

Lockington, Elliott (SPAC/PSPC)

From: Lockington, Elliott (SPAC/PSPC)
Sent: May 4, 2020 12:25 PM
To: Laycock, Tristan (SPAC/PSPC); 'Kim, Sabrina'
Subject: RE: Amazon comments

12:45 PM April 29

Mr. Kelly McCauley:

Mr. Chair, in the government operations committee last week, the public works minister justified choosing Amazon to distribute PPE in Canada instead of Canada Post by saying that Amazon was not a foreign company and was in fact a Canadian company.

Would the minister advise the House of when Jeff Bezos took out Canadian citizenship?

The Chair:

The honourable minister.

Hon. Anita Anand:

Mr. Chair, the intentions of my comments last week at committee were as follows. Amazon entered into an agreement with Canada. There's a Canadian operation of that company that is working with Purolator as well as Canada Post to ensure effective and efficient distribution to front-line health care workers, which is the priority of this government.

From: Lockington, Elliott (SPAC/PSPC)
Sent: May 4, 2020 12:19 PM
To: Laycock, Tristan (SPAC/PSPC) <tristan.laycock@canada.ca>; Kim, Sabrina <Sabrina.Kim@pmo-cpm.gc.ca>
Subject: RE: Amazon comments

It came up on the 29th as well but I haven't been able to find the debate minutes notes from that day.

From: Laycock, Tristan (SPAC/PSPC)
Sent: May 4, 2020 12:12 PM
To: Kim, Sabrina <Sabrina.Kim@pmo-cpm.gc.ca>; Lockington, Elliott (SPAC/PSPC) <elliott.lockington@canada.ca>
Subject: RE: Amazon comments

Opening remarks:

To help us with domestic distribution, we have contracted with Amazon Canada, one of the companies that answered our call to action. Let me be clear about their role. Amazon is currently providing use of their online business platform to help manage the inventory and allow provinces and territories to directly order supplies.

Canada Post and Purolator, which are both business partners of Amazon Canada, will handle all warehousing and delivery. This is all at cost without profit. This agreement is important to ensuring that masks, gloves and other vital equipment are provided to frontline health care workers as quickly as possible.

Exchanges:

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much.

Thank you for being with us today, Ms. Anand.

I have a few questions for you. I understand that Amazon is lending us their online business platform. However, I wonder why Canada Post is not doing all the distribution.

Is Canada Post's platform unable to do what Amazon's does?

Hon. Anita Anand: Thank you very much for your question.

The health and safety of Canadians is our top priority. That is why we are committed to ensuring that front-line healthcare providers get vital supplies as quickly as possible.

As you mentioned, we signed an agreement with Amazon Canada, in conjunction with Canada Post and Purolator, to help manage the distribution of personal protective equipment and supplies purchased by the federal government. They play different roles. Amazon has an online platform.

Amazon puts on that platform the items that we are going to distribute. The provinces and territories can place orders on that platform, which are then distributed by Canada Post.

[Translation]

So they play different roles, and Canada Post does not have the platform needed to play the same role as Amazon.

Mrs. Julie Vignola: That is clear, but my question remains: did Canada Post's platform not allow it to play that role? Was it absolutely necessary to use Amazon, which is a foreign company?

What would it have taken for Canada Post to be able to handle the entire distribution process?

Hon. Anita Anand: It is very important to specify that it is Amazon Canada. It is not exactly a foreign company. It is a Canadian company that works with other Canadian companies. All three companies are providing these services at cost, without making a profit.

[English]

It's at cost, without profit, and they're all Canadian companies.

Amazon Canada is a Canadian company.

Mr. Matthew Green: Thank you very much, Mr. Chair.

We've heard today Amazon first characterized by the minister as a Canadian company, then, of course, corrected to say that it was a company that had Canadian operations. We know that the owner of Amazon has profited, I don't know, something like \$24 billion during COVID. We know also, at least to my best knowledge, and somebody here perhaps can correct me, but I don't believe they pay any federal taxes.

What do we have in place to ensure, based on the descriptions we've had on their logistics, that even though they're doing this at no cost, there isn't an ability for there to be self-dealing on their platform?

