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Chiefs of Ontario Bulletin

DATE: November 16, 2009
TO: Leadership, Grand Chiefs, Tribal Councils
FROM: Angus Toulouse, Ontario Regional Chief
RE: UPDATE ON THE PROPOSED HARMONIZED SALES TAX

The Ontario Regional Chief along with the members of the Chiefs in Ontario Political Confederacy met with government of Ontario Minister of Finance, Dwight Duncan, Minister of Aboriginal Affairs, Brad Duguid, and Minister of Revenue, John Wilkinson, on October 14, 2009. The topic of discussion was the proposed harmonized sales tax and how the harmonization of the taxes will impact the point of sale exemption currently provided for First Nations.

Further to an earlier bulletin, which was sent out to all First Nations in Ontario as well as posted on the Chiefs of Ontario website (www.coo.org), the decision to harmonize the Provincial Sales Tax (PST) with the federal Goods and Services Tax (GST) was announced in the Ontario Budget in March 2009. Prior to the announcement, there was no consultation with First Nations on the matter. As a result, no consideration was given to the impact this move would have on the point of sale exemption currently provided to First Nations when making purchases.

Since the move to harmonize the taxes was announced, First Nations leadership has advocated with government officials on the importance of continuing the tax exemption for First Nations will little to no success.

During the meeting on October 14, 2009, the Regional Chief and members of the Political Confederacy reiterated to the provincial Ministers that the point of sale exemption for First Nations must continue under the initiative to harmonize the taxes. The provincial Ministers indicated that this decision rests with the federal government. Minister Duncan informed the First Nations leaders that the federal government has firmly indicated that there will be no continuation of the point of sale exemption to First Nations within the new taxation regime. The provincial Ministers further stated that the response of the federal government is based on their desire to have uniformity across Canada in how taxes are collected and administered. The First Nations leadership felt that this was an inadequate response given that taxes are collected and administered differently across the country.

The First Nations leadership relayed to the provincial Ministers that the First Nations will not alter their position on this matter, and that this is an issue of the utmost importance to First Nations across Ontario. The provincial Ministers indicated that they agree with the First Nations and that accommodating the First Nations position to continue the point of sale exemption would not have a significant price tag.

The provincial Ministers indicated a willingness to continue talking in the hope of arriving at a resolution that will be acceptable to all parties. The provincial Ministers also expressed their willingness to develop a document that outlines in writing the working relationship between the government of Ontario and the First Nations on the joint effort with respect to the HST. No such document has been finalized to date.

As a next step it was agreed that the Ontario Regional Chief and Political Confederacy will seek an urgent meeting with the federal Minister of Finance, Jim Flaherty, in order to better ascertain the federal position and advocate for the continuance of the First Nations point of sale exemption. Provincial Minister Dwight Duncan wrote to federal Minister Flaherty supporting the First Nations request for a meeting, however, on November 4, 2009, Minister Flaherty declined meeting with the First Nations as he feels his position has been made clear and that the Ontario government has the flexibility to resolve the matter.

The Ontario Regional Chief, and Political Confederacy, and First Nations Technical Committee, have indicated to government of Ontario officials that they must take a stronger position in their dealings with Canada. The rationale that the government of Canada has provided thus far is inconsistent and inflexible when it appears there is room to address the issue in order to ensure continuance of the point of sale exemption for First Nations. The First Nations suggested that Premier McGuinty reply in writing to the federal Finance Minister indicating his support for a meeting between the First Nations leadership in Ontario and the federal Finance Minister as the next step in pursuing a resolution.

On November 16, 2009, the provincial government is expected to table legislation necessary to implement the harmonization of the PST and GST. As part of this process, it is necessary for the federal government to also table legislation, sometime prior March 31, 2010, authorizing this move.

A full update will be provided for First Nations leadership at the Chiefs in Ontario Special Chiefs Assembly which will take place December 1-3, 2009. The Chiefs in Ontario office is coordinating a rally on December 3, 2009 to protest the imposition of the HST on First Nations. This rally will take place at Queen's Park in Toronto to coincide with the Chiefs Assembly. More information will be shared with First Nations as plans are confirmed.

The Ontario Regional Chief and Political Confederacy will continue to press both levels of government to work with First Nations to ensure that the point of sale exemption is continued.

Further information will be provided to all First Nations in Ontario with respect to the harmonized sales tax as this issue moves ahead.