

Communications Messages

Essential Services Contingency Reserve

CONTEXT:

As more businesses, not-for-profit and other organizations re-open, the need for personal protective equipment (PPE), non-medical masks and disinfection products required to keep workers and clients safe will increase. While organizations and businesses are responsible for procuring their own critical supplies, the Government of Canada is establishing an Essential Services Contingency Reserve (ESCR) as a temporary measure to provide a backstop when other sources of supply are unavailable and when significant disruptions in non-healthcare essential services to Canadians are imminent.

STATEMENT:

From the outset of Canada's response to the COVID-19 pandemic, protecting the health and safety of Canadians has remained the federal government's top priority. This remains our top priority as we gradually restart our economy with the support of the Safe Restart Agreement in partnership with provinces and territories, backed by an investment of more than \$19 billion. To support provinces and territories in safely restarting their economies and to make our country more resilient to possible future waves of the virus, we are committed to ensuring that essential service providers have access to personal protective equipment (PPE).

Public Services and Procurement Canada (PSPC) remains hard at work, securing the life-saving PPE and medical supplies needed for our frontline healthcare workers, as well as supporting access to supplies for frontline federal employees. As we move forward with the next phase of Canada's response and as more Canadians gradually return to the workplace, we know that the needs of businesses and organizations providing essential services across the country to access PPE and other essential supplies is only increasing.

Given the intense pressure on supply chains for these much needed supplies as a result of the pandemic, the federal government is introducing the Essential Services Contingency Reserve (ESCR). This provides an emergency backstop when all other sources of supply are unavailable and when a significant disruption in the delivery of essential services to Canadians is imminent. The reserve will bridge short-term gaps in PPE supply, so that non-healthcare essential service providers can continue operating and Canadians can continue to receive the services on which they depend as we move forward with the safe restart of our economy. The reserve will be operational on August 3rd, 2020.

As we move into this next phase of Canada's response to the COVID-19 pandemic, the federal government is committed to ensuring the safe restart of our economy, protecting the health and safety of Canadians, and to minimizing any interruption in the delivery of essential services like transportation, food processing and utility infrastructure that are critical to our recovery.

QUESTIONS AND ANSWERS

1. What is the status of the Essential Services Contingency Reserve (ESCR)?

The Essential Services Contingency Reserve (ESCR) was introduced as a responsive measure to provide an emergency backstop for access to personal protective equipment (PPE), as well as items like non-medical face coverings and disinfection products on a cost recovery basis, where other sources of supply are unavailable.

We understand that the pandemic has added significant pressure to the supply chains for these essential items, and has presented the need for new supplies. In response, we have introduced the reserve to help protect the health and safety of Canadians, and to avoid an imminent risk of a significant disruption in access to essential services.

The reserve will begin operating on August 3, 2020, and will be available to help non-healthcare essential services organizations that have explored all other sources of supply, and have been unable to acquire the supplies that they need to avoid imminent disruptions in service.

2. What supplies will be available through the ESCR?

The Government's intention is to stock a range of commonly used PPE and other critical supplies like non-medical face coverings and disinfectant wipes in the ESCR.

The inventory includes, but is not limited to KN95 respirators, surgical masks, non-medical reusable cloth face coverings, non-medical disposable face coverings, gowns, face shields, hand sanitizer, disinfection wipes and gloves. A list of available products and a price catalogue will be available to eligible organizations upon request.

3. How is the government paying for the reserve?

On July 16th, 2020, the Prime Minister announced a federal investment of more than \$19 billion to help provinces and territories safely restart their economies and make our country more resilient to possible future waves of the virus. As part of the Safe Restart Agreement, the Government of Canada will commit \$4.5 billion to purchase PPE for essential service workers, for national use. Part of this funding will assist in establishing the ESCR.

4. How are you determining how many pieces of equipment to keep on hand?

The projected total inventory of the reserve is being informed through surveys and consultations with critical essential service sectors, as well as demand modelling activities.

5. Where will these supplies be stored?

The ESCR will include a number of warehouses across Canada, located close to major transportation hubs so that we can receive and distribute supplies efficiently across Canada, including to Northern and remote communities. Our warehousing and

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logistics needs will be managed by SCI Logistics, which is a subsidiary of Canada Post, with Purolator serving as the distribution and delivery agent.

