

WHITE PAPER

Transition of Alberta to Independence

FORWARD TO FREEDOM

Can Alberta Afford Independence?

A fiscal capacity assessment and projection for an independent Alberta

PREPARED FOR THE ALBERTA TRANSITION COUNCIL

September 2026

Contents

Executive Summary 4

Notice to Reader 8

How to Read This Document 10

Part I: The Fiscal Case 11

1. How the Ledger Is Built 13

2. Revenue Sources 14

3. Estimated Expenditure Requirements for Alberta 17

4. Sensitivity Analysis 20

Part II: What Changes And What Does Not 25

5. Health, Education and Existing Services 26

6. Pensions and Payments to Citizens 28

7. The One-Time Transition 32

Part III: What Financial Capacity Creates 34

8. Taxes, Debt and Savings 35

9. Currency, Liquidity and Alberta's Own Debt 38

Part IV: Costing Sovereign Functions 40

10. Federal Debt and Federal Assets 41

11. What Changes When a Province Becomes a Country 44

12. Indigenous Programme Continuity and Treaty Matters 47

13. Land, Resources and Environmental Responsibilities 50

14. Citizenship, Residency and Immigration 52

15. Defence and Continental Security 55

Part V: Twenty Years On 60

16. Long-Term Scenarios, Not Forecasts 61

Appendices 67

Appendix A - Source Register 68

Appendix B - Assumptions Register 75

Appendix C - What Is Not in the Headline C$20-30 Billion 77

Appendix D - Immigration Policy, Reassessment and Removal Costing 79

Appendix E - Defence Costing and Build-Out 82

Appendix F - Federal Replacement Ledger 85

Appendix G - How the Federal Revenue Figure Is Estimated 88

Appendix H - How This Analysis Differs from The Value of Freedom 90

Appendix I - Sovereign States of Comparable Size 93

Appendix J - The Long-Term Model, Step by Step 96

Appendix K - The Seven Shocks in Full 101

In Closing 106



Executive Summary

Strip away the politics of independence and a practical question remains. If Alberta kept the taxes its people and businesses already pay to Ottawa, and paid in return for everything Ottawa now does for Albertans — pensions, defence, borders, courts, immigration, all of it — could Alberta afford to run itself?

Not whether it should. Whether it could, and with how much room to spare. Every figure here describes a normal year once the transition to independence is complete, in today's dollars, measured against the Government of Alberta's 2026-27 budget.

The answer is yes, and not narrowly. After paying for every service Albertans receive today and every federal function that would become Alberta's, between C$22.2 billion and C$32.1 billion is left over each year — that equates to every Albertan being better off by C$4,390 to C$6,350, every year.

TABLE 1 - THE FISCAL CASE IN ONE PAGE

ANNUAL FISCAL POSITION	LOW ESTIMATE	HIGH ESTIMATE
Taxes and fees available to Alberta	C$104.8B	C$113.5B
Royalties, investment income, provincial businesses and other Alberta revenue	C$24.4B	C$24.4B
TOTAL REVENUE	**C$129.1B**	**C$137.8B**
Existing Alberta government plus federal functions and Day 1 obligations	C$96.9B	C$96.9B
Balance after replacing what Canada does	C$32.2B	C$40.9B
Additional sovereign-function costing allowances	C$10.0B	C$8.8B
LEFT OVER EACH YEAR	**C$22.2B**	**C$32.1B**

Sources and derivation: [AB-B26][SC-450][FI-26][BA]. Federal revenue lines are 2024, the most recent full year published; Alberta spending lines are Budget 2026-27. Canada does not publish a single directly measured account of all federal revenues attributable to each province, so provincial totals require estimation and allocation; two independent estimates are used and both are shown. The low column pairs the lower revenue estimate with the higher end of the sovereign-function cost range and the high column does the reverse, so the two are a conservative and a favourable case rather than two revenue estimates alone. Components are rounded independently and may not sum exactly to the totals shown. Section 1 explains how the ledger is built.

What it means for a household

One possible use of the surplus balance is tax reduction, and this paper tests two illustrative programmes rather than one. The smaller, in Table 11, cuts personal income tax revenue by about a third and brings corporate tax to about 19 per cent, at C$17.0 billion to C$22.2 billion a year. The larger cuts personal income tax roughly in half on the same corporate rate, at C$24.0 billion to C$31.1 billion a year — more than the conservative balance would cover, which is why it is shown to establish scale rather than offered as a promise. Under that larger programme single earners of income of C$60,000 would keep about C$4,200 more a year than they do today; a couple with C$125,000 of income would keep about C$9,800 more than today; a family with an income of C$165,000 would be better off by about C$12,600; and a single parent earning C$85,000 would be further ahead by about C$7,700 — reductions of 45 to 55 per cent in the income tax those households actually pay today, permanently rather than as a one-off rebate.

What if the transition goes wrong

Seven severe shocks are tested, each set at the worst end of its range. Four are what independence itself brings: the federal debt share at full population cost, an Indigenous settlement well above continuation, a contraction in the corporate tax

base beyond the Quebec relocation benchmark set out in Appendix K, and the higher interest a new country pays to borrow. Together they cost C$13.5 billion a year, and the government revenues still can pay all of it while running a surplus of C$8.7 billion to C$18.6 billion.

The other three are the commodity cycle — household income, oil and consumption all falling to the worst levels in Alberta's recorded experience. That is one downturn hitting three revenue lines, and it arrives whether or not Alberta is independent: the four Alberta downturns identified in Appendix K all reversed. Separately, the pension transfer is disputed and is not in Alberta's gift: if none occurred on the assumed terms, Canada Pension Plan benefits remain portable and Alberta would carry about C$2.1 billion a year of Old Age Security and Guaranteed Income Supplement from general revenue, which the balance above absorbs. Section 6 models the fund on a C$100 billion transfer as well as the C$167 billion used in the headline.

Each of the seven shocks tested, the evidence behind it and the full arithmetic are set out in Section 4 and Appendix K.

Why the base case is conservative

Where a material judgement is uncertain, the model adopts the more conservative assumption. Nothing is counted for growth from lower taxes, for investment returning under a steadier regime, or for better market access. Nothing for building modern systems once instead of inheriting old ones, for federal land and buildings in Alberta, or for anything the Heritage Fund earns. Nor for Alberta's own first-quarter 2026-27 update, which raised forecast resource revenue by about C$9.7 billion — an exclusion larger, on its own, than the worst shortfall anywhere in this paper. Each of the omissions listed here would improve the result, not worsen it.

Twenty years on

Part V models 2046 across eighteen combinations of production, price and spending discipline. They run from an annual surplus of C$44 billion to C$167 billion, and every one of them clears Alberta's position today. The weakest comes from the most cautious growth case, at the lower oil price, with spending rising as fast as the whole economy — no boom, simply Alberta carrying on as it is, and still producing roughly twice the current conservative surplus.

None of this says independence would be easy. Under the assumptions and stress cases modelled here, on money Alberta already raises, Alberta pays its way — leav-

ing substantial room for choices among lower taxes, accelerated debt retirement and larger Heritage Fund contributions.



Notice to Reader

The test applied throughout is whether Alberta's own revenue after independence could, at the same time:

- maintain the services Albertans already receive,
- assume the federal functions that would become Alberta's responsibility, and
- balance the budget.

This paper is not an economic forecast. It does not model output, employment or trade, and it makes no claim about the size of the economy in any future year. It holds the tax base at its present size, tests what happens if that base contracts, and asks a narrower question than a macroeconomic model does: on the revenue Alberta already raises, can the full range of functions of an independent country be paid for. Where Alberta does not perform a function today, a plausible working assumption is used so that the function can be costed.

The same caution applies to Indigenous matters. The fiscal plan, as with the separate Alberta Transition Plan, carries an estimated equivalent of current federal programme funding as a Day 1 costing basis. It does not settle treaty questions or predetermine the outcome of negotiations with First Nations or Métis governments.

The figures draw on Statistics Canada, the Library of Parliament, Alberta budgets, federal departmental plans and published federal-agency statistics. Source tags in square brackets are explained in Appendix A. Where a figure is derived rather than published, that is identified.

Appendix H explains how this analysis evolved from the 2025 paper The Value of Freedom. The comparison is historical only: no current fiscal total depends on figures from that paper. The figures are estimates designed to determine fiscal viability rather than point-estimate forecasts. Many estimates are presented as good to within a range reflecting uncertainty of plus/minus 10%. They are meant to settle a question of scale — is there enough money, or is there not — rather than to balance to the penny.

This document does not mix three different kinds of spending

- Annual operating costs: money required every year to run a service.

- One-time transition or capital costs: money spent once to build systems, acquire equipment or complete the transition.
- Payments to citizens: money that already reaches Albertans today and would continue to reach them, sometimes from a different payer.

They are kept separate so that one-time costs are not mistaken for annual spending, and payments to citizens are not mistaken for government administration.

Method

start with the revenue Albertans already generate,

remove federal transfers that would stop,

add the federal functions Alberta would inherit, and

add an allowance for sovereign functions which a new country needs.

This paper assumes transition occurs over about 36 months at a one-time cost of approximately C$4.96 billion [BA], then asks what the country looks like once that window has closed. The Alberta Transition Plan remains a separate document, and the supporting analysis that underpins it governs the transition side. Where this paper is itself the source — the revenue a sovereign Alberta raises, the steady-state cost of functions Alberta does not perform today, and the tests applied to both — the supporting analysis cites it.

How to Read This Document

The argument is arranged so a reader can understand the fiscal case before getting into the machinery behind it.

PART I

The Fiscal Case:

The answer, the revenue, what Alberta would actually have to pay, and an adverse stress test of the result.

PART II

What Changes And What Does Not:

Existing provincial services, pensions and benefits, and the one-time transition.

PART III

What Financial Capacity Creates:

Illustrative choices for taxes, debt and savings; currency and liquidity; the federal debt and asset settlement.

PART IV

Costing Sovereign Functions:

The assumptions used to put credible numbers on Indigenous programme continuity, land and environmental responsibilities, immigration, defence and other sovereign functions Alberta does not perform as a province.

PART V

Twenty Years On:

Long-range scenarios. These are not needed for the current fiscal case and should be read as bounds, not forecasts.

APPENDICES: Sources, assumptions, detailed immigration and defence costing, the federal-domain ledger, the federal-revenue estimate, and a comparison with the earlier Value of Freedom analysis.

I

PART I

The Fiscal Case

Everything in this part is based on revenue Albertans already generate.



1 How the Ledger Is Built

2 Revenue Sources

3 Estimated Expenditure Requirements for Alberta

4 Sensitivity Analysis

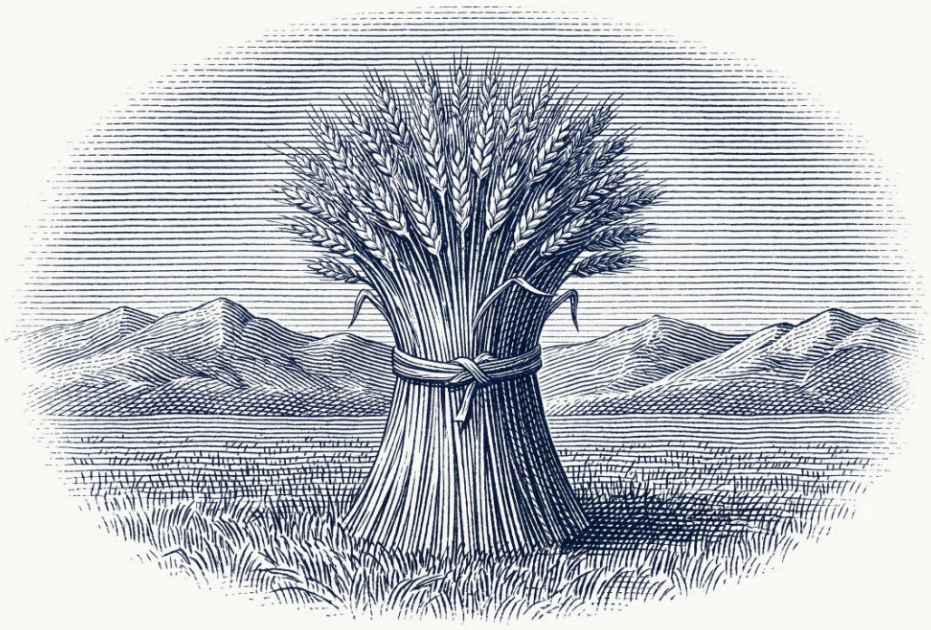
Units and conventions

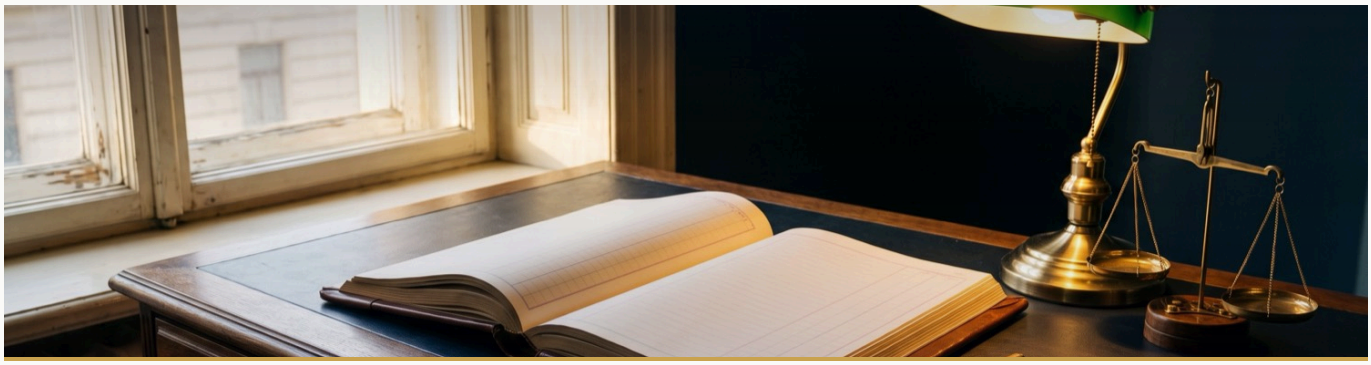
All amounts are Canadian dollars unless marked US$. Sums appear in billions to one decimal place, written C$0.0B in tables and in words in the text.

Energy prices in Section 16 are United States dollars, per barrel for oil and per million British thermal units for gas, as published by the Canada Energy Regulator.

Alberta's fiscal year ends 31 March and is written 2026-27; calendar years are written as a single year.

Unless stated otherwise, figures are Government of Alberta Budget 2026 estimates for 2026-27.





CHAPTER 1

How the Ledger Is Built

An independent Alberta would stop sending federal general revenue to Ottawa, lose the federal transfers that now return to the provincial treasury, and take over the federal functions that must continue. The result can be stated in one table.



CHAPTER 2

Revenue Sources

A majority of taxes paid by Alberta households and businesses are collected by the federal government rather than the Alberta government.

TABLE 2 - WHAT ALBERTANS SEND, AND TO WHOM

WHAT IS TAXED OR CHARGED, IN BILLIONS OF $	TO OTTAWA	TO EDMONTON	COMBINED
Taxed by both governments			
Personal income	34.0	15.9	49.9
Corporate profit	14.1	7.3	21.4
Fuel, tobacco, alcohol and cannabis	1.9	2.1	4.0
Taxed only by Ottawa			
Consumption - the Goods and Services Tax (GST)	6.2	none	6.2
Employment Insurance premiums	3.7	none	3.7
Other federal revenue	7.0	none	7.0
Other federal fees and charges	1.4	none	1.4
Taxed only by Alberta			
Property - the education portion	none	3.6	3.6
Insurance, tourism and other taxes	none	1.6	1.6
Provincial fees, premiums and licences	none	6.0	6.0
TOTAL TAXATION AND FEES	**68.3**	**36.5**	**104.8**
Held separately - deferred pay, not government revenue			
Canada Pension Plan contributions	**11.4**	**none**	**11.4**

WHAT IS TAXED OR CHARGED, IN BILLIONS OF $	TO OTTAWA	TO EDMONTON	COMBINED
TOTAL PAID BY ALBERTANS	79.7	36.5	116.2
Per Albertan	$15,760	$7,220	$22,980

Federal figures are 2024 [SC-450]; Alberta figures are Budget 2026-27 [AB-B26]. Population is 5,057,077 at 1 April 2026 [SC-009]. The C$11.4 billion Canada Pension Plan contribution figure is derived and is kept outside tax revenue.

The important line is the Total Taxation and Fees of C$104.8 billion as the Canada Pension Plan contributions are deferred pay for retirement and are not part of government revenue.

Alberta also has revenue that does not come directly from household taxes

- C$13.2 billion in oil, gas and mineral royalties.
- C$4.4 billion in investment income, chiefly the Heritage Fund and endowments.
- C$2.6 billion from provincial businesses, including gaming, liquor, cannabis and ATB Financial.
- C$4.2 billion in institutional and other revenue. Together those sources add about C$24.4 billion [AB-B26]. This is also the most volatile part of the budget. Budget 2026-27 assumed West Texas Intermediate (WTI) oil at 60.50 United States dollars per barrel; the first-quarter update used 73.50 United States dollars and lifted resource revenue materially [AB-Q1].

Why the federal number is a range

Canada does not publish a single directly measured account of all federal revenues attributable to each province. The Canada Revenue Agency publishes net federal personal income tax by province and Statistics Canada publishes provincial allocations of federal revenue and expenditure, but those are allocated estimates rather than a cash ledger of every federal dollar collected in Alberta. This paper therefore uses two fuller estimates: about C$68 billion at the conservative end and C$77 billion at the upper end. A third method, simply treating Albertans as average Canadians, gives an even lower floor of C$59.7 billion.

Appendix G explains all three.

