

\$53 BILLION TO OTTAWA:**THE ALBERTA OIL AND GAS SECTOR'S CONTRIBUTION TO FEDERAL GOVERNMENT FINANCES, 2007 TO 2019****Overview**

The oil and gas extraction sector in Alberta has made a significant and direct contribution to Canada's GDP, output, and jobs over the past decade. The broader energy sector has also made a significant contribution to federal and provincial government revenues in the form of corporate income taxes and royalties (as noted in a [previous research brief](#).)¹

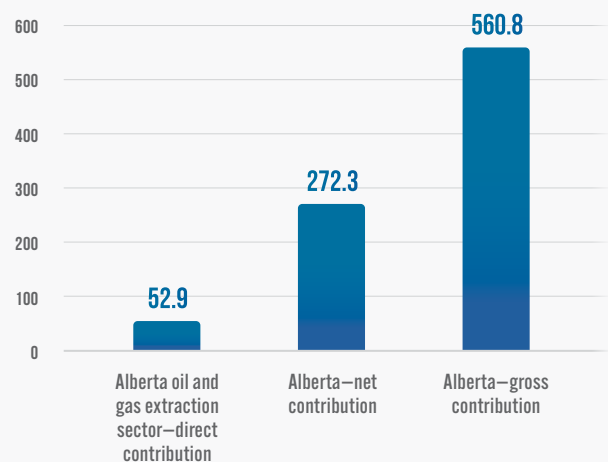
In this Fact Sheet, we narrow our focus to the direct impact of the oil and gas extraction sector on Alberta's gross and net fiscal contribution to federal government finances between 2007 and 2019 (see Figure 1).²

- In the years examined, Alberta's taxpayers (individual and corporate) made a \$561 billion gross contribution and a \$272 billion net contribution to federal government finances;
- The share of that coming from Alberta's oil and gas extraction sector was, at a minimum, nearly \$53 billion, or about 9% of Alberta's gross contributions and 19% of its total net fiscal contribution over the period;
- On an annual basis, the annual contribution of the oil and gas extraction sector has ranged from \$2.7 billion to \$6 billion, or about 15% to just under 32% of Alberta's total net contribution to the federal government's finances during the period.

- The average annual contribution from oil and gas has been over \$4.1 billion per year over the period.
- The \$53 billion figure is understated as it does not include indirect federal taxes on production and taxes on products (i.e., GST, excise taxes, duties, import taxes, air transportation tax, gasoline and motive fuel taxes, etc.) paid by the oil and gas extraction sector in Alberta over the period.

Figure 1**Alberta's fiscal contributions to federal government finances**

2007-2019 (in \$ billions)



Source: Derived from Statistics Canada, Table 36-10-0450-01; Alberta Finance, *Alberta's Net Contribution to Confederation for 2011*; and Statistics Canada, Table 17-10-0005-01: Population estimates on July 1st, by age and sex.

¹ See CEC's September 2021 Research Brief #17 where we conservatively estimated oil and gas revenues to federal and provincial and municipal governments at [\\$505 billion](#) between 2000 and 2019.