6. Are the supplies quality tested? Are you repurposing products that failed to meet standards here?

All products available through the ESCR will be required to meet established performance requirements. In particular, KN95 masks are tested to ensure appropriate filtration levels.

7. How is this different from the National Emergency Strategic Stockpile (NESS)?

The NESS contains supplies that provinces and territories can request in emergencies, when their own resources are not enough. In the context of Canada's COVID-19 response, the NESS is primarily being used to meet the needs of frontline healthcare workers, as supply chains for PPE and medical supplies are under unprecedented pressure.

The ESCR contains supplies that any non-healthcare essential service organization can request directly to fulfil short-term, urgent PPE requirements. In addition, we are also working with federal government departments to help meet the needs of frontline federal employees.

Our work to establish the ESCR is being guided by our experiences with the NESS over the past months. In particular, we have seen the importance of having warehousing space and inventory management systems that are rapidly scalable to respond to fluctuating needs.

The ESCR is intended to provide an emergency backstop to meet the emergent needs of essential service providers across the country, rather than being focused specifically on equipping frontline healthcare providers as is the NESS. We recognize that the need to support access to PPE and other essential supplies is only increasing as we gradually restart the Canadian economy.

As we move into this next phase of Canada's response to the COVID-19 pandemic, the federal government is committed to ensuring the safe restart of our economy, protecting the health and safety of Canadians, and to minimizing any interruption in the delivery of essential services like transportation, food processing and utility infrastructure that are critical to our recovery.

8. How will businesses or organizations apply for supplies? How will recipients be selected?

Organizations and businesses that urgently require access to a short-term supply of PPE and meet the eligibility criteria will be able to apply online. Requests to access the reserve must be in support of non-healthcare essential services, where an

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organization is facing shortages of PPE and other critical supplies, which poses a significant risk of disruption in service affecting Canadians.

Applications are assessed through two steps, including eligibility screening, and a more detailed assessment against established criteria. During the application process for the ESCR, PSPC conducts initial screening to assess the completeness, accuracy, and basic eligibility of applications, before sending the applications to lead departments to make a recommendation to endorse or reject the application.

Eligible organizations must also demonstrate that they have exhausted other sources of supply. Details and explanations of these requirements will be clearly outlined on the website: [LINK](#)

9. How will you ensure companies meet the requirements?

Applications are assessed through two steps, including eligibility screening, and a more detailed assessment against established criteria through the relevant federal department that oversees the particular sector.

The applications are assessed through two steps, including eligibility screening, and a more detailed assessment against established criteria. During the application process for the ESCR, PSPC conducts initial screening to assess the completeness, accuracy, and basic eligibility of applications, before sending the applications to lead departments to make a recommendation to endorse or reject the application.

Applicants will also be required to provide a summary of their rationale explaining why they require access to the ESCR, including a verification that they have explored other sources of support for PPE and other critical supplies.

Details for each step are clearly outlined on the website: [LINK](#)

10. How long will it take for the organizations and businesses to receive the PPE from the reserve?

We anticipate being able to provide supplies from the ESCR within two to three weeks from the receipt of the request, so long as the application is complete; however, this is dependent on the volume of requests and the availability of the requested supplies.

If approved, requests may be filled in whole or in part, based on validation of need and availability of product.

11. Are the organizations stuck with the cost of shipping?

As the ESCR is in place to support emergency access to PPE and other essential supplies when they are not available through other channels, the provision of supplies from the reserve will be done on a cost recovery basis. This will include the cost of shipping.

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12. Who will manage the reserve?

Day-to-day management of the reserve will be handled by PSPC. As we have done in the planning for the ESCR, we will continue to work across the federal government with the departments that oversee or regulate the sectors that provide Canadians with a variety of essential services to adapt and refine our approach. The federal government will also continue to work in partnership with industry, as well as provinces and territories to best meet needs in the safe restart of our economy.

13. Who is leading on inventory management and distribution?

For this initiative to be successful, a robust inventory management system is critical. We have teamed up with SCI Logistics, and its network of warehouses across the country, to fulfill online orders from eligible organizations and businesses that find themselves urgently requiring a short-term supply of PPE. They are supporting the management and distribution of inventory.

