



FAX COVER SHEET
 Correspondence Services Unit • Tel. 416-325-3777 • Fax 416-325-3745



Date: December 2, 2009

No. of pages including this page: 3

Correspondence Services Unit
 99 Wellesley Street West
 4th Floor, Whitney Block
 Toronto, Ontario M7A 1A1

To: Chief Angus Toulouse
 Ontario Regional Chief

Address

Telephone Number:

Fax Number: 807-626-9404

Subject:

Comments: Original to follow by mail

From: The Honourable Dalton McGuinty

Telephone Number: 416-325-3777

Fax Number: 416-325-3745

The Premier
of Ontario

Legislative Building
Queen's Park
Toronto, Ontario
M7A 1A1

Le Premier ministre
de l'Ontario

Édifice de l'Assemblée législative
Queen's Park
Toronto (Ontario)
M7A 1A1



December 2, 2009

The Honourable Stephen Harper
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, Ontario
K1A 0A2

Dear Prime Minister:

A handwritten signature in black ink that reads "Stephen".

I am writing to you with respect to Ontario's proposed Harmonized Sales Tax (HST) and the concerns being raised by Ontario First Nations about the impact of the federal administration of this tax on Status Indians.

Ontario Regional Chief Angus Toulouse recently conveyed to me his serious concerns about the matter. I fully support the request he is making on behalf of all Ontario First Nation leaders to continue the existing Ontario sales-tax approach under the federal administration of the HST. As you may know, similar to the point-of-sale exemption under the federal Goods and Services Tax, the Ontario point-of-sale exemption is available to Status Indians for purchases on reserve or off reserve if they are delivered by a vendor or vendor's agent to a reserve. However, unlike the Goods and Services Tax, Ontario's current exemption also applies when goods are delivered to a reserve by a Status Indian for consumption on a reserve.

I share the concern over the prospect that Ontario's approach would not be available under the federal administration of the HST. I believe there are various approaches that could be considered that would help preserve Ontario's administrative approach under federal administration.

I understand that Ontario ministers have been corresponding with their federal government counterparts to raise these concerns and to encourage joint discussion toward finding solutions. Ontario First Nation leaders have also been trying to engage federal ministers in meaningful discussions on this issue and have been seeking a federal commitment to consider alternative approaches. To date, I understand that the federal government has indicated that there are data or methodological issues that need to be resolved before Ontario's administrative approach could be considered.



- 2 -

I believe there are always opportunities to improve government administrative practices through new insights, the application of modern technology and better data measurement approaches. I have been informed that my officials have made significant progress working with Ontario First Nations in developing alternative approaches that we believe will help address these data and methodological issues.

In keeping with the need for our governments to continue to work co-operatively toward the successful implementation of the HST, I would urge you to carefully consider the interests and requests of Ontario First Nation leaders and to support further work on the development of alternative approaches — approaches that would allow Ontario's current administrative practice for First Nations to continue under the HST.

To this end, I would ask that a meeting be set up between federal and Ontario ministers and Ontario Regional Chief Toulouse and his colleagues, so that meaningful discussions can begin on these important matters. To support such a meeting, I have asked Ontario officials to share with federal finance officials alternative approaches that have been developed with the co-operation and support of Ontario First Nation leaders.

Please accept my best wishes.

Yours truly,



Dalton McGuinty
Premier

c: The Honourable Jim Flaherty, Federal Minister of Finance
The Honourable Dwight Duncan, Minister of Finance
The Honourable Brad Duguid, Minister of Aboriginal Affairs
The Honourable John Wilkinson, Minister of Revenue
Angus Toulouse, Ontario Regional Chief, Assembly of First Nations