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CHIEFS OF ONTARIO

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REPORT SHOWS THE HARMONIZED SALES TAX WILL HAVE A SIGNIFICANT NEGATIVE IMPACT ON FIRST NATIONS IN ONTARIO

TORONTO, ON – An economic impact study released today indicates that First Nations in Ontario will be significantly and negatively impacted by the implementation of the Harmonized Sales Tax (HST) on July 1, 2010.

Ontario Regional Chief Angus Toulouse states that the governments of Canada and Ontario failed to consult with the First Nations in Ontario prior to the decision to implement the HST. “There was no effort by Ontario or Canada to consult with First Nations on this move. Then they aggressively pushed through legislation at both levels without taking First Nation views, or anyone else’s concerns, into consideration. The fact of the matter is that this has been an extraordinarily undemocratic process that they are hoping to implement quickly and without too much fuss by the public”, said Regional Chief Toulouse.

The Regional Chief points out that the move to implement the HST was done without an economic impact analysis to inform First Nations what the anticipated financial impact will be. The report released today was commissioned by the Chiefs of Ontario organization and estimates that First Nations in Ontario will pay anywhere from \$85 to \$120 million in the first year of the HST, and that this will continue to increase as incomes and expenditures rise in future years. “For a segment of the population that lives at or below the poverty line, and are struggling to build their economies, one wonders if it is really necessary for governments to collect another \$100 million annually from the First Nations,” stated the Regional Chief.

The report, prepared by Dr. Fred Lazar of the Schulich School of Business at York University, estimates that this \$100 million represents only 0.1% of the estimated aggregate revenues that the Government of Ontario will receive. “When you look at the expected increase in revenues that the government of Ontario will experience, especially following the three years of temporary tax relief and credits, they will come out significantly ahead,” stated Regional Chief Toulouse. This increase in revenues will be due to the broadened tax base created by the harmonization of the taxes. The report estimates that at the present time only 46% of consumer expenditures are subject to the PST and that with the move to the HST, this figure will climb to 56%.

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The governments of Canada and Ontario share the view that the basis of the First Nation tax exemption is section 87 of the *Indian Act*. The Regional Chief stated that First Nations adamantly oppose this argument. Chief Toulouse indicates that First Nations have never ceded the authority to tax their citizens by Treaty, or any other mechanism, to government. He explained that the federal Goods and Services Tax (GST) was imposed on First Nations, despite strong opposition. "Government 's may have won a temporary battle but this has re-awakened in First Nations the determination to protect against the further erosion of our rights by the Canadian and provincial governments. The First Nations in Ontario have been clear since this move to harmonize the taxes was announced --- we will resist it and we will not give up. This remains our position and I can guarantee that it won't change," said the Regional Chief.

The Regional Chief emphasized the fact that Dr. Lazar's report provides First Nations with an indication of the potential financial impacts the HST could have on their citizens and communities --- important information that neither level of government has been willing to provide. The First Nations in Ontario have been meeting with the Ontario government since last summer in the hopes of reaching a fair and just solution and remain committed to resolving the situation.

Chief Toulouse indicates that the federal government has completely ignored the views of the First Nations in this matter, and refuse to even meet with First Nations leadership. "I assure you that we will continue to take governments to task when they fail to meet their duties to consult and accommodate the rights of our people. It is incumbent upon us as leaders to protect our people and to fight against the further erosion of our rights" said Chief Toulouse.

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