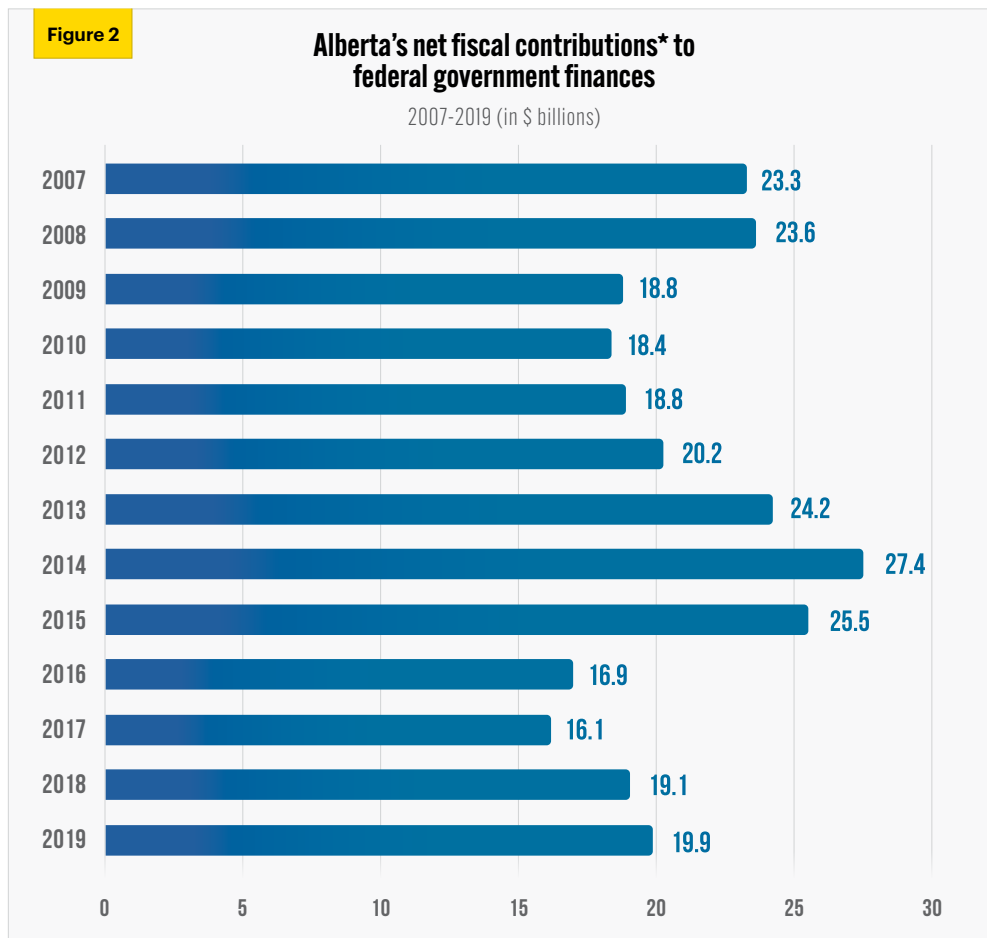
² In this fact sheet, Alberta's net annual fiscal contribution refers to the difference between federal revenues raised in Alberta from individuals and businesses and federal expenditures made to Albertans and the provincial government. The Alberta government, as with all provincial governments, does not contribute directly to federal revenues. As with all statistical documents, analysts and commentators will often use "shorthand" language whereby "Alberta's contributions" means tax and other payments from individuals and corporations from those in Alberta.

Alberta's net fiscal contribution to federal government finances: A summary

Despite persistently low energy prices, Alberta's citizens and businesses have continued to make a significant contribution to federal government finances (see Figure 2 and Addendum Table).

Between 2007 and 2019:

- Alberta's citizens and businesses made \$272.3 billion in net contributions to federal government finances, or an average of \$20.9 billion per year.³
- Alberta's net contribution to federal government finances peaked in 2014 at roughly \$27.4 billion. Since then, it has declined somewhat, falling to \$16.1 billion in 2017, before rebounding to slightly less than \$19.9 billion in 2019.



* Alberta's net fiscal contributions refers to the difference between federal revenues raised in Alberta from individuals and businesses and federal expenditures made to Albertans and the provincial government.

Source: Derived from Statistics Canada, Table 36-10-0450-01; Alberta Finance, Alberta's Net Contribution to Confederation for 2011; and Statistics Canada, Table 17-10-0005-01: Population estimates on July 1st, by age and sex.

The impact of Alberta's oil and gas extraction sector on Alberta's net fiscal contribution to federal government finances

The impact of the oil and gas extraction sector on Alberta's net fiscal contribution to federal finances is determined by the direct and indirect taxes that the sector pays to the federal government annually. They include:

1. Federal personal income taxes, or direct taxes from persons, paid by employees who work directly within Alberta's oil and gas extraction sector;
2. Federal corporate taxes, or direct taxes from corporations, paid by corporations and business enterprises in Alberta's oil and gas extraction sector;
3. Federal taxes on production and taxes on products (i.e., GST, excise taxes, duties, import taxes, air transportation tax, gasoline and motive fuel taxes, etc.), or indirect taxes paid by the oil and gas extraction sector in Alberta.

³ Net contributions are calculated by subtracting federal government expenditures in Alberta/to Albertans/to the provincial government from taxes and other revenues paid to the federal government by Albertans and Alberta businesses. Net contribution calculations are based on the methodology and categories established by Alberta Finance (2012).

