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First Report of the Advisory Board

for the period February 2011 to March 2012



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March 2013

The Hon. Bernard Valcourt, PC, MP
Minister of Aboriginal Affairs and Northern Development Canada
10 Wellington Street, 21st Floor
Gatineau, QC
K1A 0H4

Dear Minister Valcourt,

It is my honour to transmit to you, on behalf of the Nutrition North Canada Advisory Board, our first report.

This report highlights a very busy and productive year for the Board and the program. I am particularly pleased that we had the opportunity to visit Iqaluit and Kuujuaq and hold public meetings there. In addition, we have held face-to-face meetings in Ottawa and Montreal, and held numerous teleconferences to discuss the roll-out of the program and to reflect on feedback received.

This first year has been busy and dynamic. I appreciate that your predecessor and Minister Leona Aglukkaq have been steadfast in supporting the Board. I also wish to acknowledge the tremendous dedication of your respective department officials, and express to them our thanks.

In this, our first report, we have set out to describe and account for where the Board spent its time, as well as the issues we have considered. We are pleased with both what we have been able to do, and with the results so far.

With Nutrition North Canada now up and running, we look forward to continuing to present the perspective of Northerners to your office on the program's objectives, policies and operations.

Sincerely,

Wilfred Wilcox
Chair, NNC Advisory Board



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Nutrition North Canada Advisory Board Members

March 2012



Nellie Cournoyea, Board Vice-Chair

Ms. Cournoyea brings to the Board substantial experience in territorial and regional Aboriginal government, having served in numerous positions connected to social and support programs. During her many years as an elected representative for the riding of Nunakput in the Northwest Territories, she held several ministerial portfolios, including Health and Social Services, culminating with a four-year term as Premier of the territory. Today she is the Chair and Chief Executive Officer of Inuvialuit Regional Corporation, the corporation with the mandate to receive the Inuvialuit lands and financial compensation resulting from the 1984 land claim settlement.

Born and raised on the land, Ms. Cournoyea was educated through the Federal Aklavik Day School and by Alberta correspondence courses.



Marie-Josée Gauthier, Board Member

Ms. Gauthier is a Public Health Nutritionist with the Nunavik Regional Board of Health and Social Services. The focus of her work is to help improve and maintain the health and well-being of the populations of Nunavik's 14 communities. Ms. Gauthier has experience working with partner organizations such as the Kativik School Board and the Kativik Regional Government to develop, implement and evaluate community-based health promotion initiatives. She brings to the Board knowledge and expertise in health promotion, nutrition and food security in northern communities.

Ms. Gauthier has a Bachelor's degree in Nutrition from Laval University.



Steve McDougall, Board Member

Mr. McDougall is an active member in his home community of Garden Hill, Manitoba. He has held various positions with the Garden Hill First Nation over the past decades, including Band Councillor, Community Health Representative, Economic Development Officer and, at present, Executive Director. Several years ago, when he learned the Food Mail Program was not being utilized in Manitoba, Mr. McDougall, then a Funding Services Officer for Indian and Northern Affairs Canada, was instrumental in introducing the program to isolated communities in his home province. Later, he became the unofficial program "specialist" as he assisted members of eligible communities to understand the program and the benefits it would bring.

Mr. McDougall is also an avid photographer whose work attempts to capture the natural beauty of the land by transferring scenes from the northern landscape to paper.





Katherine Nukon, Board Member

Currently a council member of the Vuntut Gwitchin First Nation, Katherine Nukon has served her community of Old Crow, Yukon, in several capacities. She has served as the Member of the Legislative Assembly for Old Crow and filled other positions on the Vuntut Gwitchin Council, including that of Deputy Chief. In addition to these elected positions, Ms. Nukon has management experience in the food retail sector and experience as a social service worker at the local and territorial government levels. Previously, she has sat on educational boards and brings to this Advisory Board a desire to work with members from other remote communities in order to find solutions that will enable Northerners to access healthy, affordable food.

Ms. Nukon was born and raised in Old Crow and has lived there most of her life, eating a diet of caribou and other country food. She has a diploma in Journalism from Grant MacEwan Community College in Edmonton and a certificate in Native Communications.

Wilfred Wilcox, Board Member



Mr. Wilcox is an active member in his home community of Cambridge Bay, Nunavut. He has sat on the Hamlet council for multiple terms, both as mayor and councillor, and has extensive experience as a board member for several organizations, including Nunasi Corporation, Kitikmeot Corporation and Kitikmeot Foods Ltd. In the past, he has held different positions with the Government of the Northwest Territories. Mr. Wilcox owns a family business that has been operating for 20 years and brings to the Board a solid understanding of financial and organizational management, business planning and strategic management. In 2009, he was named Business Person of the Year by the Baffin Regional Chamber of Commerce.

Mr. Wilcox has a diploma in Management Studies and Business Administration from Grant MacEwan Community College as well as a Red Seal Journeyman Certificate in plumbing and gas fitting.

