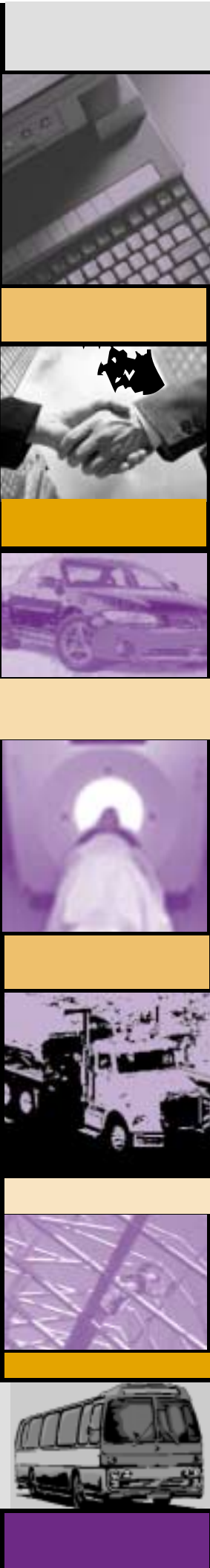


# CFLA Annual Report 2003 – 2004



*“Partners in Productivity”*  
*Enabling Canadians to Work Smarter*



Canadian Finance & Leasing Association  
Association canadienne de financement et de location

CFLA Annual Report  
2003-2004

The asset-based financing,  
equipment and vehicle leasing  
industry in Canada

*“Partners in Productivity”*  
*Enabling Canadians to work smarter*



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*“Partners in Productivity”*

# Annual Report 2003-2004

## *Partners in productivity*

### *Enabling Canadians to Work Smarter*

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*“Partners in Productivity”*



## Chairman's Report – Making a Difference

This has been another strong year for your Association. Membership remains at historic highs. This sustained level of support by the industry is indicative that members are convinced that CFLA delivers value to their businesses and to the industry as a whole.

As can be seen from the list of highlights for the year, there is no shortage of issues challenging the asset-based financing and leasing industry in Canada at the federal, provincial and municipal levels. It is clear that CFLA is respected by governments as an articulate and informed advocate for the industry and its members.

This year, our Association embarked on an innovative project to understand the impact of our industry on the economy. Academic research over the last two decades has demonstrated the importance of financial services in supporting economic growth. None of these studies has, however, explicitly examined the role of asset-based financing as part of the financial services sector. A well-respected group of economists has been commissioned by CFLA to do just that. Entitled "Partners in Productivity - Enabling Canadians to Work Smarter," this groundbreaking initiative seeks to position the industry as a significant contributor to Canada's economic wellbeing. The President's Report which follows, outlines the policy context and Association objectives in launching this initiative.

CFLA's financial position is sound. As a prudential measure, the CFLA Board has instructed management to grow an accumulated surplus equivalent to one year of revenue. As at June 30, 2004, your association is 83% there.

Our membership is the core strength of the CFLA and their ongoing support makes it possible for CFLA to pursue our industry's common causes. Thank you to all our members for this support which is so crucial for the success of our organization.

I also want to thank our volunteers. CFLA is very fortunate in having so many, from the most senior executives to industry newcomers, getting involved at all levels. The Board of Directors is composed of some of the industry's most successful leaders.

Two directors left the Board this year: Belinda Tang, Vice President & General Manager, at IBM Global Financing – Canada, who also served on the CFLA Executive Committee, and Lee Vogan, Managing Director, at Wells Fargo Equipment Finance. Both were significant contributors to the work of your Board and I thank them for their commitment. We were very pleased to welcome their successors to the Board, Luc Grenon and David Ralph, the new chief executives of their respective organizations.

With the establishment this year of the Small Ticket Funders Committee, there are now seven policy committees within CFLA. Composed of members who fund and manage portfolios of small to mid-size commercial leasing transactions, this new committee is to monitor, assess and advise on issues impacting providers of small ticket financing.

There are over 150 talented people who serve on CFLA committees and working groups. The contribution of so many members volunteering their time and ideas in support of their industry ensures that our Association makes a difference.

