

# POLICY Paper



## **SASKATCHEWAN'S FORGONE POTASH WINDFALL: COLLECTING A FAIR PUBLIC RETURN**

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## CONTEXT

- Saskatchewan has the largest and richest potash reserves in the world
- The province is the world's largest producer and exporter of potash
- The former Crown-owned Potash Corporation of Saskatchewan was privatized in 1989
- At the time of its privatization, PCS was the largest potash producer in the world
- Production is now held by private, publicly traded corporations
- In terms of natural resources, potash consistently ranks either first or second as a source of government revenue
- Issues over Saskatchewan's potash royalty and tax regime have been raised previously by several tax and policy experts

## Considerations

- In 2022 global potash prices soared
- The rising price was driven largely by geo-political issues
- The war in Ukraine led to sanctions being imposed on Russia, which is a major potash producer
- The result was that Russian potash declined from one-third of global output, to one-fifth
- The value of Saskatchewan potash sales more than doubled, going from \$7.6 billion in 2021 to \$18.0 billion in 2022
- The windfall profits came even though production of Saskatchewan potash didn't increase, nor investment to expand production

## Questions: For discussion

- Is it time for a policy review of Saskatchewan's potash royalties and taxes?
- How should a determination be made whether to have a review?
- Who should be consulted?
- What are the public policy issues and factors to be considered?
- How can a “fair” return for Saskatchewan people be established?
- Was there a failure of public policy when potash companies reaped windfall corporate profits in 2022?
- If so, what policy changes would you propose?