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NEWS

Feds report \$326.1-million in lost revenue, public money, property in 2020-21

By [LAURA RYCKEWAERT](#) JANUARY 11, 2022

Stolen or vandalized federal property in 2020-21 included 63 cellphones, 211 Crown vehicles or other transports, 29 combat uniforms, and 3,689 cases involving materials, tools, or supplies.



Parliament Hill, as seen in April 2020. The 2021 Public Accounts, detailing federal spending and losses that were incurred or discovered during the 2020-21 fiscal year, were tabled in the House of Commons on Dec. 17, 2021. *The Hill Times* photograph by Andrew Meade

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The federal government reported a total of \$326.1-million in lost federal revenue, public money, and public property due to fraud, accidents, or offences in 2020-21, up 34.7 per cent compared to 2019-20, according to the most recent Public Accounts.

While COVID-19 played a part in some of these losses—from stolen PPE to unfulfilled procurement contracts to misdirected benefit payments—so, too, did the loss of a CH-148 Cyclone helicopter and a Snowbird plane (a CT-114 Tutor aircraft) in tragic accidents that together led to the deaths of seven Canadian Armed Forces members.

Tabled in December, the [2021 Public Accounts](#) detail spending and losses that happened or were discovered between April 1, 2020 and March 31, 2021.

Fraud or willful misrepresentation cost the federal government an estimated \$37.4-million in revenue in 2020-21.

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Of that, almost \$12-million has been confirmed through court convictions, including 36 cases of GST fraud totalling close to \$4-million, 20 cases of income tax fraud totalling almost \$8-million, and one other “administered” loss costing \$61,460. Roughly \$1.5-million isn’t expected to be recovered, but \$1.3-million has been paid back, with the rest expected in the coming years. Another 32 cases of fraud or willful misrepresentation are still before the courts, with losses estimated at \$25.5-million;

within that, seven cases are GST fraud (\$5.2-million), 20 cases are income tax fraud (\$19.7-million), and five cases are “other administered losses” (\$522,423).

Overall, this lost revenue is almost on par with what was reported the year prior, rising just 1.3 per cent from almost \$37-million in 2019-20.

Roughly \$179.4-million in public money was lost due to an offence, illegal act, or accident in 2020-21, a 6.2 per cent increase from the \$168.9-million in public funds lost in 2019-20.

However, those losses were incurred through less than half the number of incidents, with a total of 43,201 cases in 2020-21 compared to 104,399 cases the year before. During the most recent fiscal year, the vast majority—some \$105.1-million—of lost public money was tied to three cases of unfulfilled contracts by vendors reported by the Public Health Agency of Canada (PHAC).

In an email response to *The Hill Times*, the agency explained the losses came from advance payments made to suppliers for contracts for various goods related to PHAC’s COVID-19 response that won’t be fulfilled.

“These goods either did not meet the quality standards or will likely not be received due to the vendors’ current inability to deliver on their contracts,” explained a media relations adviser, who noted the agency “made unprecedented purchases of goods” as a result of COVID-19. “Despite PHAC’s best efforts in ensuring value for money and minimizing risks associated with purchasing such a large amount of goods, some vendors did not provide deliverables in the form agreed upon in their respective contracts.”

The agency is currently pursuing court action against two of those vendors, both of whom were contracted to provide respirators (masks), and is [suing Montreal company Tango](#) for \$82-million (plus interest and costs) and TCG Medical for almost US\$7.9-

million (plus interest and costs). “Information related to the third case may not be disclosed at this time,” said the agency.

The Receiver General, which runs the federal treasury, reported 8,301 cases of forgery or fraud in 2020-21—up 31.6 per cent from 6,307 cases in 2019-20—costing \$25.2-million, of which only \$360,951 isn’t expected to be recovered. In dollars, the cost of forged or fraudulent payments more than tripled from \$7.9-million in 2019-20. The number of misdirected electronic payments to individuals and businesses more than doubled, jumping 130.5 per cent from 9,619 cases in 2019-20 to 22,170 cases valued at almost \$26-million in 2020-21, of which \$10.2-million isn’t expected to be recovered. In 2019-20, misdirected payments cost a total of \$6.6-million.

In response to questions, Public Services and Procurement Canada noted that more than 440 million payments valued at more than \$1.04-trillion were issued by the Receiver General in 2020-21, 99.99 per cent of which “went into the right bank account.” That included payments related to various COVID-19 assistance benefits and programs launched by the federal government, which were “made quickly to alleviate economic hardship and mitigate economic upheaval,” said PSPC. “Many Canadians opted” to get these payments by direct deposit, and in turn, “existing trends in payments made by the federal government and the addition of direct deposits for new assistance programs increased the likelihood of misdirected deposits somewhat.”

The next largest grouping is fraudulent EI benefit claims, with 6,925 cases in 2020-21 totalling \$14.7-million, most of which—almost \$13.7-million—isn’t expected to be reclaimed. This marks a significant drop from 2019-20, when 82,981 reported cases of fraudulent EI benefit claims totalling \$151.7-million made up the bulk (89.8 per cent) of public money lost that year.

