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# Standing Committee on Government Operations and Estimates

EVIDENCE

**NUMBER 037**

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Chair: Mr. Robert Kitchen





## Standing Committee on Government Operations and Estimates

Monday, June 14, 2021

• (1630)

[English]

**The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)):** I call this meeting to order.

Welcome to meeting number 37 of the House of Commons Standing Committee on Government Operations and Estimates. The committee is meeting today from 4:31 p.m. to 5:31 p.m. to hear from witnesses as part of its study of the government's response to the COVID-19 pandemic.

I would like to take this opportunity to remind all participants in this meeting that taking screenshots or taking photos of your screen is not permitted.

To ensure an orderly meeting, I would like to outline a few rules to follow.

Interpretation in this video conference will work very much like in a regular committee meeting. You have the choice at the bottom of your screen of “floor”, “English” or “French”. Before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike. When you are not speaking, your mike should be on mute.

To raise a point of order during the meeting, committee members should ensure that their microphone is unmuted and say “point of order” to get the chair's attention.

The clerk and the analysts are participating in the meeting virtually today. If you need to speak with them during the meeting, please email them through the committee email address. The clerk can also be reached on his mobile phone.

For those who are participating in the committee room, please note that masks are required for all staff at all times. MPs may remove their masks only when they are seated.

At this point, we're asking for five minutes of opening statements.

I will now invite Mr. Dyck to make a five minute presentation.

**Mr. Tyler Dyck (Chief Executive Officer, Okanagan Spirits Craft Distillery):** Thank you very much.

Hello. My name is Tyler Dyck. Our family owns and operates western Canada's original craft distillery, Okanagan Spirits. I'm also the president of the Craft Distillers Guild of B.C. and the spokesperson for more than 250 craft distilleries right across this great nation. At the heart of our collective lack of preparedness for this pandemic is the overarching issue that—

[Translation]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** On a point of order, Mr. Chair.

[English]

I'm sorry, Mr. Dyck.

[Translation]

There is no interpretation.

[English]

**The Chair:** Ms. Vignola, you're not able to get interpretation. Is that correct?

[Translation]

**Mrs. Julie Vignola:** I can hear it now, but I could not hear it when Mr. Dyck was speaking.

[English]

**Mr. Tyler Dyck:** Okay, I can start again.

Should I start from the beginning?

**The Chair:** Yes.

[Translation]

**Mrs. Julie Vignola:** I hear it now; excellent.

[English]

**Mr. Tyler Dyck:** My name is Tyler Dyck. Our family owns and operates western Canada's original craft distillery, Okanagan Spirits. I am also the president of the Craft Distillers Guild of B.C. and the spokesperson for more than 250 craft distilleries right across Canada.

At the heart of our collective lack of preparedness for this pandemic is the overarching issue that, for too long, Canada has abandoned policies that champion value-added made-in-Canada production chains. This, unfortunately, has allowed for an almost total lack of self-sufficiency when catastrophic challenges appear. We have become a nation purchasing the cheapest finished products from afar and have lost most, if not all, capacity to look after ourselves and provide for ourselves when no one else can or will.

This weakness has become brilliantly exposed during COVID-19, especially in regard to an almost total lack of ability to look after our own PPE needs right here at home in Canada. This situation of ill-preparedness could have and should have been avoided, or at least severely reduced, if the sitting and past governments had heeded the calls from Canada's domestic distilling sector to mirror the policies of our greatest trading partners, policies that celebrate and reward start-to-finish domestic industry, calls that we had been making for over a decade.

My hope is that in speaking to you, I can illuminate how important it is for government to meet with our sector so that we can work together to make these changes to allow for an authentic Canadian distilling sector to thrive, not only to avoid being caught in a position of not being able to look after ourselves again but also so that we can collectively reap the massive economic rewards that spin out of supporting made in Canada.

First I'd like to highlight how the lack of a robust domestic industry led to the situation. To set the stage, I want to take you back to the early days of the pandemic. They were scary times. Almost immediately it became apparent that the internationally produced sanitizer we had grown accustomed to depending on was not to be available in Canada.

By this time, dozens of Canadian distilleries, including my own, had already retooled and converted over in an effort to try to fill the void of sanitizer domestically. We did this because we make high-test drinking alcohol. The base for sanitizers is alcohol. If we didn't step in, there would literally be no one else.

Most of us at that time did this entirely with our own funds, without any help or assistance from local government. Many of us were donating our sanitizer just to keep our front-line medical heroes safe so that they would be there in times of need.

Initially we worked with provincial and federal government bodies to highlight and remove the areas of red tape so that we would legally be allowed to produce and, in many cases, continue to produce the sanitizer to fill the growing demand.

While we were doing this, we continually told these government officials and their staff that our distillers could not continue to do this all on their own—they couldn't pay for this all out of their own pockets—but that there was a made-in-Canada solution that would allow us to continue. All we would need would be for the governments, both provincial and federal, to cover the base production cost of the raw materials—no profits, just the base production cost of the hand sanitizer produced and donated in Canada to our Canadian front-line heroes. This would not only allow us to meet a major portion of the domestic demand for sanitizer but also keep Canadian producers working instead of being paid to be at home on CERB.

The response from the federal side was crickets, and when there was a reply, that reply was, "Apply online through our national procurement site for obtaining PPE contracts." When I reiterated that we were not looking for a fat paycheque or a contract but merely an opportunity that would keep Canadians working as well as provide much-needed sanitizer, again I was directed to tell our members to apply online.

Many of the distillers did, but others, frustrated by the process, just stopped producing. Unfortunately, to my knowledge, almost none of our members have received any help in covering the expenses associated with their altruistic efforts or have received government contracts. Even more shocking, as we found out later only through a CBC investigative series, when contracts were awarded both provincially and federally to companies for that hand sanitizer, they were awarded to foreign companies with little to no domestic presence or to massive corporations. They were basically purchasing non-domestically produced alcohol for the basis for sanitizer. This meant little to no value-added domestic production and hundreds of millions of taxpayers' dollars were going to for-profit production, with most of those dollars leaving the country.

My goal today is not to talk about hurt feelings and missed opportunities. More importantly, it is to call on this government to change course when it comes to supporting and championing domestic industry, domestic industry that, if supported, not only will be there in a far more robust fashion to do its part when the next crisis emerges but also will restore this country's ability to rely on itself as a nation.

On behalf of the hundreds of authentic farm-to-flask distilleries right across this wonderful country, I thank you for your time and thoughtful consideration of this submission.

Thank you.

• (1640)

**The Chair:** Thank you.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** I have a point of order, Mr. Chair.

I'm getting reports that the dial-in number and ParlVU may not be working.

Can we confirm that?

**The Chair:** We have been looking into that.

Mr. Clerk.