A fourth estimate comes from the University of Calgary's School of Public Policy, which puts Alberta's current fiscal gap with Ottawa at C$14.0 billion a year. On federal spending in Alberta of roughly C$57 billion that implies federal revenue of about C$71 billion, inside the range used here. That work was commissioned by the Government of Alberta and reaches its figure from the spending side rather than the tax side, so it is corroboration rather than a shared assumption [SPP-26].

How this paper differs from the School of Public Policy analysis

The School of Public Policy report published in September 2026 is the main official counter-study and deserves a direct answer rather than silence. It starts from a gross fiscal gap of about C$14.0 billion a year, then allocates federal spending made outside Alberta that still benefits Albertans, which reduces the gap to roughly C$2.3 billion. Separately it estimates about C$11.7 billion to replicate the federal programmes Alberta would have to run for itself, together with further ongoing costs.

This paper does not claim the gap as a surplus, and the difference between the two headline numbers is mostly a difference of order rather than of substance. The ledger here keeps the federal revenue attributable to Alberta and then pays for replacement explicitly: a C$13.0 billion federal-replacement line in Table 3, plus C$8.8 to C$10.0 billion of sovereign-function allowances for defence, Indigenous programme continuity, veterans, immigration and land. That is the same category of adjustment the School of Public Policy applies when it nets replication cost against the gap. What is left after those deductions is the C$22.2 to C$32.1 billion balance, not the C$14.0 billion gap.

Two genuine differences remain, and neither is resolved by arithmetic. The School of Public Policy models a transition in which Alberta's economy is smaller for several years than it would otherwise have been, and its headline transition range is accordingly much larger than the C$4.96 billion of government set-up costed here — the two are measuring different things, one an economic path and the other a public administration bill. And the allocation of federal spending outside Alberta that benefits Albertans is a judgement on which reasonable analysts differ. Readers weighing the two should compare the treatment of replacement cost line by line rather than the headline figures.



CHAPTER 3

Estimated Expenditure Requirements for Alberta

Once the transfers and payer changes are sorted out, the annual cost becomes much smaller than the headline amount Ottawa spends in the province.

TABLE 3 - FULL ANNUAL FISCAL LEDGER

SHOWN IN BILLIONS OF $	ALBERTA TODAY	FEDERAL, RETAINED OR REPLACED	COMBINED
REVENUE			
Taxation and fees paid by Albertans (Table 2)	+36.5	+68.3 to +77.0	+104.8 to +113.5
Resource royalties on oil, gas and minerals	+13.2	-	+13.2
Investment income, chiefly the Heritage Fund	+4.4	-	+4.4
Government business enterprises - gaming, liquor and cannabis, ATB Financial and others	+2.6	-	+2.6
Other revenue - institutional sales and donations, investment management charges and miscellaneous	+4.2	-	+4.2
TOTAL REVENUE	+60.8	+68.3 to +77.0	+129.1 to +137.8
EXPENSE			
Health	−26.8	−0.1	−26.9
Education, kindergarten to grade 12	−12.9	-	−12.9
Advanced education	−7.7	-	−7.7

SHOWN IN BILLIONS OF $	ALBERTA TODAY	FEDERAL, RETAINED OR REPLACED	COMBINED
Social services and payments to citizens	−14.3	−9.1	−23.4
Justice, policing, border, defence, diplomacy, taxation, transport, agriculture, energy, regulation and all other ministries	−8.7	−3.8	−12.5
Total operating expense	−70.4	−13.0	−83.4
Capital grants and capital-plan expense	−3.7	-	−3.7
Amortisation and inventory consumption	−4.9	-	−4.9
Debt servicing on Alberta's own debt	−3.4	-	−3.4
Contingency	−2.0	-	−2.0
Pension provision on Alberta's own plans, a credit	+0.4	-	+0.4
Federal retirement-income obligations - funded through the Alberta Pension Plan (Section 6)	-	0	0
TOTAL EXPENSE, RUNNING THE COUNTRY	-83.9	-13.0	-96.9
SUBTOTAL - after replacing everything Canada does			+32.2 to +40.9
ADDITIONAL SOVEREIGN-FUNCTION COSTING ALLOWANCE			
A defence force sized to the posture described in Section 15, about 1.05 per cent of gross domestic product, over the transition establishment already carried in the Budget and Costing Report			−4.6
Indigenous programme continuity allowance, continued at Canada's present level (Section 12)			−3.1 to −3.8
Veterans' benefits - a successor arrangement			−0.7
Immigration reassessment and removals (Section 14)			−0.2 to −0.4
Additional land and environmental responsibilities (Section 13)			−0.2 to −0.5
Total sovereign-function costing allowances			−8.8 to −10.0
NET - LEFT OVER, EVERY YEAR			+22.2 to +32.1

Alberta figures: Budget 2026-27 [AB-B26]. The health line is the Ministry of Health operating expense; wider figures quoted publicly for "health investment" also fold in assisted living, mental health and capital that sit in other rows of the same budget. Federal replacement costs are ATC working estimates from the transition budget accounts [BA] rather than a published public source; the sovereign-function lines are costing assumptions used to avoid understating functions Alberta does not perform at provincial level, or obligations that may arise at sovereignty.

Resource royalties comprise bitumen royalty C$9,688.1M, crude oil royalty C$2,120.5M, natural gas and by-products royalty C$942.2M, bonuses and sales of Crown leases C$331.3M, and rentals, fees and coal royalty C$130.8M [AB-26].

Forestry is not in this line: timber royalties and fees, about C$97 million a year, are reported under premiums, fees and licences and are carried in the taxation and fees line above [GoA-FP].

Debt servicing is Alberta's own and carries no federal element; federal debt is dealt with separately in Section 10. Of the C$3.4 billion, about C$0.6 billion services self-supported debt lent on to local authorities and the Agriculture Financial Services Corporation, and is recovered through the investment income line above [AB-26].

After replacing the federal functions Alberta would inherit, the ledger leaves roughly C$32 to C$41 billion a year.

The sovereign-function allowances then cover defence, Indigenous programme continuity, veterans, immigration and additional land and environmental responsibilities.

After those allowances, C$22.2 to C$32.1 billion remains.

Sections 12 to 15 set out what each one buys and how it was costed.

The vintage of these figures, and what it costs the case

Unless otherwise stated, provincial fiscal figures use Government of Alberta Budget 2026 estimates for 2026-27, tabled 26 February 2026. Demographic, federal, energy, pension and comparative figures use the sources identified in Appendix A.

The 2026-27 first-quarter update, which raised forecast resource revenue for that year by roughly C$9.7 billion, is shown only as excluded upside and is not carried into the headline case. Considering the variability of energy prices, this paper takes the most conservative approach to make its case.



CHAPTER 4

Sensitivity Analysis

The seven shocks, and how much the ledger absorbs

The seven material fiscal risks tested against the Day 1 ledger are gathered here, in one place. The three groups behave very differently — in what triggers them, in whether Alberta has any say in them, and above all in how long they last. Appendix K sets out the evidence behind each one at length.

TABLE 4 - THE SEVEN SHOCKS

SHOCK	COST A YEAR	WHAT IT ASSUMES	HOW LONG IT LASTS	EVIDENCE
Group 1 — the terms of separation: negotiated, and known on the day they are settled				
The Full Debt Share	6.2	A share of federal debt service calculated on population, with no credit for decades of net contribution and no offset for federal assets in Alberta.	Permanent, but fixed at settlement and reducible by paying it down.	K.3
The Larger Settlement	2.8	Indigenous programme funding settled well above simple continuation of current federal funding, at the top of the range tested.	Permanent, and a deliberate choice rather than an imposition.	K.3
Group 2 — the market's reaction to a new country: behavioural, and it fades as the record accumulates				
The Head Office Exodus	3.2	The corporate tax base contracts fifteen per cent — worse than anything measured in Quebec after 1976, the only real comparator that exists.	Front-loaded. Quebec's relocations ran 1979 to 1982 and no second exodus followed.	K.4
The New Country Premium	1.3	A newly sovereign Alberta pays more to borrow than a province does, at the top of the range tested rather than the middle.	Decays. It is the price of an absent credit record, and it falls as the record is built.	K.6
Group 3 — the commodity cycle: it happens to Alberta whether or not Alberta is independent				
The Household Squeeze	7.5	The personal income tax base contracts fifteen per cent, matching the worst real fall in primary household income in Alberta's recorded history, 2015 to 2020.	Three to five years on Alberta's own record, then it reverses.	K.1
The Oil Price Slump	6.5	Energy revenue falls to the Government of Alberta's own published downside case rather than its budget case.	Cyclical. Alberta has seen four of these in fifty years and recovered from every one.	K.2
The Wider Downturn	1.9	Consumption taxes and fees fall eight per cent, matching the deepest peak-to-trough contraction in Alberta real output on record.	Moves with the same cycle and on the same timetable.	K.5

The seven are not all the same kind of thing. Group 3 are economic outcomes set at the worst actually observed, except the energy case, which is the Government of Alberta's own published downside. Group 1 are negotiation assumptions carried at the least favourable end of the range tested. Group 2 are behavioural responses, taken at the top of their ranges. Appendix E gives the arithmetic.

The overlap, stated rather than hidden

One thing follows from the grouping and is worth saying. The three shocks in Group 3 are three transmission channels of one event— three different revenue lines genuinely do fall together — but they should be understood as one downturn hitting three lines.

Alberta's 2015 to 2020 collapse in household income, which anchors the Household Squeeze, was itself caused by a collapse in the oil price. Consumption taxes fell in the same episode for the same reason.

The paper takes the unfavourable side of it. Because they share a cause, they genuinely do arrive together, so Group 3 is treated as a single block of C$15.9 billion. What does not follow is that Group 3 must arrive at the same moment as Groups 1 and 2. Nothing connects the oil price to the terms of a negotiated settlement.

TABLE 5 - WHAT EACH GROUP COSTS, AND WHAT IS LEFT, C$ BILLIONS A YEAR

SCENARIO	ANNUAL COST	ANNUAL BALANCE, CONSERVATIVE	ANNUAL BALANCE, UPPER
The ledger as it stands	—	C$22.2B	C$32.1B
Group 1 alone — the terms of separation	9.0	C$13.2B	C$23.1B
Groups 1 and 2 — everything independence itself causes	13.5	C$8.7B	C$18.6B
Group 3 alone — the worst commodity downturn on record	15.9	C$6.3B	C$16.2B
All three at once — the outer bound	29.4	−C$7.2B	C$2.7B

Each row is a complete scenario rather than a step in a sequence. They are alternatives and must not be added to one another, and none of them may be added to the totals in Table 2 or Table 3. The bottom row already contains every other row, and there is no combination of anything in this paper that produces a worse figure than it.

What the table says

The figure that matters most is the third row. Everything independence itself causes — the debt share, the Indigenous settlement, the head offices that leave and the premium a new borrower pays — comes to C$13.5 billion a year, taken at the least

favourable end of every range and Alberta still runs a surplus of C$8.7 to C$18.6 billion a year.

No single shock is close to decisive. The largest of the seven on its own, the Household Squeeze, still leaves C$14.7 billion a year. The most that any one of these events takes is about a third of the surplus.

In the extremely unlikely event that all of them occur together, the upper revenue case still leaves the position positive. On the conservative case it is C$7.2 billion short, which is 1.5 per cent of Alberta's annual output of C$473.9 billion.

Even taking the most extreme case, of all three scenarios striking at precisely the wrong time and running for four years — the length of the 1981-83 recovery — the cumulative borrowing required is about C$29 billion, or 6.1 per cent of one year's output.

How long any of this lasts

We have not attempted to predict how long each scenario might last in the worst case.

Alberta's historical downturns have eventually reversed. If Alberta takes a transition-related hit, that effect should diminish as the country establishes a fiscal and credit record, and any temporary additional costs are paid down out of the surplus that returns.

By way of example:

- Quebec's relocations ran from 1979 to 1982 and no second exodus followed.
- Alberta has been through four downturns of this class in fifty years, and every one of them reversed. Employment fell 6.3 per cent in the 1981-83 collapse and took fifty-three months to recover. Resource revenue fell 61.6 per cent in a single year in 1986, and 68.8 per cent again in 2015-16, down to C$2.8 billion. Nominal output fell 17.0 per cent in 2009. In 2020, one job in six disappeared in nine months.

Alberta has been through severe financial shocks before, roughly once a decade.

Through all of it — and through a decade in the 1990s when oil averaged the equivalent of US$42 a barrel — Alberta's population has not fallen year over year since 1971. Not once.

The province rebuilt every time, and every time the people came back: Alberta has led all of Canada in net interprovincial migration for fifteen consecutive quarters.

The federal transfers that matter most, health and social, are formula-driven and per-capita: more money does not flow to Alberta because Alberta is having a bad year. Fiscal Stabilization did pay out, and it is worth being exact about the scale: Alberta received about C$251 million for 2015-16, the most the programme allowed at the time, against a C$6.2 billion fall in resource revenue in the same twelve months [FIN-FSP][GoA-HFS].

What moved every year, in good times and bad, was the money going the other way — roughly C$68 to C$77 billion collected from Albertans against about C$52 billion spent in Alberta. The University of Calgary's independent estimate of about C$71 billion sits inside that range [SPP-26].

In the model, retaining the federal revenue currently attributable to Alberta materially increases the fiscal buffer available in a downturn — and Alberta rebuilt from every one of these episodes while that revenue was leaving the province.

II

PART II

What Changes And What Does Not

Independence changes who sends the bill and who signs the cheque. It does not mean rebuilding the hospitals, schools and courts Alberta already runs.



5 Health, Education and Existing Services

6 Pensions and Payments to Citizens

7 The One-Time Transition



CHAPTER 5

Health, Education and Existing Services

Most public services Albertans use every day are already run inside Alberta.

Most public-facing services are already delivered by provincial or municipal institutions. The hospital, the school, the university, the highway, the courthouse, the land titles office, the police car, the water coming out of the tap, the bin at the curb. Alberta and its municipalities already run every one of them. None of that has to be rebuilt. What changes is the money flow with Ottawa, plus the federal-tier jobs listed in Appendix F that Alberta would pick up.

Transfers are financing, not duplicate services

The Canada Health Transfer and the Canada Social Transfer are real money, but they do not buy a single federal hospital or school sitting alongside Alberta's. The transfers are a cheque, and on independence the cheque stops arriving at the same moment the associated federal tax revenue no longer accrues to the federal government. Which is why counting both the lost transfer and the whole existing service as new costs of independence charges Albertans twice for the same thing.

What Alberta already runs

TABLE 6 - EXAMPLES OF SERVICES ALREADY RUN IN ALBERTA

PROVINCIAL TODAY	MUNICIPAL TODAY
Colleges and universities	Fire protection
Driver licensing and highways	Local policing
Education	Public transport
Health care	Streets and sidewalks
Natural resources	Waste management
Provincial law and courts	Water supply and treatment
Social services	Urban land-use planning





CHAPTER 6

Pensions and Payments to Citizens

Design assumption. Alberta would not be inheriting Canada's administrative architecture. For costing purposes, this paper assumes an independent Alberta voluntarily continues Canada Pension Plan-equivalent, Old Age Security and Guaranteed Income Supplement payments, and finances all three through a single ring-fenced Alberta retirement-income system.

Contributions, transferred assets and investment income remain inside that system, and the model tests whether it can sustain the combined obligations. Nothing here implies that Old Age Security or the Guaranteed Income Supplement are today components of the Canada Pension Plan; they are not.

For this analysis, pension assets and liabilities are ring-fenced from general government revenue and expenditure for fiscal modelling purposes.

The retirement obligations Alberta would take on — Canada Pension Plan-equivalent benefits, Old Age Security and the Guaranteed Income Supplement — are handled here as one sealed system, paid by an Alberta Pension Plan and never out of general tax revenue. That is the steady state considered under this document.

Inside the transition window the plan holds no assets yet, and the Budget and Costing Report accordingly carries the part of the book that Canada's own export rules do not permit it to pay — the Guaranteed Income Supplement in full and Old Age Security for the short-residence cohort — as a payment to citizens met from cashflow. The two treatments describe the same obligation at different stages, not two different obligations.

TABLE 7 - ALBERTA PENSION PLAN: OBLIGATIONS, FUNDING AND THE FIREWALL FROM GENERAL REVENUE

PENSION ITEM	BASIS	AMOUNT	TREATMENT
Annual retirement-income obligations			
Canada Pension Plan-equivalent benefits	Current Alberta planning estimate	~C$5.1B a year	Paid from the APP
Old Age Security	Current Alberta payments	C$6.28B a year	Paid from the APP
Guaranteed Income Supplement	Current Alberta payments	C$1.63B a year	Paid from the APP
Total obligations		**~C$13.0B a year**	**Paid entirely from the APP**
APP funding			
Assumed asset transfer	Half the C$334B LifeWorks claim	C$167.0B	Ring-fenced in the APP
Annual investment return	C$167.0B at 4.0% real	C$6.7B a year	APP income only
Ongoing Alberta contributions	Current estimate [FI-CPP]	C$11.4B a year	APP income only
Total annual APP income		**C$18.1B a year**	**APP only**
Surplus retained inside the APP	C$18.1B less C$13.0B	**~C$5.1B a year**	Never enters general revenue

C$ billions unless shown otherwise. Payment figures use the current Alberta planning book [BA]; the asset-transfer range uses [LW-23][CPPI-26][FI-CPP]. The 4.0 per cent real return is discussed below.

The book pays for itself from inside the pension wall. That is why the ledger in Part I carries nothing at all for retirement income.

The return assumption

This paper uses a 4.0 per cent real investment return.

For comparison, Norway's Government Pension Fund Global earned 4.3 per cent a year after inflation and management costs from 1998 to 2025, while Norway now uses a 3 per cent planning assumption [NBIM-26]. Four per cent sits between those two benchmarks.

Will the fund still be there when the population ages?

Balancing on the commencement of sovereignty is the easy part. The real test is whether the plan still works when today's forty-year-olds retire — and Alberta is getting older.

Alberta had roughly **760,000 residents aged 65 and over in 2026**. Alberta Treasury Board and Finance projects that number to pass **one million by 2034** and **1.2 million by 2043**, with about one Albertan in five over 65 by 2051 [AB-POP]. The obligation roughly doubles.