Your Association accomplishes as much as it does through the support of only four fulltime staff: President & CEO David Powell, Janet Tricker, CAE, CMP, Director of Membership Services & Events, Aimee Sulliman, Director of Policy & Planning, and Administrative Assistant, Caroline Castillo. During Caroline's absence this year on maternity leave, we have been very fortunate in obtaining the help of Janice Brown. On behalf of the CFLA, I would like to thank them for their many contributions and ongoing commitment to the success of our organization.

As I step down as your Chairman, I know that our Association will continue as an effective voice speaking on your behalf. Thank you for your confidence and continued support.

*Mike Goddard*



## President's Report – Partners in Productivity

### *Enabling Canadians to Work Smarter*

If public policy debates in the 1990s were dominated by the debt and deficit, policymakers are talking increasingly of the coming decade being overshadowed by the challenges of productivity and economic growth in Canada.

A few years ago, Nesbitt Burns Chief Economist Sherry Cooper summed up the macro problem:

"the rate of return on labour and capital in this country has been well below that of other major industrial nations. In the past 25 years, we have been less efficient, less innovative, less productive. What this means, in plain English, is that we are getting poorer relative to our neighbours. If our economy were more productive, per-capita income would be higher for everyone."

Demographic trends are changing Canada's economic landscape. With an aging population, an increased demand for publicly-funded services is inevitable. With a smaller proportion of the overall population in the workforce, there will be fewer taxpayers.

How do we square this circle? The essential choices for government are clear: cut services, increase taxes or grow the economy. If cutting services and increasing taxes are unpalatable for governments, growing the economy is the positive solution. As the federal Department of Finance pointed out in this year's budget:

"In recent years Canada has been successful in raising living standards through both employment and productivity growth. However, looking ahead 10 years, it will be increasingly difficult to continue to improve living standards through increased employment, because of shrinking of the working-age population. Aging population will also lead to greater pressures on pensions and health care expenditures. To lessen this burden, one of the critical tasks facing Canada over the rest of this decade is to increase productivity growth so that living standards continue to rise."<sup>2</sup>

Productivity is a term that economists use generally to measure the efficiency of how a country deploys its resources (like labour, machinery, equipment and capital) in the production of goods and services. Productivity is a key determinant of economic growth which determines our current and future standard of living. Productivity gains are essential to improving the living standards of all Canadians.

Canadian economist, Dr. Jack Mintz, of the C.D. Howe Institute and the University of Toronto, recently remarked,

"...productivity is very important, and the big beneficiaries of high productivity are workers because, to the extent that businesses are buying new capital equipment and investing in new structures, they are adopting the latest technologies, and this is extremely important in order to generate higher incomes that workers can get."<sup>3</sup>

1 *Why we're getting poorer. Canada's economy is stuck in the low-tech pursuits of the past*, Sherry S. Cooper, The National Post, March 5, 1999

2 Federal Budget Plan 2004. Annex 7, *The Importance of Productivity Growth to the Long-Term Well-Being of Canadians*, at page 290, March 23, 2004

3 Legislative Assembly of Ontario First Session, 38<sup>th</sup> Parliament, Monday January 26, 2004, Standing Committee on Finance and Economic Affairs ~ Pre-budget consultations.

A recent Statistics Canada research paper looked at the manufacturing sector and found that the increased use of advanced technology led to greater growth in labour productivity (that is, by producing more with less, and/or by producing higher quality or value-added products) which in turn led to growth in market share. The converse is also true: those manufacturers that did not increase their use of advanced technology had lower productivity growth and lost market share.<sup>4</sup>

*"Canada's ability to shape its economic future will depend not only on innovative technologies, but equally developing innovative ways of financing them in all sectors of the economy".*

*The Hon Paul Martin, Minister of Finance for Canada.*

The asset-based financing, equipment and vehicle leasing industry, is a key player in raising national productivity. *By facilitating the acquisition of productive assets by Canadian businesses and consumers, the asset-based financing and leasing industry is enabling Canadians to work smarter.* This industry provides a flexible and timely means for businesses to respond to the productivity and competitive challenges of technological obsolescence and product innovation.

Annually, in Canada, we estimate that between 20-25% of business capital assets are acquired through asset-based financing and leasing.

