main Estimates	204,635	4,238	-	-	3,740	212,613
Planned Spending	206,786	4,238	-	-	3,752	214,776
Revised Authorities	213,756	5,926	-	-	1,481	221,163
Revised Spending	193,623	5,531	-	-	1,725	200,879
AC, Assessment and Collections Branch						
Main Estimates	888,104	203,844	-	-	-	1,091,948
Planned Spending	888,398	203,944	-	-	-	1,092,342
Revised Authorities	971,582	227,084	-	-	-	1,198,666
Revised Spending	961,698	225,380	-	-	-	1,187,078
AC, Customs Branch						
Main Estimates	-	-	-	532,131	-	532,131
Planned Spending	-	-	-	533,801	-	533,801
Revised Authorities	-	-	-	-	-	-
Revised Spending	-	-	-	-	-	-
AC, Compliance Programs Branch						
Main Estimates	762,158	-	-	-	-	762,158
Planned Spending	798,638	-	-	-	-	798,638
Revised Authorities	783,104	-	-	-	-	783,104
Revised Spending	749,060	-	-	-	-	749,060
AC, Appeals Branch						
Main Estimates	-	-	100,872	-	-	100,872
Planned Spending	-	-	103,795	-	-	103,795
Revised Authorities	-	-	93,452	-	-	93,452
Revised Spending	-	-	90,035	-	-	90,035
ACs, Regional Operations						
Main Estimates	37,632	-	-	-	-	37,632
Planned Spending	38,059	-	-	-	-	38,059
Revised Authorities	36,029	-	-	-	-	36,029
Revised Spending	31,338	-	-	-	-	31,338
AC, Public Affairs						
Main Estimates	30,567	-	-	-	-	30,567
Planned Spending	30,655	-	-	-	-	30,655
Revised Authorities	44,578	-	-	-	-	44,578
Revised Spending	43,862	-	-	-	-	43,862
DG, Corporate Audit and Evaluation						
Main Estimates	-	-	-	-	12,373	12,373
Planned Spending	-	-	-	-	12,450	12,450
Revised Authorities	-	-	-	-	10,843	10,843
Revised Spending	-	-	-	-	10,744	10,744
AC, Finance and Administration Branch						
Main Estimates	89,988	344	-	23,676	291,005	405,013
Planned Spending	90,037	-	-	23,676	293,715	407,428
Revised Authorities	41,181	-	-	-	240,465	281,646
Revised Spending	44,342	-	-	-	213,463	257,805
AC, Human Resources Branch						
Main Estimates	-	-	-	-	162,880	162,880
Planned Spending	-	-	-	-	163,533	163,533
Revised Authorities	-	-	-	-	147,920	147,920
Revised Spending	-	-	-	-	130,637	130,637
AC, Information and Technology Branch						
Main Estimates	50,466	13,050	235	12,383	246,044	322,178
Planned Spending	50,466	13,050	235	12,383	258,535	334,669
Revised Authorities	-	-	-	-	404,842	404,842
Revised Spending	-	-	-	-	395,018	395,018
Corporate Account						
Main Estimates	(4,729)	3,002	(433)	8,758	120,869	127,467
Planned Spending	(4,578)	3,346	(420)	8,758	101,327	108,433
Revised Authorities	23,828	12,866	208	-	(53,749)	(16,847)
Revised Spending	23,828	12,866	208	-	(45,947)	(9,045)
Revenues Credited to the Vote						
Main Estimates	(103,018)	(380)	(8,436)	-	(29,055)	(140,889)
Planned Spending	(103,018)	(380)	(8,436)	-	(29,055)	(140,889)
Revised Authorities	(109,310)	(380)	(6,912)	-	(30,145)	(146,747)
Revised Spending	(109,310)	(380)	(6,912)	-	(30,145)	(146,747)
Total Main Estimates	1,955,803	224,098	92,238	576,948	813,192	3,662,279
Total Planned Spending	1,995,443	224,198	95,174	578,618	809,674	3,703,107
Total Revised Authorities	2,004,748	245,496	86,748	-	727,697	3,064,689
Total Revised Spending	1,938,441	243,397	83,331	-	680,669	2,945,838

Table 8 Projects

Table 8.1 Projects – Investment Plan

The following table shows the detail of the Investment Plan by business line. Actual expenditures reported for 2001-2002 and 2002-2003 include the Customs Branch; 2003-2004 planned and actual spending do not include the estimated annual resources for the CBSA.