Contributions grow too, but more slowly, because the working-age population grows more slowly than the retired one.

TABLE 8 - THE PENSION BOOK AS THE POPULATION AGES

	2026	2036	2046	2056	2066
Albertans aged 65 and over, millions	0.76	1.01	1.26	1.41	1.55
Annual obligations, C$B	13.0	17.3	21.6	24.0	26.5
Annual contributions, C$B	11.4	14.0	17.0	19.8	23.0
Cash shortfall the fund must cover, C$B	**1.6**	**3.3**	**4.6**	**4.3**	**3.6**

Real 2026 dollars. Benefits are held flat in real terms per recipient, which is how the Canada Pension Plan, Old Age Security and the Guaranteed Income Supplement actually work once in payment: they are indexed to prices, not to wages. Contributions grow with the working-age population and with real wages at 1 per cent a year.

The demographic pressure is not a cliff. The gap between what the plan pays out and what it collects widens to about C$4.6 billion a year in the mid-2040s and then narrows again as the baby-boom cohort passes through and contributions keep growing. The fund has to cover that gap, and on these assumptions it does so out of investment income without touching capital.

Table 9 - Fund value in 2066 under different transfers and returns

C$ billions, real 2026 dollars.

ASSET TRANSFER	3.0% REAL	4.0% REAL	5.0% REAL	RETURN NEEDED TO SURVIVE TO 2066
C$100B - the CPP Investments view	60	152	296	1.9%
C$167B - half the LifeWorks claim, used here	**279**	**474**	**767**	**below zero**
C$334B - the full LifeWorks claim	824	1,275	1,943	below zero

"Below zero" means contributions and the transferred capital alone carry the book to 2066 even with no real investment return at all.

Under the assumptions used, all modelled scenarios remain solvent to 2066. Even on CPP Investments' own much smaller figure of about C$100 billion, the fund lasts to 2066 provided it earns roughly 2 per cent real — half what Norway has achieved. On the C$167 billion planning case the fund is larger in 2066 than it was on Day 1.

Where this could still go wrong

The table above assumes benefits stay flat in real terms per recipient, which is how the programmes work today.

The transfer is disputed and not in Alberta's gift. The 2023 LifeWorks analysis produced the C$334 billion claim; CPP Investments has argued for something closer to C$100 billion [LW-23]. This paper plans on half the LifeWorks figure, which is neither side's number.

There is a fallback, and it is affordable. If no transfer occurred on the assumed terms, Canada Pension Plan benefits remain portable from Canada under the Day 1 arrangement, and Alberta would pay the roughly **C$2.13 billion** of non-portable Old Age Security and Guaranteed Income Supplement from general revenue. That reduces the annual balance to about **C$18 to C$28 billion**. It does not overturn the conclusion.

Alberta's existing public-sector pension plans for teachers, public servants, local authorities, management and police stay exactly where they are: separate plans, provincial jurisdiction, own assets and liabilities. They are not folded into the APP and they never become general revenue.



CHAPTER 7

The One-Time Transition

Setting up a country costs money - once. Treating that bill as though it arrives every year forever is a common way to misread the fiscal case.

The transition costing is approximately C$4.96 billion over three years, of which about C$1.29 billion is capital [BA]. That averages roughly C$1.65 billion a year during the transition.

TABLE 10 - WHERE THE ONE-TIME TRANSITION MONEY GOES

GROUP	C$B	SHARE
Regulation and industry - sectoral regulators, energy, agriculture, transport, telecoms	1.38	28%
Revenue and payments - tax authority, banking, pensions and benefits administration	1.25	25%
Security, border and justice - police, corrections, customs, courts	0.67	14%
External relations and settlement - missions, trade, asset settlement, defence	0.62	13%
Indigenous readiness	0.28	6%
Health care - administrative continuity only	0.27	5%
Immigration	0.20	4%
Digital and shared services	0.19	4%
Constitutional process	0.10	2%
Total	4.96	100%

Shares are rounded independently and may not sum to 100 per cent. The amounts sum to the C$4.96 billion transition envelope exactly.

> A C$4.96 billion one-time transition is roughly two to three months of the annual C$20–30 billion fiscal room identified in the steady-state case.

Most of the money lands early, for the obvious reason that anything which has to work on the commencement of sovereignty must be built before it.

What the transition already does for defence

The transition budget includes C$58.2 million of one-time Defence and Security set-up, including C$20.2 million of capital [BA]. That establishes the initial institution and Day 1 readiness; the mature force and equipment build-out are costed separately in Section 15 and Appendix E.

III

PART III

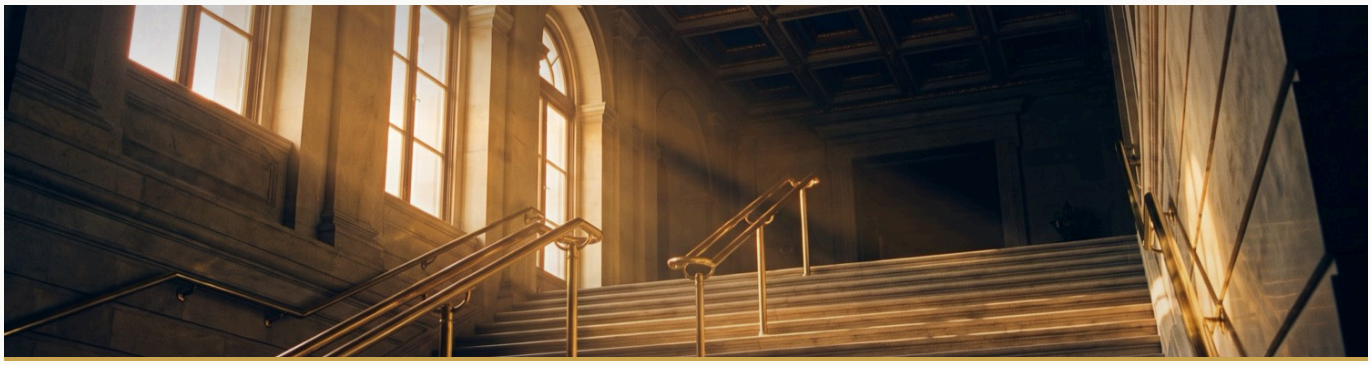
What Financial Capacity Creates

Once the books balance, the argument changes character. What follows are choices, not necessities.



8 Taxes, Debt and Savings

9 Currency, Liquidity and Alberta's Own Debt



CHAPTER 8

Taxes, Debt and Savings

The C$20 to C$30 billion is not spoken for. There are several sensible things to do with it — and, as with any household, the same dollar can only be spent once.

TABLE 11 - WHAT THE FISCAL ROOM COULD BE USED FOR

ILLUSTRATIVE USE	APPROXIMATE ANNUAL AMOUNT
Cut personal income tax by about one-third and reduce corporate tax to about 19%	C$17.0-22.2B
Service a negotiated federal debt share at the amount currently attributed to Albertans	C$6.2B
Retire Budget 2026's projected C$108.9B taxpayer-supported debt over ten years	~C$11B
Increase Indigenous funding beyond continuation under a negotiated arrangement	a further C$1.5-2.8B
Build a sovereign wealth fund at a substantial annual contribution rate	C$10-15B

These are illustrations of scale, not a recommended budget. Two or three may fit together; all of them do not.

Tax relief as an illustration

The analysis tests what large tax reductions would cost. Cutting personal income tax roughly in half and lowering the combined corporate rate to around 19 per cent would cost about C$24.0-31.1 billion a year. That is larger than the conservative annual balance and therefore should not be presented as an immediate promise.

TABLE 12 - ILLUSTRATIVE PERSONAL INCOME-TAX EFFECT IF THE LARGER TAX PROGRAMME WERE EVENTUALLY ADOPTED

HOUSEHOLD	INCOME	INCOME TAX TODAY	INDEPENDENT ALBERTA	SAVING	CUT
Single	$60,000	~$9,000	~$4,800	$4,200	47%
Couple	$125,000	~$22,000	~$12,200	$9,800	45%
Family	$165,000	~$26,000	~$13,400	$12,600	48%
Single parent	$85,000	~$14,000	~$6,300	$7,700	55%

These examples show scale only. The fiscal case does not depend on adopting these rates.

An illustrative sequencing, and an unglamorous one:

1. See what the revenue actually comes in at
2. Settle the big liabilities
3. Pay down debt where it makes sense
4. Only then cut taxes — against money you have counted rather than money you have forecast.

Tax reduction is the most direct of these choices. The illustrative programme is not a recommendation, but the scale belongs in household terms. The savings are a permanent change in what a working household keeps, every year, for a working life.

Debt is the least visible and among the most valuable. Budget 2026 projects Alberta's taxpayer-supported debt at C$108.9 billion for the end of 2026-27, serviced out of the budget every year before a single service is delivered. Retiring it over a decade removes that charge permanently, and a government without debt service has substantially more room to absorb a bad year without service cuts.

The Heritage Fund is a generational change. A contribution in the order of C$10 to C$15 billion a year is a different instrument from the fund as it stands: at that rate it becomes a material revenue source within a working lifetime, and the share of the budget exposed to the oil price falls every year it runs. The relevant lesson from Norway is not the size of the fund but the discipline of paying into it in the good years.

Investment in the country has the longest payback and the clearest case. Transmission, water, rail and road capacity, and the port and corridor access

Alberta's exports have never had enough of, are what raise the value of an hour of Albertan work.

None of this is in the numbers. This paper assumes no growth from lower taxes, no investment drawn in by a more predictable regime, no return on anything the Heritage Fund holds and no productivity gain from anything built.

Every one of those would improve the result, some of them substantially. They are excluded so that the case rests on what can be defended rather than on what could be hoped for.

What is out of scope in the other direction

Risks also sit outside a Day 1 fiscal ledger on the downside, and they should be named rather than left for an opponent to find. This paper does not cost continued access to the North American trade agreements on the terms Alberta enjoys today, nor a period of non-cooperation by the rest of Canada, nor the cost of standing up payment systems and a lender of last resort, nor passport issuance and international recognition, nor any gain or loss from migration after independence. Those are transition and institutional questions rather than steady-state running costs, and they are addressed in the Alberta Transition Plan and its supporting analysis rather than here.





CHAPTER 9

Currency, Liquidity and Alberta's Own Debt

Alberta would have to settle its currency arrangements. It does not have to settle them in this paper.

A country needs money that works on the commencement of sovereignty, cash to draw on during the transition, and reserves that match what it owes. Those are serious institutional questions. They are also separate from the plain arithmetic of whether revenue exceeds cost.

Possible arrangements include temporary use of an established currency, followed by an Alberta currency if that is later judged desirable, together with adequate reserves and liquidity arrangements. None of those choices is required to make the fiscal balance in Part I work.

Alberta's own debt is real and already on its books

Alberta's taxpayer-supported debt is projected at C$108.9 billion at the end of 2026-27, up from roughly C$92.1 billion a year earlier. Budget 2026-27 projects C$137.5 billion by 2028-29 [AB-B26]. Independence does not make that debt disappear.

Any final monetary plan should be tested separately for reserve needs, lender-of-last-resort arrangements, payment-system continuity, foreign-exchange exposure and the cost of committed liquidity facilities.

A major concern often raised is that independence would severely impact the Canadian dollar and damage the Albertan economy. It is worth being precise, because for Alberta the effect on the public accounts runs in the opposite direction to the intuition.

Alberta's largest export is priced in United States dollars. Crude oil, natural gas liquids and much of the petrochemical and agricultural trade settle in that currency, while the royalties, corporate taxes and personal taxes they generate are collected in domestic currency. A depreciation therefore raises the domestic value of Alberta's resource revenue and of the earnings of its export sector. The provincial treasury has repeatedly benefited from precisely this effect during past currency weakness.

That is not an argument that a depreciation would be welcome. Imported food, vehicles, machinery, building materials and travel would all cost more, and the burden of that falls hardest on households with the least room to absorb it.

A government with the fiscal capacity described in this paper would have the means to offset it through tax relief or targeted support, and the choice of whether to do so is exactly the kind of decision the paper leaves to a future legislature.

What can be said with confidence is narrower than either side of the usual argument. Depreciation would tend to raise the domestic-currency value of United States dollar export receipts, but the net effect on the budget also depends on the cost of imported goods and equipment, on inflation-sensitive spending, on interest rates and on any foreign-currency obligations.

No currency gain is counted anywhere in the core ledger.

The serious currency questions are about reserves, payment continuity, the cost of committed liquidity and the management of foreign-denominated obligations — institutional questions, addressed in the transition planning rather than here.

IV

PART IV

Costing Sovereign Functions



10 Federal Debt and Federal Assets

11 What Changes When a Province Becomes a Country

12 Indigenous Programme Continuity and Treaty Matters

13 Land, Resources and Environmental Responsibilities

14 Citizenship, Residency and Immigration

15 Defence and Continental Security



CHAPTER 10

Federal Debt and Federal Assets

The headline carries no federal debt because no debt-and-asset settlement has been negotiated. That does not make the issue disappear.

Any settlement would have to deal with liabilities and assets together. Different methods, such as population, economic share, historical contribution or benefit received, produce different answers.

The asset side includes federal land, buildings, infrastructure and equipment in Alberta, interests in Crown corporations, and a share of federal financial assets.

Military facilities on Alberta land such as Cold Lake, Suffield, Wainwright and Edmonton are particularly significant because they would also affect the cost of a future defence force.

The Library of Parliament attributes about C$1,217 per Albertan of federal debt interest to Alberta, roughly C$6.2 billion a year [LoP-26]. Section 4 uses that amount as a stress test, not a forecast.

The actual result would depend on the debt principal, the interest rate and the value of federal assets transferred to Alberta.

These sections are costing models. Each one picks a plausible version of something Alberta does not do today, so that the ledger has a real number in it rather than a blank.

A range of settlement outcomes

No debt-and-asset settlement has been negotiated and the outcome cannot be known in advance. Different allocation methods produce materially different results, so the analysis does not rely on any single outcome. It tests a range.

The Library of Parliament attributes federal debt interest of approximately C$1,217 per Albertan, about C$6.2 billion a year across Alberta's population [LoP-26]. That is a population-share allocation, and this paper treats it as the ceiling.

An allocation weighted to economic size rather than to people is sometimes suggested, and this paper does not treat it as a defensible planning basis. Federal debt was incurred to fund programmes delivered to persons, and it is persons who carry the obligation. Charging Alberta a share scaled to its output would charge it twice over: once through decades of net fiscal contribution already transferred out of the province, and again through a debt share calculated on the very output that generated those transfers.

If historical contribution were given any weight at all, it would argue for a discount below population share, not a premium above it.

TABLE 13 - FEDERAL DEBT SETTLEMENT OUTCOMES AND REMAINING FISCAL CAPACITY

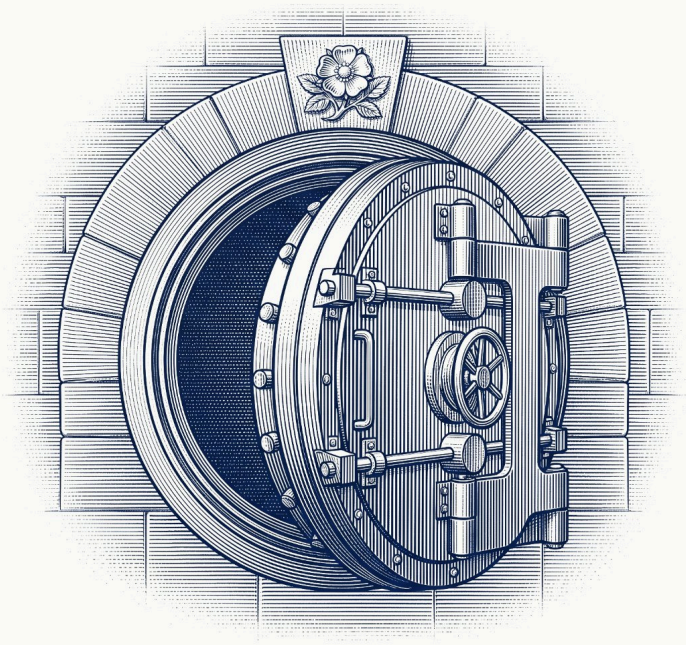
SETTLEMENT BASIS	ANNUAL DEBT COST	REMAINING CAPACITY, LOW CASE	REMAINING CAPACITY, HIGH CASE
No debt share assumed	C$0.0B	C$22.2B	C$32.1B
Negotiated discount for historical net contribution	C$3.1B	C$19.1B	C$29.0B
Population share - the attributed amount, and the ceiling used here	C$6.2B	C$16.0B	C$25.9B

Population share is derived from the Library of Parliament attribution [LoP-26]. No value is credited anywhere in this paper for the federal assets that would transfer in any settlement, so every row above is stated without an asset offset.

Across every basis the paper is prepared to defend, the annual balance remains positive. The debt question changes the size of the result. On these assumptions it does not change the answer.

Any settlement would also transfer federal assets. Land, buildings, infrastructure and equipment in Alberta, interests in Crown corporations and a share of federal financial assets would all be in scope, and the military estate at Cold Lake, Suffield,

Wainwright and Edmonton is significant enough to affect the cost of a future defence force. No value for any of it is credited anywhere in this paper.





CHAPTER 11

What Changes When a Province Becomes a Country

Alberta already runs most services people use every day, but sovereignty adds other functions.

The fiscal model separates three cases:

1. Services that continue unchanged
2. Alberta institutions that gain national responsibilities
3. Functions that must be built because only Ottawa performs them today.

The functions of government fall into three groups, and they behave completely differently.

GROUP 1 - UNCHANGED

Hospitals, schools, universities, highways, trial courts, social services and municipal services. Alberta already runs these and would carry on running them. Group 2 - transformed. Functions Alberta already performs, but which change scale, jurisdiction or legal character when a province becomes a state. Group 3 - entirely new. Functions no province performs, because Ottawa performs them for the whole federation.