*"financing is the oxygen of entrepreneurship"*

*The Hon Paul Martin, Minister of Finance for Canada.*

When he spoke to CFLA members in January 1999, the Hon Jim Peterson P.C., M.P., then Secretary of State at the federal Department of Finance, presented "the enhancement of national productivity" as the emerging focus for federal policymakers. To raise living standards and improve the quality of life for all Canadians, the economy must become more productive. That is where the asset-based financing, equipment and vehicle leasing industry are key.

The Minister pointed out that our industry has "given Canadian business a new way to acquire more and better equipment, thereby increasing productivity, output and capacity for growth." He added that "there are many strengths [our] industry brings to the quest for national productivity, perhaps the most important being a real choice for businesses on how to maximize the use of capital."<sup>7</sup>

In its report *Productivity with a Purpose: Improve the Standard of Living of Canadians*, the House of Commons Finance Committee concluded:

"Investment is also a key word because it is through investment that productivity is ultimately enhanced. Whether it is private investment in machinery and equipment, private investment in research and development, public investment in infrastructure, public investment in education, or individual investment in human capital formation, it is the creation of some form of capital that is the key to enhancing productivity in the future. Improved productivity is something that is largely achieved within the private sector. It is up to the business sector and individual Canadians to enhance

4 The effect of changing technology use on plant performance in the Canadian manufacturing sector, J.R. Baldwin and D. Sabourin, Economic analysis research paper series, Statistics Canada, July 2004

5 Speech by the Hon. Paul Martin, P.C., M.P., to members of the Canadian Venture Capital Association and Toronto Stock Exchange, May 21, 2002

6 See note #5

7 Speech by the Hon Jim Peterson, P.C., M.P., Secretary of State, International Financial Institutions, federal Department of Finance, to the CFLA Members' National Dinner, January 13, 1999, in Toronto

productivity. They do so by investing in plant and equipment and new technologies, by engaging in research and development, by being innovative, by taking risks, and by investing in their own human capital on an ongoing basis.”<sup>8</sup>

To enhance our nation's productivity, governments have to develop policies to foster investment and innovation. As this year's federal Budget acknowledged:

“To increase productivity requires more investment in the drivers of productivity growth: human capital, physical capital and innovation. Most of these investments are made by individuals and businesses. For its part, the Government must enhance and strengthen its policy framework to encourage all Canadians to invest more in these drivers.”<sup>9</sup>

CFLA has asked The Centre for Spatial Economics (C<sub>4</sub>SE) for original research to establish and quantify the link between productivity, economic growth and asset-based financing (i.e. specific asset-based priority financing, the financing of particular equipment and vehicles and related items or services, primarily by way of lease, but also by secured loan or conditional sales contract).

The C<sub>4</sub>SE project will be carried out in three phases. The first phase will examine international data, including data for Canada, to establish the benefits of asset-based financing. The second phase will focus on Canadian data to examine which sectors of the Canadian economy benefit most from asset-based financing. The third phase will examine policy options that could enhance investment and productivity in Canada.

For CFLA members to optimize their contribution as *Partners in Productivity*, to enable Canadians to work smarter, governments have to put policies in place that will foster investment and innovation. The focus of the overall national policy goal is clear. As Peter Nicholson, Senior Advisor to Prime Minister Paul Martin, has recently written:

*"productivity growth is not an end in itself, but rather the economic means by which the welfare of the entire society can be expanded."*<sup>10</sup>

Your Association will be there, providing policy recommendations that will "encourage all Canadians to invest more" in the "drivers of productivity growth."

*David Powell*

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<sup>8</sup> *Productivity with a Purpose: Improving the Standard of Living of Canadians*, Twentieth Report of the House of Commons Standing Committee on Finance, June 1999

<sup>9</sup> See note #2

<sup>10</sup> Peter J. Nicholson, *The Growth Story: Canada's Long-run Economic Performance and Prospects*, *International Productivity Monitor*, Centre for the Study of Living Standards, Ottawa, No. 7, Fall 2003

## CFLA: Who we are...

### The asset-based financing and leasing industry in Canada

Asset-based financing is the financing of equipment, vehicles and related assets by way of specific asset-based priority financing, that is, the financing of particular equipment and vehicles and related items or services, primarily by way of lease, but also by secured loan or conditional sales contract.