SCI Logistics is the warehousing subsidiary of Canada Post, and will leverage Purolator for deliveries. The contract is for a period of 10 months with the option to extend the contract as needed.

14. What role do the provinces and territories (PTs) have in the ESCR?

The Government of Canada intends to consult provinces and territories when requests for supplies are received through the ESCR, to ensure the request does not duplicate their efforts, or contradict existing provincial and territorial programs and decisions pertaining to the supply of PPE and other critical resources.

The federal government will also engage with provincial and territorial partners to address any jurisdictional considerations when assessing applications. This process will be led by the relevant federal department that oversees or regulates the sector requesting support.

15. Who is paying for these supplies? Is the government giving them out for free?

The ESCR is a temporary reserve of critical supplies and equipment that can be purchased at cost by essential service providers who have been unable to acquire these items elsewhere.

Access to the reserve will be on a cost recovery basis. A product list and price catalogue has been established. If approved, requesting organizations will be invoiced upon shipment of products.

On July 16th, 2020, the Prime Minister announced a federal investment of more than \$19 billion to help provinces and territories safely restart their economies and make our country more resilient to possible future waves of the virus. As part of the Safe Restart Agreement, the Government of Canada will commit \$4.5 billion to purchase PPE for essential service workers, for national use and commit \$3 billion to provinces

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and territories for PPE investments. Part of this funding will assist in establishing the ESCR.

Since this federal investment will help provinces and territories with the safe restart of Canada's economy, should a province or territory request supplies from the ESCR, the cost is waived.

16. What if non-government organizations (NGO) and other non-profits are approved to access the ESCR but can't afford to pay on a cost-recovery basis?

Throughout the pandemic, many workers and organizations across the country have continued to operate and provide Canadians with essential services. The Government of Canada is committed to supporting these workers and organizations to operate safely, as they continue to provide services Canadians depend on each and every day.

The health and safety of Canadians remains our top priority as we gradually restart our economy. If an eligible non-profit organization providing essential services is unable to pay for the supplies accessed through the ESCR, accommodations can be made to provide the materials. Requests of this nature will be reviewed on a case-by-case basis.

17. How is the ESCR supporting Indigenous organizations?

ESCR warehouses are currently being established in three central transportation hubs across the country for optimal efficiency in receiving and distribution. However, we are engaging with Indigenous Services Canada (ISC) to identify additional warehousing locations to best serve Indigenous communities that may be located at a greater distance from the three hubs.

ISC has also been working with Indigenous governments and communities through the COVID-19 pandemic to meet emerging needs for PPE and other essential supplies.

During the application process for the ESCR, PSPC conducts initial screening to assess the completeness, accuracy, and basic eligibility of applications, before sending the applications to lead departments to make a recommendation to endorse or reject the application. In addition to this process, in some instances, lead departments may also consult with other relevant departments to assist in accommodating applications.

18. Can an organization return supplies?

The ESCR is an emergency backstop, helping essential service sectors to bridge short-term gaps, on a cost recovery basis, to avoid the imminent risk of a significant disruption in services that will affect Canadians.

Organizations should not request more supplies than required to bridge short-term gaps in supply.

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19. Can organizations resell supplies?

PPE and other critical supplies received through the ESCR can be resold if the organization requesting supplies is representative like an industry association, and is requesting supplies on behalf of its membership.

The ESCR is intended to ensure essential service sectors have access to PPE and supplies on an urgent needs basis, and organizations should not request more supplies than required to bridge short-term gaps in supply.

20. Can't a business misrepresent their critical supplies needs to receive goods through the ESCR they may not urgently require?

The applications are assessed through two steps, including eligibility screening, and a more detailed assessment against established criteria. During the application process for the ESCR, PSPC conducts initial screening to assess the completeness, accuracy, and basic eligibility of applications, before sending the applications to lead departments to make a recommendation to endorse or reject the application.

Applicants will also be required to provide a summary of their rationale explaining why they require access to the ESCR, including a verification that they have explored other sources of support for PPE and other critical supplies.

Our central priority is to ensure that we are helping to protect the health and safety of Canadians, and that we mitigate any disruption in the delivery of essential services like transportation, which are key to our economy restart and recovery.