Direct federal personal income taxes from persons

Between 2007 and 2019, total federal personal income taxes or direct taxes from tax filers employed in the oil and gas extraction sector in Canada ranged from about \$2.5 billion to \$3.7 billion (see Table 1).

To determine the share of federal taxes raised directly in Alberta from the oil and gas extraction sector, we examine the federal income tax retained on wages, salaries, and commissions in Alberta from the oil and gas extraction sector as derived from a custom tabulation drawn from the Statistics Canada T1 Family File.

Between 2007 and 2019, federal personal income taxes paid by tax filers employed in the oil and gas extraction sector in Alberta has ranged from \$2.2 billion to \$3.4 billion or an annual average of over \$2.7 billion per year over the period. This represents about 88%, on average, of federal income taxes retained on wages, salaries, and commissions from tax filers in Canada employed in the oil and gas extraction sector over the period.

The high variability of income tax collected likely reflects, in part, the changing fortunes of the sector and the consequent change in the federal government's personal income tax base in Alberta. Those changing fortunes include the impact of the Great Recession that began in 2009 and the energy price decline that began in [2014](#).

Table 1

Direct federal personal income taxes paid by tax filers in the oil and gas extraction sector

2007 to 2019

Year	Income tax retained on wages, salaries, and commissions allocated to the federal government from the oil and gas extraction sector (all of Canada)	Income tax retained on wages, salaries, and commissions allocated to federal government from the oil and gas extraction sector (Alberta)	Personal income tax from Alberta's oil and gas sector as a percentage of all Canadian oil and gas extraction
	(\$ millions)		%
2007	2,480	2,231	90%
2008	2,997	2,656	89%
2009	2,456	2,203	90%
2010	2,903	2,568	89%
2011	3,480	3,083	89%
2012	3,664	3,179	87%
2013	3,553	3,129	88%
2014	3,732	3,393	91%
2015	3,424	3,098	91%
2016	2,626	2,281	87%
2017	2,880	2,463	86%
2018	3,109	2,652	85%
2019	2,958	2,516	85%
Totals	40,262	35,452	88%
Annual averages	3,097	2,727	88%

Derived from Statistics Canada, Table 11-10-0073-01; and Statistics Canada, T1 Family File (custom tabulation).

Direct federal corporate income taxes from corporations

Federal corporate income taxes from corporations and business enterprises in the oil and gas extraction sector ranged from \$525 million to \$3.9 billion between 2007 and 2019 (see Table 2).

Based on a custom tabulation from Statistics Canada, between 2007 and 2019 an annual average of between 79% and 96% of federal corporate taxes from corporations and business enterprises in the oil and gas extraction sector were collected from oil and gas extraction businesses and enterprises in Alberta.

Corporations and business enterprises in the oil and gas extraction sector in Alberta paid yearly federal corporate taxes ranging from \$413 million to nearly \$3.8 billion between 2007 and 2019, or an annual average of \$1.3 billion per year over the period.

The high variability of income tax collected likely reflects, in part, the changing fortunes of the oil and gas extraction sector and the consequent change in the federal government's corporate income tax base in Alberta. Those changing fortunes include the impact of the Great Recession that began in 2009 and the energy price decline that began in 2014.

Table 2

Direct federal corporate income taxes from corporations and business enterprises in the oil and gas extraction sector

2007 to 2019

Year	Federal corporate taxes from corporations and business enterprises in oil and gas extraction (all of Canada)	Federal corporate taxes from corporations and business enterprises in oil and gas extraction (Alberta)	Share of oil and gas corporate taxes from Alberta
	(\$ millions)		%
2007	2,307	2,108	91%
2008	3,101	2,811	91%
2009	3,928	3,770	96%
2010	1,710	1,550	91%
2011	1,463	1,256	86%
2012	1,345	1,080	80%
2013	1,077	864	80%
2014	1,606	1,428	89%
2015	720	611	85%
2016	552	442	80%
2017	544	444	82%
2018	525	413	79%
2019	806	690	86%
Totals	19,684	17,467	89%
Annual averages	1,514	1,344	89%

Derived from Statistics Canada, Table 33-10-0006-01; Statistics Canada, Financial and taxation statistics for enterprises, by industry type; and Statistics Canada, Financial and taxation statistics for enterprises, by industry type, custom tabulation.