**The Clerk of the Committee (Mr. Paul Cardegna):** Yes, Mr. Chair, we were told that the dial-in phone lines are, unfortunately, not working. The only way for us to get them working would be to suspend the meeting to reset them. In light of the fact that people who can't use the phone lines can listen to ParlVU, my advice to you is that we continue the meeting.

Again, that's entirely up to you or the committee to decide. I believe, with the storm going on outside, there have been some problems with the phone lines.

**The Chair:** Thank you, Mr. Clerk.

Thank you for the point of order, Mr. Drouin.

I think, in light of how late it is and just the challenges we have—it is a bit of a challenging meeting.... As the clerk has indicated, people could join in with ParlVU, so I think we will continue.

Thank you.

With that, we will now go to our second speaker—I apologize if I pronounce your name incorrectly—Mr. Guitor.

**Mr. Gerry Guitor (President and Chief Executive Officer, Spirit of York Distillery Inc.):** Thank you, Mr. Chair.

My name is Germain Guitor, or Gerry for my Anglo friends, and I'm the founder and president of Spirit of York Distillery, located in the Distillery District in Toronto.

First of all, I want to thank all of you for the invitation to speak to you this afternoon. It really is an honour to be here today to share our company's experience during COVID-19. I hope that our story provides this committee some useful insights and helps in guiding any future federal response to these types of national crises. My story won't be as eloquent as Mr. Dyck's. This will be more of a personal story, but I'll walk you through what we experienced during this COVID period.

When the pandemic hit the shores, Spirit of York was one of the first commercial enterprises to pivot to help our communities, and arguably, the first distillery in the country to start shifting operations to produce hand sanitizer to satisfy the incredibly high demand. Our intent was to help front-line staff, the needy and the vulnerable. This effort was consistent with our company values to give back to the community, as the distillery contributes 10% of our profits to assist social and cultural groups in our home province.

As you can imagine, as the first company to pivot, we received a tremendous amount of attention from local, national and international media. In addition to taking advantage of these media opportunities to challenge the business community to get engaged in helping our communities through this tragedy, I openly shared the World Health Organization sanitizer formula we uncovered, in the media and in the hundreds of subsequent calls received from across Canada and all over the world. Suddenly we were bombarded with individuals who volunteered to help and a great many companies that offered tools and assistance. Companies started donating labels, bottling machines and raw materials.

We started by producing hand sanitizer in a small 140-millilitre format that was being sold for three dollars, with all net proceeds going to Ontario food banks. We would distribute these at the front of our distillery, with the product being free for the elderly and for those who could not afford it.

We immediately started donating and distributing sanitizer to local police departments, fire stations, hospitals, community organizations and homes for the elderly. We would even courier sanitizer weekly to the federal government's COVID-19 response at the government operations centre. Because of their role as the lead organization for the coordinated federal response, it was important to help them out in any way we could to ensure that they received support to assist them in maintaining a safe working environment. Over time, we donated tens of thousands of litres of sanitizer.

Suddenly we were getting phone calls from large corporations with critical front-line employees seeking to buy large volumes of hand sanitizer. We were very careful to price our products fairly to ensure that we did not come across as taking advantage of the situation. Again, 10% of the revenue generated from these sales was donated to the food bank. We even took some of the revenue to produce an ad to recognize and thank front-line employees and first responders, which garnered almost a million views across Canada.

All of a sudden, sanitizer became a significant venture for us. Luckily, we kept honing our supply chain to allow us to meet the ever-increasing demand.

This initiative allowed us to hire a significant number of recently unemployed hospitality staff who wanted to work rather than collect CERB. At its peak, we had 50 incremental staff to whom we were paying wages significantly higher than minimum wage. The venture also generated incremental income that allowed us to keep donating sanitizer. We rented another facility to satisfy the ever-increasing demand. It had become a virtuous cycle: sell sanitizer to large corporations, hire unemployed staff, donate sanitizer to first responders and the needy and generate money for the food bank. To this day, we still continue to supply sanitizer to private corporations.

However, when it came to supplying the federal government, we quickly realized it was a whole other game. We started getting a number of phone calls from brokers and sub-brokers, individuals who wanted to buy cheap and sell high to the government. They would tell us that they had connections with the federal government, thereby the ability to bypass the procurement system, and were looking to source very large quantities of hand sanitizer. We would supply pricing and then we would never hear from them again. This probably happened at least a dozen times, and I'm being conservative. It was very difficult to know who was and who wasn't legitimate.

We entered our information, a Canadian company with the ability to supply hand sanitizer, in the federal government's purchasing portal. We tried reaching out several times and the guidance was always to ensure that we were identified as a supplier in the portal, which we were. We kept monitoring and waiting for a call to tender, which never came. No one ever contacted us from the federal government to see if it was possible to supply; yet the calls from these brokers kept coming in.

We would then see bottled sanitizers being distributed that were clearly imported from overseas, with local labels, and were told of huge bulk purchases, with contracts being fulfilled with product originating mostly from Asia. In retrospect, it was disappointing that the federal government didn't see the benefit of purchasing locally to satisfy its needs.

• (1645)

I'm not sure those mandated with purchasing decisions were aware that they were being supplied by either importers of overseas-manufactured product or foreign bulk sanitizer. I believe somebody—or somebodies—made tremendous amounts of money acting as an agent for a foreign-manufactured product. Somehow, someone failed to understand that many Canadian companies had pivoted to satisfy the sanitizer demand. Someone missed that these Canadian-based companies would buy raw materials from Canadian farmers, transform the product into sanitizer using Canadian manufacturing sites, buy packaging, labels, bottles and other raw materials from local suppliers, employ local employees, oftentimes the recently unemployed looking for work, and support local distributors and transporters. It was Canadian sanitizer produced by Canadian companies.

I'm not suggesting there was some form of questionable conduct. I know it was a challenging time for everyone to secure supply. People and organizations were scrambling. However, I'm not sure it takes a Ph.D. in economics to understand the benefit of the economic multiplier effect in having truly supported a burgeoning Canadian industry. Also, there may have been a failure to realize the positive social impact of companies like mine, and like Mr. Dyck's, that were donating sanitizer to front-line employees and to the needy in their local communities.

I believe the federal government not only overpaid for their sanitizer needs but also missed a great opportunity to reinvest in local economies and create economic multiples, thus reducing the financial burden on our government and taxpayers, creating employment, and allowing these companies to continue to selflessly contribute to their communities. As I mentioned, I suspect that a few companies made a lot of money due to our failure to understand what was possible in this crisis situation. It would be an interesting case study to understand the cost, both the real cost and the opportunity cost, of the federal government's decision to supply from overseas.

In closing, I think it's important to recognize that Health Canada was a significant and positive contributor during this crisis. They legitimized us quickly by providing product and site licences. They provided guidance on packaging when required and moved quickly to remove companies who were using ingredients that were potentially dangerous. Although there's much to learn about the government's procurement process, I believe Health Canada should be recognized for how they positively handled the sanitizer supply issue.

