

Sask. stalled by socialism, CEO says

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Socialists are good for one thing, 49 North Resources Inc. president and CEO Tom MacNeill said Thursday.

"The one thing socialists are good at is building things: Power lines, roads, infrastructure," MacNeill told a crowd of natural resource investors and executives at the annual Saskatchewan Investment Conference.

But socialism's positive contribution to society stops where the pavement ends because the political and economic philosophy has impeded the growth of Saskatchewan's natural resource sector, MacNeill said.

Socialism killed private investment in Saskatchewan's mining and oil and gas industries, he said.

"Socialism is an active enemy of business," said MacNeill in a speech at the Saskatoon Inn. "It changed our economic landscape forever."

Looking ahead, MacNeill predicts a resource renaissance in Saskatchewan. He would like to see 10 times more mines operating in Saskatchewan, but the province has to first shed its socialist past, he said.

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, 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 poised to catch up with the rest of Canada, MacNeill said.

"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."

In 2008, Saskatchewan's mineral production was valued at \$9.7 billion, making the province Canada's Number 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.

"We have an administration right now that figured out it's a ladder, not a painter," MacNeill said. "For a long time we were the painter, and it was a crappy looking picture."

As part of a moderated panel for the same audience that evening, Premier Brad Wall said it wasn't about the party's "stripes" so much as the policies they put in place.

"What industry needs, regardless of who the government is, is stability," Wall said, praising the last NDP government's actions on business taxes. "That government did some very positive things economically."

He reiterated a commitment to a "growth agenda" by reducing barriers and said a second step to success is to tell Saskatchewan's "amazing story" on the world stage.

"We have these resources and capacities in biblical proportions," Wall said.

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.

Saskatchewan is seeing record levels of drilling activity, according to the mining association. Exploration spending reached \$474 million in 2008, well past the \$30-million, 10-year average, but it 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."

The annual two-day conference explores investment and trade issues in Saskatchewan.

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