Notwithstanding the fact that they're still going to be selling these items, is there any possibility or has the potential been explored of self-dealing between the Amazon platform and the logistics

work they're doing with us for the federal government?

Mr. Bill Matthews: There's a lot in that question, some of which I cannot answer in terms of income tax, and so on. However, in terms of the arrangement that the government has reached with Amazon and partners, it's dedicated to allow for, basically, ordering and distribution of the federally acquired goods and services—or sorry, goods, not services. It's distinct from their regular operations. What's unique about Amazon in this case is their outward-facing retail platform that would let provinces and territories effectively put in orders for PPE to the national warehouse. That's the unique feature there. As has been mentioned, the warehousing and distribution is Amazon and Canada Post plus Purolator. It's very much a distinct arrangement at no profit for the first few months, and we'll go from there. It's very much distinct. I wouldn't view it as being mixed in with their regular operations.

• (1245)

Mr. Matthew Green: I just can't see how, on the back end of their logistical supply chain, they wouldn't have information. We've heard about the price gouging for all the PPEs on the market, and they are providing, at no federal tax implication, perhaps the largest online avenue for that in the private sector.

I'm very concerned that there have been three reported cases of COVID in the Canadian operations. I'm very concerned about the reports of significant labour violations in the United States, in Paris and in their global operations. What do we have in our abilities, in our tools, given that they are now a direct supplier of service to us, to ensure that they are providing a Canadian standard of public health-respected workplace environments, knowing that they're going to be having 1,000 new hires?

Business is brisk. How do we ensure that our suppliers, such as Amazon, are going to be maintaining the type of public health safety that we're going to need in order to head off any potential significant vector for COVID distribution around the country, literally door to door?

Mr. Bill Matthews: It's an interesting question.

I think the answer would be the same for all industry. They have to find ways to keep their workforce safe as they do this very important work, and they are equally interested, as are we, in keeping the workforce healthy.

In discussions around how they would organize themselves to deliver this service, there were discussions about the workforce—and they will continue—but obviously they have to respect whatever rules are in place from a public health perspective in order to properly protect their employees.

Mr. Matthew Green: We know that they've made billions and trillions of dollars off the supply chains. We know that if they have in their stockpiles a certain number that comes to a place of depletion they'll have automatic systems in place to be able to restock those things.

Going back to the national emergency strategic stockpile, it has been suggested through this committee now multiple times that there's no real role for this ministry in the operations, that this is solely on PHAC. I'm going to go ahead and make the statement that, in fact, it's very clear there has been a mismanagement of the

stockpile.

I need to know this: In the independent recommendations, the assessments, the recommendation to move from nine warehouses to six, the warehouse in Regina was one that was closed, but what are the other ones that were closed, and were those stockpiles also disposed of?

Mr. Bill Matthews: I think those questions are better placed with the Public Health Agency or Health Canada. I'm not sure I can help you with those questions.

Mr. Matthew Green: I know some people might say this is all retroactive, that it's hindsight, but has there been any discussion, given the scale of the emergency, of having an integrated committee so that it doesn't leave the sole responsibility for PHAC to run the national stockpile? Has your ministry reached out to their ministry to say, "Hey, we do this stuff day in and day out. We understand logistics. Perhaps we should be involved in this for future emergencies?" Has that conversation happened?

Mr. Bill Matthews: The ongoing relationship with the health agency and our agency is one of procurement, so there is a hand-off in terms of when they order things. We have a dialogue with them about what's coming and when, and then how it arrives in Canada and gets placed into their system. Obviously, we helped the Public Health Agency in negotiating the arrangements with Amazon, Canada Post and Purolator. There is ongoing dialogue in terms of how we work together.

From: Kim, Sabrina [<mailto:Sabrina.Kim@pmo-cpm.gc.ca>]

Sent: May 4, 2020 11:56 AM

To: Laycock, Tristan (SPAC/PSPC) <tristan.laycock@canada.ca>; Lockington, Elliott (SPAC/PSPC) <elliott.lockington@canada.ca>

Subject: Amazon comments

Can you pls send the exact text of what your Minister said at OGGO or in the House or whatever on the contract.

Thanks,
Sabrina

Sabrina Kim
Issues Advisor / Conseillère en enjeux
Office of the Prime Minister / Cabinet du premier ministre
613-795-7803