That distinction matters because extending an existing institution is usually much cheaper than building a new one. The C$13.0 billion federal replacement line in Table 3 already contains those costs; Appendix F gives the full domain ledger.

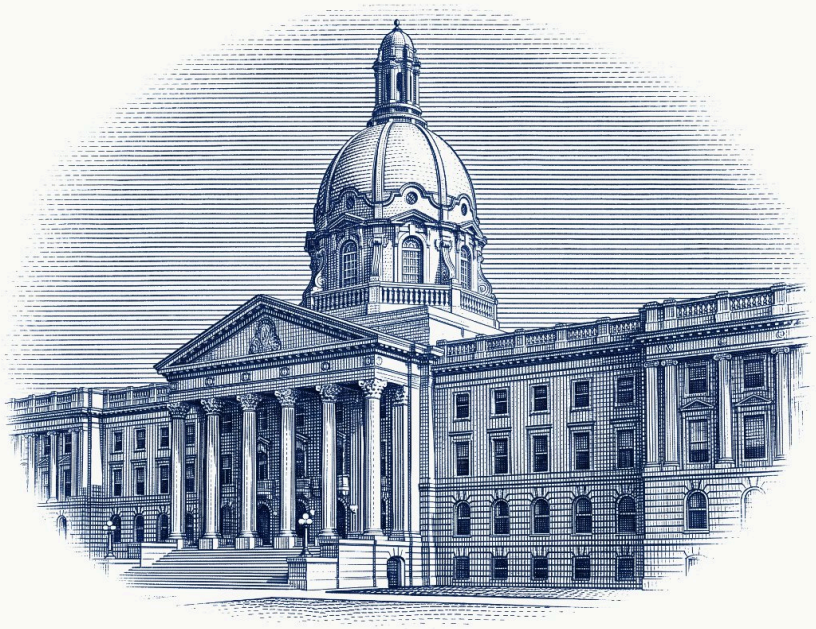
THE GENERAL RULE

competence transfers, absence costs. Where Alberta already runs a capable institution, making it national is an incremental change. Where the function has always been someone else's, it has to be built from nothing - and that is where the money goes.

That is why none of these is carried as a cost here. Legitimacy is not a budget line. It is the central preoccupation of the transition plan, which sets out how a lawful, orderly and internationally credible transition is conducted - and which is the right document in which to argue about it.

EMPLOYMENT INSURANCE IS WORTH A LINE OF ITS OWN

Albertans pay about C$3.7 billion a year in premiums and draw roughly C$2.8 billion in benefits, so contributions exceed direct benefits by about C$0.9 billion in the reference year. That margin should not be treated as permanent. Employment Insurance is counter-cyclical by design, and a sovereign scheme would need reserves or borrowing capacity to carry recession years. It is carried here as a delivery obligation rather than as a new burden.





CHAPTER 12

Indigenous Programme Continuity and Treaty Matters

The ledger needs a Day 1 number for Indigenous programme funding. It does not try to settle treaty relationships.

The rule used, and why

The base case is simple: assume current federal programme funding continues until the nations concerned agree to something else.

Indigenous Services Canada's planned programme spending and Alberta's share of registered populations imply roughly C$3.1 to C$3.8 billion a year [ISC-26][IR-24]. That figure is a population-share budgeting proxy for continuity funding, not a measurement of federal expenditure actually made in Alberta, which Canada does not publish on that basis. It is also Indigenous Services Canada programme spending only; Crown-Indigenous Relations and Northern Affairs Canada and other departments also spend in Alberta, so the continuation base may be understated. The full range is included in the annual sovereign-function allowance, and the separate C$1.5 to C$2.8 billion stress tests a settlement above continuation.

TABLE 14 - TWO WAYS TO ESTIMATE CURRENT FEDERAL INDIGENOUS PROGRAMME SPENDING IN ALBERTA

DRIVER	ALBERTA	CANADA	SHARE	IMPLIED
Registrants under the Indian Act	143,241	1,116,320	12.8%	C$3.09B
Registrants on reserve or Crown land	83,676	531,235	15.8%	C$3.81B

Alberta has 48 First Nations, 138 reserves and eight Métis Settlements [AB-FN]. These estimates are a budgeting basis, not a statement about entitlement or the proper final level of funding.

Continuation is the cautious base case: it keeps current funding in place, requires no nation to accept a new arrangement and does not build the fiscal case on a cut.

Negotiated arrangements come later

The transition can fund readiness, but it cannot decide the outcome or the timetable of negotiations.

The transition model therefore carries C$23.2 million a year of added administration and C$278.3 million once for negotiation capacity, records custody and payment administration. Any new agreement would be reached with the nation concerned and on its own timetable.

What a richer settlement would cost

The stress test in Section 4 adds a further C$1.5 to C$2.8 billion a year above continuation to show that the fiscal case survives a substantially more expensive negotiated outcome.

That amount is a fiscal sensitivity, not an estimate of treaty liability, an offer or a settlement formula.

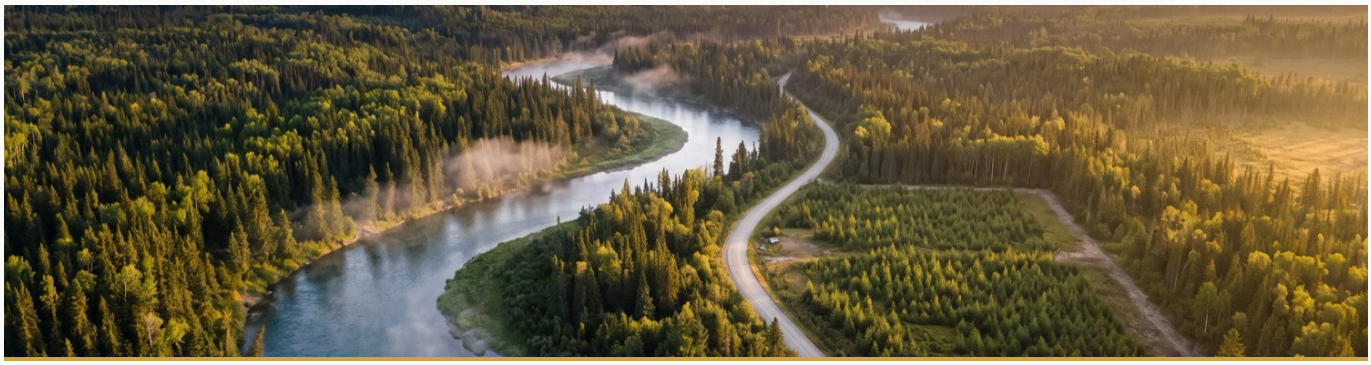
What remains unresolved

Constitutional and treaty counsel would be required before implementation. Questions about treaty continuity, live litigation and the timing of consultation remain outside this fiscal paper.

THE HONEST SUMMARY

this paper carries the money at today's level, discloses what a richer settlement would cost, funds the capacity to negotiate, and leaves every question of right, title and treaty to the people whose rights they are.





CHAPTER 13

Land, Resources and Environmental Responsibilities

Alberta already performs most land and resource management. Rather than assuming sovereignty adds nothing, the fiscal model carries C$0.2 to C$0.5 billion a year for additional land and environmental stewardship. It is a conservative allowance, not a commitment to any particular restoration programme.

TABLE 15 - EXAMPLE USED TO SIZE THE ADDITIONAL LAND AND ENVIRONMENTAL ALLOWANCE

ACTIVITY	SCALE	ANNUAL COST
Reforestation of foothills	0.5M ha at $100–500/ha, over ten years	C$5–25M
Conservation easements and silvopasture	3.0M ha at $200–600/ha, over ten years	C$60–180M
Species diversification, controlled burns and fuel reduction	~150,000 ha a year at $500–1,500/ha	C$75–225M
Monitoring, remote sensing, education and enforcement	province-wide	C$50–100M
Total		C$190–530M

The example includes reforestation, conservation measures, fire and fuel management, monitoring, remote sensing and enforcement. A future government could design the programme differently.

For the fiscal case the important point is that an additional C$0.2-0.5 billion is already inside the C$20-30 billion result. No carbon-credit revenue, carbon-sequestra-

tion benefit or emissions offset is counted.





CHAPTER 14

Citizenship, Residency and Immigration

Every country has to answer three questions: who may come, who may stay, and what happens to the people already here on the day the rules change. What follows is a workable answer, built so the system can be costed. It is not a draft immigration act.

Who is here on Day 1

At 1 April 2026 Alberta had 261,031 non-permanent residents, about 5.2 per cent of the population [SC-121]. The number of non-citizen permanent residents is not published and is estimated at roughly 190,000 from recent admissions. Taken together, the planning population is about 450,000 non-citizens.

Most temporary residents need no special programme at all, because permits expire on their own. Alberta would honour every valid permit to its expiry date and then apply its own renewal rules. A permit that is not renewed usually ends with someone booking a flight, not with an enforcement officer at the door.

Selection rules for new economic applicants are a policy question and are not settled here. What the costing needs is volume: the paper assumes roughly 18,000 to 27,000 new admissions a year for workload planning, alongside employer-driven, family-reunification, temporary and refugee streams.

Everyone is re-examined, and settled lives are protected

- Every permanent resident would be re-examined. That is what the 190,000-case review costed below actually is: nobody carries status into the new country unexamined. Every valid temporary permit would be honoured to its expiry date, and its holder checked against the same standard at renewal or at their next application, with identity, criminality and security screening applied across the whole non-citizen population.

What re-examination tests is reasonable compliance with the terms on which status was granted: that the person is who they said they are, that there is no serious criminal or security record, and that the conditions of the permit have broadly been kept. It is not a re-run of a selection competition, and it is not a search for reasons to refuse. Canadian citizens ordinarily resident in Alberta on Independence Day would be dealt with under Alberta's citizenship law rather than through any immigration process. Settled permanent residents, established work-permit holders, spouses and partners of Alberta citizens, and protected persons would be confirmed on that basis rather than required to re-qualify. Appendix D sets out the rules, and they are what bound the reassessment volumes used for costing.

Re-examination on this scale carries legal as well as fiscal exposure. Decisions affecting settled residents engage the Canadian Charter of Rights and Freedoms or its successor instrument, and would be open to judicial review, which is why the costing carries an explicit error and legal reserve rather than an administrative fee alone. The design questions that exposure raises belong to the Transition Plan; what is costed here is the workload and the reserve.

Reassessment and removals: use real-world capacity

The model reassesses the estimated 190,000 permanent residents over three years, about 63,000 cases a year. The working refusal range is 1,650 to 3,180 a year, but refusal is not the same as forced removal. Using Canadian capacity as a comparator, the model assumes 800 to 2,000 enforced removals a year. Appendix D shows the refusal method, removal comparators and full cost build-up.

What is carried in the fiscal model

TABLE 16 - IMMIGRATION POLICY AND WORKLOAD USED FOR COSTING

COSTING INPUT	PLANNING VALUE
Non-permanent residents, 1 April 2026	261,031 [SC-121]
Estimated non-citizen permanent residents	~190,000
New admissions used for workload planning	18,000-27,000 a year
Permanent residents reassessed	~63,000 a year for three years
Expected refusals from reassessment	1,650-3,180 a year
Serious-criminality removals	130-200 a year
Enforced removals actually executed	800-2,000 a year
Reassessment, screening, adjudication and enforcement allowance	C$237-375M a year
One-time immigration setup cross-check	C$200-300M

What the transition already does for immigration

The transition budget already includes C$196.7 million of one-time immigration set-up, including C$72 million of capital [BA].

The annual reassessment, screening, adjudication and enforcement allowance is C$237 to C$375 million, rounded to C$0.2 to C$0.4 billion in the fiscal ledger. It covers the three-year reassessment of permanent residents together with the ordinary screening and adjudication caseload, including compliance checks on temporary permits as they come up for renewal. No separate mass review of the temporary cohort is assumed or costed.

Appendix D provides the detail.



CHAPTER 15

Defence and Continental Security

Defence is the largest genuinely new sovereign function and the one most easily to be poorly costed. A percentage of GDP is an input to a political commitment, not to a costing. What is costed here is the mature force. The people and bases stood up inside the transition window, without equipment, are costed in the Budget and Costing Report, and this allowance sits on top of that establishment rather than replacing it. The difference between the two figures is the equipment programme, which follows a posture decision that is the first legislature's to take.

This section works the other way round: it asks what Alberta's neighbours would need to see, specifies a force that delivers it, and prices that force.

The defence problem Alberta actually has

Only two countries could mount a conventional ground threat to Alberta: the United States and Canada. Both are the countries Alberta most needs as partners, neither scenario is credible, and a force built to deter either would be both ruinous and pointless. Threats that do not respect geography — cyber, aerospace and long-range systems — are a different matter, and they are what the capabilities below are actually sized against.

Alberta is also landlocked, so an entire branch of armed service — with the shipbuilding, basing and sustainment behind it — does not arise at all.

What remains is a different problem, and a real one. Alberta sits inside a continental security system it did not build and cannot opt out of. The question is not

whether Alberta can repel an invasion. It is whether Alberta can hold up its own section of that system, or whether it becomes a gap that somebody else has to cover.

What the United States and Canada would need to see

Four things, and they are capability requirements rather than spending levels. What a partner government looks for is whether specific jobs get done, not whether a ratio has been hit. These are planning assumptions about what would be expected of Alberta, not commitments given by anyone.

1. Airspace surveillance and intercept. Alberta lies inside the approach geometry of continental air defence. A state that cannot see and police its own airspace is a hole in that system, and the cost of covering it falls on a neighbour. This is the single most important item on the list.
2. No security vacuum on the ground. Control of borders and ports of entry, protection of critical infrastructure, and a serious counter-trafficking and counter-terrorism capability — the same concern that governs the pharmaceutical-diversion question raised elsewhere in this paper.
3. Allied-standard handling. Export and technology-transfer controls, classified material handling, personnel vetting and communications security compatible with allied practice. This is the price of admission to shared intelligence and to buying advanced equipment at all.
4. Self-sufficiency in domestic emergencies. Wildfire, flood, search and rescue and major incident response handled by Alberta, so that neither neighbour is called on to do it.

What they would not require

No expeditionary capability and no power projection. No navy. No heavy armoured formations. And no duplication of the strategic enablers — heavy airlift, aerial refuelling, airborne early warning, satellite surveillance — which are used occasionally, cost disproportionately, and are precisely what cooperation exists to share. Alberta would buy access to those rather than own them.

The force that follows from it

1. About 6,000 to 7,500 regular personnel, with a small professional core and a high proportion in air, intelligence and technical roles;

2. About 20,000 to 25,000 trained reserve or militia personnel, providing depth, mobilisation capacity and domestic response at low standing cost;
3. A fighter force of 16 to 20 aircraft, sized to sustain continuous quick-reaction alert rather than to conduct offensive operations;
4. Ground-based air surveillance and control, tactical transport, helicopters and search-and-rescue aircraft;
5. One professional combined-arms land formation, ground-based air defence and uncrewed systems;
6. Cyber, intelligence, electronic warfare, special-operations, engineering, medical and logistics capabilities built to allied standards; and
7. Negotiated access to shared strategic capabilities in place of owning them.

This is a militia-backed territorial and air-defence force, closer in shape to the armed-neutral states of Europe than to a miniature Canadian Armed Forces. Switzerland remains the useful structural comparator: outside the North Atlantic Treaty Organization, inside its Partnership for Peace since 1996, interoperable by choice rather than by treaty [NATO-CH]. Nothing here assumes Alberta joins any alliance, and no alliance spending target is used anywhere in this costing.

What comparable countries actually spend

The cost above can be checked against what states in a similar position pay. The comparison uses one series for every country, so the figures are on the same basis.

TABLE 17 - DEFENCE SPENDING COMPARATORS

COUNTRY	DEFENCE SPENDING, 2024, PER CENT OF GROSS DOMESTIC PRODUCT
Ireland	0.24
Switzerland	0.72
Austria	1.00
Alberta, the costing in this section	1.05
New Zealand	1.19
Canada	1.31

World Bank World Development Indicators, series MS.MIL.XPND.GD.ZS, compiled from Stockholm International Peace Research Institute data, 2024 reference year

[WB-MIL]. The North Atlantic Treaty Organization applies a different definition and reports Canada at 1.47 per cent for the same year; the two series measure different things and should not be combined.

Alberta's costing sits between Austria and New Zealand, above Switzerland, and below what Canada itself spent in 2024. None of these countries is defenceless, and only Canada carries an alliance spending target. The figure is neither austere nor generous by the standards of comparable states.

Three different defence costs

Transition setup: C$58.2 million once, including C$20.2 million of capital, already inside the C$4.96 billion transition budget [BA].

Mature annual defence: approximately C$5.0 billion, which is about 1.05 per cent of gross domestic product. Of that, C$415.5 million is already carried in the federal-replacement ledger, leaving C$4.6 billion as a sovereign-function allowance. The percentage is stated only for comparison; it is the output of the force description above, and it moves if the force does.

Initial equipment build-out: approximately C$10.0 to C$16.5 billion spread over ten to fifteen years. It is capital, not an annual operating bill, and at an average of C$0.7 to C$1.6 billion a year it sits largely inside the C$5.0 billion mature defence budget, which already carries C$0.9 to C$1.1 billion a year for acquisition and replacement. The C$5.0 billion is the cost of running the force, not the cost of buying it outright.

What defence costs

The mature allowance carried into the ledger is therefore C$4.6 billion a year: the C$5.0 billion force, less the C$415.5 million of defence establishment already counted in the federal-replacement ledger. It is drawn down once, in the full annual fiscal ledger at Table 3. It is not re-totalled here.

Continental cooperation

The costing assumes close cooperation with the United States, Canada and other friendly countries so Alberta can share very expensive strategic capabilities rather than duplicate them. Costing does not include considerations related to a status of forces and/or defence cooperation agreement with the US.

