

SUBMISSION FROM THE GOVERNMENT OF SASKATCHEWAN TO THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE

INTRODUCTION

On December 3, 2024, the Government of Saskatchewan received an invitation to provide a written submission to the Standing Senate Committee on National Finance on *Bill C-78, An Act respecting temporary cost of living relief (affordability)*. Thank you for the opportunity to provide feedback, as well as provide an update on the Government of Saskatchewan's recent initiatives to address affordability in our province.

GOVERNMENT OF SASKATCHEWAN'S RESPONSE TO BILL C-78

Saskatchewan is currently the most affordable place to live in Canada. However, the people in our province are not immune to the cost-of-living pressures facing all Canadians. For this reason, we appreciate that the federal government is making an effort to address affordability for Canadians.

However, the measures chosen by the Government of Canada will only provide momentary relief for people who happen to be purchasing this particular subset of products and will do nothing to address longer-term affordability issues in our country. Equally concerning is the list of products upon which GST will be temporarily suspended. If this bill was intended to cover essential items for Canadian families, it's hard to see how beer and malt liquor meet the definition of essential items.

Just as concerning is the red tape and extra costs for businesses needing to implement this short-term change – not to mention the confusion it will create for consumers. My office has received correspondence from a national association representing retailers asking the Government of Saskatchewan not to implement similar temporary cuts to the Provincial Sales Tax, due to the extra cost for businesses and confusion created.

With the introduction of Bill C-78, the federal government has chosen to implement tax policies that will proportionately benefit higher-income earners more than lower-income earners that are in most need of cost-of-living relief. Instead of introducing temporary relief that will have limited benefit, the Government of Saskatchewan has chosen to implement permanent and wide-ranging affordability measures for everyone in Saskatchewan.

THE SASKATCHEWAN AFFORDABILITY ACT

Following our commitment in the recent provincial election, our government introduced *The Saskatchewan Affordability Act* on Monday, December 2. The act will enhance Saskatchewan's status as the most affordable place to live in Canada by implementing 13 affordability measures, which will be passed in the Legislative Assembly in the coming days and will come into force immediately. The act includes the largest personal income tax reduction in the province since 2008 by raising the personal exemption, spousal exemption, child exemptions and the seniors supplement by \$500 a year, for the next four years. This is in addition to annually indexing the province's income tax brackets and basic tax credits to offset the impacts of inflation.

Rather than providing temporary assistance, the Government of Saskatchewan's new affordability measures will provide permanent, ongoing tax relief that will benefit every resident in the province.

Broad-based tax relief puts more money back in the pockets of every individual and every family so they can decide how best to use those dollars – instead of the government picking winners and losers.

In addition to the broad-based tax measures, *The Saskatchewan Affordability Act* also stacks direct tax relief support for our most vulnerable residents, including increased tax credits for those with disabilities and their caregivers, seniors living in their own homes and low-to-middle income families with children. Recent post-secondary graduates will also benefit from the measures in the act. These are measures that will always be in place to help those that need extra support the most.

Another broad-based tax relief measure that will benefit people who need assistance is increasing the Saskatchewan Low-Income Tax Credit payments by five per cent annually for each of the next four years, in addition to indexation adjustments. More than 300,000 individuals and families in our province will benefit from this change. This tax credit is the equivalent to the federal GST Tax Credit, and is meant to be progressive in that it directly helps those individuals and families in our society that are more disproportionately impacted by sales taxes.

It's important to note that Saskatchewan relies on its agreement with the Department of Finance Canada and the Canada Revenue Agency (CRA) to administer income taxes in our province, including the Saskatchewan Low-Income Tax Credit quarterly payments. As such, I sent an urgent letter to Ministers Freeland and Bibeau as soon as *The Saskatchewan Affordability Act* was tabled on December 2, 2024, asking for the CRA's immediate assistance to implement all of Saskatchewan's new taxation measures effective January 1, 2025. This will allow Saskatchewan residents to immediately benefit from the package of new tax affordability measures. This letter is attached as an appendix to our submission.

CONCLUSION

Affordability is an issue that is clearly impacting all Canadians. While we appreciate the efforts of the federal government in addressing the affordability pressures facing Canadians, we believe broad-based affordability measures that help everyone equally are much preferable to the targeted relief proposed by the Government of Canada in Bill C-78.

In Saskatchewan, we're taking steps in the right direction by implementing *The Saskatchewan Affordability Act* to reduce income taxes for every resident, family and small business in our province, in addition to other targeted forms. This is in addition to the \$2 billion in affordability measures already included in each and every budget in Saskatchewan. As we move forward with *The Saskatchewan Affordability Act*, I would like to repeat our request for immediate assistance from the CRA to implement these important new tax measures by January 1, 2025.

Submitted by:

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