Michele Wood, Board Member



Michele Wood is currently employed by the Department of Health and Social Development for the Nunatsiavut Government, a regional Inuit government within the province of Newfoundland and Labrador. She is a Researcher/Evaluator and is particularly interested in addressing aspects of food security and community wellness for the communities within the Nunatsiavut region of Labrador. Formerly employed by the Government of Newfoundland and Labrador's Department of Labrador and Aboriginal Affairs, she administered the Air Foodlift Subsidy program as part of her duties. The Air Foodlift Subsidy is a provincial program that pays a subsidy to retail stores to offset the high cost of flying perishable goods to Labrador's isolated coastal communities.

Ms. Wood has a BA from Acadia University and is working on a master's degree in Information Management at Dalhousie University; she is very interested in coordinating and implementing research which focuses on the involvement of communities in knowledge transfer and implementation processes.



Past Member:

Elizabeth Copland served as the first Chair of the Nutrition North Canada Advisory Board from May 21, 2010, until February 10, 2012, when she resigned due to other work obligations.



Elizabeth Copland, Chair (May 21, 2010 – February 10, 2012)

Elizabeth Copland, the first woman to hold the office of mayor in her northern hamlet of Arviat, Nunavut, has spent over two decades serving her community in this and other roles such as coroner, justice of the peace and economic development officer. In addition, she has extensive board experience, having served for more than 10 years on the Nunavut Impact Review Board (NIRB), chairing it for several of those years. The NIRB is an institution of public government created by the Nunavut Land Claims Agreement (NLCA) to assess the potential impacts of proposed development in Nunavut. Copland has also served on the Nunavut Planning Commission, another Nunavut governance board established by NLCA.

Ms. Copland's involvement in the marine transport sector and insight into the business of community freight delivery was an asset to the NNC Advisory Board. Her understanding of logistics and seasonal sealift operations helped inform the program's goal to encourage the use of the more efficient modes of non-subsidized transport, such as sealift.

Technical Advisor:



Danielle Medina, BSc

Danielle Medina has a Bachelor's of Science in Dietetics from Laval University and did graduate work on community nutrition at the University of Montreal. In 1980, she founded her own company with the intention to improve the health and well-being of all Canadians. President and CEO of Medina International Inc., she has frequently been recognized as a successful female entrepreneur who has also made significant contributions to community and country.

Among her many accomplishments, she, along with the Crees of Northern Quebec, created Oudenhem Foods in 1991 for the purpose of promoting Canadian aboriginal cuisine within Canada and abroad. In 2000, she transferred the company to the James Bay Cree.



About the Program

Nutrition North Canada (NNC) is a Government of Canada program that provides a retail-based subsidy to improve access to perishable healthy foods in eligible northern communities.

Nutrition North Canada, which officially commenced on April 1, 2011, replaces the former Food Mail Program. Unlike the previous program, NNC uses a market-driven model to provide a sustainable, efficient and cost-effective means to encourage the shipment, sale and consumption of perishable healthy food in isolated northern communities in Nunavut, the Northwest Territories, Yukon, Labrador, Quebec, Ontario, Manitoba and Saskatchewan.

Eligible communities are those that do not have year-round land or water transportation access and made use of the former Food Mail Program. Currently, there are 103 eligible communities.

Eligible foods are set out in the **Subsidized Foods** list, which is subject to regular review. The list focuses on perishable healthy foods. There are two levels of subsidy based on perishability and nutritional value. **Country or traditional foods** are eligible for subsidy when purchased in local stores or directly from processing plants registered with NNC.

Rather than paying a transportation subsidy as in the previous program, the subsidy is paid directly to eligible northern retailers and southern suppliers based on the actual volumes of eligible foods shipped to eligible northern communities. **Eligible suppliers and retailers** are northern retailers and southern wholesalers and suppliers who have registered with NNC, have agreed to certain conditions for accountability and transparency established by NNC, and have committed to fully passing along the subsidy to their customers. Some commercial and social institutions in eligible communities are also eligible for the subsidy, as are individuals who obtain their food through **personal or direct orders** to registered southern suppliers. Unlike the Food Mail Program, under NNC northern retailers and southern suppliers make their own arrangements with the airlines servicing the North.

The **retail subsidy** is paid directly to the retailers and suppliers based on waybills and invoices submitted regularly to a third-party independent claims processor. For the consumer, the community subsidy rates appear on the cash register receipt to inform them of the dollar-per-kilogram rate of each category of eligible foods. The application of the community subsidy rate results in price reductions for eligible foods, and the cost of a weekly food basket is monitored regularly by NNC program officials.

The Government of Canada established the program with an ongoing capped budget of \$60 million.

An important new feature of NNC is Health Canada funding, which supports culturally appropriate retail and community based **nutrition education activities** in eligible First Nations and Inuit communities. These activities aim to increase knowledge of healthy eating and develop skills in selecting and preparing healthy store-bought and traditional or country food, as well as focus on the retail environment.

Finally, the creation of an **Advisory Board** provides a new level of transparency and ensures that the voices of Northerners are heard in the development of policy and on operational aspects of NNC. Board members are not decision-makers or program managers; rather, the members collectively represent different backgrounds, northern regions and interests, and are expected to work as a team to find common ground from which to advise the Minister of Aboriginal Affairs and Northern Development.

Key Milestones

to March 2012

2010

May 21: The Nutrition North Canada program is announced, along with the creation of an advisory board chaired by Elizabeth Copland of Arviat, Nunavut.