Thank you.

**The Chair:** Thank you, Mr. Guitor.

We will now start with questions.

Mr. McCauley, you have six minutes.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thanks, Mr. Chair.

Mr. Dyck and Mr. Guitor, thanks very much for joining us today, and thanks for your stories.

Mr. Guitor, I grew up in the hotel and restaurant business. A lot of my friends are still suffering badly from this. I'm really appreciative of the efforts you made to reach out and hire hospitality workers. Thank you very much.

Mr. Dyck, my wife used to have a wine distribution and spirits distribution business in B.C., and is still involved in the industry in Alberta. She wanted to pass on her compliments on the absinthes, bitters and fruit brandies that you do. While I'm saying that, there is a distillery in my riding, Hansen Distillery, that does incredible whiskies and moonshine. I'll give a shout-out to them at the same time.

Again, gentlemen, thanks for providing the information. I know that my colleagues on the government side as well as the NDP and the Bloc probably agree and want to move forward with this. I think you'll find some friendly faces asking questions today. Obviously, we want to see these items addressed.

I'm wondering if either one of you could let us know who you reached out to within the government.

Mr. Dyck, I think you said that you reached out several times and just heard crickets. Did you go through the procurement process, filling out the forms and applying online to sell the product? I'm just wondering where the roadblock was.

• (1650)

**Mr. Tyler Dyck:** As the head of the Craft Distillers Guild of B.C., I work with a lot of our distillers across Canada. A lot of the early-stages stuff was working with government to remove roadblocks. If you remember, in the early stages there was even a question—Spirit of York was going to be caught up in this as well—of what happens when we use our own products for making sanitizer. The federal government was still charging us \$12.61 a litre on that. Were we going to have to pay it [*Technical difficulty—Editor*] have to happen?

A lot of the stuff I was dealing with in terms of government was about what sorts of roadblocks needed to be removed. It was also at the provincial level immediately, and then at the federal, saying, "Hey, there are some really great opportunities here to have a made-in-Canada solution." As my colleague stated, it was already occurring. Letters went out [*Technical difficulty—Editor*] PM's Office at the federal level, because I deal with excise a lot federally. I was dealing with the Ministry of Agriculture and the Ministry of Finance, sending letters through just saying that this made good economic sense.

We have a structure in place across Canada—it's maybe not as robust as it could be—of 250-plus distilleries. A lot of them were already starting to pivot or were following the lead of Spirit of York and Okanagan Spirits and were going ahead despite the rules that were blocking them.

I think it's fair to say that we reached out to almost everyone we possibly could. Yes, we encouraged all of our members to go through the federal procurement site and the provincial ones.

**Mr. Kelly McCauley:** Did anyone that you're aware of have any luck selling to the federal government?

**Mr. Tyler Dyck:** Not that I'm aware of, and for our members out here in B.C., some of them actually, when.... You have to remember that in the early days you couldn't even buy NGS, the base material alcohol for sanitizer, so most of us were using our own. Instead of making whisky, we were making gin. We were converting over.

There were a few companies across Canada, and a couple in B.C. in particular, that went out and after a few months managed to get their hands on a few hundred thousand litres of internationally made alcohol so that they could produce that here: take that base product and add to it and then distribute it. They did that because they heard two things. They heard the Prime Minister of Canada and the provincial government leaders say, "Thank you, Canadian producers. You have pivoted and have done the right thing." Just like they were championing all the others—

**Mr. Kelly McCauley:** Let me interrupt you there.

How much would it have cost just for your distillery, say, to convert to produce this?

**Mr. Tyler Dyck:** We were maybe a little different than some. Early on, a lot of people were making and donating. We donated over half a million dollars in sanitizer, and we continually made donations through shelters and through the hospitals. We were entirely donating. That was mainly because as the head of the organization I was trying to work with government by saying that this is what can happen when you do the right thing and if you get some support for it.

A lot of our other distilleries that originally did that had to pivot and start selling at least a portion. If you look at my esteemed colleagues from out east—we always say "out east" when you're out west here, like us—they made a heroic effort in putting out tens of thousands of litres donation-wise, but they had to pay for it somehow, especially when it came through that there was no help, that there were no contracts being signed, and nobody ever got that, and then you end up finding—

**Mr. Kelly McCauley:** You mentioned that you heard crickets. Did people bid on contracts and then just did not hear back? We heard previously that the government was invoking security exemptions in order to sole-source contracts to companies outside of Canada. Did you hear anything?

**Mr. Tyler Dyck:** No. I was polling our members all the time, and they would say "still haven't heard anything, still hoping, still haven't heard...". You have to imagine that after months and months of nothing and—

**Mr. Kelly McCauley:** Especially with the amount of money you donated.

• (1655)

**The Chair:** Thank you.

**Mr. Tyler Dyck:** Exactly, and it was getting worse and worse. They just had to pull aside. Then the slap in the face, really, came with that December investigative report, where, whoa, \$300 million was spent and it didn't go to a Canadian company. One guy jumped in—

**The Chair:** I'm sorry to interrupt.

Mr. Guitor, if you feel that you want to add something more, if you would provide that in writing to the clerk that would be greatly appreciated.

We'll now go to Mr. MacKinnon for six minutes.

**Mr. Steven MacKinnon (Gatineau, Lib.):** Thank you, Mr. Chair.

Mr. Guitor and Mr. Dyck, thank you for coming to the committee today. Your testimony and your words today certainly help us recall what was an incredibly difficult situation where, all over the world, as I think you've alluded to, the commodities and inputs required to produce all sorts of PPE and materials like hand sanitizer were in short supply. Happily, that situation seems to have corrected itself. Let's hope that is permanent.

Can we go right to solutions here? Mr. Dyck, I heard you speak about an offer—can I call it an offer?—that was made for the government to somehow pay for inputs. Your companies would produce product at no profit and then.... Maybe you could expand on that.

**Mr. Tyler Dyck:** You have to remember that at that time everything was pretty much shuttered. People weren't coming in and buying high-end, premium products, and that's what made-in-Canada products are. They're not mass producing this stuff.

The proposition was, "Hey, there are many of us who are already doing this." They were using their own base materials from the Canadian grains and fruit to produce alcohol and then basically destroying that alcohol and turning it into sanitizer. We were saying, "Just cover the cost. Get that base material and keep our staff working."

That, actually, as a make-work thing would be sensible, because otherwise we were having to lay off all of our staff. Now, lots of us who really were champions of that continued to go forward with our own funds, because it was the right thing to do, and we wanted to protect our communities. That offer was definitely out there, and it was out there at the federal and provincial levels.

