Fiscal Spotlight
Alberta
February 17, 2012

Albertan's Net Contribution to Confederation for 2011

Alberta is a large net contributor to the federation – Albertans paid an estimated $18.9 billion ($5,012/person) more to the federal government than they got back in the form of federal spending in 2011.

For 2011, Albertans paid an estimated $39.6 billion to the federal government in taxes and other payments, while getting back $20.6 billion in federal spending. The difference of $18.9 billion works out to $5,012 per Albertan. The net contribution estimate returns to a level more comparable with 2007 and 2008 as Alberta recovers from the recession in 2009.

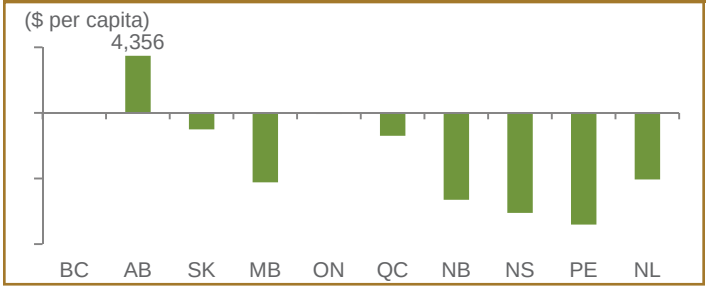
Alberta contributes relatively more to Confederation than any other province. On a per capita basis, the federal government collects the most revenue from Alberta but spends the least here. In 2009, the last year for which data is available for all provinces, Albertans contributed a net of $4,356 per person to the federal government. All other provinces were net recipients, including Ontario and British Columbia who became marginal net recipients in 2009. The three Maritime Provinces were the biggest fiscal beneficiaries of Confederation.

For 2011, Alberta residents and firms contributed an estimated $39.6 billion to federal coffers. A little over half of that amount was in the form of personal income taxes ($20.2 billion), but there were also sizeable corporate income taxes and indirect taxes (e.g. gasoline tax, GST). Albertans face the same federal tax regime as other Canadians but contribute considerably more per capita because of our higher average incomes.

For 2011, Albertans received back an estimated $20.6 billion in federal services, representing 52 per cent of the estimated revenue contributed. An estimated $8.0 billion in federal spending was transfers to persons (e.g. EI, Old Age Security), while the provincial government received $4.9 billion in transfers (mostly the Canada Health and Social Transfers). Another $4.1 billion took the form of direct federal expenditure on goods and services. Per capita federal spending on goods and services in Alberta is the lowest among provinces – spending in Alberta in 2009 ($1,109/person) was less than 30 per cent of the spending in Nova Scotia ($3,924/person). Even though the federal government is physically centred in Ottawa/Hull, direct federal spending per capita is highest in the Atlantic provinces.

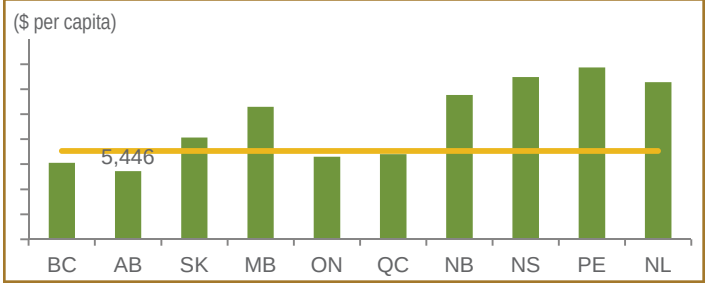
2009 Provincial Net Contributions

	($millions)	per capita
BC	-11	-2
Alberta	**15,993**	**4,356**
Saskatchewan	-1,300	-1,263
Manitoba	-6,458	-5,297
Ontario	-1,061	-81
Quebec	-13,641	-1,743
NB	-4,969	-6,625
Nova Scotia	-7,166	-7,621
PEI	-1,203	-8,519
Newfoundland	-2,582	-5,074



2009 Federal Expenditure per Province

	($millions)	per capita
BC	27,232	6,106
Alberta	**19,997**	**5,446**
Saskatchewan	8,374	8,135
Manitoba	12,911	10,590
Ontario	86,300	6,602
Quebec	53,318	6,812
NB	8,662	11,550
Nova Scotia	12,200	12,975
PEI	1,942	13,752
Newfoundland	6,393	12,563
Average		7,059



Federal Government Revenue and Expenditure in Alberta

Millions of dollars

Revenue:	2006	2007	2008	2009	2010*	2011*
1 Direct taxes from persons	17,076	19,897	20,547	18,117	18,667	20,184
2 Direct taxes from corporate and government business enterprises	7,984	8,254	9,384	8,791	7,956	9,619
3 Direct taxes from non-residents (withholding taxes)	477	469	531	399	406	403
4 Contributions to social insurance plans	2,062	2,156	2,186	2,162	2,214	2,267
5 Indirect taxes	6,439	6,787	6,212	5,849	6,048	6,296
6 Other current transfers from persons	2	2	4	4	4	4
7 Investment income	596	759	804	668	686	810
8 Current transfers from provincial governments	0	0	0	0	0	0
9 Total revenue	**34,636**	**38,324**	**39,668**	**35,990**	**35,980**	**39,582**
Current expenditure:						
10 Net current expenditure on goods and services	3,446	3,498	3,747	4,073	4,097	4,114
11 Current transfers to persons	6,210	6,905	7,164	8,164	8,145	7,959
12 Current transfers to business	390	294	311	348	348	348
13 Current transfers to provincial governments	3,354	3,323	4,227	4,473	4,759	4,921
14 Current transfers to local governments	19	22	12	16	18	19
15 Interest on public debt	3,374	3,365	3,238	2,923	3,069	3,278
16 Total current expenditure	**16,793**	**17,407**	**18,699**	**19,997**	**20,437**	**20,640**
17 Net Contribution	**17,843**	**20,917**	**20,969**	**15,993**	**15,543**	**18,942**
Net Contribution per capita	5,215	5,955	5,838	4,356	4,177	5,012
Net Return on Federal Dollars	**48%**	**45%**	**47%**	**56%**	**57%**	**52%**

Source: Statistics Canada, Provincial Economic Accounts; estimates by Alberta Finance
* Estimate

Definitions:
1. Personal income taxes
2. Corporate income taxes and capital taxes
3. Withholding taxes on dividends, interest, royalties, and management fees paid to non-residents
4. Employer and employee employment insurance contributions
5. Goods and services tax, excise taxes (alcohol, tobacco and fuel), customs duties
6. Licenses, permits, fines and penalties
7. Interest on government-held funds and on loans and advances, remittances from government enterprises
8. Provincial government contributions to the Net Income Stabilization Account, an income support program for the agriculture sector administered by the federal government
9. Total revenue
10. Employee wages and salaries, including military, spending on other goods and services including rent
11. Employment insurance benefits, old age security benefits, guaranteed income supplement, excludes CPP
12. Subsidies, including agriculture
13. CHT/CST, Labour Market Development Agreements, crop insurance
14. Grants in lieu of property taxes
15. Interest payments on federal debt held by Albertans
16. Total current expenditure, excludes capital spending such as capital consumption allowances
17. Total revenue less total current expenditure

Revenue Forecasting

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