Alberta could offer training areas, airspace, bases, radar, cyber capability and interoperable forces in return for negotiated access to lift, surveillance and continental

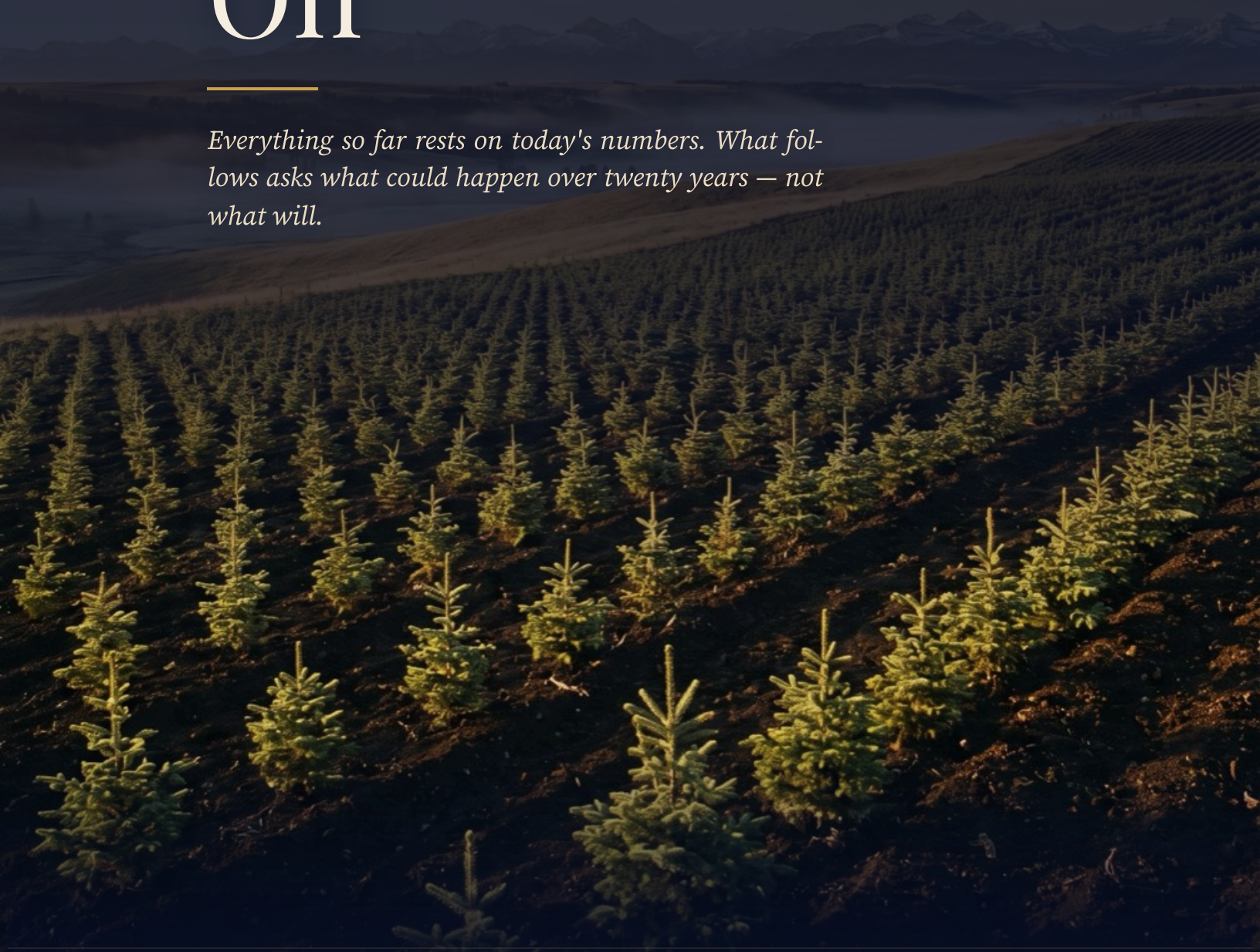
warning systems. Appendix E explains the capability basis and capital build-out.



PART V

Twenty Years On

Everything so far rests on today's numbers. What follows asks what could happen over twenty years — not what will.





CHAPTER 16

Long-Term Scenarios, Not Forecasts

Nobody can forecast 2046, and this section does not try. Nothing in Parts I to IV rests on it. What follows is a range — from cautious continuity at one end to an ambitious build-out at the other — so a reader can see how much room the fiscal system has before the answer changes.

The model that produces these scenarios is written out in full in Appendix J. Every figure in this section can be rebuilt from the two revenue rules and three spending rules set out there, and Appendix J also states what the model deliberately leaves out and how its growth rates were calibrated. A reader who wants to argue with the twenty-year numbers should start there rather than here.

Two commodity-price paths

The Canada Energy Regulator (CER) publishes several long-term energy scenarios. Its Current Measures case is a traditional baseline built around existing policies, moderate economic growth and steady technological progress. The regulator explicitly says it is a reference case, not a prediction and not the 'most likely' future [CER-26]. Its Higher case assumes stronger economic growth, higher oil and natural-gas prices and greater energy demand.

TABLE 18 - ENERGY-PRICE PATHS USED IN THE LONG-TERM SCENARIOS, CONSTANT 2025 UNITED STATES DOLLARS

	REFERENCE COMMODITY PRICES	HIGHER COMMODITY PRICES
Brent crude oil, United States dollars per barrel	US$75	US$95
Canada Energy Regulator source	Current Measures	Higher scenario
Less Brent to West Texas Intermediate spread	-US$4	-US$4
Less Western Canadian Select differential	-US$13	-US$13
Western Canadian Select, approximate Alberta realized price	US$58	US$78
Henry Hub natural gas, United States dollars per million British thermal units	US$5.25	US$6.75
AECO natural-gas benchmark, Alberta realized price	US$4.00	US$5.50

The international price assumptions come from Canada's Energy Future 2026 [CER-26]. Western Canadian Select differentials use [CAPP-26][AER-ST98]. All long-term fiscal figures are stated in real 2026 Canadian dollars.

Three economic cases

The three cases below are deliberately different in ambition.

- The first asks what happens if Alberta broadly follows today's published path.
- The second assumes Alberta becomes a more competitive place to invest and does somewhat better.
- The third asks what a major energy and economic build-out could look like if capital, infrastructure and market access all arrive.

TABLE 19 - THE THREE LONG-TERM ECONOMIC CASES, PHYSICAL VOLUMES AND REAL GROWTH RATES

	CURRENT PATH	COMPETITIVE GROWTH	HIGH-GROWTH BUILD-OUT
Oil and bitumen, million barrels a day	4.4	4.9	7.0
Marketable natural gas, billion cubic feet a day	16.0	18.5	24.0
Non-energy real growth, a year	1.8%	2.5%	3.0%
How to read it	Closest to published baseline	Modest independence and competitiveness gain	Upside boundary above published oil scenarios

Current Path: the cautious case

This is the least optimistic case and the one most directly anchored to published projections. Energy production remains close to the Canada Energy Regulator's baseline direction and the non-energy economy grows at 1.8 per cent a year in real terms. It requires no extraordinary policy success.

If current infrastructure, investment and production trends broadly continue, this case is readily achievable. It should still not be called a forecast, because the regulator itself assigns no probabilities to its scenarios.

Competitive Growth: a plausible improvement

This case assumes independence produces a measurable but not spectacular competitiveness gain: more predictable regulation, somewhat lower taxes over time, faster project decisions, improved market access and enough investment to lift both energy production and the wider economy.

Non-energy real growth is 2.5 per cent a year, 0.7 percentage points above Current Path. This is plausible, but it requires competent policy, stable institutions, private capital and infrastructure.

High-Growth Build-Out: the upside boundary

This is intentionally difficult. Oil and bitumen reach about 7.0 million barrels a day, natural gas reaches 24 billion cubic feet a day, and the non-energy economy grows

at 3.0 per cent a year. The oil assumption is above the regulator's published Canadian production scenarios and therefore should not be described as likely.

It is technically conceivable only with major new pipelines or export routes, sustained investment, labour and power availability, faster permitting and strong external demand. Its purpose is to show the upper end of what the fiscal system could absorb, not to sell it as the expected outcome.

The three economic cases are then crossed with the two commodity-price paths. That produces six outcomes. Separating production and economic performance from commodity prices matters because Alberta can influence competitiveness and infrastructure, but it does not set the world oil price.

TABLE 20 - FISCAL POSITION IN 2046 UNDER THE SIX SCENARIO COMBINATIONS, C$ BILLIONS

	CURRENT PATH		COMPETITIVE GROWTH		HIGH-GROWTH BUILD-OUT	
Price path	Reference	Higher	Reference	Higher	Reference	Higher
Resource royalties	22	38	25	42	35	60
Total revenue	203	228	235	262	271	308
Total spending	138	138	140	140	141	141
SURPLUS	**65**	**90**	**95**	**123**	**130**	**167**

Components are rounded independently; the surplus is calculated from unrounded model values, so a column may differ from the displayed subtraction by C$1 billion.

The rules that generate every figure in this table are set out in Appendix J, together with the sensitivity that matters most: half a percentage point a year on the non-resource growth rate moves the 2046 result by more than C$10 billion.

The figure compares the six modelled 2046 endpoints in Table 20. It does not draw a smooth twenty-year line because the analysis does not claim to forecast each intervening year.

The assumption that matters most is spending

TABLE 21 - 2046 SURPLUS UNDER THREE SPENDING ASSUMPTIONS, C$ BILLIONS

SCENARIO AND PRICE	SPENDING GROWS WITH POPULATION	POPULATION PLUS 0.5%	SPENDING GROWS WITH THE ECONOMY
Current Path, reference	65	48	44
Current Path, higher	90	73	70
Competitive Growth, reference	95	78	49
Competitive Growth, higher	123	106	76
High-Growth Build-Out, reference	130	113	63
High-Growth Build-Out, higher	167	150	100

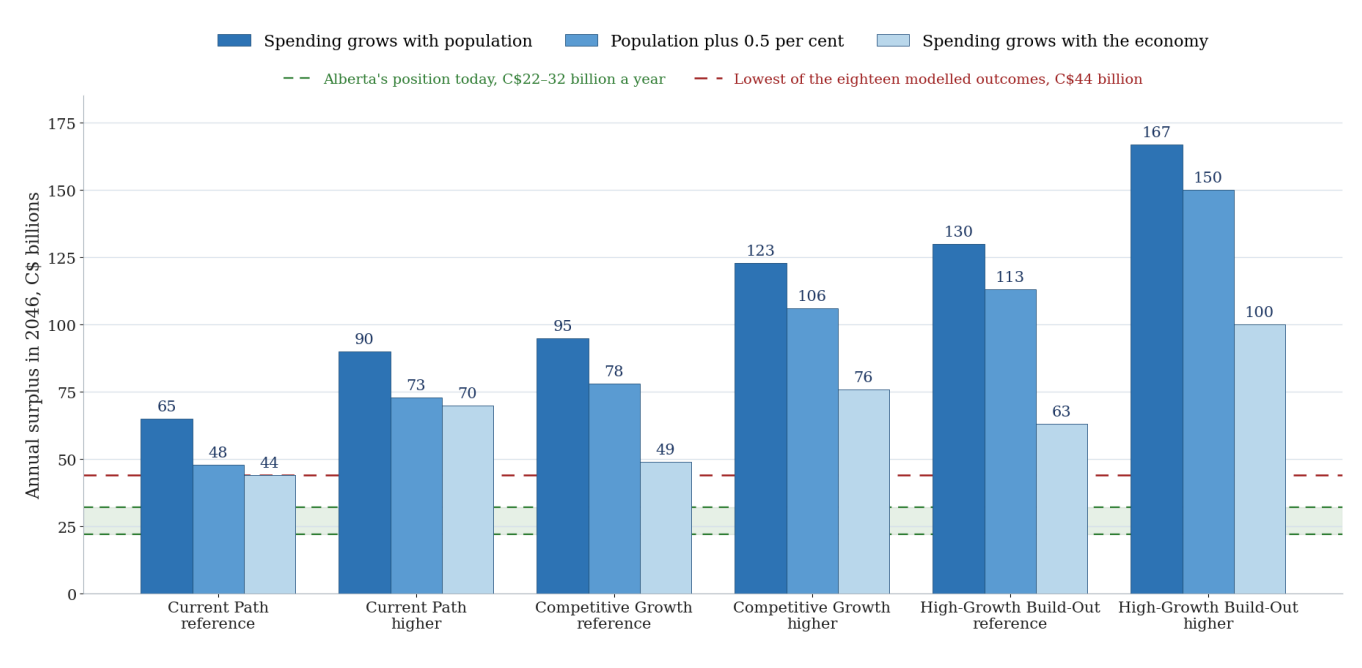


Figure 1 - Annual surplus in 2046 under six scenarios and three spending assumptions

C$ billions. Scenario and price definitions as in Table 19 and Table 20; spending assumptions as in Table 21. The lowest of the eighteen modelled outcomes is C$44 billion, on the Current Path at reference prices with spending growing at the rate of the economy — roughly double Alberta's present-day annual balance of C$22.2 to

C$32.1 billion, shown as the band across the chart. The Current Path is not a growth assumption. It is Alberta continuing to do what it does today.

Read across any row. Spending discipline is at least as important as the commodity price path. In the Current Path case the two effects are comparable; in the Competitive Growth and High-Growth cases the spending assumption moves the 2046 balance materially more than the price path does.

Independence can create the room; nothing about independence stops a future government filling it.

That is the one variable on this page entirely within Alberta's own control.

Long-term surpluses could be used for debt reduction, tax relief or a larger Heritage Fund. Those are competing uses of the same money, set out in Part III. What is striking about the chart is not the upside cases but the floor beneath all of them: every one of the eighteen outcomes clears Alberta's position today, and the weakest clears it roughly twofold.

Alberta does not need any of the upside cases to arrive. On these figures it needs only to carry on doing what it already does.

What the scenarios do not assume

- No breakthrough technology is assumed.
- No federal debt-and-asset settlement is included in the long-term model.
- No windfall from market diversification beyond the two commodity-price paths is assumed.

No probability is assigned to any scenario. The High-Growth Build-Out case is explicitly an upside boundary. The present-day viability case stands on Parts I to IV.

Appendices

Technical detail, sources and assumptions supporting the main narrative.



A Source Register

B Assumptions Register

C What Is Not in the Headline C$20-30 Billion

D Immigration Policy, Reassessment and Removal Costing

E Defence Costing and Build-Out

F Federal Replacement Ledger

G How the Federal Revenue Figure Is Estimated

H How This Analysis Differs from The Value of Freedom

I Sovereign States of Comparable Size

J The Long-Term Model, Step by Step

K The Seven Shocks in Full

IN CLOSING

APPENDIX A

Source Register

Federal revenue, expenditure and the net position

[LoP-26] Library of Parliament, Distribution of Federal Revenues and Expenditures by Province, publication 2026-01-E, 2 March 2026. Source for the national-average federal-revenue floor, Alberta's net contribution, attributed federal debt interest and Alberta's per-capita net contribution.

[SC-450] Statistics Canada, Table 36-10-0450-01, Revenue, expenditure and budgetary balance - general governments, provincial and territorial economic accounts.

[FI-26] Fraser Institute, Illustrating Albertans' Contribution to the Rest of Canada, Hill and Li, 16 June 2026.

[FI-CPP] Fraser Institute, Understanding Alberta's Role in National Programs, Including the Canada Pension Plan.

[FC-MT] Department of Finance Canada, Major federal transfers, provincial and territorial table, 2025-26 and 2026-27.

Alberta provincial finances

[AB-B26] Government of Alberta, 2026-29 Fiscal Plan, Budget 2026, tabled 26 February 2026.

[AB-POP] Government of Alberta, Treasury Board and Finance, Population Projections: Alberta and Local Geographic Areas, 2026-2051. Source for the number of Albertans aged 65 and over used in the pension viability test at Section 6.

[AB-Q1] Government of Alberta, 2026-27 First Quarter Fiscal Update and Economic Statement, 27 August 2026.

[AB-PIT] Government of Alberta, personal income tax rates and brackets, 2026.

[AB-CIT] Government of Alberta, corporate tax rates.

[CRA-CIT] Canada Revenue Agency, corporation tax rates.

[SC-009] Statistics Canada, Table 17-10-0009-01, quarterly population estimates.

Transition costing

[BA] Transition budget accounts workbook, fiscal 2026-27 price base. Source for the domain ledger, replacement costs, payout estimates and one-time transition cost. These are ATC working estimates and cannot be audited from public sources unless the Budget and Costing Report is published alongside this paper. [BoE] Twenty Budget Statements, one per transition domain, derived from the Alberta Transition Plan's supporting analysis, which is the source analysis and material for the transition side.

[TB] Transition briefing note covering calendar, phasing, records dependencies and disclosed exposures.

Pensions

[CPPI-26] CPP Investments, the investment manager for the Canada Pension Plan, results for the fiscal year ended 31 March 2026.

[LW-23] LifeWorks, Alberta Pension Plan - Analysis of Costs, Benefits, Risks and Considerations, 2023.

[LAPP-25][PSPP-25][ATRF-25][MEPP-24][SFPP-24] Annual reports of Alberta public-sector pension plans.

Indigenous

[ISC-26] Indigenous Services Canada, 2026-27 Departmental Plan.

[IR-24] Indigenous Services Canada, Population Registered under the Indian Act, 31 December 2024.

[AB-FN] Government of Alberta, First Nations and Métis Settlements listings.

[TBS-22] Treasury Board of Canada Secretariat, Canada's Cost-Benefit Analysis Guide for Regulatory Proposals, 2022.

Immigration and policing

[SC-121] Statistics Canada, Table 17-10-0121-01, Non-permanent residents by type, quarterly.

[SC-040] Statistics Canada, Table 17-10-0040-01, Components of population growth, quarterly.

[SC-020] Statistics Canada, Table 17-10-0020-01, Interprovincial migration, quarterly.

[IRCC-LP] Immigration, Refugees and Citizenship Canada, 2026-2028 Immigration Levels Plan and supplementary information.