I get it. You know, it's complicated when you're running a big business. It's hard to run a sort of "Hey, we'll have your back", but my dad likened it to the forest fires coming to our doorsteps out here in B.C. The guys with the skidders and the operators are right out there plowing those division roads, but they almost always get reimbursed for that. The government says, "Hey, we have your back. You guys do the right thing, and we're going to go through." They don't stop and wait for it. What happened here was that the companies that stopped and waited, and waited for the paycheque, got rewarded, and the ones that got in early were overlooked.

**Mr. Steven MacKinnon:** Well, look, that's what makes this country great. I'm speaking, of course, about the comment about the skidder operators and companies like your own and Mr. Guitor's that stepped up and supplied this material, and you're certainly to be commended for that.

The federal government, as you're both undoubtedly aware, is not, in the end, a major consumer of hand sanitizer. Certainly hospitals are. Clearly a number of federal government departments and agencies are major users, and I suspect that hand sanitizer will be a permanent fixture, if it was not already.

Did you approach those other major consumers of hand sanitizer? I'm thinking of health authorities, provincial governments, municipal governments, private businesses, retail chains and others who presumably had demands for hand sanitizer that, in aggregate, would far exceed those of the federal government.

**Mr. Tyler Dyck:** Yes, many of our members did. A lot of us were already supplying the COVID wards in hospitals. We supplied the whole centre of the province. The hospitals, the ambulance, fire services, front-line workers, and every single doctor's office throughout Thompson Okanagan was supplied with hand sanitizer free of charge. We even did the Border Services Agency. We had calls from everywhere. Everyone was asking, and it would have been the same in every province. We just shipped as much as we possibly could.

For a fee-for-contract thing, yes, you could do that. Some companies did, and early on they did fairly well, but then when these massive contracts came in and the market got flooded with this cheap overseas sanitizer, the stuff that was produced here was, at a dollar cost, worth more than the cheap stuff that was coming in. At the same time, that hadn't generated any jobs here. People were on CERB, and so the government was, in effect, double spending. You were buying sanitizer from overseas while all of these other producers were here, but you were paying people CERB to stay at home so we couldn't even operate. In other words, I think it could have been managed a lot better and actually something almost like the War Measures Act could have been used to keep Canadian companies going for the betterment of Canada.

• (1700)

**Mr. Steven MacKinnon:** We received countless expressions of interest much like yours. I think there were some 26,000, and that number is probably way out of date. That certainly demonstrates a great public spiritedness on the part of Canadian industry.

I have one final question. Who did you make this idea, this concept of paying for inputs, known to at the federal level, and was that considered?

**Mr. Tyler Dyck:** I'd have to go back and check in my notes, but I believe usually we would go through at the federal level, because a lot of what we deal with is excise, and that's what I was alluding to for the other competitiveness model. We'd go through Finance or Agriculture and would usually cc the PM's Office and be that annoying sort of agitator trying to get as many people on that list as possible.

**The Chair:** Thank you, Mr. Dyck. If you do come up with a name, you can provide it to the committee. That would be greatly appreciated.

Mr. Guitor, you can do so as well.

We'll now go to our next questioner, Ms. Vignola, for six minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

Mr. Dyck, from what I hear, the production of disinfectant had enormous repercussions on your family business, which was also the case for Mr. Guitor.

I'll start with Mr. Dyck.

I want to make sure I understand. You started making disinfectant at your own expense. You made a suggestion to the government, quid pro quo, that they pay for the inputs and you would provide the disinfectant.

How much did it cost to transform your production in the end? Were you able to produce your usual alcohol in the distillery or did you only produce disinfectant?

[*English*]

**Mr. Tyler Dyck:** I will keep it short so that maybe my colleague can answer too. I feel like I'm robbing all the time here.

At our distillery, we are 100% farm-to-flask. We do not buy in any alcohol. What happened is we ceased production of all our whisky lines. We do 32 different products. All of the stills were running to make alcohol and to refine it up to 96% alcohol, which we could then use for hand sanitizer instead of for our products. Not only were we not producing our own products, but we were in effect robbing ourselves of whisky five, six, seven years down the line. I am not saying this because I want a pat on the back. Many distilleries were doing that, and even if they were buying in alcohol, they were buying it in at their own expense. It definitely had, and will continue to have, an effect going forward on the industry right across Canada.

[*Translation*]

**Mrs. Julie Vignola:** Mr. Guitor, I'd like to hear you too.

**Mr. Gerry Guitor:** Our story is a bit different.

We also produce everything in-house.



A number of microbreweries had given us all the beer they could no longer use. The Toronto community really rallied around. We were getting everything we could and then turning it into alcohol.

Much like my colleague Mr. Dyck does, we produce everything. We were able to process everything and do everything ourselves.

• (1705)

**Mrs. Julie Vignola:** All right.

Mr. Guitor, have you started making your own products again or are you still making disinfectant?

**Mr. Gerry Guitor:** No, we've gone back to making our products. Our story is a little different from Mr. Dyck's.

When we announced that we would start making disinfectant, we received a lot of media attention. Then, large companies with critical pandemic activities needed disinfectant for their employees.

In this regard, I will tell you an anecdote. A company contacted me and offered me \$30 a litre for my disinfectant. I told her that was too much. She asked me how much I wanted and I told her I wasn't sure and suggested \$20 a litre. She then said she would pay me \$25 a litre. We were just raising money to help the needy. So I said we would take \$25 a litre, but \$3 or 10% or 15% of that would go to food banks. The company said they would give us \$28 a litre. So that's how the adventure started.

So then all the companies that needed disinfectant for their workers, especially first responders, started ordering it. So we took their money and made disinfectant for police departments, hospitals, and so on. Our story is a bit like Robin Hood's.

**Mrs. Julie Vignola:** Excellent.

Mr. Dyck, I remember hearing the Prime Minister say many times in the media that it was great to see companies adapting their production and that the Government of Canada would provide assistance.

Did you receive this assistance through the Canada Emergency Wage Subsidy or some other form of subsidy for production changes?

What percentage of people in your industry do you think received some form of assistance?

[*English*]

**Mr. Tyler Dyck:** As far as I know, none of our members have received assistance directly linked to production changeover. I'm talking about B.C. We have 70 craft distilleries here in B.C.

Early on there were only a couple of dozen who did the conversion. A bunch of others were waiting to see. With the positive words coming out of Ottawa and out of our own province—John Horgan was doing the same thing, saying, “Hey, we've got your back, thanks for doing the right thing”—I think it's fair to say that a lot of national distillers were emboldened by that and they doubled down. I know we did.

My dad said, “Well, they are going to do the right thing. Why wouldn't they?” Maybe we were naive. I work with lots of people at the national and provincial levels, and I always hear the same thing, “Well, you guys could have just waited. Your members could have

waited for more demand and more desperation and then signed the cheques.” That's not what we are all about, and remember, those were very scary times.

