

Illustrating Albertans' Contribution to the Rest of Canada

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Thanks to Alberta's relatively high employment rates, higher average incomes, and younger population, Albertans make an outsized contribution to federal finances compared to other provinces, contributing significantly more to federal revenues and national programs than they receive in transfers and federal spending (Lafleur, Eisen and Palacios, 2017; Hill, Li, Gudewill, and Palacios, 2024). Albertans' large net contribution benefits all Canadians by helping to fund government programs and to keep taxes lower than they otherwise would be in other provinces. However, the scale and impact of this contribution is not widely understood. This essay aims to provide context by estimating how much taxes would have to increase for the rest of Canada without Albertans' large net fiscal contribution.

Methodology and results

The first step is to calculate Albertans net contribution to federal finances. Data from Statistics Canada's provincial and territorial economic accounts is used to determine the distribution of total federal revenues and spending for each province. This percentage is then applied to federal financial statements and fiscal update data, which is available for more recent years.

For example, in 2024 (the latest year of available Statistics Canada data), Alberta's share of total federal revenues was 15.1 percent, while its share of total federal spending was 9.7 percent. Multiplying total federal revenues and total federal spending by these shares, we estimate that federal revenues collected from Alberta were \$77.0 billion and federal spending in Alberta was \$52.5 billion. The federal government's fiscal balance in Alberta, defined as the difference between the two, was therefore \$24.5 billion in 2024.

As Statistics Canada data is only available to 2024, the three-year average of each province's share of federal revenue and spending is applied to the 2025/26 and 2026/27 forecasts.¹ In 2026/27, for instance, Alberta is projected to contribute \$76.4 billion to federal revenues, which more than offset the \$58.0 billion it is projected to receive back in federal spending. This amounts to a net contribution of \$18.3 billion in 2026/27.

Figure 1 highlights Albertans' net contribution to federal finances since 2007/08 (the earliest year of comparable data). As shown, from 2007/08 to 2026/27, Albertans' net contribution is a projected \$321.9 billion—far exceeding the net contribution of any other province. In fact, Albertans' net contribution is nearly four times that of British Columbians' (\$87.8 billion) and more than five times that of Ontarians' net contribution (\$59.6 billion). The other seven provinces are net recipients, meaning Ottawa spends or transfers more money to those provinces than it collects.

Put simply, Albertans make a large net contribution to federal finances. Without this outsized contribution, taxpayers in the rest of Canada would have to pay higher taxes to fund the same levels of services.²

To estimate how much taxes would have to increase in the rest of Canada without Albertans' large net contribution, the next step is to divide Albertans' net contribution by the total number of Canadian "taxpayers" (excluding Albertans). A "taxpayer" is defined as a tax filer with a taxable return as per the CRA classification—this is the most readily available data. However, it should be noted that some Canadians that do not pay income

1 The three-year average avoids including COVID in 2020/21 and 2021/22, which significantly impacted federal spending and federal revenues for all provinces. Alberta's three-year average share is 14.4 percent for federal revenues and 9.8 percent for federal spending.

2 Alternatively, the federal government may take on additional borrowing. However, whether the cost comes via higher taxes now or in the future through higher borrowing, it will ultimately fall on taxpayers.

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Figure 1: Cumulative Federal Government Fiscal Balance by Province, 2007/08–2026/27

