



## Message from the Chair

**O**n behalf of the Board of Governors I am pleased to report on another successful year for the Atlantic Provinces Economic Council.

Through research and a close connection to the community, APEC has

gained a sound understanding of the economic issues facing Atlantic Canada. This has allowed APEC to stay on the leading edge of policy issues and continue to have a major influence on economic policies impacting the well being of Atlantic Canadians. It is with great pride that I have served as Chair of APEC for the past year. Under the leadership of our President and CEO Elizabeth Beale, the staff has had another year of accomplishments that will contribute to the growing reputation of the organization.

My role of Chair has been made easier and enjoyable by a strong APEC Board of Governors. The Governors represent all four provinces in Atlantic Canada and together bring an excellent understanding of business, academia and government to the table. Their help in setting priorities, providing comments on issues impacting Atlantic Canada and in gaining support for the work of APEC has been invaluable. I would like to thank the Governors who will be retiring from the Board this year, including our past chair

Stephen Wetmore who has contributed significantly to the support and success of APEC.

I would also like to express my appreciation to Elizabeth Beale and the staff of APEC who go about their business in an efficient and effective manner. Their work is thought provoking, professional and, I believe, has and is making a significant contribution to the economic growth of Atlantic Canada. It has been a pleasure working with them over the past year.

APEC is a unique organization bringing together views from all four Atlantic Provinces. It provides a forum for dialogue on issues affecting Atlantic Canada

utilizing conferences, Board of Governor strategy meetings and Patron Dinners. These meetings tend to bring all sides of an issue to the fore. With APEC provid-

ing excellent backgrounders to the issues I have found that a resolution of the issue usually emerges. APEC deserves the support of all of us who wish to make Atlantic Canada prosper and succeed. I encourage all members to continue your support of this unique and vital organization.

*APEC deserves the support of all of us who wish to make Atlantic Canada prosper and succeed.*

Sincerely,

G.C. Bruce

Chair

APEC Board of Governors

# Report of the President and CEO



This has been a tumultuous year for many in Atlantic Canada, with international upheaval and economic uncertainty finding its way to our doorstep. This spring has brought welcome signs of improvement to the economy. The economic resilience and recovery has surpassed expectations and is perhaps a sign that our attention can refocus on the longer-term economic challenges.

For Atlantic Canada, perhaps the most fundamental of these is how we can move ahead in a knowledge-based economy. The path to continued growth and prosperity lies in ensuring continued productivity improvements throughout the economy, bringing the benefits of new skills and technologies to a whole range of industries. For industrialized countries, this has meant the emergence of new industries, the repositioning of some existing ones, but also the decline in some long established sectors. In Atlantic Canada, success is evident in the number of firms who have established a solid presence in new markets. However, in many parts of this region, notably rural resource-based communities, the adaptation to a changing economy has been much more difficult. How well prepared are we to meet the challenges of an innovating society? What is the appropriate role for government in assisting the process?

For a number of years, APEC has explored many aspects of this challenge in its research program, conferences and through working closely with policy makers in all levels of government. Our publications have covered topics such as the growth in the IT sector, the role of the universities, research and develop-

ment activities, trade enhancement strategies and foreign direct investment.

This year's business outlook conference highlighted the growth of this region's innovating firms. In St. John's, Charlottetown, Moncton and Halifax, business leaders identified the strategies for success that have allowed them to penetrate new markets and enjoy a competitive advantage. The diversity of firms and the range of business acumen evident across the region is truly a testament to the creativity in this region's business community. We have taken an active role in a number of

other conferences on this topic and are currently a partner with the Industry Canada on their Innovation Summits in Atlantic Canada.