June 15: Ms. Copland is introduced in an appearance before the House of Commons Standing Committee on Aboriginal Affairs and Northern Development.

November 25: In consultation with the Minister of Health, the Minister of Aboriginal Affairs and Northern Development appoints six additional members to the Advisory Board, following a public application process.

2011

February 3: The Board convenes in Ottawa for an orientation session attended by the ministers of Aboriginal Affairs and Northern Development Canada (AANDC) and Health Canada.

March 9: A transitional eligibility list is announced as a result of the Board's advice that timelines are too aggressive to implement the new Subsidized Foods list focussed on perishable healthy food and the promotion of more cost-effective modes of transport for non-perishable items. More time is needed for Northerners to adjust and plan.

March 14: The Health Minister and MP for Nunavut, the Hon. Leona Aglukkaq, joins Ms. Copland in Arviat, Nunavut, during an appearance that highlights the importance of the Advisory Board for the new program.

March 15: Wilfred Wilcox participates in a community engagement session at a town hall meeting in Cambridge Bay, Nunavut, attended by the AANDC Minister's Parliamentary Secretary, Greg Rickford.

April 1: Nutrition North Canada is officially launched.

May 31: The Board's first face-to-face meeting in the North takes place in Iqaluit, Nunavut. It is followed by the Board's first public session, held at Inuksuk High School.

September 13-15: Board member Michele Wood and Technical Advisor Danielle Medina attend the NNC Nutrition Education Initiatives Planning Session in Ottawa, hosted by Health Canada's national office.



Board Advice to the Minister

February 2011 to March 2012

The general purpose of the Board, as laid out in its terms of reference, is to provide information and advice to the Minister from the point of view of the northern communities. At their meetings and in their deliberations, Advisory Board members bring to the table their individual observations and knowledge, as well as input from their communities and other sources. On this basis, they reflect on their individual and collective observations to develop ideas, suggestions and recommendations that are regularly conveyed to the Minister of Aboriginal Affairs and Northern Development Canada (AANDC) by letter or in person.

In its first year of activity, the Board identified nine important issues. Those issues are presented here, along with what the Board heard about them through public sessions and other means, and Board responses up to March 2012. Where relevant, this report also describes how the response has translated into action at the program level.

I. Subsidized Foods List

The Issue

The Subsidized Foods list was developed by AANDC officials with advice from nutritionists at Health Canada's First Nations and Inuit Health Branch. It sets out which foods are eligible for subsidy and at what level. Currently, there are two subsidy levels based on perishability and nutritional value.

Originally, when the creation of NNC was announced on May 21, 2010, changes to the Food Mail list of Eligible and Ineligible Goods were intended to occur in stages so that NNC's Subsidized Foods list could be fully implemented when NNC launched on April 1, 2011. NNC's list targeted perishable healthy foods and promoted the use of



alternative transport modes like the annual sealift or winter ice roads for non-perishable items. However, as a result of listening to Northerners and upon the recommendation of the Advisory Board, a transitional eligibility list was put into place. It was based on the previous Food Mail list, and consumers were given more time to adjust to the Subsidized Foods list implemented on October 1, 2012. Based on feedback from the Advisory Board and the public, the October 2012 list was finalized and announced on November 17, 2011.

What We Heard

- Removal of non-food and non-perishable items will make these items more expensive and increase the cost of living. Even if these items are diverted to seasonal marine service or ice roads, savings might not be realized due to increased storage and inventory costs, or stock might run out before re-supply, then be sent by unsubsidized air transport, which would raise prices at the retail level. Some specific concerns:
 - Dropping diapers from the eligibility list will have a major impact on young families.
 - There were questions about removal of snowmobile parts from the list since this facilitates the harvest of country food.
 - There was disappointment that detergent is not on the eligibility list. (It can cost \$55 a box.)
 - There was concern medical supplies and prescription drugs are no longer on the eligibility list.
 - The Board heard that in the case of a catastrophic event that affects a community's drinking water, residents may buy up an entire year's supply of water in a short time, forcing new water to be flown in at expensive prices, or driving people to unhealthy alternatives such as pop. [Note – NNC is not part of the Government of Canada's strategy to ensure access to safe drinking water, but other measures are in place to cover emergencies.]
- Keeping the list simple and easy to use by taking into account what people in isolated communities actually eat, for example:
 - The eligibility list must have a few compromise items (e.g., less nutritious perishable items such as ice cream).
 - Back bacon is eligible but not commonly used in northern communities. Side bacon is used to flavour stews and other foods, but not necessarily eaten on its own.
 - The fact that larger cans of juice receive a lower level of subsidy while individual-sized juice boxes are eligible for the higher subsidy creates confusion and concern.
 - We were advised that the government should not be too prescriptive on the Subsidized Foods list (*"It is scary that the government is going to decide what is good for people. When Big Brother decides, sometimes he makes mistakes."* – Participant at Kuujuaq public meeting, November 2011).



