

Lockington, Elliott (SPAC/PSPC)

From: Media <media@tpsgc-pwgsc.gc.ca>
Sent: August 12, 2020 1:19 PM
To: fitz-morris, James (SPAC/PSPC); Roy, Cecely (SPAC/PSPC)
Cc: Media; Me'Shel Gulliver Bélanger; Bryan Blom; James Stott
Subject: FOR MO APPROVAL: Media Response / Tier 1 - COVID-19 Contract Request
- Amazon / QMI Agency

James, Cecely,

For your approval please. **New info**, the rest comes from previously issued responses.

Translation in progress.

Thank you,

Michèle

Media Response

QMI Agency

Daoust-Braun, Sarah (QMI Agency)

Date call received: August-11-20 at 10:30 AM

Deadline: August-14-20 at 10:00 AM

Tier 1 - COVID-19 Contract Request - Amazon

BACKGROUND:

The journalist read that the contract with Amazon for help managing the distribution of personal protective equipment had been suspended. <https://ipolitics.ca/2020/07/31/ottawas-deal-with-amazon-to-distribute-covid-19-supplies-falls-apart/>

She asked about the costs, and the initial value of the contract with Amazon found in the HC document below.

https://www.noscommunes.ca/content/Committee/431/OGGO/WebDoc/WD10852993/431_OGGO_COVID_reldoc_PDF/PublicHealthAgencyOfCanada-e.pdf

VALUE STATEMENT:

QUESTIONS / ANSWER:

Q1. Is that contract still suspended? Or was it formally cancelled?

Q2. If it was cancelled, did the federal government have to pay monetary compensation to Amazon? If so, how much?

Q3. To date, the federal government has reportedly paid Amazon \$200,000. What is the total amount that has been paid to Amazon for this contract to date?

Q4. What services were provided by Amazon for the value of \$200,000 and/or for a higher value already paid by the federal government?

Q5. According to this document (p.79), the initial value of the Amazon contract was \$5 million. Is that correct?

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A1-5. 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 total value of the contract was not to exceed \$5 million, excluding taxes.

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 amount expended against the contract up until June 30 was \$200,184.91. 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.

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. 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, which took place in mid-July. 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. **No monetary compensation has been paid or will need to be paid to Amazon as a result of suspending the contract. No cancellation fees will apply in the event that the contract is ended prior to its expiry date.**