[IRCC-TFW] Immigration, Refugees and Citizenship Canada, work-permit holders by programme, January 2026. [IRCC-PR] Immigration, Refugees and Citizenship Canada, open data, Permanent Residents by Province and Immigration Category.

[AAIP-26] Government of Alberta, Alberta Advantage Immigration Program allocation, 2026.

[CBSA-26] Canada Border Services Agency, immigration removal statistics, updated 24 July 2026.

[SOR-284] Regulatory Impact Analysis Statement to Statutory Orders and Regulations (SOR) 2024-284, Canada Gazette. [SC-ICCS] Statistics Canada, Integrated Criminal Court Survey, 2023/24.

[UK-EUSS] United Kingdom Home Office, European Union Settlement Scheme statistics to 31 March 2026.

[UK-WIND] House of Commons Library material on the Windrush response and compensation scheme.

[PwC-21] PricewaterhouseCoopers, Alberta provincial police service costing study, 2021.

[IRCC-FAM] Immigration, Refugees and Citizenship Canada, family sponsorship guidance for spouses, partners and dependent children, 2026. Source for the genuine-relationship and admissibility concepts used in the family transition rule.

[IRCC-INAD] Immigration, Refugees and Citizenship Canada, Reasons you may be inadmissible to Canada, 2026. Comparator for security, criminality, human-rights, organized-crime, misrepresentation and other admissibility screening.

Energy and long-term modelling

[CER-26] Canada Energy Regulator, Canada's Energy Future 2026: Energy Supply and Demand Projections to 2050.

[EIA-AEO26] United States Energy Information Administration, Annual Energy Outlook 2026.

[CAPP-26] Canadian Association of Petroleum Producers, Understanding the Western Canadian Select-West Texas Intermediate Differential, 17 April 2026.

[AER-ST98] Alberta Energy Regulator, Alberta Energy Outlook ST98, 2025 edition.

[AER-ST3] Alberta Energy Regulator, ST3 statistical series, 2025 production.

[NBIM-26] Norges Bank Investment Management, 2025 annual and 2026 half-year reports.

[OECD-620] Organisation for Economic Co-operation and Development (OECD), Johansson et al., Taxation and Economic Growth, Economics Department Working Paper No. 620.

[DJANKOV-10] Djankov et al., The Effect of Corporate Taxes on Investment and Entrepreneurship.

[MW-17] Moretti and Wilson, The Effect of State Taxes on the Geographical Location of Top Earners.

[SC-REG] Statistics Canada, Regulatory Accumulation, Business Dynamism and Economic Growth in Canada.

Defence, energy and international comparators

[NATO-CH] North Atlantic Treaty Organization, relations and Partnership for Peace material concerning Switzerland. Switzerland joined the Partnership for Peace in 1996; used as a structural cooperation comparator, not as a proposed treaty commitment.

[DND-F35] Government of Canada, Department of National Defence, Future Fighter Capability Project. Current project value C$27.7 billion for 88 F-35A fighters, associated equipment, training, sustainment setup and fighter facilities; used only to scale the fighter-capital range.

[VoF-25]The Value of Freedom, 2025.Used only in Appendix H to explain how the methodology and scope evolved. No current fiscal total depends on figures from that paper.

[IEA-25] International Energy Agency, World Energy Outlook 2025, Table 2.3, page 109. Crude oil import price by scenario, constant 2024 US dollars at market ex-

change rates. Published 12 November 2025.

[EIA-25] United States Energy Information Administration, Annual Energy Outlook 2025, Table 1, Low Oil Price case, constant 2024 US dollars. The case was discontinued in the 2026 edition.

[AB-26] Government of Alberta, Budget 2026 Fiscal Plan 2026-29, Economic Outlook Tables, Scenarios; and Revenue Table 10, sensitivities to fiscal year assumptions.

[GoA-HFS] Government of Alberta, Historical Fiscal Summary, Annual Report 2024-25 and earlier editions. Non-renewable resource revenue by fiscal year.

[CPQ-82] Conseil du Patronat du Québec, study of head-office relocation released 31 March 1982, reporting twenty-eight major relocations and about 6,500 head-office jobs over 1979-82. An employers' association tally rather than an official statistic.

[SC-VIN] Statistics Canada, Analytical Studies Branch 11F0019 No. 177, A Tale of Three Cities: The Dynamics of Manufacturing in Toronto, Montreal and Vancouver, 1976-1997, Table 5. Manufacturing head offices.

[SC-110] Statistics Canada, Table 33-10-0110-01, Head offices and head office employment, 2024 reference year, released 2 February 2026. Note that the series was revised upward at 2022, so levels before and after that year are not directly comparable.

[SC-455] Statistics Canada, Table 98-10-0455-01, 2021 Census, occupation by industry and census metropolitan area. Mining, quarrying, and oil and gas extraction in Alberta.

[SC-224] Statistics Canada, Table 36-10-0224-01, Household sector current accounts, provincial and territorial. Primary household income, deflated by Alberta all-items consumer price index, Table 18-10-0005-01.

[SC-015] Statistics Canada, Table 17-10-0015-01, Components of interprovincial migration, annual. Net interprovincial migration for Alberta.

[GoA-FP] Government of Alberta, Forestry and Parks Annual Report 2024-25, Breakdown of Revenues. Timber royalties and fees are classified under premiums, fees and licences.

[SC-045] Statistics Canada, Table 17-10-0045-01, Interprovincial migrants by province of origin and destination, quarterly, and Table 17-10-0040-01. Vintage of 17 June 2026; earlier published figures for 2023 have since been revised down.

[CREA-26] Canadian Real Estate Association, MLS Home Price Index composite benchmark, July 2026.

[FI-TFD] Fraser Institute, Canadians Celebrate Tax Freedom Day on June 9, 2026, published 8 June 2026. Average family tax bill by province, and the balanced-budget measure.

[EY-26] Ernst and Young, Combined federal and provincial personal income tax rates, 2026, current to 15 January 2026.

[CRA-EMIG] Canada Revenue Agency, Leaving Canada (emigrants), and Income Tax Act section 128.1(4), deemed disposition on emigration.

[CUSMA-TN] Canada-United States-Mexico Agreement, Chapter 16, Annex 16-A, Appendix 2, as implemented at 8 CFR 214.6; and United States Citizenship and Immigration Services Policy Manual, Volume 2, Part P, Chapter 2.

[KFF-25] KFF, 2025 Employer Health Benefits Survey. Average annual premium for employer-sponsored family coverage.

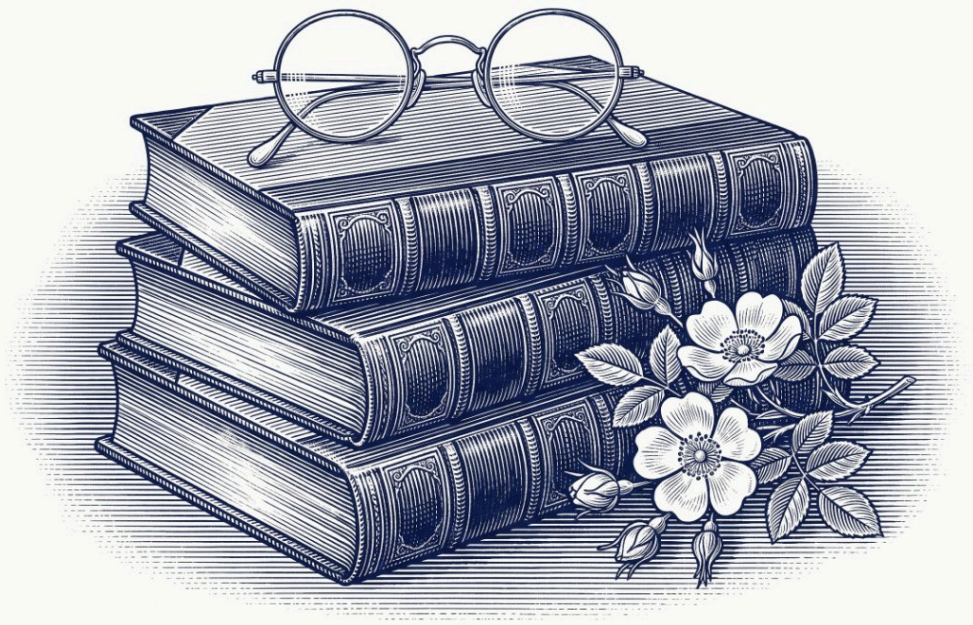
[WB-MIL] World Bank, World Development Indicators, series MS.MIL.XPND.GD.ZS, military expenditure as a percentage of gross domestic product, compiled from Stockholm International Peace Research Institute data. 2024 reference year; series updated 13 July 2026.

[FIN-FSP] Department of Finance Canada, Fiscal Stabilization Program. Programme description, the eligibility formula, the maximum payment of C$169 per person for 2020-21, and total payments to all provinces since the programme began in 1967. Page modified 15 September 2023.

[SC-222] Statistics Canada, Table 36-10-0222-01, Gross domestic product, expenditure-based, provincial and territorial, annual. Source for Alberta nominal gross domestic product at market prices and for Alberta's share of Canadian output.

[IMF-DM] International Monetary Fund, DataMapper, general government gross debt as a percentage of gross domestic product, series GGXWDG_NGDP. Used only to show the difference between the Fund's general-government basis and Alberta's provincial basis.

[SPP-26] University of Calgary, School of Public Policy, Potential Fiscal and Economic Impacts of Alberta Separation, September 2026. Commissioned by the Government of Alberta.



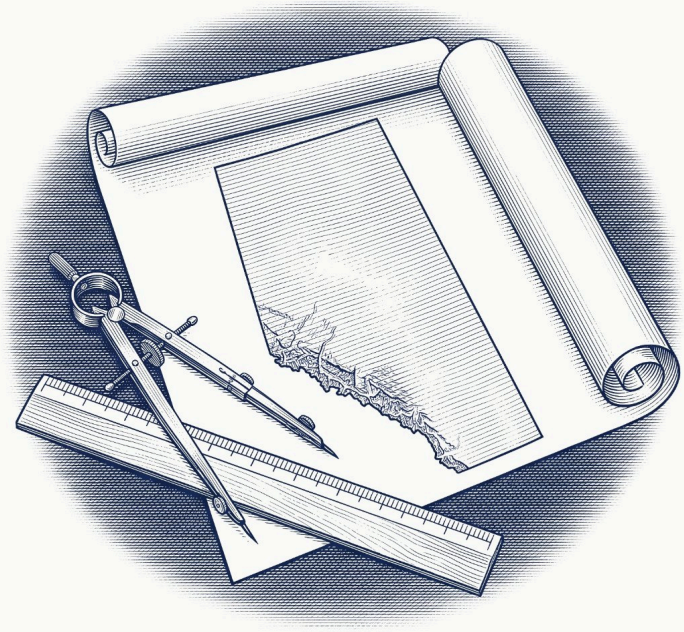
APPENDIX B

Assumptions Register

APPENDIX TABLE B1 - MATERIAL ASSUMPTIONS

ASSUMPTION	WORKING VALUE	TREATMENT IN THIS PAPER
Federal revenue from Alberta	C$68-77B	Two fuller methods define the range. A population-average C$59.7B estimate is shown separately as a floor. Appendix G.
Provincial fiscal baseline	Budget 2026-27	Retained because it is less favourable than the later first-quarter update. The upside is disclosed and excluded — Appendix C.
Alberta Pension Plan funding	C$167B planning transfer at 4.0% real; ~C$18.1B annual pension income	All federal retirement-income obligations assumed by Alberta are paid inside the Alberta Pension Plan. Contributions and investment income never enter general revenue, and pension payments do not draw on general revenue. Long-run viability against the ageing population is tested in Section 6.
Transition price base	Fiscal 2026-27	C$4.96B one-time transition envelope [BA].
Immigration permanent-resident stock	~190,000	Planning estimate derived from cumulative admissions. The model uses a range rather than pretending the stock is known precisely.
Immigration reassessment refusal range	1,650-3,180 a year	A planning range after family/employment grandfathering. Refusal is kept separate from enforced removal. Appendix D.
Enforced removals	800-2,000 a year	Capacity-constrained against Canada Border Services Agency experience; direct unit cost benchmark about C$4,700 blended before detention and legal costs. Appendix D.
Indigenous programme continuity	C$3.1-3.8B a year	Current federal programme funding is continued as the Day 1 fiscal basis. No treaty settlement formula is assumed.
Additional Indigenous stress	C$1.5-2.8B a year	A sensitivity equal to a substantial increase above continuation funding, not a legal-liability estimate or a settlement proposal — Appendix C.
Defence operating benchmark	~1.05% of GDP; ~C$5.0B mature	A posture-based costing derived from the capability Alberta's neighbours would require, not an alliance target. Transition setup of C$58.2M is already inside the C$4.96B transition envelope.
Defence initial capitalisation	C$10.0-16.5B over 10-15 years	Indicative build-out averaging C$0.7 to C$1.6 billion a year, against the C$0.9 to C$1.1 billion a year the mature budget already carries — Appendix C and Appendix E.
Land and environment extra allowance	C$0.2-0.5B a year	Conservative incremental sovereign allowance; no carbon revenue is assumed.
Federal debt settlement	Unknown	Assets and liabilities are negotiated together. Sensitivities at C$0, C$3.1B and C$6.2B of annual service are shown in Section 10. An output-weighted allocation is not treated as a defensible planning basis.
Currency and liquidity	No fiscal gain assumed	No final currency choice is required by this paper; any regime must provide payment continuity, adequate reserves and access to liquidity — Appendix C.

ASSUMPTION	WORKING VALUE	TREATMENT IN THIS PAPER
Long-term spending growth	Population-based central case	Sensitivity is shown for population growth, population plus 0.5%, and spending growth with the economy.



APPENDIX C

What Is Not in the Headline C$20-30 Billion

Costs that sit outside the headline

Each of the following could carry a cost that is not inside the headline range. Where a figure can be put on it, the figure is given.

- Any negotiated net share of federal debt and federal assets. The main stress case shows C$6.2 billion a year of debt service and Section 10 shows additional sensitivities.
- Any negotiated share of federal public-sector pension plan deficits. The School of Public Policy report raises this as a possible settlement liability and declines to include it because the outcome is too uncertain to estimate; this paper takes the same view. It would be a settlement item rather than an annual running cost, and it is listed here so that it is disclosed rather than discovered [SPP-26].
- Defence initial capitalisation beyond the C$58.2 million of transition setup already included. The equipment build-out is C$10.0 to C$16.5 billion over ten to fifteen years, an average of C$0.7 to C$1.6 billion a year against the C$0.9 to C$1.1 billion a year the mature budget already carries.
- Any Indigenous settlement beyond continuation funding. The C$1.5-2.8 billion additional annual stress is a sensitivity only, not a settlement formula.
- Any one-time immigration setup above the C$196.7 million already contained in the transition ledger. The separate workload cross-check is C$200-300 million, so the potential additional upper-end exposure is about C$0.1 billion.
- Adverse pension exchange-rate or withholding-tax exposure pending future agreements.

Upside factors deliberately excluded

None of the following appears anywhere in the headline figures.

1. No investment uplift. No allowance is made for capital returning to Alberta under a more predictable regulatory regime, notwithstanding published estimates of investment deferred or lost.
2. No market-access gains. No benefit is assumed from improved access to markets beyond the United States, or from export capacity beyond what is already built or under construction.
3. No efficiency gains. Nothing is claimed from modern systems, simplified process or the reduction in administrative duplication that independence would permit.
4. No federal-asset windfall. Federal land, buildings, infrastructure, equipment, Crown corporation interests and financial assets located in or attributable to Alberta are valued at zero throughout.
5. No sovereign wealth growth effect. Returns from any expanded Heritage Fund are excluded from the current-day case, and appear only in the clearly-labelled long-term scenarios.
6. No first-quarter revenue upgrade. The provincial budget baseline is retained even though the later fiscal update was materially more favourable.
7. No currency benefit. No final currency, reserve or liquidity arrangement is assumed, and the effect described in Section 9 — under which a weaker dollar raises the domestic value of export revenue — is not counted in any total.

Taken together, these exclusions could be material. They are left out so that the conclusion rests on what can be defended rather than on what could be hoped for.

APPENDIX D

Immigration Policy, Reassessment and Removal Costing

This appendix shows how the C$0.2-0.4 billion annual immigration allowance is built. It also explains why the treatment of existing residents is more generous, and the expected removal volume much smaller than in the 2025 Value of Freedom analysis.

D.1 Family and existing-resident transition

Every permanent resident is re-examined, and every temporary permit holder is checked at renewal or at their next application. What follows sets out the standard applied to each group. None of it is an exemption from review.

- A foreign spouse or genuine common-law partner of an Alberta citizen does not need to win an economic points competition. Existing permanent status is confirmed, or a family application is processed, subject to identity, security and serious-criminality checks. Dependent children are included.
- Established permanent residents with stable employment or self-employment receive a streamlined confirmation route.
- Established work-permit holders keep their permit to expiry and receive credit for Alberta work when applying for permanent residence.
- Other temporary permits remain valid to expiry. Renewal is decided under Alberta's rules; non-renewal normally means departure at expiry rather than an enforced removal.
- Protected persons and refugees are handled under a separate legal and protection process.
- Long residence, genuine family dependency and exceptional hardship may be considered in a limited humanitarian reconsideration process. This structure follows the practical distinction already used in mature immigration systems: family reunification tests the genuineness and admissibility of the relationship, while economic immigration tests employability and adaptability [IRCC-FAM] [IRCC-INAD].

D.2 How many permanent residents would actually fail reassessment?

The working permanent-resident stock is about 190,000. Spread over three years, approximately 63,000 cases are reviewed each year. Most economic immigrants have already passed a skills assessment and gained Canadian work experience. Spouses of Alberta citizens are grandfathered.