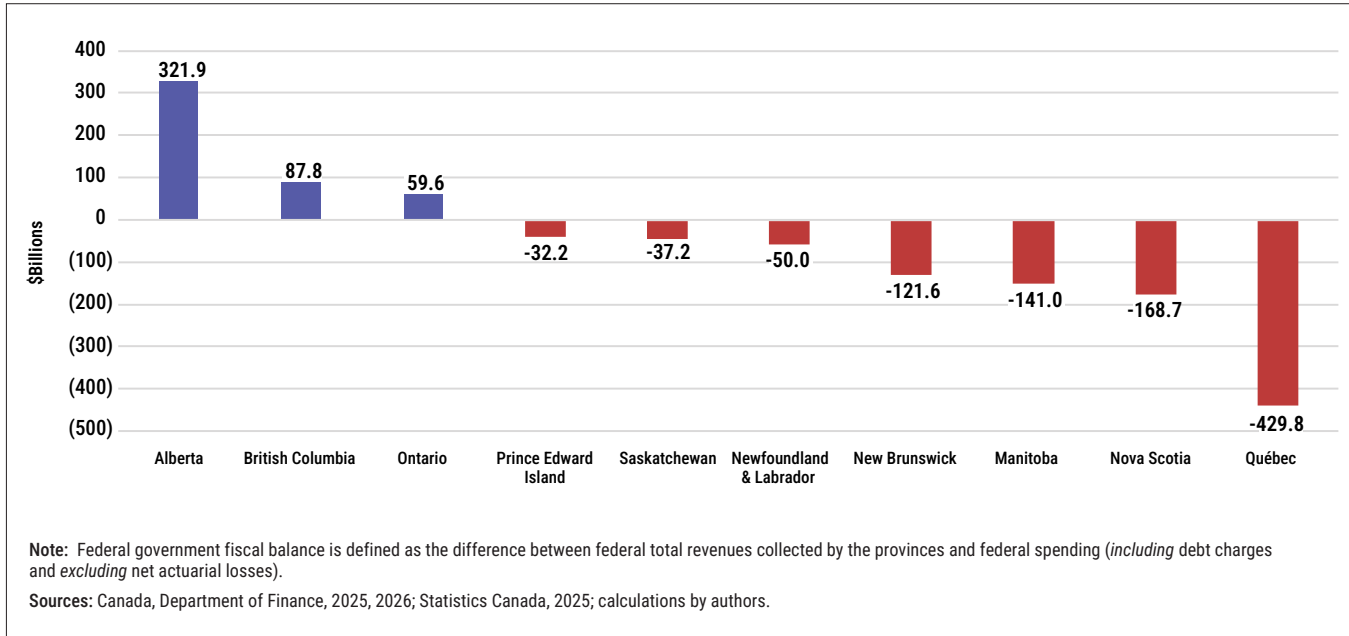
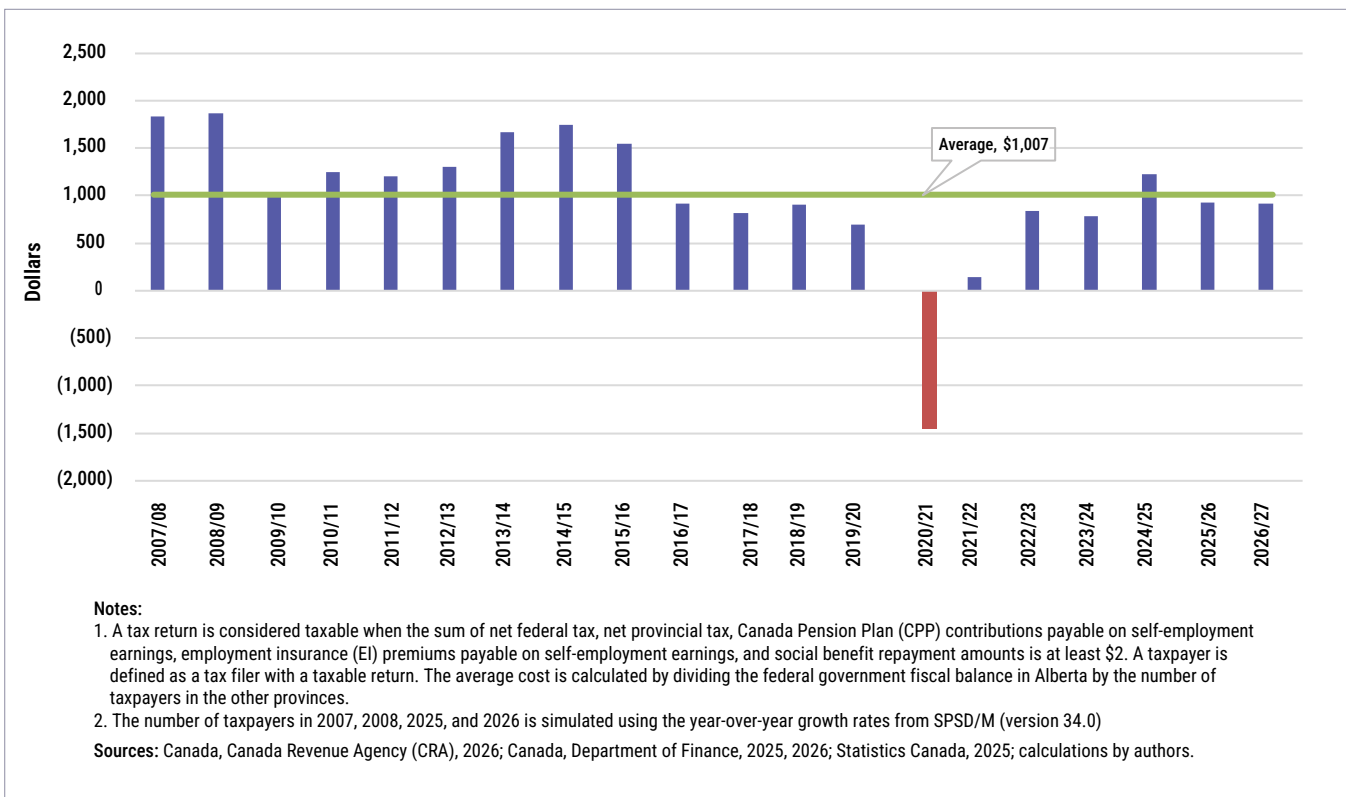