Many of the members did eventually have to pivot across for paying. Some were doing a sort of combination where they would sell to a corporation that could afford it, and then they would use those funds to make more to donate to hospitals and front-line workers, but, yes—

**The Chair:** Thank you, Mr. Dyck.

We will now go to Mr. Green for six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you, Mr. Chair.

I want to thank the witnesses who are here before us.

I'm the member representing Hamilton Centre, but I certainly know the west coast perspective. Both Gord Johns and Rachel Blaney have been up in the House talking about the great work coming out of the west coast. Certainly, we have distillers in Ontario.

In fact, I will even state at the outset that at some of our darkest points during COVID, our government, in fact all governments and I believe Canadian society, looked to those good-news stories, those stories of goodwill and the all hands on deck, team Canada approach. While I'm not government, I want to begin my comments by thanking you for not being cynical and for doing everything in your ability, within your association and within your sector, to provide one of the most critical PPEs, hand sanitizers. To change up that production on the fly, to just do the right thing because it was the right thing to do, is really commendable. As a member of Parliament, I just want to take this moment to thank you.

You mentioned, Mr. Dyck, that it was about more than hurt feelings. I do want to get into some deeper understanding about whether your association has done any preliminary estimates on what it would take to be made whole. Perhaps Mr. Guitor from Ontario could also comment.

We have heard what individual distilleries have put out, but have you, from a national perspective, looked at the amount of, I will say, goodwill—but these are real dollars—that you have invested into this recovery? Could you estimate the amount that would make these distillers whole for the contribution they had early on and without any promise of profit?

• (1710)

**Mr. Tyler Dyck:** It's a difficult one. I can tell you in talking with distillers across Canada, I think most of us are much more interested in working collaboratively with government to find solutions that would allow our industry to be more robust moving forward.

Almost all of our other G7 trading partners have changed federal acts and excise taxation policy to promote domestically made products. These are not trade violations because they are not saying you have to use 100% Canadian grain to do it, but they are policies that have allowed.... South of the border in 2017, they changed their federal excise on the first amount of volume of distilleries, so it champions small to medium-size distilleries right here in Canada. Almost across the board, those distilleries use 100% Canadian grains and fruits to distinguish themselves from everything else.

Policies like that, which have spurred over 1,000 new distillery starts in the States in the last couple of years, have built a robust and nationally proud industry. Despite having to ask our government for repetitive meetings on, "Hey, can we change this, can we copy this, otherwise you're going to leave us behind", there has been no response. They keep escalating our excise rate where we—

**Mr. Matthew Green:** Perhaps I could pause you right there as I think we might be getting to something here.

I want you to correct me if I'm wrong, but if I understand the escalator that you're talking about, it's an increase of 12.6¢ for a litre bottle of 100% pure alcohol spirits.

**Mr. Tyler Dyck:** Yes, it's 12.7¢ now. It goes up every year.

**Mr. Matthew Green:** For 750 millilitres are we talking about four cents, essentially?

**Mr. Tyler Dyck:** No, for 750 millilitres, the federal rate you'd pay is about \$3.60 to \$3.70 just in excise, but then—

**Mr. Matthew Green:** My apologies. It was for the 40% whisky specifically.

Just so that I am clear, what I am trying to do in this very short time that we have is find things that we can control. If you're saying there isn't a number that we can make you guys whole with, at least to know what it was, then maybe we could look at this excise tax on distilleries and do something at tax time here.

**Mr. Tyler Dyck:** I think that is the way forward, because otherwise it's like a patchwork quilt of "let's give these guys 100,000 and let's do this." Really, for the longevity of our industry, it makes sense to allow us to have the same taxation advantages that our partners we compete against south of the border have. It creates jobs and they almost all utilize 100% Canadian grain, so it is a massive boon for us. You're going to give up one dollar in tax and you're going to gain back seven in domestic economic development.

It's a no-brainer for that. That, for us, long term allows all of our distilleries to grow to a point where we can, the next time that this happens, step in in a much more robust fashion, but also be much more competitive exporting candidates to the world.

**Mr. Matthew Green:** I have a minute. I want to make sure we're clear on this while I have my rounds because they reduce in time.

Mr. Dyck, not only is it about ending the escalator on it, but it is also about rolling it back so that it's more competitive. If you were to do that, notwithstanding that for me the motivation would be the contribution you've made here, how long would you want that for? Would you want that forever?

**Mr. Tyler Dyck:** Yes. Well, what happens is that the U.S. just reduced theirs permanently, so they are at one-seventh of our taxation rate on the first 100,000 proof gallons. Now, that's only a day or so production at Jack Daniel's, so it's not huge. It's a small volume, but what it has done is created 1,000 new distillery starts across the country. That's how you do it. You give a little bit at the front end and you allow all of us to grow to four, five or six times our size where we're employing 100 or 200 people in each of these spaces across Canada using 100% grains.

That's how you create a great Canada first economic renewal, and that's how you reward Canadians for doing the right thing in this pandemic situation. We'll be there to do it again.

• (1715)

**Mr. Matthew Green:** Thank you. I'm very glad to get to the heart of the matter.

Thank you, Mr. Chair.

**The Chair:** Thank you.

We'll now go to our second round of questions.

We'll start with Mr. Paul-Hus for five minutes.

[*Translation*]

**Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC):** Thank you, Mr. Chair.

Good afternoon to the witnesses.

Mr. Guitor, I'd like to know whether, as a producer-distiller, your feeling right now is that you were shortchanged by the government? As far as the industry is concerned, the government sent a message that it was going to respond quickly, but in the end it didn't give anybody anything.

**Mr. Gerry Guitor:** I must admit it was a bit surprising.

We did everything we could to convert our facilities. I may not be in the same position as my colleague, because we sold a lot of disinfected. That said, I found it surprising that we didn't have access to the federal government. I was surprised, and more importantly disappointed, to see the amount of product that was purchased overseas. It was a total shock.

**Mr. Pierre Paul-Hus:** People from different industries, including those making masks, made the same comments. Everyone was listing their offer on buyandsell.gc.ca, a government site, but no one was responding to them. Yet other people had contracts in less than a week.

Do you think there was a normal lane and a fast lane?

**Mr. Gerry Guitor:** Yes, absolutely.

People would call me every day and say they had a contract, that they were going to be able to get in. They would ask me how much 100,000 litres of ethanol costs. We would give them the price. This happened two or three times a day.

We were on the site, we had applied, but we never got a tender. To be very honest, I have to say that my brother was working in the federal government, on the response to COVID-19, but he couldn't get involved. When I asked him what was happening, he put me in touch with people to make sure I was on the right track. But there was nothing. It's all about your contacts.

**Mr. Pierre Paul-Hus:** When you have a contact, it can work, but when you don't, you're left spinning in the void.

In the beginning, the government [*Technical difficulty—Editor*]; we understand that. The situation was urgent.