Putting it all together

The direct impact of the oil and gas sector on Alberta's gross and net contribution to federal government finances is significant. Between 2007 and 2019, the contribution from the sector in Alberta was as follows (see Table 3):

- In total, the sector contributed a minimum of nearly \$53 billion of Alberta's \$561 billion total revenue contribution to federal finances (an average of nearly \$4.1 billion per year) or 9% of Alberta's gross revenue contribution over the period;
- The \$53 billion was 19% of Alberta's total net fiscal contribution over the period;
- The \$53 billion figure is understated as it does not include indirect federal taxes on production and taxes on products (i.e., GST, excise taxes, duties, import taxes, air transportation tax, gasoline and motive fuel taxes, etc.) that the oil and gas extraction sector in Alberta paid over the period.

Table 3

The impact of Alberta's oil and gas sector on Alberta's net contribution to federal government finances

2007 to 2019

Year	Direct federal income taxes on tax filers employed in the oil and gas extraction sector in Alberta	Direct federal corporate income taxes from corporations and business enterprises in oil and gas extraction in Alberta	Direct impact of the oil and gas extraction sector on Alberta's net contribution to the federal government finances	Total federal revenues from Alberta to the federal government	Alberta's net contribution to the federal government's finances	Oil and gas extraction sector's share of Alberta's net contribution to the federal government's finances	Oil and gas extraction sector's share of total federal revenues sent from Alberta
	(\$ millions)					%	%
2007	2,231	2,108	4,339	39,789	23,295	19%	11%
2008	2,656	2,811	5,467	41,284	23,630	23%	13%
2009	2,203	3,770	5,973	37,842	18,804	32%	16%
2010	2,568	1,550	4,118	38,085	18,358	22%	11%
2011	3,083	1,256	4,339	38,805	18,822	23%	11%
2012	3,179	1,080	4,259	40,633	20,246	21%	10%
2013	3,129	864	3,993	45,345	24,215	16%	9%
2014	3,393	1,428	4,821	49,188	27,424	18%	10%
2015	3,098	611	3,709	48,949	25,490	15%	8%
2016	2,281	442	2,723	42,560	16,940	16%	6%
2017	2,463	444	2,907	43,100	16,139	18%	7%
2018	2,652	413	3,065	46,418	19,053	16%	7%
2019	2,516	690	3,206	48,800	19,884	16%	7%
Totals	35,452	17,467	52,919	560,798	272,300	19%	9%
Annual averages	2,727	1,344	4,071	43,138	20,946	19%	9%

Source: Derived from Statistics Canada, Table 36-10-0450-01; Table 11-10-0073-01; Table 33-10-0006-01; T1 Family File (custom tabulation); and Financial and taxation statistics for enterprises, by industry type (custom tabulation).

Addendum

Net contribution calculations in the Addendum Table are based on the methodology and categories established by [Alberta Finance](#) (2012).

