

Saskatchewan held back by socialism: investment CEO

BY JEREMY WARREN, SASKATOON STARPHOENIX

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Saskatchewan must shed its legacy of socialism to finally and fully capitalize on its immense natural resources, says the head of a major investment firm in the province.

Tom MacNeill lashed out against the political and economic philosophy that he says killed private investment in Saskatchewan's natural-resources sector for decades.

"The one thing socialists are good at is building things: power lines, roads, infrastructure," said MacNeill, CEO of 49 North Resources Inc.

He made his comments this week to a crowd of resource investors, market analysts and executives at the annual Saskatchewan Investment Conference.

MacNeill said socialism's positive contribution to society stops where the pavement ends, and that it has impeded the growth of Saskatchewan's natural-resource sector.

"Socialism is an active enemy of business," MacNeill said. "It changed our economic landscape forever."

The CCF-NDP governments of Tommy Douglas and Allan Blakeney helped attract investment in sectors such as uranium, potash, oil and gas, MacNeill said, but as resource prices increased, he said, government greed reigned.

"Then government forced its way into the business, whether by ownership or hyper-taxation, and companies left (the province)," MacNeill said.

After six decades, Saskatchewan's resource sector is finally poised to catch up with the rest of Canada, MacNeill said, predicting a resource renaissance in Saskatchewan.

He said he'd like to see the number of mines operating in Saskatchewan increase tenfold.

"All that stuff that socialism kept in the ground is there for the taking now," he said. "We've only scratched the surface in regards to resource extraction in this province."

49 North describes itself on its web-site as Saskatchewan's first publicly traded resource investment company, with strategic operations in financial, managerial advisory and merchant banking.

In 2008, Saskatchewan's mineral production was valued at \$9.7 billion, making the province Canada's No. 1 mineral producer, according to the Saskatchewan Mining Association.

Saskatchewan is North America's resource frontier, and an improved business climate thanks to government policies -- low royalty rates and incentives for mineral exploration -- is finally attracting investment, MacNeill said.

He pointed to the right-leaning Saskatchewan Party government that turfed the NDP from power in 2007.

Saskatchewan is rich in resource deposits, from uranium and potash to diamonds and oil, and there is much more potential for exploration and investment, MacNeill said.

Exploration spending reached \$474 million in 2008, compared with a 10-year average of \$30 million, but decreased the next year because junior mining companies were having trouble raising financing.

MacNeill said investors have to take risks to ensure Saskatchewan takes advantage of its massive mineral deposits.

"Just because we have the two leading enterprises in the world in uranium and potash doesn't mean we have an advanced resource-extraction industry in this province. It's in its infancy. We have 27 operating mines in the province. We should have 270."

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