Refugees and protected persons follow their own legal route. For the remaining cases, the planning model uses a total refusal range of 4,950 to 9,530 over three years, or 1,650 to 3,180 a year. The United Kingdom's European Union Settlement Scheme is a useful process comparator because it had to regularize the status of millions of people already living in the country. Its experience shows two things that matter here: large resident-status exercises take years, and a refusal is not automatically an enforced removal [UK-EUSS].

D.3 Removal capacity: benchmark against what governments actually do

Canada completed 23,047 enforced removals in 2025, the highest of the previous six years, and 1,181 involved serious inadmissibility such as national security or criminality. The Canada Border Services Agency had additional funding to support a target of 20,000 removals a year [CBSA-26]. A newly independent Alberta would have a much smaller population and less mature diplomatic access to travel documents. It would be implausible to assume tens of thousands of forced removals.

APPENDIX TABLE D1 - ESTIMATED ANNUAL REMOVAL WORKLOAD

REMOVAL WORKLOAD	ANNUAL PLANNING VALUE	BASIS
Permanent-resident refusals	1,650-3,180	Reassessment range. Not all become removals.
Serious-criminality removals	130-200	Population-scaled court and Canada Border Services Agency comparator.
Routine overstay or misrepresentation removals	200-400	Practical allowance based on regional scale.
Enforced removals actually executed	800-2,000	Capacity-constrained. Voluntary departures and permit expiries are separate.

The gap between refusals and enforced removals is deliberate. Some people depart voluntarily, some regularize through another route, some win an appeal, and some cases remain unresolved. Treating every refusal as a deportation would greatly overstate both the operational capacity and the cost.

D.4 Direct removal cost and the full programme cost

Canada's published cost-recovery amounts are C$3,840 for an unescorted removal and C$12,880 for an escorted removal by air. These amounts are based on actual Canada Border Services Agency removal expenditures adjusted for inflation [SOR-284]. At a ten per cent escort rate, the blended direct cost is about C$4,700 per removal.

APPENDIX TABLE D2 - IMMIGRATION WORKLOAD COST BUILD-UP

COMPONENT	ANNUAL	ONE-TIME
Reassessment administration and systems	C$60-90M	C$80-120M
Immigration administration, screening and settlement services	C$100-140M	C$60-90M
Direct removals, 800-2,000 at about C$4,700	C$4-10M	-
Detention and escorts	C$8-15M	C$40-60M
Adjudication, appeals and legal aid	C$40-70M	C$20-30M
Error and remediation reserve	C$25-50M	-
Total workload cross-check	C$237-375M	C$200-300M

The error reserve is intentional. Immigration decisions can create large legal and compensation costs when settled people are wrongly denied status.

The United Kingdom's Windrush experience is the cautionary comparator [UK-WIND]. The one-time C$200-300 million cross-check substantially overlaps the C$196.7 million immigration setup already included in the C$4.96 billion transition budget. It is therefore not added again.

The fiscal ledger carries the annual workload as C$0.2-0.4 billion and discloses about C$0.1 billion as the possible upper-end one-time difference.

APPENDIX E

Defence Costing and Build-Out

The purpose of this appendix is to show that defence is not represented by a round percentage alone. The model separates the institution that must exist on Day 1, the mature annual force, and the capital required to build the equipment fleet.

E.1 Transition setup

The transition budget carries C$58.2 million of one-time Defence and Security set-up, including C$20.2 million of capital [BA]. It is included inside the C$4.96 billion transition total. This is the institutional starting point, not the purchase price of a mature military.

E.2 Capability basis

- territorial defence and protection of critical infrastructure;
- airspace surveillance and defence;
- cyber defence and intelligence;
- search and rescue and support during wildfire, flood and other national emergencies;
- a professional land and air component able to respond quickly;
- a geographically distributed trained reserve for depth and mobilisation; and
- interoperability with the United States, Canada and other friendly forces. The model does not attempt to reproduce the Canadian Armed Forces in miniature. Alberta has no coastline and sits inside a continental security system. Expensive strategic functions that are used occasionally can be shared by agreement where that is cheaper than owning them.

E.3 Mature annual force

APPENDIX TABLE E1 - MATURE ANNUAL DEFENCE ALLOCATION

FUNCTION	APPROXIMATE ANNUAL ALLOCATION
Regular forces and operations	C$1.8-2.1B
Equipment acquisition and replacement	C$0.9-1.1B
Reserve and militia	C$0.5-0.6B
Airspace surveillance, intercept, intelligence and cyber	C$0.8-0.9B
Bases, infrastructure, search and rescue and resilience	C$0.5-0.6B
Continental cooperation and shared allied capabilities	C$0.3-0.4B
Total	approximately C$5.0B

Airspace surveillance and intercept is held at close to its earlier level while other lines fall, because it is the capability Alberta's neighbours would care about most and the one that cannot be shared or deferred.

E.4 Initial capitalisation

APPENDIX TABLE E2 - INDICATIVE DEFENCE CAPITAL BUILD-OUT

CAPABILITY	INDICATIVE COST	WHY THIS RANGE IS USED
Fighter force, 16-20 aircraft	C$5.0-6.5B	Scaled from Canada's 88-aircraft project at C$27.7B [DND-F35]. Sized for continuous quick-reaction alert.
Tactical transport, helicopters and search and rescue	C$1.5-2.5B	Tactical movement, domestic response and search and rescue.
Land equipment, vehicles and artillery	C$1.5-2.5B	One professional combined-arms formation plus reserve stocks.
Ground air defence, uncrewed systems, cyber and command	C$1.5-3.0B	Wide range because technology and threat requirements change quickly.
Bases and infrastructure	C$0.5-2.0B	Lower if the existing Alberta military facilities form part of the federal asset settlement.
Indicative total	C$10.0-16.5B	Built over roughly ten to fifteen years.

At C$10.0 to C$16.5 billion over ten to fifteen years, average build-out spending is roughly C$0.7 to C$1.6 billion a year, and the mature C$5.0 billion annual budget already carries C$0.9 to C$1.1 billion for equipment acquisition and replacement. The build-out is therefore substantially inside the base ledger already. Equipment of this kind is not held in stock: major platforms take years to build and longer to crew.

E.5 Existing bases and the asset settlement

Cold Lake, Wainwright, Suffield and Edmonton facilities are major federal military assets located on Alberta land in Alberta. Whether and on what terms they transfer would be part of the wider asset-and-debt negotiation. If Alberta obtains them, the country begins with airfields, ranges, training land, accommodation and support infrastructure that would cost many billions to recreate. If it does not, the upper end of the infrastructure allowance becomes more important.

E.6 Continental cooperation

The cooperation model is reciprocal rather than a free security guarantee. Alberta could offer base and training access, airspace and weapons ranges, pre-positioning and logistics, radar and communications sites, joint cyber facilities and forces able to operate to NATO-compatible standards.

In return it would seek access to strategic lift, surveillance, warning and other shared continental capabilities. Switzerland's Partnership for Peace relationship demonstrates that interoperability and practical military cooperation do not require NATO membership [NATO-CH]. Alberta's geography is different, but the structural lesson is useful for costing: a smaller country can maintain credible national forces while sharing selected strategic capabilities.

APPENDIX F

Federal Replacement Ledger

Full federal-domain replacement ledger

The table below is the transition costing behind the federal replacement figures. 'Continuing' is spending Alberta already incurs. 'Added running' is the operating cost of the federal-tier function. 'Payouts' are payments to citizens. 'Fees' are dedicated revenues. 'One-time' is transition and setup cost.

APPENDIX TABLE F - FEDERAL-DOMAIN REPLACEMENT LEDGER, C$ MILLIONS [BA]

DOMAIN	CONTINUING	ADDED RUNNING	PAYOUTS	FEES	TOTAL FUNDED FROM TAXATION (MEMO)	ONE-TIME	OF WHICH CAPITAL
L01 Constitutional Process	0	0	0	0	0.0	95.0	5.0
L02 Courts and Legal	0	122.6	0	0	122.6	174.8	34.0
L03 Indigenous Relations and Treaty	12.0	23.2	0	0	23.2	278.3	18.0
L04 International Relations	0	152.0	0	0	152.0	243.8	62.0
L05 Regulatory Framework	8.0	42.8	0	44.2	42.8	246.1	62.0
L06 Trade and Economic	149.0	92.2	294.5	0	386.7	227.7	50.0
L07 Tax and Revenue	159.3	316.2	0	0	316.2	447.4	112.0
L08 Agriculture	45.0	136.5	363.0	23.5	499.5	309.4	107.0
L09 Energy and Natural Resources	4.0	12.7	0	87.2	12.7	215.1	62.0
L10 Monetary and Banking	8.0	25.1	0	26.8	25.1	232.3	48.0
L11 Debt and Assets	5.0	17.6	0	0	17.6	92.5	6.0
L12 Pensions and Public Payments	0	35.0	0	0	35.0	164.4	26.0

DOMAIN	CONTINUING	ADDED RUNNING	PAYOUTS	FEES	TOTAL FUNDED FROM TAXATION (MEMO)	ONE-TIME	OF WHICH CAPITAL
L13-A Policing, Corrections and Public Safety	632.9	1,113.1	0	0	1,113.1	472.6	90.0
L13-B Border and Customs	0	297.2	0	0	297.2	24.9	2.7
L14 Defence and Security	0	415.5	0	0	415.5	58.2	20.2
L15 Immigration	9.0	59.8	0	0	59.8	196.7	72.0
L16-A Transportation and Infrastructure	21.0	166.7	0	0	166.7	224.2	70.0
L16-B Air Navigation	0	0	0	0	0.0	26.4	0
L17 Telecommunications and Postal	6.0	98.2	0	74.7	98.2	359.9	167.0
L18 Health Care	46.0	75.0	0	13.8	7,466.2	273.7	114.0
L19 Social Program Continuity	0	382.4	8,713.4	0	7,593.8	402.4	100.0
L20 Common Digital and Shared Services	0	48.0	0	0	48.0	192.0	62.0
Total	1,105.2	3,631.8	9,370.9	270.2	18,891.9	4,957.8	1,289.9

The largest added running costs are policing and border services, the initial defence establishment and social-programme delivery. The pension domain retains C$35.0 million of administration and its one-time setup, but the C$2,132.5 million of federal retirement-income payouts is funded through the Alberta Pension Plan under Section 6 rather than from general taxation. The Defence and Security line also shows the C$58.2 million one-time setup and C$20.2 million capital amount discussed in Part II.

How this table reconciles.

- Added running cost plus payouts is C$13,002.7 million, which is exactly the federal-replacement column in Table 3.
- The memo column adds a further C$5,889.2 million of health and social transfer replacement.
- That amount is already inside the C$70.4 billion of existing Alberta operating spending and is therefore not counted a second time in the ledger.

- Fees are dedicated revenues shown for information and are not deducted from any column.



APPENDIX G

How the Federal Revenue Figure Is Estimated

Canada publishes no single administrative statement of federal tax collected by taxpayer province. The C$68-77 billion range is therefore triangulated from two fuller estimates built on the economic accounts and related sources, with a lower population-average method shown as a floor.

Method 1: population at the national average

The Library of Parliament gives national average federal revenue of C$11,796 per person for 2024. Applied to Alberta's 5,057,077 people, that is C$59.7 billion [LoP-26] [SC-009]. It is best treated as a floor because Alberta has above-average employment income and a disproportionately profitable corporate sector.

Method 2: component build

APPENDIX TABLE G1 - FEDERAL REVENUE COMPONENT BUILD

COMPONENT	C$B
Personal income tax	34.0
Corporate income tax	14.1
Goods and Services Tax	6.2
Other federal revenue	7.0
Employment Insurance premiums	3.7
Excise and customs	1.9
Total	66.9

The component build totals C$66.9 billion of federal general revenue. Adding federal fees and charges brings the comparable figure used in the main ledger to about

C$68.3 billion.

Basis note. The component build of C$66.9 billion is federal general revenue before federal fees and charges. Adding those brings the figure to about C$68.3 billion, which is the comparable basis used in the main ledger. The population-average row is a revenue floor only; no spending figure is shown for it, so no net is stated.

Method 3: top-down share

The Fraser Institute's June 2026 study assigns Alberta 15.1 per cent of federal revenue and estimates C$77.0 billion collected from Alberta against C$52.5 billion spent in Alberta [FI-26].

APPENDIX TABLE G2 - THREE METHODS SIDE BY SIDE

METHOD	REVENUE FROM ALBERTA	SPENDING IN ALBERTA	NET
Population at national average - a floor	C$59.7B	-	-
Component build	C$66.9B before fees	C$50–53B	C$14–17B
Share of federal revenue, top-down	C$77.0B	C$52.5B	C$24.5B

The main body uses C$68-77 billion. The range changes the amount left over, not the basic result. The lower and upper methods both leave a substantial positive balance after the sovereign-function costing allowances.

APPENDIX H

How This Analysis Differs from The Value of Freedom

The Value of Freedom, published in 2025, asked the same broad question: could an independent Alberta pay its bills and improve its fiscal position?

It was an exploratory fiscal plan. This paper keeps the useful questions but separates the financial case from policy choices more sharply and replaces several assumptions with published data, transition costing and capacity-based estimates [VoF-25].

APPENDIX TABLE H1 - MAJOR CHANGES FROM THE VALUE OF FREEDOM

AREA	THE VALUE OF FREEDOM APPROACH	TREATMENT IN THIS PAPER AND WHY IT CHANGED
Core fiscal case	Combined a broad fiscal plan with many policy proposals.	The fiscal ledger is proved first. Policy examples appear only where a function needs a cost or to illustrate possible use of surplus.
Federal-service replacement	Estimated broad service ranges.	Uses the completed transition-domain ledger and separates annual operations, payments to citizens and one-time setup.
Canada Pension Plan	Kept Alberta Pension Plan funding inside the pension system and stated that excess capacity could support replacement of federal seniors benefits, but the accounting firewall was not stated consistently in the combined fiscal tables.	Makes the firewall explicit. The Alberta Pension Plan funds Canada Pension Plan-equivalent benefits, Old Age Security and Guaranteed Income Supplement obligations assumed from the federal tier. Contributions and investment returns never enter general revenue, and these retirement-income payments never draw on general revenue. Existing Alberta public-sector plans remain separate.
Indigenous matters	Explored detailed land, funding and sovereignty settlement structures.	Day 1 costing simply continues current federal programme funding. A larger settlement is a stress sensitivity; treaty outcomes are left to negotiation.
Immigration	Applied broad re-screening and assumed removal volumes that could reach tens of thousands a year.	Temporary permits expire normally, settled families and established residents receive grandfathering routes, permanent residents are reassessed over three years, and enforced removals are capped by real-world Canadian capacity at 800-2,000 a year.
Immigration enforcement cost	Used much higher removal unit costs and therefore a very large deportation bill.	Uses published Canadian removal costs of C$3,840 unescorted and C$12,880 escorted, then separately budgets detention, appeals, legal aid and an error reserve.
Defence	Carried roughly C$3-5B annual defence and C$1-2B setup.	Uses a posture-based mature benchmark of about 1.05% of GDP, approximately C$5.0B, plus an explicit C$10.0-16.5B equipment build-out. The transition budget already includes C$58.2M of initial defence setup.
Environment	Developed a detailed environmental and carbon strategy.	Carries only C$0.2-0.5B of additional sovereign stewardship cost. No carbon-credit revenue or emissions offset is needed for the fiscal case.
Taxes	Presented large tax reductions as part of the future plan.	Tax changes are illustrations of what fiscal capacity could fund. The full tax programme is acknowledged not to fit immediately at the conservative end.
Long-term future	Used one aggressive growth path, including oil production rising to about 9.5 million barrels a day by 2045.	Uses three economic cases from Current Path to High-Growth Build-Out. The upper oil case is 7.0 million barrels a day and is explicitly an upside boundary, not a forecast.

The result is intentionally more explicit about what belongs inside the pension system and what belongs in the government budget. The fiscal headline now uses the

Alberta Pension Plan treatment in Section 6, while the fallback case shows that even a delayed pension settlement would not overturn viability. The central conclusion still does not depend on mass removals, a particular Indigenous settlement, an economic boom or a specific tax programme.



APPENDIX I

Sovereign States of Comparable Size

The purpose of this appendix is not to suggest that Alberta would resemble any of the countries below. It is to provide context for the scale of population, economic activity and public finance at which sovereign governance is routinely conducted.

Alberta's population of approximately five million places it among a substantial group of successful sovereign states. The question is therefore not whether a jurisdiction of Alberta's size can govern itself — countries of this size manage the full institutional apparatus of sovereignty as a matter of routine. The question addressed in this paper is the narrower one of whether Alberta's revenues and expenditures support that apparatus under the assumptions disclosed.

APPENDIX TABLE I1 - COMPARABLE SOVEREIGN STATES

	ALBERTA	NEW ZEALAND	IRELAND	FINLAND	SLOVAKIA	DENMARK	NORWAY
Population, millions	5.06	5.36	5.53	5.66	5.40	6.03	5.64
Output, US$ billions	346	259	377	317	154	462	531
Output per person, US$	68,400	48,600	69,100	56,500	28,500	77,000	94,500
Government revenue, US$ billions	94–101	98	166	170	68	233	313
Land area, thousand km²	662	~268	69	304	49	42	304
Landlocked	Yes	No	No	No	Yes	No	No
Sovereign or state fund, US$ billions	Heritage	56	39	31	none	none	2,285

Basis note. The population, output, output per person and land rows are directly comparable. The fiscal ratios that previously appeared here were not, and have been removed. The comparator countries are measured on the International

Monetary Fund's general-government basis, which consolidates central, state and local government together with social-security funds; the Alberta revenue figure is the revenue of an independent Alberta government from Table 1 and excludes municipal revenue and Alberta Pension Plan flows. The gap is not small. On the IMF basis, Canada's general-government gross debt was about 110 per cent of output in 2024, against 23 per cent for Alberta's taxpayer-supported provincial debt [IMF-DM]. Any fiscal comparison with these countries has to be rebuilt on a consolidated basis before it carries meaning, and the revenue row above should be read with the same caution.