The specific assets financed secure the borrower's unconditional obligation to make payments over the term of the agreement. In this way, users of equipment and vehicles can use the value of the asset as security to finance its acquisition. This form of financing relies on cash-flow-based credit analysis. Because the financing company retains legal ownership of the asset until lease end, it allows a person to qualify on generated cash flow rather than on a net worth lending formula basis as typically offered by traditional lenders.

The services of the asset-based financing, equipment and vehicle leasing industry are complementary to traditional banking and other financial lending in supplying incremental capital to increase the pool of available credit in Canada and to provide a vital competitive alternative in the financial services sector.

Funding for this industry comes from commercial markets, notably from pension funds, insurance companies and banks. In addition, well-capitalized manufacturing and servicing companies with substantial earnings have decided to leverage their own equity base and core competencies rather than those of third parties. This has led to many manufacturers establishing their own financing arms or partnering with those who manage it for them. Many CFLA members fall into this category.

Today, CFLA estimates this industry to have a total of up to \$100 billion in financing in place with businesses and consumers in Canada. Our best estimate is that about 60% of the industry's customers are small and medium-sized businesses (SME). After the traditional lenders (banks and credit unions), CFLA members are the largest providers of debt financing to Canadian business and consumers.

According to Statistics Canada, machinery and equipment investment intentions for 2004 are estimated to be \$84.5 billion.<sup>11</sup> CFLA estimates that between 20 to 25 percent of that business investment is financed by this Industry, which is a significant advance from 5% or less, just 15 years ago.

On the vehicle leasing side, over the last 5 years (1999-2003) nearly 8 million new passenger and light trucks were sold in Canada.<sup>12</sup> By our estimate over 40% were leased, and of that number approximately 80% were retail leases (mostly consumer customers but some business customers likely as well) and around 20% were fleet leases (largely commercial customers vehicles for sales forces, customer delivery, service and maintenance).

In addition, it should be noted that about one-third of larger trucks on the road are single owner-operated. A classic SME, a high percentage of trucks are leased.

The members of the CFLA are key partners of Canadian business and consumers.

<sup>11</sup> *Private and Public Investment in Canada, Intentions 2004 Statistics Canada (61-205-XIB)*, February 25, 2004

<sup>12</sup> *Desrosiers Automotive Reports Market Snapshot*, Desrosiers Automotive Consultants Inc., Richmond Hill, Ontario

## Association Profile

The Canadian Finance & Leasing Association (CFLA) is the only organization advocating the interests of the asset-based financing, vehicle and equipment leasing industry in Canada. Through the Association, members are able to contribute to shaping the industry's future within the competitive financial services sector.

The Association's 235-plus members range from large multinationals to national and smaller regional domestic companies, crossing the financial services spectrum from manufacturers' finance companies and independent leasing companies, to banks, insurance companies, and suppliers to the industry. The customers of this industry are Canadian small, medium and large businesses as well as consumers.

The Association has four general priorities:

- **Industry advocacy** – to key publics: governments, the media, other associations in the financial services sector, and the general public;
- **Member information** – timely information to members alerting them of changes likely to impact their businesses;
- **Professional training** – seminars and workshops on asset-based financing and leasing for member employees; and
- **Networking** – providing a forum and creating opportunities for industry leaders to meet and talk business.

CFLA's **annual national conference** is the leading event of the Association's calendar bringing together 200+ industry leaders.

The Association publishes a voluntary **annual survey** of the asset-based financing, equipment and vehicle leasing business activity carried on by reporting members.

The **CFLA Website** contains a growing archive of information focused on the business of asset-based financing and leasing in Canada. The site provides a range of "**members' only**" value added services.

Members are kept up-to-date with timely information such as changes in government policy, new legislation and regulation, the latest court decisions, legal, accounting and tax commentaries by CFLA professional members through our **eNewsletter**. An enhancement to our communications has been the launch of our **e-Vents Letter** that provides information on the upcoming CFLA seminars and industry specific events.