Advisory Board Response

The Advisory Board worked diligently on finalizing a modified Subsidized Foods list and provided considerable feedback and advice to the Minister:

- ▲ The Board advised the Minister to develop a schedule for implementing NNC that would allow enough time for Northerners to adjust to the changes. Particularly, it would allow for them to take full advantage of surface transport modes (e.g., winter roads, sealift) and for suppliers and retailers to make the most efficient supply choices.
- ▲ The Board advised continuing to subsidize some perishable foods that may be less nutritious, such as processed cheese spread or bacon, after taking into account their role in the northern diet and/or the availability of alternatives.
- ▲ The Board stated that a gradual approach would allow for nutrition education focused on increasing knowledge of healthier cooking methods and ingredients to have an impact.
- ▲ The Board advised that the program look at uniform subsidy levels for juice.
- ▲ The Board advised excluding whole pumpkins from the list because they are not customarily used as a food.

The Result

Based on Board input and program analysis, the Subsidized Foods list was finalized and announced on November 17, 2011 – nearly one year ahead of its implementation. This was to allow adequate time to make use of seasonal transport such as winter ice roads and summer sealift, ferries and barges for non-perishable items.

The Board is committed to monitoring the availability and price of de-listed items following the implementation of the October 2012 Subsidized Foods list.

II. Communications

The Issue

Time and time again, the Board heard about challenges related to communicating the program's components and goals to the people involved. Earlier studies had found that many northern consumers were unaware of the Food Mail Program, and knowledge they did have was often incomplete or incorrect. The NNC program has a number of complex components. The Advisory Board has emphasized the need to improve communications with Northerners, retailers, suppliers and other stakeholders.

What We Heard

The Board was told about communication challenges (and successes) both inside and outside stores. More specifically:

- Retailers told the Board they did not receive enough information in the lead-up to the launch of the program on April 1, 2011, and in the first few months afterward.
- It was generally felt that the NNC website was not easy to navigate.
- Retailers reported that in-store signage was making a positive difference in consumption habits.
- People in some northern communities said that information about NNC was not being communicated in appropriate Aboriginal languages and writing formats, and urged that this be remedied.



Advisory Board Response

The Advisory Board continues to inform AANDC communications initiatives and to monitor what it views as ongoing communications challenges. The Advisory Board itself is an important means of communication between consumers and the program.

With regard to communications, the Board has provided considerable advice, including advice to:

- ▲ Generate public education materials around the new Subsidized Foods list to ensure suppliers and consumers have ample time to make alternate transportation arrangements (e.g., use of sealift, winter roads).
- ▲ Explain how the retail subsidy works and the means to ensure retailer compliance.
- ▲ Explore ways to help get the message out by using social media.
- ▲ Create a separate Advisory Board website.
- ▲ Ensure registered retailers make NNC more visible in-store.
- ▲ Reassure Northerners that the Subsidized Foods list is not “set in stone” and that it will be regularly reviewed and adjusted when necessary.
- ▲ Use the Subsidized Foods list as a communication and educational tool (e.g., how to prepare certain eligible but unfamiliar foods).
- ▲ Involve AANDC regional offices in the promotion of NNC.



The Result

With input from the Advisory Board, the following communication tools were created to better explain the program and its scope:

- *A Guide for Northerners* provides an introduction and contact information for NNC.
- *Subsidized Foods* provides a comprehensive list of foods eligible for subsidy as of October 1, 2012.
- *Videos* that can be accessed through the NNC website at www.nutritionnorthcanada.ca provide information about the program.

In addition, anyone with questions about the [Advisory Board](#) can look up the Board's own section on the NNC website.

The program has made use of social media (Twitter) with the regular "tweeting" of key program information and updates.

Under the Data Reports section of the NNC website, data is available on NNC program usage as well as the Revised Northern Food Basket—a costing tool used by the NNC program and Health Canada.

III. Country/Traditional Food

The Issue

Country or traditional foods, such as caribou, muskox and Arctic char, are significant to Northerners for their cultural and nutritional value. Country or traditional foods have generally less fat and sugar than many store-bought foods, and contain many essential nutrients needed for good health. A diet that includes country food has been associated with lower levels of heart disease and diabetes.

Nutrition North Canada allows for the retail subsidy to be applied to country foods produced in northern commercial food processing plants that are federally regulated. In addition, nutrition education initiatives funded through Health Canada are an important means of promoting country food.

What We Heard

- Questions about how NNC supports the transport of country food from community to community and whether hunters can be considered "service providers" under NNC.
- Some northern airlines offer a discounted country food rate.
- Government should subsidize some hunting equipment (e.g., fuel, ammunition, snowmobiles) to enable people to harvest country food.
- The Kativik Regional Government presentation at the November 8, 2011, Board meeting in Kuujuaq described the regional government's Cost of Living Measures that funds a hunter support program.
- The Health Canada February 2012 presentation about the Food Security Reference Group, a forum which brings together government, First Nations and Inuit organizations as well as academics and other sectors to share information, discuss strategies and opportunities, and set priorities for collective action for addressing First Nations and Inuit food security.



Advisory Board Response

From its initial meetings, the Advisory Board has directed a good deal of attention to the issue of country food. Recognizing that country food does not fit the commercial model of other eligible foods, the Advisory Board has suggested that the program:

- ▲ Explore the inclusion of country food that has been certified by territorial/provincial regulatory authorities as safe for sale or consumption within that territory or province in order to expand eligible northern sources of country foods (such as Sachs Harbour muskox operations).
- ▲ Support the Government of Canada forming a task team from different jurisdictions and sectors, including economic development, to address issues related to accessing country food.
- ▲ Continue to promote country or traditional food through NNC nutrition education initiatives.

