OUTRUNNING THE STORM

Saskatchewan: Oil Shock Response Briefing

Outrunning the Storm — Most Exposed Agricultural Province Nationally

LSCM Inc. | Dougald Lamont | May 26, 2026

CRITICAL EXPOSURE: Saskatchewan is identified as the most exposed agricultural province nationally. ~34,000 farms; 55% of national grain throughput; 33% of world potash supply; the highest single-province nitrogen fertiliser exposure in Canada. The most acute risk scenario in the entire report is a wet Prairie harvest in SK at $200/bbl propane with no electric drying alternative.

STRUCTURAL POSITION

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, SK)	$0.8–1.5B	$2.5–4.5B	$7–14B
Programme investment required	~$1.5B (T1+2)	~$3.5B (T1+T2+T3)	~$7B (full)
Net benefit of acting (annual)	$0.7–1.3B/yr saved	$2.2–4B/yr saved	$6–12B/yr saved
Jobs created (direct + indirect)	10,000–18,000 job-yrs	18,000–32,000 job-yrs	28,000–50,000 job-yrs

PROVINCIAL EXPOSURE PROFILE

Exposure Category	Detail	Risk Level at $150/bbl
Nitrogen fertiliser (Haber-Bosch gas)	SK = 55% of national grain throughput; highest per-farm N fertiliser cost exposure nationally	CRITICAL
Propane grain drying	Wet harvest (1-in-4 years) with no electric dryer alternative = catastrophic harvest failure	CRITICAL
Shortline railways	SK has most shortline-dependent grain corridors in Canada; $150 diesel = viability crisis	HIGH
Farm credit (young farmers)	9.6% of SK operators under 40 with highest debt-to-acre; first to exit	HIGH
Potash paradox	SK produces 33% of world potash supply but domestic farmers pay export parity prices	HIGH
Remote First Nations	~15 communities in Northern SK on diesel; Treaty 6 communities exposed to heating fuel shock	HIGH

IMMEDIATE ACTIONS — AGRICULTURAL

Farm Credit (Do Immediately)

- SCIC emergency farm credit: SK's share of national $1.0B provincial ag emergency loans; targeted at debt-to-asset >35% operations.
- AgriStability reference margin emergency update: current 5-year average embeds 2019–21 input costs; must be updated before fall 2026 harvest claims.
- Crop insurance premium deferral: SK share $280M (largest provincial share nationally).
- Young Farmer Emergency Grant ($25,000; SK share $38M): necessary at $150 to prevent exit wave.

Nitrogen & Inputs (Within 4–6 Weeks)

- Bulk anhydrous ammonia pre-purchase: SK share $450M — largest provincial share nationally. 4–6 week procurement window only.
- Precision application incentive ($200 rebate for soil testing and variable-rate prescription): reduces N application 15–25% with no yield penalty.
- Federal domestic potash priority allocation negotiation: SK as producer negotiates domestic priority pricing at 10% below export parity; saves SK farmers $85–120/tonne.
- Legume rotation bonus ($40/acre): SK field peas and lentils belt; each acre displaces 15–30 lb synthetic N on following crop.

Harvest Preparation (Before September)

- Strategic propane reserve at all major SK elevators: SK share $95M — MUST be in place before September harvest. Most critical single harvest-season action nationally.
- Electric grain dryer procurement (SK share $28M, 500 units national): necessary at wet-harvest risk elevators. 3–6 month procurement lead — order NOW.
- CGC emergency moisture tolerance guidance (15.5–16.5% vs. standard 14.5%): reduces propane drying requirement 30–50% in a wet year.
- Canola biodiesel diversion agreement with Richardson Portage la Prairie and Bunge Altona (SK as anchor): 450M litres from existing Prairie crush reduces Prairie diesel demand 5% immediately.

SHORTLINE RAIL — CRITICAL INFRASTRUCTURE

- SK shortline preservation fund ($20M — largest provincial share): at $150 diesel, shortline economics deteriorate rapidly.
- 24-month moratorium on shortline rail abandonment applications — Transport Canada / CTA administrative directive, zero cost.
- Grain car allocation freeze for shortline-served elevators — CGC directive under Canada Grain Act, 3 days.
- Saskatoon–Regina passenger rail (260 km): at $150 oil, $80–120 fuel bill vs. DMU ticket is directly competitive. Track upgrade $260–520M.
- 'Prairie Milk Run' rural rail service: DMU stops across southern Saskatchewan, serving grain communities that have lost all other public transportation.

HEALTHCARE

- SHA rural vacancy rates are among the highest in Canada pre-shock; fuel allowance ($25M SK share) is necessary at $150.
- Staff housing at rural hospitals (SK share $25M): modular prefabricated, 4–6 month delivery.
- STARS fuel guarantee (SK share $8M/yr additional): must be committed before STARS reaches break-even threshold.
- 180-day pharmaceutical stockpile (SK share $75M): necessary before supply disruption manifests.

LONG-TERM STRATEGIC INVESTMENTS

- Green ammonia pilot at Nutrien Vanscoy SK: ~$200M demonstration facility as part of 3-site national pilot ($70M public share). Commercial scale by 2030–32. Decouples SK nitrogen from natural gas permanently.
- On-farm solar + battery + grain dryer integration: SK and AB have most solar irradiance among grain provinces; NRCan SREP $300–400M national incentive over 5 years.
- Biochar distributed units on Prairie farms: SK is the largest feedstock province nationally; wheat and canola straw surplus 8–15M tonnes/yr.
- HVO (Hydrotreated Vegetable Oil) blending infrastructure: SK and AB as anchor markets; Cargill and Viterra as canola oil suppliers; 10% blending displaces 500–600M litres Prairie diesel/yr.
- Soil carbon and nutrient management data platform: SK has the most to gain from precision N reduction nationally.

Source document: Outrunning the Storm: Hardening Canada Now Against the Coming Oil Shock. LSCM Inc., Dougald Lamont. Updated May 26, 2026.