Figure 2: Additional Taxes per Taxpayer (Excluding Albertans) without Albertans' Net Contribution, 2007/08–2026/27





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taxes, but pay other federal tax (e.g. consumption taxes like the federal GST) are therefore not included.³ Statistics Canada's Social Policy Simulation Database and Model (SPSD/M, version 34.0) is used to simulate the year-over-year growth rate to estimate the number of income taxpayers in 2025 and 2026 as taxpayer data is only available between 2009 and 2024.⁴

Using this approach, there are an estimated 22,637,216 taxpayers in Canadian provinces in the 2026 tax year—excluding Alberta, there are 19,985,149. Dividing Albertans' projected net contribution (\$18.3 billion) in 2026/27 by the number of taxpayers (excluding Albertans) results in a tax increase of \$918 per Canadian taxpayer in provinces outside of Alberta in 2026/27 to maintain the status quo (figure 2). However, the size of Albertans' net contribution varies by year. For instance, in 2007/08 and 2008/09 taxes would have increased by an estimated \$1,835 and \$1,863 per taxpayer, respectively, to maintain the status quo without Albertans' net contribution. For that reason, it's perhaps more informative to consider how much more taxpayers outside of Alberta would have to pay on average. As shown in figure 2, from 2007/08 to 2026/27, maintaining the status quo in the rest of Canada without Albertans' net fiscal contribution would have required taxpayers in other provinces to pay, on average, an additional \$1,007 per year.

If we exclude 2020/21, which was an outlier as every province was a net recipient of federal fiscal transfers due to COVID-19 (this is possible if/when the federal government runs a large enough deficit), and 2021/22, where fiscal transfers were still significantly impacted, that number is \$1,191.

Conclusion

Albertans make a large net contribution to federal finances, which helps deliver services and keep taxes lower than they otherwise would be in the other provinces. This essay highlights Alberta's important role by estimating how much taxes would have to increase in the rest of Canada without Albertans' outsized contribution.

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3 A tax return is considered taxable when the sum of net federal tax, net provincial tax, Canada Pension Plan (CPP) contributions payable on self-employment earnings, employment insurance (EI) premiums payable on self-employment earnings, and social benefit repayment amounts is at least \$2.

4 For consistency, the number of taxpayers is also stimulated for 2007 and 2008 using 2009 CRA data and year-over-year growth rates from SPSPD/M as the CRA does not provide pre-2009 data.



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Statistics Canada (2025). Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000). Government of Canada. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610045001>>, as of March 20, 2026.

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