The Result

The program is prepared to consider subsidizing traditional or country foods that are certified by a territorial/provincial regulatory authority as long as the food remains within the same territory/province in which it was certified.

Health Canada is completing a summary on current measures to support access to country food, with the aim of informing discussions and future actions of key partners and stakeholders, including the NNC Advisory Board.

The Advisory Board is committed to promoting country food as a critical means of addressing food insecurity and improving nutrition in the North. It will continue to take a leadership role to raise awareness of barriers to the consumption of country food and how to overcome them.



IV. Transition Funds/Support to Supply Chain Participants

The Issue

The Advisory Board was aware of the adjustments needed to move from the Food Mail Program to the new Nutrition North Canada model. These included upgrades to store infrastructure; new point-of-sale systems to track volumes of eligible foods shipped and the appropriate subsidy; new accountability and reporting requirements; training for store managers and staff (including inventory management); improved refrigeration and storage facilities; and business planning assistance.

Transition funding was made available to NNC for fiscal year 2011-12.

What We Heard

- Some southern suppliers who used Food Mail did not register with NNC because of the amount of paperwork required, among other reasons.
- Funds paid to smaller, independent retailers to do NNC paperwork were deemed insufficient to cover administration costs.
- Other supply chain participants, like airlines, told the Board they needed one-time support to modify or buy equipment, alter infrastructures and modify administrative processes.
- The Board was told that because new participants may enter the NNC program after 2011-12, the period for transition funding should be extended.
- According to a registered retailer, NNC is an improvement over the previous program because retailers can choose suppliers, which results in more variety and fresher food at a better price.
- Communities may need increased volumes of food carried by sealift.
- Stores may need bigger freezers and warehouses. (Although the sealift may seem cheaper, the Board was told that prices on store shelves could be higher because of additional costs for storage and because of loss due to harsh conditions.)



Advisory Board Recommendations

The Board was pleased that retailers and suppliers were provided one-time funding to offset start-up costs, and upon further consideration of the transition funding issue, the Advisory Board made the following recommendations to the Minister:

- ▲ That transition funding be extended to include other supply chain participants, such as air carriers, who might require one-time assistance to modify their fleet, their cargo handling equipment, etc.
- ▲ That additional transition funding be made available in fiscal year 2012-13 to allow for new suppliers and retailers who join NNC after its initial launch.

The Result

Minister's Response to the Board on Transition Funding

In a letter to the Advisory Board Chair dated March 21, 2012, AANDC Minister John Duncan gave the following response to the Board on the issue of transition funding:

"These funds were designated to support northern retailers and southern suppliers in the transition from the former program to Nutrition North Canada. For this reason, new supply chain participants would not incur transitional costs adapting equipment or systems aligned with another program and, therefore, would not be eligible, by definition, for the transition funds. For the start-up capital they may require, other financial services are available. As for supply chain participants outside of the retail sector, such as airlines, it is our understanding that existing supply chain services are sufficiently capitalized. For example, a 2011 study prepared for Transport Canada on northern transport services found that existing northern carriers do have sufficient infrastructure to support the demands of the market."

V. Program Model

The Issue

One of the main purposes for creating the Nutrition North Canada program was to provide greater certainty to the Government of Canada of the overall cost of the program in years to come, while ensuring access to perishable healthy foods in isolated communities. In the years preceding NNC, the cost of the Food Mail Program had escalated rapidly due to rising transportation costs and increased demand, making Food Mail's future uncertain. Each year, AANDC had to return to the Treasury Board to obtain additional funds to make up the difference between what was allotted and what was actually spent. In its 2010 budget, the Government of Canada committed to ongoing funding of \$60 million annually for NNC, including \$2.9 million for Health Canada to support retail and community based nutrition education initiatives. Funding to cover the transition period was in addition to the fixed annual funding.

To determine whether the program is achieving its objective of better supporting access to perishable healthy foods in isolated communities, the new program collects detailed data on volumes and types of foods shipped to and consumed in all eligible communities. This data allows the program to better manage within its fixed budget, for example by adjusting subsidy rates up or down during the course of the year, as well as providing the indicators of program success that could justify increased funding.

In addition, the new program model shifts the responsibility for supply chain management to retailers and food suppliers, who are best positioned to realize efficiencies in this area. While registered retailers and food suppliers receive the subsidy directly, they are bound by agreements with AANDC to fully pass on the subsidy to their customers.





What We Heard

- Many people wondered whether the cap on program funding would mean a reduced subsidy rate if consumption of healthy food went up in eligible communities.
- Many wondered whether the subsidy is actually being passed on to the consumer.
- Many consumers told us that actual savings do not appear on the cash register receipt. [Note – According to program requirements, what must appear on the receipt are the subsidy rates for the community, not specific savings on an item-by-item basis.]
- Some expressed concern that the new system allows larger retailers to negotiate lower transportation rates than smaller retailers, which negatively affects competition.
- We were told NNC may become a victim of its own success, by leading communities not covered by the program to want in. One major retailer already expressed hope that five communities in Manitoba would be added to the list of eligible communities.
- Leaders in Old Crow, Yukon, requested an exemption from the program and the reinstatement of a personal shipping transportation subsidy.
- Some wondered how the government would know that NNC is an improvement over the previous Food Mail Program.
- There was concern about the lack of a long-term food development policy, including producing and processing food in the North. (It was suggested, for example, that greenhouses be created to supply fresh local produce in some communities.)
- We were told that food inspection is needed to prevent the sale of poor quality and expired food, as well as consumer education to improve understanding of “best before” and expiry dates.