Lost public property from theft, vandalism, or accidents (2020-21)

Materials, tools, and supplies



- Stolen/vandalized: 3,689
- Lost/damaged: 531
- Total cost: \$2,031,306
- Worst (by \$): Public Health Agency of Canada
- Worst (by #): Correctional Service of Canada

Buildings or other real property



- Vandalized: 497
- Damaged: 109
- Total cost: \$2,906,597
- Worst (by \$): Parks Canada
- Worst (by #): Correctional Service of Canada

Other telecomms, informatics, electronic equipment



- Stolen/vandalized: 45
- Lost/damaged: 778
- Total cost: \$2,173,665
- Worst (by \$): DND
- Worst (by #): Canada Border Services Agency

Access cards or security badges



- Stolen/vandalized: 19
- Lost/damaged: 1,132
- Total cost: \$7,417
- Worst (by \$): Employment & Social Development
- Worst (by #): RCMP

Uniforms



- Stolen/vandalized: 5
- Lost/damaged: 51
- Total cost: \$7,844
- Worst (by \$): RCMP
- Worst (by #): CBSA

Combat uniforms



- Stolen/vandalized: 29
- Lost/damaged: 2,142
- Total cost: \$2,459,857
- Worst (by \$): National Defence
- Worst (by #): National Defence

Machinery, equipment, furniture, furnishings



- Stolen/vandalized: 359
- Lost/damaged: 1,657
- Total cost: \$3,433,433
- Worst (by \$): National Defence
- Worst (by #): National Defence

Crown vehicles and other transport



- Stolen/vandalized: 211
- Lost/damaged: 945
- Total Cost: \$92,223,451
- Worst (by \$): National Defence
- Worst (by #): RCMP

Computers, tablets, and laptops



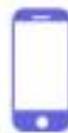
- Stolen/vandalized: 92
- Lost/damaged: 558
- Total cost: \$3,252,389
- Worst (by \$): National Defence
- Worst (by #): National Defence

Weapons and accessories



- Stolen/vandalized: 9
- Lost/damaged: 577
- Total cost: \$186,291
- Worst (by \$): National Defence
- Worst (by #): National Defence

Cell phones



- Stolen/vandalized: 63
- Lost/damaged: 666
- Total cost: \$576,545
- Worst (by \$): RCMP
- Worst (by #): RCMP

Total cost: \$109,258,795

Source: 2021 Public Accounts of Canada

Incidents of theft or vandalism of federal public property rose by 38.8 per cent between 2019-20 and 2020-21, from 3,616 cases to 5,018, while the associated costs soared by 105.8 per cent, from roughly \$1.6-million to \$3.3-million. Of that, \$2.7-million isn't expected to be recovered.

While there were fewer cases of accidental loss or damage in 2020-21—dropping 38.8 per cent from 14,951 cases to 9,146—the associated costs more than tripled, rising 206 per cent from \$34.6-million in 2019-20 to roughly \$105.9-million. Only 10.4 per cent of that has or will be recovered, while \$94.9-million isn't expected to be. Most of this loss (82.8 per cent) is tied to 32 cases of lost or damaged Crown vehicles and other

transportation equipment reported by the Department of National Defence (DND), altogether valued at \$87.7-million. While reported slightly differently in 2019-20, damages to Crown vehicles and two other vehicles totalled about \$9-million for the department.

In response to questions, DND pointed to the loss of a CH-148 Cyclone helicopter and a Snowbird plane as the “main reason” for the increase. In April 2020, a Cyclone helicopter fatally crashed off the coast of Greece, killing six CAF members. The next month, a crash during a Snowbirds demonstration in Kamloops, B.C., left one dead and another seriously injured.

Combined, the cost of theft, vandalism, loss and damage to public property in 2020-21 jumped by some 201.5 per cent, from roughly \$36.2-million to \$109.3-million (96.9 per cent of which was the result of accidental losses or damage).

Materials, tools, and supplies made up the most cases of theft, vandalism, loss, or damage in 2020-21, with 4,220 such incidents, but incidents involving Crown vehicles and other transportation equipment cost the most, at \$92.2-million.

While PHAC reported the costliest incidents of lost, stolen, damaged, or vandalized materials, tools, and supplies—with two cases of theft costing \$1,221,940 in all—the Correctional Service of Canada reported the most, with 3,573 such cases.

According to PHAC, in both incidents, the stolen supplies were procured as part of its COVID-19 response but weren't yet in the agency's custody at the time of the theft. One case involved stolen personal protective equipment valued at roughly \$1-million in Hamilton, Ont., which is currently being investigated by the city's police service. Another \$211,740 related to stolen hand sanitizer, which the agency recovered the cost of through an insurance claim.

