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An initial analysis of the financial costs of Alberta independence

Transition/start-up costs estimated at nearly \$300 billion; annual ongoing costs estimated at over \$67 billion

Using available government information as a reference point, my initial calculations suggest that the pursuit of Alberta independence will result in an estimated \$299.4 billion in transition/start-up costs and \$67.3 billion in ongoing annual costs.

In this brief, I provide a detailed breakdown of transition/start-up costs and annual ongoing costs for various items, including such critical items as:

- An independent Alberta's share of the national net debt (transition/set-up cost of \$174.2 billion, representing Alberta's 12.5% share of Canada's total population on a national net debt of nearly \$1.4 trillion);
- An independent Alberta's share of annual national debt servicing costs (annual ongoing costs of \$10.2 billion, representing a 5.88% interest carrying charge arising from the issuing of \$174.2 billion in Alberta debt)
- The costs to an independent Alberta of negotiating internal trade agreements with Canada and the provinces, and international trade agreements, most notably with the United States and Mexico, under CUSMA (transition/set-up cost of \$93.5 billion, representing a 17.5% cost applied to about \$535 billion in Alberta's estimated annual value of trade with Canadian provinces and international countries, as of 2028);
- An independent Alberta taking over funding of current federal transfers in health care, social services, agriculture, labour markets and childcare; (\$13.8 billion of annual ongoing costs, representing the level of annual transfers projected to be sent to Alberta by the federal government in 2028/29);
- An independent Alberta taking over annual ongoing payments to Albertans under Old Age Security (OAS) (\$7.1 billion), the Canada Pension Plan (CPP) (\$7.7 billion); Employment Insurance (EI) (\$2.8 billion), and the Canada Child Benefit (CCB) (\$3.8 billion); and
- The establishment of an independent Alberta defense budget to meet a NATO 5% of nominal GDP commitment (\$27.2 billion in transition/set-up costs, representing 5% of Alberta's projected nominal GDP of \$543 billion in 2028).

Alberta Premier Danielle Smith has estimated the costs of Alberta independence at \$400 billion in transition/start-up costs, with \$25 to \$40 billion of annual ongoing costs. In contrast, the Alberta Prosperity Project (APP), which is promoting Alberta independence, is pegging start-up costs at \$5.7 billion, with up to \$32 billion in annual ongoing costs.

There is a wide gulf between Premier Smith's estimates (\$400 billion in transition/set up costs) and those of the APP (\$37.7 billion, which includes annual costs and set-up costs)). In contrast to the APP, which provided its breakdown documentation back in July 2025, a detailed breakdown of the costs cited by Premier Smith has [not been provided by the Alberta government](#), thus far. The Alberta government is expected to appoint an independent [panel of experts](#) to work with the public service to provide more detailed information to Albertans prior to the referendum on October 19.

It is clear from the initial breakdown analysis I have provided that an [independent Alberta will essentially have to set up its own federal government](#) apparatus. This would be a massive undertaking, with many separate transition/set-up and annual ongoing costs, as I have cited here. I will update the initial breakdown analysis as new information becomes available.

The Alberta government has a responsibility to Albertans to provide with a comprehensive and independent analysis of both the [economic and fiscal costs](#) of Alberta independence by August 15, 2026, at the very latest.

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Item	Annual cost (\$ billions)	Set-up or transition cost (\$ billions)	Source
Alberta's share of the national net debt	-	174.2	Fiscal Reference Tables
Alberta's share of the national net debt servicing costs	10.2	-	Statistics Canada Table 36-10-0450-01 and Fiscal Reference Tables
Defense (5% of nominal Alberta GDP NATO commitment)	2.5	27.2	Statistics Canada Table 36-10-0450-01
Trade costs: Negotiation of Canada internal trade agreements and international trade agreements, including CUSMA (impacts arising from non-tariff barriers and tariff barriers)	-	93.5	Library of Parliament, Alberta's Merchandise Trade with the World
Federal transfer payments (CHT, CST, infrastructure, agriculture, labour market, early learning childcare, and others)	13.8	-	Alberta Budget 2026
International relations	0.9	0.2	Government of Canada Estimates, 2026/27
Border services and customs	0.4	0.2	Government of Canada Estimates, 2026/27
Alberta's share of Employment insurance (EI) payments	2.8	0.1	Statistics Canada Table 36-10-0450-01
Alberta's share of Canada Pension Plan (CPP) payments	7.7	0.3	CPP Investments Annual Report, 2026
Alberta's share of federal direct support for Indigenous Peoples	3.0	0.1	Government of Canada Estimates, 2026/27
Alberta's share of federal RCMP policing services	0.8	0.2	Government of Canada Estimates, 2026/27
Alberta's share of Canada Post operations	0.4	0.1	Government of Canada Estimates, 2026/27
Revenue collection services	0.8	0.1	Government of Canada Estimates, 2026/27
Court services and administration of justice	0.05	0.01	Government of Canada Estimates, 2026/27
Immigration services	0.5	0.2	Government of Canada Estimates, 2026/27

Alberta's share of NAV Canada services	0.5	0.1	NAV Canada Annual Report, 2025
Alberta's share of military veteran benefit payments	0.8	0.1	Statistics Canada Table 36-10-0450-01
Alberta's share of Old Age Security (OAS) payments	7.1	0.5	Statistics Canada Table 36-10-0450-01
Alberta's share of the Canada Child Benefit (CCB) payments	3.8	0.3	Statistics Canada Table 36-10-0450-01
Telecommunications	0.05	0.01	Government of Canada Estimates, 2026/27
Various federal health care programs	10.0	0.01	Government of Canada Estimates, 2026/27
New drug approval services	0.02	0.01	Government of Canada Estimates, 2026/27
Food inspection services	0.04	0.01	Government of Canada Estimates, 2026/27
Environmental monitoring services	0.1	0.01	Government of Canada Estimates, 2026/27
Security and intelligence services	0.2	0.01	Government of Canada Estimates, 2026/27
Central banking and currency services	0.1	1.9	Bank of Canada Annual Report 2025
Federal regulatory services	0.7	0.02	Government of Canada Estimates, 2026/27
Total:	67.3	299.4	