Fund row: New Zealand Superannuation Fund; the Future Ireland Fund with the Ireland Strategic Investment Fund; Finland's State Pension Fund; and Norway's Government Pension Fund Global. Denmark's ATP is statutory and member-owned rather than a state fund. Alberta's Heritage Fund is shown without a value because the relevant comparison is the institutional design rather than the present balance. Comparator figures are for 2025 from the International Monetary Fund World Economic Outlook of April 2026, Eurostat and the national statistical offices; fund values are the latest published. Alberta output is nominal gross domestic product at market prices for 2024, C$473.9 billion, from Statistics Canada [SC-222], converted at 0.73. Alberta government revenue is the independent-Alberta range from Table 1, not current provincial revenue, and its debt figure is Alberta's own taxpayer-supported debt. Ireland is shown on modified gross national income rather than gross domestic product; see below.

Two cautions on the table

Ireland must be read on the right measure. Irish gross domestic product is inflated by the accounting treatment of intellectual property held by multinational companies, to the point that the Irish Central Statistics Office created a separate measure, modified gross national income, to describe the real economy.

In 2025 Irish gross domestic product was 1.8 times modified gross national income. On the headline measure Irish output per person appears to be about US$125,000; on the measure the Irish authorities themselves use for fiscal analysis it is about US$69,000, and the debt ratio rises from 33 per cent to 62 per cent. The corrected figures are used above.

Norway is not a template. The Government Pension Fund Global stands at roughly US$2.3 trillion, built from four decades of petroleum revenue saved rather than spent, beginning while production was still rising. Alberta would start later, against a mature resource base, with an existing spending baseline to defend. Norway is

useful as evidence of what the institutional design achieves over time, not as a destination that can be reached by deciding to reach it.



APPENDIX J

The Long-Term Model, Step by Step

This appendix exists so that the twenty-year scenarios in Part V can be checked rather than taken on trust. Nothing in Parts I to IV depends on it. The model is deliberately simple: two rules generate revenue, three rules generate spending, and the surplus is the difference. Every figure in Table 20 and Table 21 can be rebuilt from what follows.

J.1 Base year and units

The projection starts from the conservative end of the Day 1 ledger: total revenue of C$129.1 billion, of which C$13.2 billion is resource royalties, leaving C$115.9 billion of non-resource revenue. Recurring spending starts at C$105.7 to C$106.9 billion, being the C$96.9 billion of existing and replacement spending plus C$8.8 to C$10.0 billion of sovereign-function allowances. All amounts are constant dollars; energy prices are constant 2025 United States dollars as set out in Table 18. The horizon is twenty years, 2026 to 2046.

J.2 Rule one: resource royalties

Royalties scale with production at a given price path. At the reference price path each million barrels a day of oil and bitumen produces about C$5.00 billion of royalty a year; at the higher price path, about C$8.64 billion. The step from C$5.00 to C$8.64 is larger than the price step itself, which reflects the way Alberta's royalty formulas take a rising share as prices rise above cost. Production volumes are the ones set out in Table 19: 4.4, 4.9 and 7.0 million barrels a day.

J.3 Rule two: everything else

Non-resource revenue — personal and corporate income tax, consumption taxes, fees, investment income and the rest — grows from the C$115.9 billion base at a single compound rate for each case. Those effective rates are 2.25 per cent a year on the Current Path, 3.02 per cent under Competitive Growth and 3.62 per cent under the

High-Growth Build-Out. They are higher than the non-energy real growth rates in Table 19 because energy-sector activity also feeds the wider tax base. Under the higher price path, non-resource revenue is lifted a further 5 per cent, reflecting the income and activity that stronger prices generate outside the royalty line itself.

APPENDIX TABLE J1 - HOW 2046 REVENUE IS BUILT, C$ BILLIONS

CASE AND PRICE PATH	PRODUCTION	ROYALTY RATE	ROYALTIES	NON-RESOURCE REVENUE	TOTAL REVENUE
Current Path, reference	4.4	5.00	22	181	203
Current Path, higher	4.4	8.64	38	190	228
Competitive Growth, reference	4.9	5.00	25	210	235
Competitive Growth, higher	4.9	8.64	42	220	262
High-Growth Build-Out, reference	7.0	5.00	35	236	271
High-Growth Build-Out, higher	7.0	8.64	60	248	308

Production is million barrels a day of oil and bitumen; the royalty rate is C$ billions of royalty per million barrels a day. Royalties are production multiplied by the rate in the third column. Non-resource revenue is C$115.9 billion compounded for twenty years at the case rate, plus 5 per cent on the higher price path. Total revenue is the sum of the two. Components are rounded independently, so a row may differ from the displayed sum by C$1 billion.

J.4 The three spending rules

Spending does not depend on the price path, only on the case and on which growth rule is applied. The first rule grows spending with population alone, which holds real spending per person flat. The second adds roughly half a percentage point a year on top of population, which is closer to the historical behaviour of Canadian provincial budgets. The third grows spending with the economy, so government keeps a constant share of a larger output. The third is the most demanding and is the reason the High-Growth case does not produce the largest surplus in every column.

APPENDIX TABLE J2 - 2046 SPENDING UNDER EACH RULE, C$ BILLIONS

SPENDING RULE	CURRENT PATH	COMPETITIVE GROWTH	HIGH-GROWTH BUILD-OUT
Grows with population	138	140	141
Population plus about half a point	155	157	158
Grows with the economy	159	186	208

APPENDIX TABLE J3 - EFFECTIVE COMPOUND GROWTH RATES, 2026 TO 2046, PER CENT A YEAR

SERIES	CURRENT PATH	COMPETITIVE GROWTH	HIGH-GROWTH BUILD-OUT
Non-resource revenue	2.25	3.02	3.62
Spending, population rule	1.31	1.39	1.42
Spending, population plus	1.90	1.97	2.00
Spending, with the economy	2.03	2.84	3.41

Rates are the effective compound rates the model produces between the base year and 2046, calculated on a spending base of about C$106.3 billion. The population rule implies an Alberta population of roughly 6.6 million in 2046, consistent with the provincial projection at [AB-POP].

J.5 What the model does not contain

1. no federal debt-and-asset settlement, in either direction;
2. no currency effect, in either direction;
3. no behavioural response to tax policy, and no migration or growth dividend;
4. no technology breakthrough, and no new market access beyond the production volumes stated in Table 19;
5. no Heritage Fund drawdown, and no compounding of the fund beyond the investment income already inside the base year; and
6. no recession. The model runs a smooth path for twenty years, which no real economy does. Part I, not Part V, is where the downside is tested.

J.6 How to check any figure

Take the production volume for the case from Table 19 and multiply by the royalty rate in Appendix Table J1. Take C$115.9 billion, compound it at the case rate in Appendix Table J3 for twenty years, and add 5 per cent if the higher price path is being used. Add the two for total revenue. Subtract the spending figure from Appendix Table J2 for whichever spending rule is being applied. The result is the surplus shown in Table 20 and Table 21, within the rounding of the displayed components.

Two cautions belong with any use of these numbers. The scenarios are bounds, not forecasts, and the High-Growth Build-Out is explicitly an upside boundary rather than a plan. And a twenty-year projection compounds its own assumptions: a difference of half a percentage point a year in either revenue or spending moves the 2046 result by more than C$10 billion. Readers should place far more weight on the Day 1 ledger in Part I and the sensitivity analysis in Section 4 than on any single 2046 figure.

J.7 How the rates were calibrated

The coefficients in this appendix are not independent forecasts, and it matters that readers know it. They are the effective rates implied by the scenario outputs published in Part V: each was recovered by solving the 2046 figures back to the base year, then run forward again to confirm that it reproduces every published figure. They describe the scenarios; they were not estimated separately and then used to generate them.

1. The royalty coefficients of C$5.00 and C$8.64 billion per million barrels a day are the ratio of scenario royalty revenue to scenario production at each price path. The step between them is wider than the price step because Alberta's royalty formulas take a rising share as prices rise above cost.
2. The non-resource growth rates of 2.25, 3.02 and 3.62 per cent a year are the compound rates that carry the C$115.9 billion base to the published 2046 non-resource totals over twenty years.
3. The 5 per cent higher-price uplift is the difference between the two price paths at constant production, applied to non-resource revenue only.

What this means in practice. A reader can check every published figure from these rules, which is the purpose of the appendix, but should not treat the rates as evidence for the scenarios — they are a restatement of them. The independent evidence for the growth cases is in Part V and Appendix H. And the rates are sensitive: half a percentage point a year on the non-resource rate moves the 2046 result by

more than C$10 billion. That sensitivity is why the weight of this paper rests on the Day 1 ledger in Part I and the seven-shock analysis in Section 4, not on any single 2046 figure.



APPENDIX K

The Seven Shocks in Full

Table 4 names the seven shocks and states what each one assumes. This appendix is the working behind them: what actually happened, where the number comes from, and what bounds it. Nothing here changes any figure in Table 5. A reader who accepts Table 5 does not need this appendix; a reader who wants to argue with it should start here.

The sections below follow the order of the evidence rather than the order of the table, because several of the shocks share a single source. The cross-references in Table 4 point to the right one.

The sections below are grouped in Table 4 by what causes them, because the three groups behave differently and it matters which one a given shock belongs to. Group 1, the terms of separation, is settled by negotiation and fixed on the day it is agreed. Group 2 is the market's reaction to a country without a track record, and it fades as the record is built. Group 3 is the commodity cycle, which arrives whether or not Alberta is independent and which has reversed every time it has occurred. Groups 1 and 2 together — C$13.5 billion a year — are what independence itself costs on the least favourable assumptions in this paper.

K.2 The Oil Price Slump — energy prices (Group 3, the commodity cycle)

The worst case for energy prices is Alberta Budget 2026's own downside case, because it maps directly onto Alberta revenue. For context on how far a long-run path could fall, the Canada Energy Regulator's Lower scenario holds Brent at US$55 a barrel in constant 2025 dollars, flat from 2030 through 2050 [CER-26].

The International Energy Agency's Net Zero pathway is lower still at US$25 by 2050, but that is a normative backcast rather than a forecast, and propagated through the light-heavy differential it implies a Western Canadian Select price below the operating cost of most of the oil sands. This case would be so disastrous globally as to be seen as meaningless, which is why it has been discontinued. [IEA-25].

The United States Energy Information Administration discontinued its Low Oil Price case in 2026; its last published low case put Brent at US$45 to US$48 [EIA-25].

Alberta publishes its own downside, and that is the figure carried into the stress test because it maps directly onto Alberta revenue. Budget 2026 models West Texas Intermediate at US$51.50 rather than US$60.50 and puts the cost at C$6.5 billion of combined tax and resource revenue [AB-26]. The lower Canada Energy Regulator and Energy Information Administration paths above are shown as context for how far a long-run price path could fall; they are not substituted into the fiscal model.

Royalties are price-sensitive by construction — they fall with prices rather than standing as a fixed obligation, so the revenue line and the ability to pay move together.

Contributions to the Heritage Fund are discretionary and are the first thing a government would reduce as opposed to cutting services to citizens. It is important to note that resource royalties are C$13.2 billion against combined revenue of C$129 billion; they are about a tenth of the case, not its foundation.

For scale, the worst resource-revenue year in Alberta's recorded history was 2015-16, at C$2.8 billion — C$3.5 billion in constant 2024-25 dollars [GoA-HFS]. That was one year at the bottom of a cycle, not a decade, and it has never been sustained.

K.4 The Head Office Exodus — head offices and the corporate tax base (Group 2, the reaction to a new country)

The right comparator is Quebec, because it is the only advanced economy where a credible separatist government held power and corporate flight was actually measured. The best-documented count is twenty-eight major relocations between 1979 and 1982, costing roughly 6,500 head-office jobs [CPQ-82].

Over the longer run, Montreal lost twenty-four per cent of its manufacturing head offices between 1976 and 1997 against four per cent in Toronto [SC-VIN]. The 1995 referendum, which failed by about one per cent of the vote, produced no documented second exodus at all.

Alberta has 423 head offices employing 40,417 people — 1.6 per cent of Alberta employment [SC-110]. A loss on Quebec's scale, twenty-four per cent over two decades, would be about 9,700 positions, or four tenths of one per cent of the workforce.

Worst case adopted in this document: the corporate tax base contracts fifteen per cent, −C$3.2 billion a year. That is half again the ten per cent a moderate scenario would imply, and it is deliberately set above what the Quebec record would support.

What bounds it, and this is the part worth stating plainly. Alberta and Canada will be independent tax jurisdictions. Alberta will tax the incomes earned in Alberta

and Canada will tax incomes earned in Canada. Oil sands plants, pipelines, refineries, transmission and farmland cannot be moved, so the income they generate stays substantially taxable where the production happens: in Alberta.

If any head offices move, only people and operations who move will no longer be taxed in Alberta

Much of the workforce is far less mobile than the letterhead. Fifty-four per cent of Alberta's oil and gas employment is field, trades and production work; outside Calgary that rises to seventy-one per cent and the corporate share falls to thirteen per cent [SC-455]. Engineering and operations staff have to be near the plant. What is genuinely mobile is the smaller, higher-paid executive and finance function.

Catalonia is the clean demonstration: some five thousand companies shifted their registered office within months of the 2017 vote and almost none moved a plant or a payroll.

Additionally, an executive contemplating the move has to answer where to. Presuming the destination is Canada, a jurisdiction with higher personal and corporate rates and heavier regulation, the executive would be asking Albertans to relocate to a higher tax, more regulated environment and the uptake for such moves is plausibly expected to be poor, suggesting material impact to corporation's capabilities and effectiveness. Quebec is again instructive on the long run: it retains 22.9 per cent of Canada's head-office employment, and between 2012 and 2021 its head-office employment fell 2.9 per cent against 5.0 per cent nationally and 6.3 per cent in Toronto [SC-110]. The companies that wanted to leave left, and the sector rebuilt.

K.1 The Household Squeeze — the personal income tax base (Group 3, the commodity cycle)

Alberta does not need a hypothetical here; it has lived the worst case twice. Primary household income fell 14.7 per cent in real terms between 2015 and 2020, including 11.9 per cent in 2016 alone, and in 2024 was still 1.9 per cent below its 2015 real peak [SC-224]. That is the deepest contraction in the Alberta personal tax base in forty years.

Worst case adopted: the personal tax base contracts fifteen per cent, −C$7.5 billion a year. That is three times the five per cent a moderate scenario would imply, and it is the largest single adverse item in this analysis.

What bounds it. Alberta's population has not fallen year over year since 1971, through every episode in that record. The worst sustained out-migration Alberta

has recorded ran from 1982 to 1988 and totalled about 123,000 people, some five per cent of the population — and the population still grew throughout [SC-015].

As this paper lays out, if anything, an independent Alberta is a fiscally stronger, lower taxed jurisdiction and coupled with its cultural bias against taxes and regulation, it will more than likely grow. People move in no small part for economic reasons - the amount of money they can take home, keep in their pockets and use for their own purposes. None of that is banked in this paper. The model assumes no growth dividend and no migration dividend at all, and tests the opposite: a sustained contraction in the personal tax base.

If part of that fiscal room were used for tax relief or for productivity-enhancing investment, it could raise after-tax incomes and strengthen Alberta's pull as a destination rather than a departure point. No such dividend is assumed in the base case, which is why this element is treated as a cyclical contraction rather than an exodus.

As can be seen in Table 12, the tax rates can plausibly go down in a relatively short period of time.

K.5 The Wider Downturn — consumption taxes, fees and the wider economy (Group 3, the commodity cycle)

The worst peak-to-trough contraction in Alberta real gross domestic product in the available record is 8.6 per cent, between 2014 and 2020, taking eight years to regain the previous peak [SC-222]. Consumption taxes and fees are assumed to fall with it.

Worst case adopted: consumption taxes and fees down eight per cent, −C$1.9 billion a year.

K.3 The Full Debt Share and The Larger Settlement (Group 1, the terms of separation)

Three items are carried at the top of their stated range rather than the middle. The federal debt settlement is taken at the full population share, with no credit for Alberta's decades of net contribution and no offset for federal assets in Alberta.

An Indigenous settlement above continuation funding is taken at C$2.8 billion.

Defence initial capitalisation was carried in earlier drafts as a stress of C$1.5 billion a year, on the premise that the whole equipment programme might be charged as an operating cost in year one. It has been withdrawn for two independent reasons. The first is physical: the equipment is not sitting on a shelf. Major platforms take years to build and longer to crew, so a single-year charge describes an event that

cannot occur, and an extraordinary event is not a scenario. The second is arithmetic: the build-out is C$10.0 to C$16.5 billion spread over ten to fifteen years, an average of C$0.7 to C$1.6 billion a year, and the mature C$5.0 billion defence budget already in the ledger carries C$0.9 to C$1.1 billion a year for acquisition and replacement. Adding C$1.5 billion on top counted most of the same money twice. The build-out is costed in Appendix E and carried in the ledger, where it belongs, rather than in the stress test.

K.6 The New Country Premium — sovereign borrowing costs (Group 2, the reaction to a new country)

A new sovereign has no credit history of its own, and lenders price that. The allowance carried in this paper is C$0.5 to C$1.3 billion a year, and the stress table uses the top of that range.

What bounds it. The premium is charged on the stock of debt that is actually rolled over, not on the whole stock at once, so it arrives gradually rather than on Day 1. Alberta's taxpayer-supported debt is about 23 per cent of output, which is low by any international standard and is itself the main thing a lender looks at. And the premium is not permanent by nature: it is the price of an absent record, and it falls as the record accumulates. Every sovereign now regarded as safe began without one.

This is also the one shock in the table that is partly within Alberta's own control. A credible fiscal framework, published accounts and a funded reserve are the standard means by which new issuers shorten the period over which they pay a premium.



In Closing

The money is already Albertans'

The services are already Alberta's

Independence does not create the capacity to govern — it returns the decision about how that capacity is used to the people who generate it.

Forward together. Freedom for all Albertans.