

Re: Taxation of Post Secondary Education Funds

I am pleased to write to you today to inform you of a positive and important development regarding the federal government's 2004 decision to impose taxation on post secondary education funding. This matter has been of significant concern to all First Nations peoples and the Assembly of First Nations has been actively seeking to resolve this issue since we first became aware of this decision.

I am very pleased to advise you that the Assembly of First Nations has secured a commitment from the Minister of National Revenue, the Honorable John McCallum, to continue to treat post secondary education funding as tax exempt. This recent development is directly attributable to the effective lobby efforts of the AFN, First Nations and First Nation organizations. I also want to acknowledge the valuable interventions of the Minister of Indian Affairs, the Honorable Andy Scott.

As you may be aware, in 2004 the federal government agreed to delay implementation of their plans to tax post secondary education funding after the AFN strongly lobbied for additional time to engage discussions on this very important and significant decision. The CRA was scheduled to begin to impose taxation on post secondary education income beginning January 1, 2006.

Over the last year and a half, the AFN has been diligently working to advocate for the formal recognition of post secondary education as an aboriginal and treaty right that must be given tax exempt status. While the decision by CRA to continue to treat post secondary education funding as tax exempt is a positive development, we must continue to work to ensure that this funding remains tax exempt. A joint AFN – INAC working group will be established to further discuss the legal and policy framework that will clarify the tax-exempt status of this funding.

We trust that you share our excitement with respect to this achievement. Over the coming days and weeks, we will be working to ensure this information is communicated to all our people, particularly our young people and all First Nations students. It is important that we all work to get this message out, and the AFN will be providing you with more information. We will make all our information available on the AFN website (www.afn.ca). I want to thank and acknowledge all of you who spoke out on this very important issue. Working together, our voices have been heard!

Sincerely,

Phil Fontaine

Assembly of First Nations National Chief