



Saskatchewan Potash at a Crossroads: \$12 Billion of Lost Revenue and BHP's New Mine

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Context

- BHP to open one of world's largest potash mines at Jansen in 2027
- The mine will generate tens of billions of dollars in taxes and royalties
- Saskatchewan has the world's largest and richest potash reserves
- Province provides about one-third of global production
- Major producers China, Russia and Belarus not open to investment
- Saskatchewan will be sole source of potash for Nutrien, Mosaic and BHP
- Canadian potash continues to enjoy tariff-free access to the US
- Total Saskatchewan potash sales were \$9 billion in 2025

Considerations

- From 2000 to 2025, potash prices increased by 203 percent
- During that period potash prices surpassed inflation by 131 percent
- When prices rise dramatically province receives little revenue benefit
- Even split of profits would have produced almost \$12 billion more in royalties and taxes over past decade.
- Saskatchewan charges mining companies three levies for potash:
 - 3% royalty of production from Crown mineral land
 - 3% resource surcharge is 3% of total sales
 - production tax base payment \$11.00 TO \$12.33 per tonne, profit tax 15% of the first \$80 of profit per tonne and 35% above that amount
- Writing off its investment, BHP will avoid profit tax and corporate income tax for years
- BHP going into production will put downward pressure on price

Questions

1. Does the Saskatchewan treasury get a fair return from potash production?
2. How should the calculation of a 'fair return' be done?
3. What are the policy implications of the world's largest potash mine going into production?
4. Is a windfall tax a reasonable policy response when prices surge?
5. Are there competitive factors that need to be considered?
6. If so, what are they?
7. Are higher potash royalties/taxes a solution to the provincial deficit?