Details for each step will be clearly outlined on the website: [LINK](#)

21. If an applicant's request for one type of PPE is declined, are they eligible to receive other types?

Yes. During the application process for the ESCR, PSPC conducts initial screening to assess the completeness, accuracy, and basic eligibility of applications, before sending the applications to lead departments to make a recommendation to endorse or reject the application. If it is determined an applicant's request exceeds what is required by established criteria for their circumstances, they will be offered alternative PPE as is appropriate in order for their continued operation.

22. Is there a right to appeal a negative decision on an application? Is there a review mechanism for decisions on applications?

Applicants will be required to meet established edibility criteria and be evaluated based on a number of criteria. Questions or concerns about the outcome of this process can be sent to Public Services and Procurement Canada.

23. What are the eligibility requirements?

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To be eligible to apply for access to the ESCR, the organization must provide essential services in 1 of the following areas:

- Energy and utilities
- Information and communication technologies
- Finance
- Health
- Food
- Water
- Transportation
- Safety
- Government
- Manufacturing

Additional details about the types of specific organizations included in each of these areas is provided in Public Safety Canada's [Guidance on essential services and functions in Canada during the COVID-19 pandemic](#).

In addition to being an essential services provider, organizations must be a **legally registered** Canadian business or organization (i.e., have a business number or charitable registration number).

Additionally, organizations will be assessed against a series of criteria during the application. Specifically, applicants will need to demonstrate that they have exhausted all other sources of support, the supplies being requested are appropriate based on occupational health and safety requirements and public health guidance, support is needed to address a critical supply shortage, and a plan is in place to fulfill supply needs once ESCR support ends. More details can be found on our web site.

24. How will you prioritize one organization or sector over another?

The projected total inventory of the reserve is being informed through surveys and consultations with critical essential service sectors, as well as demand modelling activities. The reserve will continue to be replenished, but if there are concurrent requests or limited availability, priority will be given based on an additional assessment of four factors:

- Significance of the related disruption and portion of population affected
- Impact on rural, Northern or remote communities
- Level of contact with vulnerable populations
- Impact on other critical infrastructure

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25. What if an organization needs supplies that are not already in the ESCR?

The ESCR is intended to provide emergency access to a range of commonly used PPE and other critical supplies like non-medical face coverings and disinfectant wipes.

The inventory includes, but is not limited to, KN95 respirators, surgical masks, non-medical reusable cloth face coverings, non-medical disposable face coverings, gowns, face shields, hand sanitizer, disinfection wipes and gloves. A list of available products and price catalogue will be available to eligible organizations upon request. The inventory will be assessed over time, and may be adjusted based on demands.

26. How is the cost for products being determined, as we know that market rates are fluctuating regularly at this time of high demand?

Prices will be set based on the average price paid per product plus shipping. Based on best practices from other jurisdictions, fees will be monitored and adjusted on a monthly basis to reflect fluctuations in prices.

27. How are you prioritizing if supplies go to the NESS or to the ESCR?

The procurement of supplies for the NESS and the ESCR are being handled independently.

Since the start of the pandemic, PSPC has been aggressively purchasing PPE to ensure that we have the PPE and medical supplies necessary to keep our health care workers and Canadians safe. We continue to receive regular shipments of supplies for the health sector, and supporting the needs of frontline health care workers remains our priority.

28. What happens if the NESS runs out of something like face shields or gowns for example, will you pull supplies out of the ESCR to meet the needs of the healthcare system?

Our priority is supporting the needs of frontline health care workers and we are working non-stop to secure necessary PPE and medical supplies. We have built in flexibility to pull supplies out of the ESCR, if needed, to fulfil requirements of the healthcare system.

29. In what order of priority are you procuring and allocating supplies between the NESS, federal government employees and the ESCR?

The procurement of supplies for these groups are being handled independently.

Since the start of the pandemic, PSPC has been aggressively purchasing PPE to ensure that we have the PPE and medical supplies necessary to keep our health care workers and Canadians safe. Supporting the needs of frontline health care workers remains our priority.

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30. How much have you spent on the ESCR?

Under the Safe Restart Agreement, \$500M has been set aside to support the ESCR.

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