Advisory Board Response

Because of the limitations of the \$60 million funding cap, the Advisory Board continues to take a keen interest in the management of the program. In order to ensure that the funding is maximized to support access to perishable healthy foods, the subsidy rates may have to be adjusted during a fiscal year based on data from the initial months of that year. Ironically, success in increasing consumption of healthy foods could lead to price increases because the subsidy would have to be spread over a greater volume of eligible items. With a program funding cap, the options available are to:

- reduce subsidy rates;
- decrease the number of communities eligible for the subsidy; or
- decrease the number of items on the eligibility list.

Two other factors – inflation and population growth – have the same effect on the subsidy as increased demand.

As more program data becomes available, the Advisory Board will be in a better position to recommend how to optimize available funding.

VI. Subsidy Rates

The Issue

Since NNC operates within a fixed budget, and because quantities of eligible items shipped vary over time, subsidy rates must be adjusted periodically to provide the maximum benefits to Northerners while keeping the program within budget.

Subsidy rates vary from one community to the next. During the first year of the program, the subsidy rates for each community were determined by analyzing differences in costs for transporting to, and operating in, each community. Going forward, food prices will also be used to inform adjustments to subsidy rates, with the goal of achieving a measure of equitability across all eligible communities.



What We Heard

- Many people wondered how rising prices for fuel and food would affect the subsidy.
- Some suggested that a subsidy be provided for non-perishables to be shipped by sealift.
- Retailers were disappointed with the short notice given for subsidy rate adjustments made in October 2011.
- The Board was asked whether people supplying mines would have access to the subsidy. [Note – Retailer and supplier agreements do not permit subsidizing food destined for mining camps and commercial sites.]

Advisory Board Response

As a key program element, subsidy rates are closely monitored by the Advisory Board. In this regard, the Advisory Board:

- ▲ Requested advance notice of any planned subsidy adjustments.
- ▲ Requested information on subsidies provided by other jurisdictions, including the Kativik Regional Government subsidy in Nunavik and the Labrador Air Foodlift Subsidy.

The Result

To increase predictability and stability, NNC intends to adjust the subsidy rates, when required, in October or April, in consultation with the Board.

VII. Personal or Direct Orders

The Issue

The issue of personal or direct orders was raised regularly in public meetings held by the Advisory Board, as well as in correspondence with NNC program officials and Advisory Board members.

One of the features of the Food Mail Program that was carried over to NNC is the provision that allows the food subsidy to apply to personal or direct orders from individuals and other eligible organizations such as schools, restaurants and even small retailers. For individuals, direct orders allow a measure of flexibility (e.g., for special dietary needs) and choice. Furthermore, they bring an element of competition to communities with a single retailer.

On the other hand, the direct order option is not available to all Northerners since in many cases direct ordering requires a credit card and financial means to order larger quantities of eligible foods at one time. Furthermore, direct orders allow spending to bypass the northern community retail and commercial sector, which may limit the growth and sustainability of local entrepreneurs and, more broadly, the local economy.

Although under the former Food Mail Program no statistics were collected on the proportion of the subsidy that was directed to personal orders, it was estimated to be about 10 percent.

Today, direct orders are placed with registered suppliers listed on the NNC website at www.nutritionnorthcanada.ca. The NNC subsidy is applied to eligible foods and is visible on the direct order invoice. According to statistics compiled during NNC's first year of operation, of the 16 percent of subsidy dollars that flowed through southern suppliers, eight percent was accessed by unregistered northern retailers, three percent by individuals, two percent by social institutions, and three percent by establishments like restaurants and hotels. In other words, only eight percent of the subsidy dollars was accessed outside the local stores.



What We Heard

People who had used personal or direct orders in the past were vocal about their concerns with the new program.

- Some said that costs of direct orders have sharply increased.
- We were told that retailers shipping larger volumes can negotiate more favourable freight rates, and we were asked whether it was possible to reduce freight costs for the lower-volume suppliers of direct orders.
- Retailers told us that direct orders to the south reduce the ability of local stores to offer goods to everyone.
- We were asked how an ordinary Inuk can be encouraged to make a direct order.
- It was suggested that brokers be established in communities to help individuals who do not have credit cards use the direct order option.
- People in the Sahtu region of Northwest Territories and the Kitikmeot region of Nunavut said the range of eligible items, especially produce, available for direct orders is limited.
- One Food Mail supplier who chose not to register with the new program indicated that even before the launch of NNC, it had planned to scale back filling personal orders.
- The Board was questioned about suppliers' accountability for passing on savings (on direct orders), and received complaints that some invoices do not clearly demonstrate how and where subsidy was applied.

