

## Lockington, Elliott (SPAC/PSPC)

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**From:** Media <[media@tpsgc-pwgsc.gc.ca](mailto:media@tpsgc-pwgsc.gc.ca)>  
**Sent:** August 4, 2020 9:38 AM  
**To:** fitz-morris, James (SPAC/PSPC)  
**Cc:** Media; Me'Shel Gulliver Bélanger; Bryan Blom; James Stott  
**Subject:** FOR MO APPROVAL: Media response / Tier 1 - COVID-19 - Follow-up - Amazon contract to distribute personal protective equipment / iPolitics

Good morning James,

For your approval please. [New info](#).

Thank you,

Michèle

### **Media response**

#### **iPolitics**

**Lim, Jolson (iPolitics)**

**Date call received: July-31-20 at 12:12**

**Deadline: August-04-20 at 11:30**

Tier 1 - COVID-19 - Follow-up - Amazon contract to distribute personal protective equipment

**CONTEXT** (for your information): The reporter has additional questions about the Amazon contract to distribute personal protective equipment.

**VALUE STATEMENT:** The health and safety of Canadians is the government's top priority as we respond to COVID-19. Since the beginning of the pandemic, Public Services and Procurement Canada (PSPC) has worked with the Public Health Agency of Canada (PHAC) to ensure life-saving medical supplies reach Canadians as quickly as possible.

### **QUESTIONS AND ANSWERS:**

**Q1. Was the \$200,000 paid was to cover the operational expenses related to distribution under the contract?**

**Q2. As well, since the contract has been suspended, who is exactly delivering PPE and other supplies to the provinces/territories?**

**Q3. What updates can you provide in terms of efforts to seek a "longer term, end-to-end logistics, storage, and distribution solution"?**

**Q4. On what day was the contract suspended?**

**Q5. What are the limits to what can be covered under the contract, which now have been exceeded?**

A1-5. Work is well underway to identify the major logistics service provider PHAC requires. On May 4th, 2020, a Request for Information (RFI) was published, and valuable

information was gathered from industry respondents. The RFI closed on May 7th, and a [Request for Proposals](#) (RFP) was published on July 16th. [The RFP closed on August 4th, and proposals received will now be evaluated.](#)

In the interim, given the volume of shipments arriving daily, PSPC is assisting PHAC with a number of additional short-term solutions to address their immediate needs. Using the information gathered through the RFI, several suppliers were consulted to validate if they have the appropriate warehousing, transportation and inventory management systems required to support PHAC in the short term.

[Several suppliers are assisting with deliveries to provinces and territories, including Purolator, Canada Post, Groupe Robert Inc., Bolloré, and OEC. Some PPE suppliers are also delivering directly to the provinces/territories.](#)

For the longer-term solution, the major logistics provider will be responsible for:

- handling receipt of PPE supplies in Canada via all modes of transportation, including air and sea
- deconsolidation
- stocktaking
- warehousing
- inventory management
- preparation for and national distribution
- providing or coordinating customs and brokerage services, if required

This work is significantly beyond what is covered in the Amazon contract. Since Amazon is currently not able to manage the import, receipt and handling of PPE prior to order fulfilment, the Government of Canada and Amazon agreed to suspend the contract.

On July 13, 2020, the Government of Canada suspended the contract with Amazon. Amazon provided their services at cost, without profit. The majority of the cost was for delivery through Canada Post and Purolator, [for the transportation and postage fees charged to Amazon.](#)

[The work completed by Amazon was within the scope of their contract, no limits were exceeded.](#) The needs of the PHAC evolved and the Agency now requires a longer term, end-to-end logistics, storage, and distribution solution.

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ANSWERED on Thursday, July 30, 2020.

On April 1, 2020, the Government of Canada signed a contract with Amazon for access to its technology and services, allowing multiple provincial and territorial health establishments to order personal protective equipment (PPE) directly from the Public Health Agency of Canada (PHAC).

The contract with Amazon created a private storefront within the Amazon Business store that allowed authorized healthcare providers to order supplies directly from the Public Health Agency of Canada. The Public Health Agency of Canada was responsible for importing, receiving, and handling the personal protective equipment before orders were fulfilled. In total, 12.5 million personal protective equipment



items were delivered across Canada under this agreement. Amazon provided their services at cost, without profit. The majority of the cost was for delivery through Canada Post and Purolator.

Since the contract was originally signed, the Government of Canada has significantly increased the volume of supplies being purchased, both internationally and domestically. The provinces and territories have also requested a more centralized distribution of personal protective equipment, where the Public Health Agency of Canada distributes supplies directly to one or two specific locations within each province and territory rather than to individual health authorities or institutions. As a result, the needs of the Public Health Agency of Canada have evolved and the Agency now requires a longer term, end-to-end logistics, storage, and distribution solution.

This work is significantly beyond what is covered in the Amazon contract. Amazon has indicated it is currently not able to manage the import, receipt and handling of personal protective equipment prior to order fulfilment. The Government of Canada and Amazon agreed to suspend the contract. While the contract specifies the Government of Canada can immediately end the contract by sending notice to Amazon, it can also continue without activity or cost until its planned expiry date of March 31, 2021.