The topic of innovation has infiltrated its way into

virtually all of APEC's major research projects this year. One of our most interesting studies has been on the labour supply for the offshore oil and gas industry. The ability to supply well-qualified labour to satisfy the demand from the offshore energy industries is central to the discussions around the economic benefits of these projects. A major component of this study included a skills inventory for workers in the construc-

*How well prepared are we to meet the challenges of an innovating society?  
What is the appropriate role for government in assisting the process?*



Pictured at Annual General Meeting dinner held in Moncton, June 2001, Francis McGuire, President and CEO, Major Drilling Group International Inc, Gary Bruce VP, Communications, Petro-Canada, Stephen Wetmore, Vice Chair, Corporate, Bell Canada, Steve Meston, Vice President, Atlantic Commercial Banking, CIBC.

tion trades in Nova Scotia. APEC partnered with ten union locals from the Mainland Nova Scotia Building and Construction Trades Council to conduct a mail survey of their members. The Skills Inventory provides detailed information on the availability of workers and their skills for construction work related to the offshore oil and gas industry. The support from the participating unions was outstanding: over 2500 useable surveys were returned, representing a response rate of over 50%. The report is due to be released in summer of 2002 and will be of interest to those in the offshore production and supply industries as well as the education and training sector across Atlantic Canada.

As always, one of the most rewarding aspects of my job is to bring APEC's economic analysis and policy perspectives out for dialogue and consultation across Atlantic Canada. Throughout the year, APEC economists including myself speak at a wide range of annual meetings, strategy and management sessions across this region. These are important,



Pictured at Annual General Meeting dinner held in Moncton, June 2001, Stephen Wetmore, Vice Chair, Corporate, Bell Canada, Aldea Landry, President, Landal Inc. (former Chair, APEC)

*APEC will be celebrating its 50<sup>th</sup> anniversary in 2004, making it one of the longest standing economic policy and research organizations in Canada.*



Pictured at Outlook 2002, November 2001 Halifax, NS: Louis Deveau, President, Acadian Seaplants Ltd.

not only in the value this brings to our members, but also in terms of the understanding we gain from interacting with the key economic players in this region. The feedback we receive helps to shape our research agenda and views on policy issues over the year.

The APEC Board of Governors, led by Chair Gary Bruce, has provided admirable leadership for APEC's activities over this year. I continue to rely heavily on the advice of our Governors and express my great appreciation for their continued support and guidance.

Several Governors, including Stephen Wetmore and John McEwen are retiring from the Board this year and we thank them for their contribution over the years.

The APEC staff has worked diligently to satisfy the numerous demands placed on them. At times this year, contract staff squeezed our physical space to a limit, yet all responded in a cheerful fashion. APEC continues to be a team effort and I thank everyone for their contribution to our success.

APEC will be celebrating its 50th anniversary in 2004, making it one of the longest standing economic policy and research organizations in Canada. We will be starting to plan our activities around this event over the coming year and I look forward to working with Governors, members and others on this important celebration.

*Elizabeth Beale*

Elizabeth Beale  
President and CEO

# Auditors' Report

To the Members of the  
Atlantic Provinces Economic Council

We have audited the balance sheet of **Atlantic Provinces Economic Council** as at March 31, 2002 and the statements of revenue, expenditures and members' surplus and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the preceding year were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 3, 2001.

*Ernst + Young LLP*  
Halifax, Canada  
May 3, 2002  
Accountants

C

## Atlantic Provinces Economic Council Balance Sheet as at March 31, 2002

	2002 \$	2001 \$
<b>Assets</b>		
<b>Current</b>		
Cash	278,540	320,878
Accounts receivable	213,267	151,694
Prepaid expenses	13,998	32,136
	505,805	504,708
Capital assets [note 3]	21,503	13,763
	527,308	518,471
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	26,781	33,643
Deferred revenue	16,820	22,710
	43,601	56,353
Commitments [note 4]		
Members' surplus	483,707	462,118
	527,308	518,471

See accompanying notes

Approved by the Board of Directors

 Director

 Director

**Atlantic Provinces Economic Council**  
**Statement of Revenue, Expenditures and Members' Surplus**  
**For the Year ended March 31, 2002**