Addendum Table														
Alberta's net financial contribution														
(federal revenues from Alberta and federal expenditures to/on Alberta)														
2007 to 2019														
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	All years
Federal revenue from Alberta														
In \$ millions														
1. Direct taxes from persons	20,060	20,792	18,666	18,192	20,487	21,295	23,629	25,737	26,992	22,707	23,949	25,668	27,103	295,277
2. Direct taxes from corporations	8,255	9,381	8,788	9,011	7,391	7,839	9,066	10,041	8,697	7,296	6,396	7,174	7,771	107,106
3. Direct taxes from non-residents	1,549	1,873	1,352	1,504	1,166	1,111	1,291	1,614	1,392	1,067	938	1,133	1,309	17,299
4. Contributions to social insurance plans	2,228	2,259	2,215	2,314	2,486	2,769	3,273	3,449	3,415	3,256	2,797	2,946	3,025	36,432
5. Indirect taxes	6,966	6,347	6,174	6,354	6,518	6,824	7,246	7,709	7,811	7,617	7,930	8,341	8,508	94,345
6. Other current transfers from persons	2	4	5	6	7	7	7	6	7	8	6	9	6	80
7. Investment income	729	628	639	704	750	788	833	632	635	609	1,084	1,147	1,078	10,256
8. Current transfers from provincial governments	0	0	3	0	0	0	0	0	0	0	0	0	0	3
9. Total	39,789	41,284	37,842	38,085	38,805	40,633	45,345	49,188	48,949	42,560	43,100	46,418	48,800	560,798
Federal revenue to Alberta														
In \$ millions														
10. Final expenditure on goods and services	3,907	3,977	4,477	4,565	4,763	4,637	4,617	4,641	4,604	4,721	5,187	5,309	5,446	60,851
11. Transfers to persons	5,705	5,932	6,816	6,902	6,852	6,990	7,273	7,539	9,083	10,630	11,074	11,136	11,544	107,476
12. Transfers to business	362	505	422	484	499	548	578	558	436	383	455	420	395	6,045
13. Transfers to the Province of Alberta	3,106	3,962	4,322	4,698	4,700	5,201	5,611	6,150	6,602	7,318	7,727	7,722	8,634	75,753
14. Transfers to local governments	42	11	14	19	26	12	15	19	14	15	32	32	37	288
15. Interest on public debt	3,372	3,267	2,987	3,059	3,143	2,999	3,036	2,857	2,720	2,553	2,486	2,746	2,860	38,085
16. Total expenditures	16,494	17,654	19,038	19,727	19,983	20,387	21,130	21,764	23,459	25,620	26,961	27,365	28,916	288,498
17. Alberta's Net Fiscal Contribution	23,295	23,630	18,804	18,358	18,822	20,246	24,215	27,424	25,490	16,940	16,139	19,053	19,884	272,300
Population (000s)	3,514	3,596	3,677	3,732	3,789	3,875	3,981	4,084	4,144	4,196	4,241	4,298	4,362	-
\$ per capita	6,629	6,571	5,114	4,919	4,968	5,225	6,083	6,715	6,151	4,037	3,805	4,433	4,558	-
Net return on federal dollars	41%	43%	50%	52%	51%	50%	47%	44%	48%	60%	62%	59%	59%	-

Source: Derived from Statistics Canada, Table 36-10-0450-01.

Addendum and a caveat on net fiscal contributions to federal government finances

This use of Statistics Canada data to calculate net flows between federal government expenditures in provinces and revenues from the same has limitations. Readers should be aware that while the data can be used to show flows in general—Albertans through their federal personal and corporate taxes and other payments contribute in far higher proportions than their share of the national population—there are criticisms of more specific calculations. In a [2007 Statistics Canada article](#), analyst Steve West noted how federal transfer money sent to Atlantic Canada but which is then used to purchase medical equipment in Ontario makes the question of which province benefits more complicated. Also, as one of us has written in the past, it is unrealistic to expect that federal flows into provinces (spending on individuals, businesses, and others or federal transfers to provincial governments), will exactly replicate “outflows” from the same provinces. One reason for that is the example just noted, but another is how Albertans, for example, when unemployment was lower than the national average, would have contributed more in employment insurance premiums to the federal government than were paid out in return, in the form of EI premiums, to unemployed Albertans. That scenario creates an obvious but entirely understandable imbalance between the two flows.

However, as one of us has also noted in a [past study](#) (Milke 2013), on the first example, “such different assignments are routine and expected and thus do not negate the possibility of using such data as a proxy in the absence of more detailed and precise data.” Relevant to both examples, though, is a follow-up point from the same study, “Moreover, such assignment of spending does not detract from how larger and more prosperous economies such as Alberta have economies that are significantly larger as a percentage of the national economy vis-à-vis their population (and thus are proportionately higher contributors to federal tax coffers when compared to say, Quebec).”

For our purposes, despite the limitations in the data—readers should think of the available data as a proxy and as indicative of trends—what is clear is that tax and other payments from the Alberta oil and gas sector (and from other Alberta businesses and individuals) are substantial. Measured on both a net basis and on a net per capita basis (and with comparisons to net contributions from other provinces’ individuals and corporations profiled in studies noted in the above paragraph and later in this one), the flows demonstrate the significance and importance of both the oil and gas sector and Alberta to the national economy and federal revenues. This is an observation that has also been made by others. They include Ben Eisen et al. in a [2019 study](#), and Robert Mansell et al. in a [2020 study](#).

Notes

This CEC Fact Sheet was compiled by Lennie Kaplan and Mark Milke at the Canadian Energy Centre (www.canadianenergycentre.ca). The authors and the Canadian Energy Centre would like to thank and acknowledge the assistance of an anonymous reviewer in reviewing the original data and research for this Fact Sheet. Image credit: [Igor Kyryliuk](#) from Unsplash.com

References (All links live as of Oct 11, 2021)

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