

## Lockington, Elliott (SPAC/PSPC)

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**From:** Media <media@tpsgc-pwgsc.gc.ca>  
**Sent:** August 25, 2020 8:07 AM  
**To:** Roy, Cecely (SPAC/PSPC); fitz-morris, James (SPAC/PSPC)  
**Cc:** Media; Stéfanie Hamel; Francesco Santostefano; Elizabeth Lindsay; James Stott; Rachel Lagacé; Vivianne Soubhie; Bryan Blom  
**Subject:** For MO approval - Media response LEAD: AB-COVID/ Tier 1 - COVID-19 - Contract with Medicom / Blacklock's Reporter

Good morning Cecely, James,

For MO approval, please. **New info.**

Thank you,

Stefanie  
819-576-4705

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**Media response**  
**Blacklock's Reporter**  
**Korski, Tom (Blacklock's Reporter)**  
**Date call received: August-05-20 at 08:49**  
**Deadline: August-05-20 at 14:30 (still wants info)**  
Tier 1 - COVID-19 - Contract with Medicom

**CONTEXT (for your information):**

**\*\*Additional information: The reporter is under the impression that PSPC lied in Open Data records regarding a PPE contract with AMD Medicom Inc. [here](#) and [here](#). According to what he found on the website, the notices falsely claim Medicom's contracts were "traditional competitive" when it was sole-sourced.**

The notices falsely claim Medicom contracts were worth a combined \$113M. They weren't. They are worth three times as much, as Minister Anand was told in an April 3 briefing note by Deputy Matthews.

The reporter is working on a story on Medicom and their ability to deliver on the contract they were offered. He wants details on the contract, and wants comments from PSPC on various aspects: delivery schedule/penalty, length of the contract and sole-source aspect.

The reporter's deadline is firm and non-negotiable.  
We are working with Health Canada to prepare the response.

The story has been picked up by the Toronto Sun. Reference: <https://www.infomedia.gc.ca/pwgsc-tpsgc/en/2020/08/04/229646628>

### **QUESTIONS AND RESPONSES:**

**Q1. Minister Anand and Deputy Matthews specifically said Medicom Quebec would deliver Canadian-made masks "late in July". Are they in breach of the contract?**

**Q2. May I have a copy of the contract?**

**Q3. Speedy delivery was the whole point of the sole-sourced, ten-year contract. Comment?**  
**Q4. The Proactive Disclosure website lists the Medicom Quebec contract as competitive. It wasn't. It was sole-sourced. The Proactive Disclosure website says the Medicom contracts were worth a combined \$113M. They weren't. They are worth three times as much. Why would the department mischaracterize the contract?**

Medicom was one of the first Canadian companies to sign a Letter of Intent with the Government of Canada, under [Canada's Plan to Mobilize Industry to Fight COVID-19](#), which is being led by Innovation, Science and Economic Development Canada. After connecting with Public Services and Procurement Canada (PSPC) through this initiative, the company signed an agreement that will support ramping up domestic production of personal protective equipment and help meet Canada's current and future needs.

There are two Medicom contracts, and the Government of Canada's Proactive Disclosure website lists both contracts as competitive. This is a data entry error, which will be corrected. Both contracts are sole-sourced. The Proactive Disclosure site also lists the contract values as \$93,564,000.00 and \$19,922,868.00 respectively, for a total of approximately \$113M. This is correct. The contract for \$93,564,000.00 represents the firm value for the first three years of the contract. There are seven additional years on the contract that could take it to an estimated value of \$380M over a 10-year period. The per-unit prices for the first three years of the contract are fixed, and are competitive with pre-pandemic pricing for these items. These prices will be re-negotiated after the first three years, based on the contractor's costs plus profit levels established in the original agreement.

The contracts are for the delivery of 20 million N95 masks and 24 million level 3 surgical masks annually, which will be produced in a newly established manufacturing plant in Montréal.

As per the terms of the contract, Medicom started production of surgical masks in Canada in July. Over 1M masks have been delivered so far with an additional delivery expected at the end of August. Again, aligned with contract terms, the N95 masks domestic production will begin in August and will be tested to ensure compliance to N95 standards. Shipment of domestically produced N95 to the Government of Canada is expected in September.

PSPC cannot release the Medicom contract to preserve commercial confidential information.

**Q5. Did PSPC at any time determine beneficial ownership of AMD Medicom? If yes, what were the results? If not, why not?**

**A5. (provided by ISED)** The Government of Canada has been in continuous contact with the company and is aware of all relevant and pertinent information about the company. Any other questions about AMD Medicom should be referred to them.