However, when the government asked everyone in Canada to make an effort, everyone did. When we realized that they were buying products from China or elsewhere in the world, we didn't understand why, since Canada has products to offer. It's problematic, obviously.

Mr. Dyck, you mentioned on December 11 that it was obscene. That's what we read in an article. You mentioned that everyone had set up their equipment, their production and you had kept your staff instead of asking for subsidies.

In your opinion, did the government fail to help SMEs? On the one hand, some SMEs closed down and applied for subsidies and waited. On the other hand, and this is your case, you made a big effort, but you lost out?

Is that how you see it?

[*English*]

**Mr. Tyler Dyck:** Yes, I do think it ends, speaking not just for ourselves but also on behalf of the other distillers. I think they feel very disheartened. This is not the Canada they stand for. I think we're all brought up to treat people well and to do our best, and with the idea that if we do good things it's not that we're doing them for a reward, but that there might be some recognition. However, when that recognition goes to big multinationals that are just that much more sophisticated, I think if you asked most people out here, they'd say, "Well, they must have had contacts in government." That's a cynical stance, and I always hate that portion of it, but I don't know how else to explain it. You have people doing the right thing who are asking for really nothing other than to be allowed to continue doing the right thing. It's hard to explain.

[*Translation*]

**Mr. Pierre Paul-Hus:** Indeed, it is very difficult to understand.

My next question will be to Mr. Guitor or Mr. Dyck.

I read in an article that Irving received a multi-million dollar contract although they were not in this industry. Is this a perfect example of how, when you have direct contacts, you get contracts? On your side, you had done everything to offer help, you had even provided hundreds of thousands of free bottles, in a heartfelt gesture, and in the end you received nothing.

**Mr. Gerry Guitor:** This was not big news. The distilleries had made the change to be able to meet the demand. It is just a bit surprising that no one tried to contact us to see if we could meet the demand.

Mostly I wonder how much extra money the government had to pay by using these brokers who went out and got products. It didn't contribute to the economy, it didn't hire people, it didn't build businesses or support local farmers.

I have to say it's a little disappointing, as I always say.

• (1720)

**Mr. Pierre Paul-Hus:** That is indeed disappointing.

I think my speaking time is up.

Thank you.

[*English*]

**The Chair:** Thank you, Mr. Paul-Hus.

Now we'll go to Mr. Kusmierczyk for five minutes.

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Thank you, Mr. Chair, and through you I just want to thank our guests today for their tremendous efforts and all of their tremendous work. Here in Windsor—Tecumseh we are home to one of the giant distilleries in North America, Hiram Walker, which converted to producing hand sanitizer that was distributed not just locally but also in Toronto, the GTA, and other large urban centres across Ontario.

Our region is home to small craft distilleries as well. Wolfhead Distillery converted part of its production to hand sanitizer. We do have companies, distilleries, that, very much like you, pivoted and made those changes in order to help out our community and our country in a time of need. I do thank you very much for your efforts.

I want to get a better sense and an understanding from you of what it takes, or what it took, in terms of the process to actually pivot to making hand sanitizer. I never had a chance to actually ask our local distilleries that question. What did the process look like?

**Mr. Gerry Guitor:** It was actually easy for us. If you're actually making alcohol, you're already making it 96% proof. The challenge was to find the proper recipe. A lot of distilleries would take 70% ethanol and put it in a bottle and add water. That just wasn't sufficient. We did some research and we found the recipe of the World Health Organization, which was a combination of ethanol, hydrogen peroxide, glycerine and distilled water. Very quickly after we challenged the production team to find a solution, we were able to find that recipe and eventually we evolved it to gel, but the raw ingredients were just there. I think the biggest challenge we had was finding a supply of glycerine and hydrogen peroxide, but luckily we were able to fill the supply chain.

For other challenges we had regarding bottles, spray tops and containers, the industry stepped up. People were calling me—and I hope it was the same for my colleague out west—and they were offering to help us source this stuff. People were offering free labelling machines, free labels.

I know that among our team there were a lot of tears because it was a real community effort. Everybody wanted to contribute. Just as an anecdote, there was a positive contribution to the community. People would come in to buy the \$3 sanitizer and give money to the food bank. They'd give us \$100 and say, "Give that to the food bank." Somebody would show up and say, "Here's \$50 for one bottle, and I'll pay for the next 12 in line." It was that kind of community response.

As much as we could get a little cynical, I felt that we saw the best of the community through this experience. Obviously we all hoped we could maybe benefit from the national procurement strategy, but overall for our team it was somewhat of an enriching experience, though I do think we may have missed the opportunity to really help create more robust microdistilleries, especially the farm-to-glass companies like my own and those of my colleagues here.

**Mr. Irek Kusmierczyk:** That's excellent. I appreciate that as it provides me with a better understanding of what that process looked like and some of the challenges that you both experienced.

I wonder if the quality of the hand sanitizer evolved over time, whether the recipe, as you called it, over time had to be tweaked by you or other distilleries.

I ask that because my wife is a nurse practitioner. As nurses know, hand sanitizer is applied throughout the day countless times, hundreds of times. The trick is that the hand sanitizer has to be strong enough to do what it's designed to do, but at the same time, it has to be sort of gentle on their hands, or kind to their hands, because honestly, they're applying it throughout their entire shift.

I'm just wondering if there were tweaks. Was the recipe changed? Did you get feedback? I want to understand that process a bit.

**Mr. Gerry Guitor:** The issue was that it was very uneven. Some distilleries actually followed the World Health Organization and used the proper materials within their products. They used what was considered food grade ethanol, but as it evolved, there were less than.... I don't want to say unsavoury characters, but there were characters who were putting in technical grade ethanol.

Speaking for ourselves, and I'm sure for my colleague, our sanitizer was probably the most expensive sanitizer you can get on the marketplace, because we produce a premium product, but that's okay. Companies like ours decided to do that for the greater good.

No, we followed strict rules. When Health Canada got engaged, we would follow Health Canada. When we evolved to a gel, we would follow that. We wanted to make sure that we were absolutely 100% copacetic with Health Canada. That can't be said for all of those who supplied. It can't be said for people who were using the technical grade just to get some revenue, to generate some cash, or for product coming from overseas that sometimes was also very questionable.

I hope that answers your question.

• (1725)

**The Chair:** Thank you, Mr. Kusmierczyk.

Now we'll go to Ms. Vignola for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

I'm listening to you, and I have so many questions for you it doesn't make sense. Some of them are not very nice. I'm going to hold back a bit.

With respect to Health Canada, Mr. Dyck and Mr. Guitor, you said that it was difficult to get adequate products, because they came from abroad. They could be anything.

Did you have support from Health Canada to make sure you met the standards, or did you have to figure everything out from scratch?

**Mr. Gerry Guitor:** I will speak, and then I will yield the floor to my colleague.

Yes, I have to say that we had some help.

