

Lockington, Elliott (SPAC/PSPC)

From: Media <media@tpsgc-pwgsc.gc.ca>
Sent: April 29, 2020 8:41 AM
To: Reza, Arianne (Ext.); Michael Mills
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Subject: Media Heads-Up / Tier 1 - Follow-up - COVID-19 - Contract with Amazon Canada / Blacklock's Reporter

The following media request has been identified as **Tier 1**.

Communications sector will work with your group to develop the first draft response. New information not previously approved should be identified in purple.

Highest level of approval: **MO**

Program ADM approved response: April-29-20 at 13:00

Media heads-up

Blacklock's Reporter

Korski, Tom (Blacklock's Reporter)

Date call received: April-28-20 at 18:25

Deadline: April-30-20 at 17:00

Tier 1 - Follow-up - COVID-19 - Contract with Amazon Canada

CONTEXT (for your information):

The reporter has further questions following PSPC's response.

VALUE STATEMENT:

QUESTIONS / RESPONSES:

Q1. Does the Amazon contract expire full-stop June 30?

Q2. If not, what are the options for extension, and what are the commensurate charges for those options?

**** Response sent to the reporter on April 28.****

Q1. What is the value of the contract or payment to Amazon Canada regarding distribution of pandemic supplies?

Q2. Deputy Matthews tells the government operations committee on Amazon: "It's very much a distinct arrangement at no costs – I'm sorry, no profits *for the first few months* and we'll go from there."

What exactly are the terms of the at-cost contract with Amazon? What does "first few months" mean?

A1-2. The contract was signed April 1, 2020 on behalf of the Public Health Agency of Canada, which is responsible for distributing emergency supplies to the province and territories, and is an agreement with Amazon Canada to help manage the distribution of personal protective equipment and supplies, purchased by the government, to support the COVID-19 response.

Amazon Canada is offering their assistance to Canada during this time of urgent need for no profit until June 30, 2020.

The majority of the cost is for delivery, primarily through Canada Post and Purolator, as they are fulfilling the contract requirements for physically processing and delivering supplies to provinces and territories. The contract also includes use of the Amazon Business Store and tracking system.

The total value of the contract is \$5 million, excluding taxes.

Q3. Deputy Matthews also tells the committee contracted N95 mask prices in bulk purchase were \$1.20 prior to the pandemic: "More recent orders, *you're seeing prices quoted up to five or six dollars.*" Deputy Matthews previously said April 16 at the Commons health committee the department ordered 130 million N95s. Taking the lowest figure he quotes of five dollars a unit, that's: \$5 less \$1.25 = \$3.75 x 130 million units = \$487.5 million. Are you saying the Public Health Agency in failing to stock N95s pre-pandemic cost taxpayers half a billion?

A3. No, that is not the case. In this ever-evolving environment, our primary objective is to protect healthcare workers on the frontlines of this crisis. As we are in the midst of the response to this crisis, it is too early to speculate about total costs. We are also purchasing in a marketplace characterized by a surge in global demand for medical supplies and PPE, as well as supply chain fragility which may result in higher costs for some products.