The RCMP reported the highest number of lost, stolen, damaged, or vandalized Crown vehicles or other transportation equipment, accounting for 803 cases out of 1,156 overall, but, as noted, DND's reported cases were by far the costliest. Of the incidents reported by the RCMP, which combined cost almost \$3.5-million, 132 were theft or vandalism and 671 were accidental loss or damage.

Some 729 lost, stolen, vandalized, or damaged cellphones cost the government \$576,545 in 2020-21. The RCMP topped that list on both counts with 160 cases (all but one of which were accidental loss or damage) valued at \$141,060. Of the 586 weapons and accessories reported as lost, stolen, vandalized, or damaged by DND, the Correctional Service of Canada, the Canada Border Services Agency, and the RCMP last fiscal year (costing \$186,291), only nine were a result of theft or vandalism (three from DND and six from the CSC).

Most of the 650 lost, damaged, stolen, or vandalized computers, laptops, and tablets were cases of accidental loss or damage (558). DND accounted for the costliest and highest number of cases overall, with 174 such incidents costing almost \$2.6-million.

Parliament itself reported five cases of theft or vandalism in 2020-21, costing a combined \$5,760—all by the House of Commons, with three cases involving a computer, tablet, or laptop, and two cases involving machinery, equipment, furniture, and furnishings. There were also 49 cases of accidental loss or damage to public property reported by the House, Senate, Parliamentary Protective Service, and Parliamentary Budget Officer (for one \$34 access card), altogether valued at \$21,306. Among this, costliest were eight cases of lost or damaged computers, tablets, or laptops by the Senate, at \$7,242 combined.

Lovers of detail or format consistency between reporting periods will be disappointed to know that lost, stolen, vandalized or damaged public property was largely reported in combined categories in the 2021 Public Accounts. While the previous year's Public Accounts specified whether a listed item was stolen, lost, vandalized, or damaged, the

most recent accounts lumped cases of theft together with cases of vandalism, and similarly combined cases of loss or damage. Each case is also described more vaguely: in the 2020 Public Accounts for example, it specifies theft of a power drill, a catalytic converter, copper, iPhones (separate from cellular phones and BlackBerries), air conditioning equipment, cameras, and laptops and tablets separately.

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Remissions reported in 2020-21

The remission of roughly \$3.9-billion in taxes, fees, penalties, and other debts was carried through in 2020-21. The largest portion—accounting for almost \$3.2-billion in all—was through the Canada Revenue Agency, largely for the remission of GST paid “or payable” by federal departments when they purchased goods and services.

Under the Canada Border Services Agency, which falls under Public Safety and Emergency Preparedness Canada, the GST and excise taxes on “goods for use in cases of emergency” was remitted, totalling about \$126.3-million. The agency also waived some \$26.8-million in customs duties, through a remission order granted in May 2020, on “imported medical supplies, including PPE,” needed in response to COVID-19. And, among other remissions, the Canada Radio-television and Telecommunications Commission struck \$68.8-million in Part 1 and 2 licence fees paid by or charged to eligible local television and radio stations under the Broadcasting Act off the books. The remissions [granted in May and December of 2020](#) were a response to the pandemic, with TV and radio stations required to demonstrate projected revenues losses of at least 25 per cent due to COVID-19 prior to Jan. 31, 2021, among other things.

—Source: 2021 Public Accounts

Total lost revenue, public money and public property

Category	2019-20	2020-21
Lost revenue	\$36,967,723	\$37,451,486
Lost public money (accidents and offences)	\$168,909,719	\$179,356,721
Lost public property (accidents and offences)	\$36,237,061	\$109,258,795
Total	\$242,114,503	\$326,067,002

Total lost public property due to accidents or offences						
Category	# Stolen/Vandalized	\$ Stolen/Vandalized	# Lost/Damaged	\$ Lost/Damaged	Overall Total #	Overall Total \$
Materials, Tools, Supplies	3,689	\$1,399,197	531	\$632,109	4,220	\$2,031,306

Crown vehicles & other transport	211	\$632,725	945	\$91,590,726	1,156	\$92,223,451
Computers, tablets, laptops	92	\$113,637	558	\$3,138,752	650	\$3,252,389
Cell phones	63	\$35,708	666	\$540,837	729	\$576,545
Other telecommunications, informatics, electronic equipment	45	\$37,013	778	\$2,136,652	823	\$2,173,665
Machinery, equipment, furniture, furnishings	359	\$282,181	1,657	\$3,151,252	2,016	\$3,433,433
Access card or security badge	19	\$215	1,132	\$7,202	1,151	\$7,417

Building or real property	497	\$809,007	109	\$2,097,590	606	\$2,906,597
Weapons and Accessories	9	\$2,163	577	\$184,128	586	\$186,291
Uniforms	5	\$2,187	51	\$5,657	56	\$7,844
Combat outfits	29	\$27,917	2,142	\$2,431,940	2,171	\$2,459,857
Total	5,018	\$3,341,950	9,146	\$105,916,845	14,164	\$109,258,795