Health Canada looked at the composition and approved it very quickly. Then they looked at the label and made suggestions. What I really can't complain about is Health Canada and their input. We saw products that may not have been compliant, and I noticed that Health Canada was very quick to respond and take them off the market, since it can cause problems if you don't use the right recipe.

**Mrs. Julie Vignola:** Thank you.

Mr. Dyck, did you have a similar experience?

[*English*]

**Mr. Tyler Dyck:** Yes. Actually, Health Canada was great to work with. They very quickly approved things when we pointed out areas that just seemed like unnecessary red tape. They seemed to come up with a workaround, at least a temporary one. They were very easy to work with on that.

Again, hand sanitizer is not rocket science. If you look at what's on the market, the stuff that was being made here in Canada probably far exceeded world standards, and probably 99% of the time it was way better. In fact, when journalists did the exposé on it, I was told through them that a large amount of the government stuff that was bought in these big procurements is still sitting in warehouses because it didn't meet Health Canada standards. Whether that's hearsay or not, that's just a repeat from me, directly from the reporter coming back.

There is a lot of really shady stuff that comes in. I would say that for the producers that were doing it here, if there was a problem, it might have been that they made an honest mistake on something. For the most part, the stuff that you had on your hands here, it actually used to be a whisky. It's got all the nice natural oils in it. The only thing that was very, very difficult with it was seeing my dad cry every night when he looked at something that used to be whisky converted into hand sanitizer.

**Voices:** Oh, oh!

**The Chair:** Thank you, Ms. Vignola.

We'll now go to Mr. Green for two and half minutes.

**Mr. Matthew Green:** Please do make sure to pass along condolences to your father on the loss of his beloved whisky.

Mr. Guitor, you raised some issues that I have flagged as being very concerning. While you are here at committee, I think it's important that, with candour, with whatever you are comfortable in expanding on.... I think it would be important for us to get an understanding of the nature of some of these probing calls: calls in which people talked about having connections, calls which may have been characterized as questionable conduct. Would you please take this round and just expand on that experience?

**Mr. Gerry Guitor:** We started this in February 2020, and it was almost daily. We would get these calls from people, especially in March, when it was at its peak. Individuals would say, "I have a contact within procurement. They want 100,000 litres." "They want 200,000 litres. I just sold 100,000 litres. Can you supply?"

Of course, we would say yes. We didn't know who was legit or who was illegitimate. I would say that it would happen almost daily. Like I said, I have a brother who worked on federal COVID-19, and I refused to use that, to put him at risk, because I do understand conflict of interest rules. I was just shocked.

I would suggest there may be a worthwhile—

**Mr. Matthew Green:** I would suggest to you, sir, that in this committee or in public accounts, when a review is done.... I would imagine that in the next session, the next Parliament, when we come back, if we're able to, parliamentarians will be taking on the work of retroactively reviewing what happened.

Can I ask a question? Again, feel free to pass on the question. Did any of these come by way of email? At the appropriate time, if you were called back to committee to provide testimony more in depth on these types of exchanges, would that be something you would be comfortable doing?

• (1730)

**Mr. Gerry Guitor:** Absolutely. I have emails and texts that I'd be happy to share. I'm not saying that these people weren't legitimate, but obviously—

**Mr. Matthew Green:** We are in a parliamentary committee, and I'm not trying to put you in [*Technical difficulty—Editor*]. What I think needs to happen, when we look back on this moment—because it is not just this we have heard this about; we have heard this in other areas of procurement—is make sure that the public has confidence in government that, in a global pandemic like this, when it really hits the fan, we have integrity within our procurement supply chains, and not simply the people who are well connected inside of political partisan circles or government circles....

Thank you for your candour. I appreciate that. I hope I'm given the opportunity in the future to come back to a committee you're on where we can get a little deeper into the question.

**The Chair:** Thank you, Mr. Green.

Now we'll go to Ms. Sahota for five minutes.

**Mr. Francis Drouin:** Mr. Chair, it's 5:31 p.m., and you started the meeting at 4:31 p.m. I was under the impression that we were finished at 5:31 p.m. Are we completing the round?

**The Chair:** Yes, we're going to finish the round with Ms. Sahota, then Mr. Jowhari, and then we will be done. We've already checked to make sure we can go to the 45-minute point, and then we'll end at that point.

Thank you, Mr. Drouin. We've been keeping an eye on that part.

Go ahead, Ms. Sahota.

**Ms. Jag Sahota (Calgary Skyview, CPC):** Thank you, Mr. Chair.

I want to thank both of you for being here today and stepping up to the plate in a time of need. You exemplify true Canadian spirit—no pun intended—and you should be proud. I believe your testimony here today, in addition to the CBC article that came out in December, is very important. I hope it will further illuminate some very serious problems in the government's procurement practices that are consistently leaving Canadians in the dark, unless they happen to be close friends of the Prime Minister.

When the pandemic hit, he recognized the need for hand sanitizer and pivoted alcohol distilleries to meet the demand. Many distillers made and distributed sanitizer for free. While Canadian distillers were working around the clock disrupting their businesses and trying to fulfill a need for their fellow Canadians, the government was spending more than \$570 million on hand sanitizer outside the country and later signed contracts with large companies here but ignored bids from these distillers who had already been producing for months.

In the CBC article, you were quoted as saying, "It really is like a sucker punch in the gut." Can you explain what you meant by that?

**Mr. Tyler Dyck:** At the heart of it, it just was not what I expected from the officials we elected. I'm not putting blame on any one person; sometimes it's just the system itself. The article was also in relation to the fact that we had just found out at the provincial level that, although the provincial government had asked me to go ahead and ask all of our distillers to step up and said it would pay for it, it decided as well to not do that. In turn, it also went and bought from outside of B.C.

It was almost a double sucker punch. At that time, I think it is fair to say that I don't think there's anyone here who could look at anyone else here and say they would not be disappointed. As a Canadian, they would expect to see this possibly south of the border or in another country but not here in Canada.

It is time for us to step up, just look at things and hopefully make a change that could make Canada a better place, a more caring place. Otherwise, we're going to lose individuals like all of our colleagues across Canada who are going to become more and more cynical. It is going to become more divided. You're going to have people not stepping up and doing the right thing.

I think there's a time when we need to have Canada's back.

**Ms. Jag Sahota:** Thank you, Mr. Dyck.

Your company, Okanagan Spirits Craft Distillery, spent over \$200,000 donating sanitizers. You alluded to this before in your testimony and your statement saying that it cost the government twice as much, in terms of the money that was spent outside of Canada getting sanitizer while losing jobs here in Canada.

What would this local national contract have meant for distillers within the country in terms of jobs and our economy?

• (1735)

**Mr. Tyler Dyck:** At that time, that was actually a misquote. We were well over \$500,000 behind the eight ball at that time.