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>Revenue</b>		
Membership fees	200,422	221,376
Research contracts	194,821	197,828
Provincial memberships	106,568	106,568
Conferences and seminars	75,020	102,573
Other income	49,192	28,667
Sponsorships	49,000	71,500
	<hr/> 675,023	<hr/> 728,512
<b>Expenditures</b>		
Salaries and benefits	370,771	348,809
Administrative	116,334	110,253
Meetings and conferences	74,496	91,070
Printing and publications	46,565	22,748
Research	34,103	30,612
Professional and consulting	11,165	16,012
	<hr/> 653,434	<hr/> 619,504
Excess of revenue over expenditures for the year	21,589	109,008
Members' surplus—beginning of year	462,118	353,110
Members' surplus—end of year	<hr/> 483,707	<hr/> 462,118

*See accompanying notes*

**Atlantic Provinces Economic Council**  
**Statement of Cash Flows**  
**For the Year ended March 31, 2002**

	<b>2001</b>	<b>2000</b>
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	21,589	109,008
Non-cash operating items:		
Amortization	12,214	5,326
	<hr/> 33,803	<hr/> 114,334
Net changes in non-cash working capital balances related to operations		
(Increase) decrease in accounts receivable	(61,573)	12,252
Decrease in cost of research in progress	—	8,280
Decrease (increase) in prepaid expenses	18,138	(13,906)
(Decrease) increase in accounts payable and accrued liabilities	(6,862)	7,483
Decrease in deferred revenue	(5,890)	(990)
	<hr/> (22,384)	<hr/> 127,453
Cash (used in) provided by operations		
<b>Investing activities</b>		
Acquisition of capital assets	(19,954)	(268)
	<hr/> (19,954)	<hr/> (268)
Cash used in investing activities		
Net change in cash during the year	(42,338)	127,185
Cash, beginning of year	320,878	193,693
Cash, end of year	<hr/> 278,540	<hr/> 320,878

# Atlantic Provinces Economic Council

## Notes to Financial Statements

### For the Year ended March 31, 2002

#### 1. Status and Nature of Activities

The Atlantic Provinces Economic Council (APEC) is an independent, non-partisan research and educational institution. Its objective is to promote the economic development of the Atlantic region of Canada. It accomplishes this through analyzing current and emerging economic trends and policies; by communicating the results of its analysis and consulting with a wide audience; and by advocating the appropriate public and private sector response.

APEC is a federally incorporated non-profit organization primarily financed by membership contributions and funded research. Founded in 1954 as a partnership between the provincial government and private sector, it now draws widespread support from government, business, organized labour, and the community at large. APEC has approximately 350 members.

#### 2. Significant Accounting Policies

##### Revenue recognition

Research funding is recognized on the percentage of completion basis. Membership fees and subscription revenue are recorded as income in the year billed unless they relate to a future year.

##### Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining balance method at the following rates:

Computer software	100%
Computer equipment	30%
Furniture and fixtures	20%

One-half the normal annual rate is used to calculate amortization in the year of acquisition. No amortization is recorded in the year of disposal.

##### Financial instruments

The financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities. The differences between the carrying values and fair values of the Council's instruments are not material due to their short term maturities and/or normal credit terms.

##### Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported.

#### 3. Capital assets

			2002	2001
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	1,042	1,042	—	34
Computer equipment	23,902	5,053	18,849	10,412
Furniture and fixtures	5,752	3,098	2,654	3,317
	30,696	9,193	21,503	13,763

#### 4. Commitments

##### Operating leases

##### Equipment

APEC has entered into agreements to lease certain office equipment. For accounting purposes, these leases are classified as operating leases. Future minimum lease payments for the following five years are as follows:

2003	\$2,360
2004	2,360
2005	2,360
2006	1,180
2007	—

##### Rental of premises

Under the terms of an operating lease expiring August 31, 2002 APEC is committed to make minimum annual payments for office rentals of \$10,178. APEC is also required to pay its share of certain operating expenses.