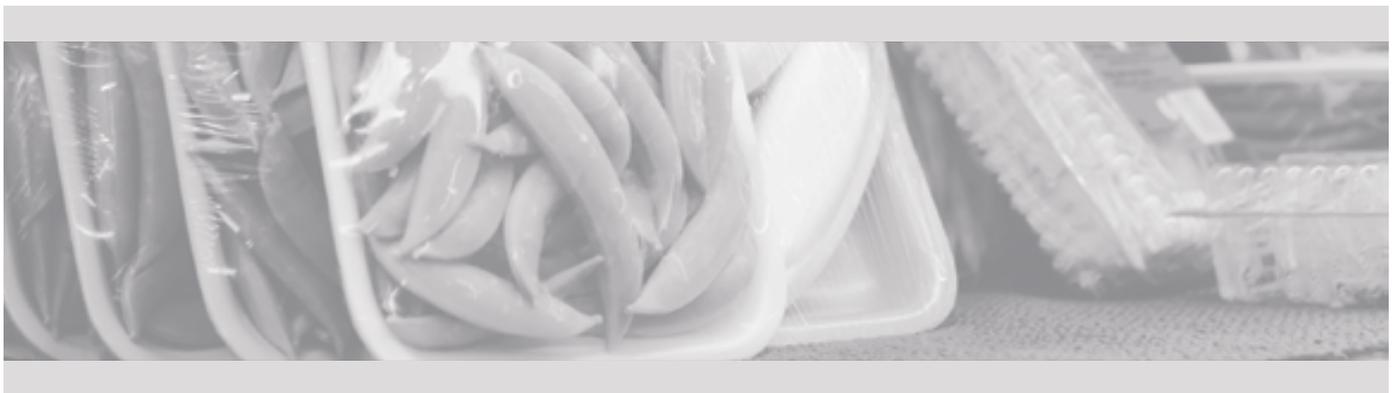
Advisory Board Response

The Advisory Board suggested:

- ▲ That additional suppliers of direct orders be found for Kitikmeot and Sahtu regions.
- ▲ That there be a review of anecdotal evidence of price increases for consumers placing direct orders.
- ▲ That consumers be provided with better information on how to access direct orders, and how the subsidy is applied.
- ▲ That complaints about the length of time it takes for direct orders to be delivered be examined.
- ▲ That the airline industry be engaged in a discussion about the handling of direct orders.

The Result

Nutrition North Canada regularly seeks out interested food providers to ensure the program is as effective as possible. As a result of feedback to the program and its Advisory Board, officials travelled to Yellowknife in the fall of 2011 to find a solution that would offer greater selection and availability of eligible items in the Kitikmeot and Sahtu regions. A new supplier was added in early 2012 to serve these regions.



VIII. Retail Prices/Cost of Living

The Issue

For many consumers, the ability of NNC to lower food costs is a measure of how program success will be judged.

Because of the high cost of shipping products to the North and relatively small populations, northern prices have always been higher than prices in other parts of Canada. Exacerbating the pricing issue is the lack of competition in many northern communities, often leading to resentment by northern consumers and the search for other supply options such as direct or personal orders.

Since food and grocery products take up a large part of northern disposable income, any increase in price can have an immediate effect on overall consumption rates and, in the longer term, on general health and well-being.



What We Heard

Because prices are generally higher than in the South, the issue of the cost of living is front and centre in the North.

On the cost of living

- Nunavut MLAs expressed concern about the overall cost of living in the North.
- A researcher from McGill University made a presentation on responses to food insecurity in Iqaluit (soup kitchen, food bank, country food sharing program).
- We were told that Makivik Corporation has passed a resolution to monitor the economic impacts of NNC.
- We were told that Kativik Regional Government (KRG) has asked researchers at Laval University to conduct regular price analyses in Nunavik stores.
- We were told that KRG is concerned that high unemployment and low income will create fears about the ability to buy healthy foods. In 2006, 40 percent of KRG elders were short of food, 65 percent received income tax refunds, and 80 percent of heads of households had annual income of less than \$30,000.
- We were questioned about price differences within Canada: People wondered, for example, why a package of raspberries is cheaper in Ottawa than in Iqaluit.



On potential effects of the Subsidized Foods list

- We encountered general scepticism that seafood items will cost less than before.
- We heard concerns that while the price of milk has dropped in many communities, other products such as soap, spaghetti, rice and diapers may increase.
- We were told that once seafood goods run out and retailers have to bring in items by air without the benefit of a subsidy, there may be “price shock” as retailers boost prices to pay for the cost of shipping.

On the impact of NNC on prices

- In February 2012, one retailer told us that since the launch of the program, across all of its 67 NNC markets, prices were down an average 22.3 percent on a basket of healthy products and that average consumption was up 11 percent for dairy, 8.6 percent for meat, and 25 percent for produce.
- We were told that supply chain efficiencies will allow prices in certain communities to drop even further.
- We heard comments that in Labrador, prices were unchanged and food quality was spotty.
- *“You will have to demonstrate that food is costing less. Unless you can demonstrate that, there will be no faith in the program.”* – Kuujuaq public meeting participant, November 2011.

