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## Backgrounder

The Government of Canada has operated the Food Mail Program since the late 1960s in order to provide Northerners living in isolated communities with greater access to affordable healthy food. The Food Mail Program provides an air transportation subsidy via Canada Post to reduce the cost of shipping nutritious food and other essential items to Northern communities lacking year-round surface access. These communities are in the Yukon, the Northwest Territories, Nunavut, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Newfoundland and Labrador.

Our government announced a review of the Food Mail Program in November 2006. The purpose was to determine the most efficient and effective means of providing increased access to affordable, healthy, nutritious food for people in isolated Northern communities. A Minister's Special Representative, Graeme Dargo, travelled to various regions of the North to seek input from a broad range of stakeholders. Additionally, Indian and Northern Affairs Canada (INAC) held more than 70 engagement sessions across the country collecting the views of consumers and stakeholders on three reform options. INAC also worked extensively with subject matter experts to develop alternative models for the subsidy.

The Government of Canada is moving to a retail level model from a transportation subsidy. The new program, *Nutrition North Canada*, will shorten the supply chain and reduce the handling of fresh foods destined for the North. The Government of Canada will provide funding directly to retailers and wholesalers who already ship large volumes of food and goods to the North. This will enable them to negotiate the best possible prices for their consumers. Arrangements with retailers and wholesalers will set out the responsibilities for program accountability and transparency. One of the key accountability and transparency measures is the requirement for retailers to demonstrate the subsidy is being passed on to consumers. Food suppliers will receive funding based on the total per kilogram weight of eligible foods shipped to each eligible community.

Through the 2010 Jobs and Growth Budget, the Government has committed \$45M over two years to fund the new model. This new investment provides stable funding to support access to a wide range of healthy food options for Northerners. Including existing funding, this brings the annual budget to \$60M.

INAC will implement a claims processing system to verify shipping invoices and documents, and to reimburse retailers and personal order suppliers for the shipment of foods. Audits and financial controls will be used to ensure subsidy amounts only apply to eligible foods. The largest amount of subsidy funding will go to support air shipments of foods to the most remote Northern communities. Key features under the new food retail subsidy program include: the creation of an Advisory Board to improve program governance; a revised eligibility list that gives priority to subsidizing the most nutritious perishable food at a higher rate; the increased involvement of Health Canada through community-based health promotion initiatives; and the retention of personal orders.

### Revised eligibility list

Criteria related to a healthy diet and the nutrient content of foods was used to determine the revised eligibility list. The new list focuses the subsidy on the most nutritious foods perishable foods and is consistent with *Eating Well with [Canada's Food Guide](#)*.

The revised eligibility list will be implemented in two phases: non-food items and most non-perishable foods will be removed from the eligibility list on October 3, 2010. The new subsidy rates will come into effect on April 1, 2011. Most non-perishable foods and non-food items are being

removed to promote the use of cheaper methods of transportation for these items, such as the sealift and winter roads.

Under the new food retail subsidy program, where possible, non-perishable foods and non-food items will be transported via sealift or winter ice roads. Both these categories will remain affordable even without a subsidy because sealift and winter ice roads cost significantly less than government-subsidized air transport.

The sealift season takes place between late June and late October, and vessels have the capacity to move large volumes of goods. Winter ice roads, meanwhile, are put into place at least for a few weeks and sometimes longer to provide isolated Northern communities with cheaper surface transportation access.

## Health Canada (HC)

Health Canada will continue its advisory role relating to nutritional considerations and, in addition, HC representatives will work with isolated Northern communities to offer a community-based, culturally-appropriate nutrition education component. Program activities will focus on improving consumption of healthy foods by improving the quality of food available in stores and increasing those skills which influence the demand for and consumption of healthy foods. This includes food preparation and traditional harvesting skills. HC will provide support through funding, training and coaching. Partnerships with the retail sector will be promoted.

## Personal orders

The personal orders process allows individuals and institutions to purchase eligible items directly from the South and benefit from the subsidy. These orders can be made via mail order, telephone or on the internet.

Personal orders support access to a wide variety of foods, allow a measure of competition in small Northern markets and provide consumers with flexibility related to special dietary needs. The personal orders service will be further developed and refined in collaboration with Southern retailers and wholesalers, who have vast experience in the provision of food to Northern consumers.

Arrangements between INAC and purveyors of personal orders will be established to give them direct access to the program's subsidy to support the shipment of eligible foods to customers in eligible communities. This direct relationship with personal order suppliers will strengthen program accountability and data collection, and enhance program management.

## Advisory Board

The creation of an Advisory Board will improve program governance and give Northerners a direct voice in the program. The Board will include a chairperson, vice-chairperson and between five and seven additional members with representation drawn from a broad range of communities and Northern perspectives. Members will serve in their own right and not as representatives of any particular organization, area or special interest.

The Advisory Board's mandate is to represent the perspectives and interests of Northern residents and communities in relation to the management and effectiveness of the program, and to alert the Minister to matters related to the program that may require action or management decisions on a priority basis. This would include helping to ensure the program stays within its budget.

## Implementation

The transition to *Nutrition North Canada* begins today with the announcement of changes to the eligibility list. A full Advisory Board membership list will be announced in the coming months. Full implementation of the new program is slated for April 1, 2011.

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