I think it's more than that. People wanted to do the right thing. It was a time when all of the distillers I talked to across Canada were just so overwhelmingly happy. They were getting supported by the community, just like my colleague said. We had people donating labels. That was a cost on top of all the donations that people were doing. They just really wanted to keep their staff working and doing the right thing. If we had told our staff that we weren't going to pay them, I bet half of them would have come in, because we had nurses and doctors lining up, crying with thanks and gratitude at picking up their sanitizer. It was the best of times for that pride in what we do.

There's no doubt it's a financial hit. I think we're going to see this for years to come. Our whisky stocks [*Technical difficulty—Editor*]. We have hundreds of barrels of whisky that will never be born because of this. That's going to affect our family distillery and all these other distilleries for really the next five, 10 or 15 years.

That's why I'm hoping we can work with the government to come up with the same excise strategy that promotes jobs and helps the industry become more robust moving forward.

**Ms. Jag Sahota:** Mr. Guitor, do you have anything to add?

**Mr. Gerry Guitor:** No, not really. I think my colleague said it quite eloquently.

**Ms. Jag Sahota:** My next question is for you, Mr. Guitor.

You said that you couldn't get a contract with the federal government no matter how hard you tried. You explained some of the attempts you made. Could you elaborate on that? Did you receive any communication or explanation from the government as to why you couldn't get a contract?

**Mr. Gerry Guitor:** Yes. Very early on—

**The Chair:** I'm sorry, Mr. Guitor.

You finally get a chance to answer a question and I'm going to cut you off. I apologize. If you could maybe answer that one in writing, we would appreciate it. Thank you.

We'll now go to Mr. Jowhari for five minutes.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Mr. Chair. I'll be splitting my time with MP Drouin.

Let me start by thanking both witnesses for their commitment to Canada and Canadians and for making sure that they kept all of us safe. Thank you very much.

I have a quick question. I'm going to follow the line of questioning that Ms. Sahota started.

Mr. Guitor, can you share with me whether you had the opportunity to work with the office of small and medium enterprises, which helps with soft landing for a lot of organizations with Public Services and Procurement Canada?

**Mr. Gerry Guitor:** I did not.

**Mr. Majid Jowhari:** Were you aware of the OSME?

**Mr. Gerry Guitor:** No, I was not.

**Mr. Majid Jowhari:** Mr. Dyck, can you shed some light on that?

**Mr. Tyler Dyck:** No, I cannot either, on that one.

**Mr. Majid Jowhari:** Okay, great.

Just as a comment, the office of small and medium enterprises helps a lot of Canadian organizations be able to soft land, working with the Government of Canada. I can tell you that a number of PPE manufacturers in my riding were connected to the Government of Canada through OSME.

That doesn't take away from your experience. We are here to listen, to thank you and also see how we can move forward.

I have one more question before I pass it on to my colleague.

Can you give me a sense of the investment that you made in transferring or retooling your operation and the cost of the raw materials, i.e., the alcohol that you had to use for making the sanitizer? Do you have some rough numbers?

**Mr. Gerry Guitor:** If you like, I'll go first.

All costs in, we probably spent over a million dollars.

**Mr. Majid Jowhari:** That's including the retooling as well as the material.

**Mr. Gerry Guitor:** Yes. For retooling, we had to buy some capital equipment in order for us to produce. It was also the opportunity lost from the spirits business and then, of course, buying all the excess materials, bottling, finding suppliers and just basically to retool.

**Mr. Majid Jowhari:** Thank you.

Mr. Dyck, go ahead.

**Mr. Tyler Dyck:** Yes, I would say it was very similar in nature.

Of course, both of our distilleries on the craft side are probably on the larger side of the craft side, the artisanal side, if you want to call it that. With a lot of our other distillers, there might be only four people in the distillery, so their retooling costs probably would have been in the tens of thousands of dollars, and then they would have lost alcohol that they could normally sell for \$50 a bottle. They are making it into sanitizer to either give away, or maybe someone is going to pay \$20 a bottle for it, so they are at a loss on top of their actual production. Then there are all the personnel hours to make it, because you first have to ferment, then distill and then produce the sanitizer. That could be a month's worth of work before you get to that downstream step.

• (1740)

**Mr. Majid Jowhari:** Thank you for that.

I yield the rest of my time to my colleague Mr. Drouin.

[*Translation*]

**Mr. Francis Drouin:** Thank you, Mr. Jowhari. I appreciate it.

Mr. Guitor, I have a question for you. First of all, I congratulate you for speaking French in Toronto. As a Franco-Ontarian, I commend you.

I am fortunate to represent the riding in which Beau's Brewery is located, which had a lot of surplus alcohol and whose beer barrels were about to exceed their expiry date. The brewery worked extensively in partnership with Green Beaver and Dunrobin Distilleries. Together they produced an average of 20,000 litres of hand sanitizer per week. However, their clients, the City of Ottawa and the National Capital Commission, are organizations that are not as large as the federal government.

There was talk of 20,000 litres per week, but were you able to produce 100,000 or 200,000 litres per week?

**Mr. Gerry Guitor:** Yes. We had the capacity to produce as much hand sanitizer as was required. We, too, went through the same situation. We had breweries in the Toronto and Peel regions giving us their mash, which we could process. Our production capacity was large. Even from a microdistillery, we are able to produce in large quantities.

**Mr. Francis Drouin:** Fine.

You said earlier that people were calling you to ask if you could produce 100,000 litres of hand sanitizer. Did you do business with these people or did you refuse to do business with them?

**Mr. Gerry Guitor:** In the beginning, we did business with them. We hired staff. We had an industry. In the beginning, the whole team agreed to a pay cut. We even reduced the price of our spirits to help the community. Then we tried to provide hand sanitizer to our community.

So when these people offered us this business opportunity, I thought we could create even more jobs and we could do anything. For the first three or four weeks, we listened to them. I was offering them prices and working with them, but eventually the collaboration disappeared. At the same time, we applied...

**Mr. Francis Drouin:** Were these people telling you they had good contacts?

[*English*]

**The Chair:** Thank you, Mr. Drouin.

[*Translation*]

**Mr. Gerry Guitor:** Yes.

**Mr. Francis Drouin:** All right.

Thank you.

[*English*]

**The Chair:** Mr. Guitor, I was allowing you to go on. With that said, I want to be respectful of your time and also respectful of our officials, interpreters and administrators, who have done a tremendous job in adding to our point here. I think we could have gone on for hours and hours because your information was so enlightening and helpful to the committee, so we do appreciate that.

I want to thank you for participating with us today.

Committee members, I want to let you know, just so the committee is aware, that we are inviting Canada Post to appear for us next week to discuss its annual report. I wanted to give you a heads-up on that.

With that said, I declare today's meeting adjourned.







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