Investment Expenditure Summary (in thousands of dollars)							
Investment Plan Initiative / Functional Business Line	Function	Actual 2001-2002	Actual 2002-2003	2003-2004 Revised			
				Planned FTEs	Planned Spending	Actual FTEs	Actual Spending
Tax Services							
GOL Phase 1	A&C	12,882	2,118				
GOL Round 3	A&C		13,162	155	16,956	132	15,067
Integrated Revenue Collections	A&C	326	1,551	27	4,964	27	4,630
T1 Matching Redesign	A&C	665	1,219	5	346	5	346
T3 Automation	A&C	986	508				
Call Centre Enhancements	A&C		155	8	2,175	5	214
Business Services Investment Envelope	A&C						
OLAS / OLP	A&C	12,105	14,978	77	5,586	66	4,836
Business Number Registry	A&C		1,902	16	1,068	16	1,068
GST/HST Redesign	A&C		7,404	312	27,686	276	25,187
T2 Development	A&C		1,833	15	324	12	144
Information Returns Redesign	A&C		1,255	6	963	6	963
Debit Cards (TSO)	A&C		906	11	405	11	405
E-file Modernization	A&C		3,406		1,540		1,540
Remittance Image Archiving & Retrieval	A&C			6	2,500	6	2,500
Business Integration and System Support	CPB		1,941	64	6,159	60	2,477
Subtotal – Tax Services		26,964	52,338	702	70,672	622	59,377
Appeals							
Fairness System Review	Appeals	240	104	14	1,200		135
Subtotal – Appeals		240	104	14	1,200	-	135
Customs							
Customs Action Plan	Customs	20,800	28,700				
G11 Replacement	Customs		500				
Public Security Envelope(Nexus,EPPS)	Customs		8,200				
Subtotal – Customs		20,800	37,400	-	-	-	-
Corporate Management and Direction							
Activity Based Costing (ABC)	F&A	270	300	1	360	1	360
Administrative Reform and Renewal (ARR)	F&A	3,540	5,700	20	6,926	17	1,734
Balanced Scorecard	F&A	2,903	6,638	71	6,274	39	3,487
FIS (including additional)	F&A	5,664	8,490	38	4,584	24	2,923
Horizontal Review	F&A		100	8	1,000	8	1,000
Agency Classification Standard (ACS)	HR	613	570	18	1,744	18	782
HR Resourcing	HR	2,374	1,800	24	1,740	16	1,386
Pay Compensation Services	HR			67	12,006	18	7,005
HR Operational Tracking (Corporate Administrative System (CAS) Org Position Mgt)	HR		536	28	2,032	23	1,632
CAS Stabilization	ITB	1,400	2,500				
CAS Upgrade	ITB	3,450	1,650				
Business Intelligence BI/DS	ITB		3,208	27	2,040	27	2,017
IT Infrastructure Envelope (SAI, E-Comm, DCR)	ITB						
Data Centre Recoverability	ITB	2,011	6,612	53	13,518	53	12,068
E-Comm Infrastructure	ITB		712	29	14,725	29	11,825
Service Availability	ITB	5,884	8,799	35	8,600	35	8,600
Subtotal – Corporate Management and Direction		28,109	47,615	419	75,549	308	54,819
Total all Business Lines		76,113	137,457	1,135	147,421	930	114,331
Amount Carried forward to 04/05						205	33,090

Table 8.2: Projects – Capital Facilities

Capital Facilities resources have been transferred to the CBSA as a result of the December 12, 2003 announcement. The table detailing capital projects can be found in the CBSA performance report.

Table 8.3: Projects – Asset Management Plan

The following table details the Asset Management Plan by asset class. Actual expenditures for 2001-2002 and 2002-2003 include the Customs Branch. Planned and actual spending for 2003-2004 do not include the estimated annual resources for the CBSA.

Asset Management Plan (in thousands of dollars)				
Asset Class	Actual 2001-2002	Actual 2002-2003	2003-2004 Revised	
			Planned Spending	Actual Spending
Real Property Capital	24,045	23,840		
Real Property O&M	26,745	21,787	27,483	26,983
Vehicles	4,031	1,702	180	180
Contraband	345	3,060		
Laboratory	292	845		
Customs Personal Alarm Security System (PASS)	1,615	1,556		
IT Infrastructure	62,987	109,323	81,288	76,188
IT End User	10,350	23,762	19,090	8,779
Other initiatives	1,200	1,200	677	
Total	131,610	187,075	128,718	112,130

If you need more information, e-mail us at annual.report@ccra-adrc.gc.ca or write to:

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