Advisory Board Response

Since retail prices in the North are a key factor for consumers, the Advisory Board has put emphasis on this issue from the beginning, notably by:

- ▲ Asking NNC officials to look at comparative pricing by retailers.
- ▲ Advising the Minister to ensure that retailers are accountable for passing on the subsidy to consumers.
- ▲ Asking retailers directly about their strategies towards non-subsidized items.

The Result

Early results for the program are encouraging, and according to the data collected by the program at the end of its first year, more than 80 percent of the subsidy targeted perishable healthy staples like milk, bread, fresh fruit and vegetables, meat and eggs. Retailers are seeing sharp sales increases for nutritious goods, and the early evidence suggests that Nutrition North Canada policy objectives are being realized. Analysis of food prices provided by retailers indicates that in communities eligible for a full subsidy, the cost of feeding a family of four a healthy diet for one week was on average lower by \$34.16, or eight percent, in March 2012 than in March 2011.

Information on [food basket](#) costs, by community, is available on the NNC website.

IX. Alignment with Other Northern Subsidies

The Issue

There are a number of other northern subsidy programs that complement or supplement Nutrition North Canada. For example, there are programs that subsidize hunters, gasoline and certain essential food and non-food products. In some cases, the combination of subsidies may actually make costs lower for certain items in the North than in the South. Part of the role of the Advisory Board is to keep informed of other northern subsidy programs so that it can advise on how NNC can maximize benefits to northern residents by collaborating with other levels of government.



What We Heard

The Board was told of the following initiatives:

- Through its Air Foodlift Subsidy program, the Government of Newfoundland and Labrador provides a transportation subsidy for healthy food flown to coastal Labrador communities when the ferry service is not operating. Board members learned that the province was reviewing the program in light of the implementation of NNC.
- The Kativik Regional Government (KRG) funds a hunter support program through the *James Bay and Northern Quebec Agreement* to encourage Inuit beneficiaries to hunt, fish and trap. The Board learned that:
 - Money is divided among eligible recipient communities; communities agree to buy country food from individuals;
 - A key part of the program is support for establishing and maintaining community freezers.
- In addition, KRG also subsidizes items and programs related to the cost of living in Nunavik, including:
 - 20 grocery items, including detergent and diapers. (Base prices are established with retailers, and prices are monitored to ensure the discount is passed on to the consumer.); and
 - gasoline, airfare, home appliances, furniture and vehicles (snowmobiles).
 - KRG also provides a special allocation for Inuit elders.

Advisory Board Actions

- ▲ We invited the Kativik Regional Government to present information on its subsidy programs at the Board meeting in Kuujjuaq (November 2011).
- ▲ We requested more information on the Labrador Air Foodlift Subsidy program and how it aligns with NNC.

The Result

Program work continues on exploring innovative ways to leverage the NNC subsidy with subsidy programs in other jurisdictions to provide the greatest benefit for Northerners.



Advisory Board Priorities

for Fiscal Year 2012-2013

In recognition of practices that worked well in supporting the Board's mandate to give Northerners a voice in the program, the Board will continue:

- To hold three face-to-face meetings per year; these will include a community session when the meeting is in a northern community. Plans for the coming year include:
 - June 11, 2012 community session in Norman Wells, NT;
 - November 2012 planned for a Labrador coastal community;
 - February 2013 planned for a southern location.
- To hold regular teleconferences for program updates between in-person meetings.
- To provide Board presence in program outreach activities.

In continuing to provide input and offer a northern perspective on program policy and operations, the Advisory Board will focus on the following issues:

Subsidized Foods List

- Monitor the October 2012 implementation of the Subsidized Foods list with particular attention to price and availability of non-perishable items as well as retailer ability to manage storage and inventory.



Communications

- Improve public understanding of the program.
- Enhance Advisory Board presence on the program website and ensure ease of site navigation.
- Promote linguistically appropriate communications products with effective messaging.
- Seek opportunities to highlight successful retail and community based nutrition education initiatives as part of NNC.

Nutrition Education Initiatives

- Monitor and promote regional and community level nutrition education initiatives that complement NNC's retail subsidy.

Country Food

- Encourage subsidizing territorially or provincially regulated harvest of country food (e.g., Sachs Harbour muskox).
- Review analysis of current measures to support country food in order to understand what is being done, and the role of NNC in addressing this complex issue.

Accountability

- Ensure that issues of price, quality and availability of subsidized items are raised with retailers.
- Assess program data and its ability to measure program performance.

Collaboration – Alignment with Other Northern Subsidies

- Promote opportunities to complement regional programs supported by other levels of government.



Concluding Remarks

The inaugural year for the program and the Advisory Board has been dynamic and productive. Without a doubt, the role we have played in establishing a new program aimed at improving access to perishable and healthy food has been both challenging and rewarding. We believe that we are making a significant contribution by engaging Northerners, considering important issues and providing advice.

As the Board's first members, we are responsible for laying the groundwork that will assist the work of future members, and we believe our first report is an important record that clearly documents our early efforts. What lies behind the pages of this report are hundreds of conversations amongst ourselves, and with officials, retailers and Northerners. We respectfully make this report available and welcome feedback from the public on its content. Finally, we look forward to another challenging year ahead as we continue to stay connected, listen and respond to the concerns of Northerners.

Wilfred Wilcox, Chair