CFLA is a federal non-profit corporation located in Toronto, Ontario. Established in September 1993 through the merger of the Canadian Automotive Leasing Association and the Equipment Lessors Association of Canada, the Association has grown from 61 members in 1993 to 238 member companies today. An elected board of directors nominated from the Association membership determines CFLA policies. A full-time professional staff of four people manages the Association.

## CFLA Vision

The Canadian Finance & Leasing Association will be a relevant association. It will be a united, high profile and well managed association.

**The Canadian Finance & Leasing Association will:**

- Create unity
- Build and retain membership
- Project a strong public image
- Influence government decision-making
- Provide educational services

## CFLA Mission

The Canadian Finance & Leasing Association exists to ensure an environment in which our members can be profitable.

## Code of Ethics

The Canadian Finance & Leasing Association represents equipment and vehicle leasing and asset-based finance companies in Canada. There are fundamental standards of practice, which should serve as guiding principles for all engaged in the business of leasing and asset-based financing.

At all times conduct our activities with integrity, dignity and professionalism and encourage such conduct by others in the leasing industry.

Maintain respect for keen competition and seek no unfair advantage by dishonest or unethical means.

At all times adhere to the specific terms of funding commitments, commission agreements and purchase orders.

Not knowingly make false or misleading statements or withhold information vital to an intelligent business decision concerning any aspect of a leasing transaction.

Disclose all relevant information as to the terms and conditions of the lease, which may effect the lessee's decision.

Treat in a fiduciary capacity all funds received from the lessee, which may be returned to the lessee.

Hold in strict confidence all financial information supplied by the lessee on a confidential basis.

Not make payments directly to an employee of a vendor or business source without that company's knowledge.

## Code de déontologie

L'Association canadienne de financement et de location représente les intérêts des entreprises actives dans l'industrie du financement basé sur l'actif et du crédit-bail. Il existe des normes fondamentales de pratique qui devraient servir de principes directeurs à toute personne qui travaille dans ce secteur.

En tout temps, les activités doivent être exercées avec intégrité, dignité et professionnalisme et on doit encourager le même comportement des autres personnes actives dans ce secteur.

Il faut respecter la concurrence vigoureuse et ne pas chercher à obtenir un avantage indu par des moyens malhonnêtes ou immorales.

En tout temps, on doit se conformer aux modalités précises des engagements de financement, des ententes de commission et des bons de commande.

Il ne faut pas sciemment faire une déclaration fausse ou trompeuse ni de retenir des renseignements essentiels à une décision d'affaires éclairé qui concerne un aspect d'une transaction.

En ce qui concerne les modalités et les conditions d'un contrat, on doit divulguer à un locataire/un crédit-preneur tous renseignements pertinents qui pourraient influencer sur sa décision.

Toute somme reçue d'un locataire/un crédit-preneur qui lui serait potentiellement remboursable devra être détenue en qualité de fiduciaire.

Il faut garder sous le sceau du secret tout renseignement financier que fournit à ce titre.

On ne doit pas faire de paiements directs à un employé d'un vendeur ou d'une source d'affaires sans que cette entreprise ne le sache.

## The 2003-2004 Year

### Asset-based financing and leasing: a Canadian market overview

#### INTRODUCTION

In spite of economic and geo-political shocks including the War on Terrorism, SARS, BSE and the appreciation of the Canadian dollar, the Canadian leasing market enjoyed a rebound in 2003 after two years of declining activity. A modest recovery in machinery and equipment investment has raised business demand in Canada for equipment financing.

Over the next two years (2004-2005), the outlook for the leasing industry on a growth basis is expected to be positive - although moderate by 1990s standards. The main factor in the outlook will be the impact of the US economic recovery on business investment decisions in Canada.

The rapid consolidation within the industry appears complete – for now. Ongoing restructuring among the larger participants in the industry and legislative issues which affect all CFLA members continue to be relevant.

The following provides a review of recent trends, the outlook for and highlights of major trends and issues in the leasing sector.

#### REVIEW OF RECENT TRENDS

In 2003, the Canadian economy had to contend with SARS, BSE (Mad Cow Disease) and a rapid appreciation of the Canadian dollar which combined to slow the economy to 2% growth. The absence of similar shocks and the strength of the US economy should help real GDP growth rebound to 2.8% in 2004. While this is good, it is substantially below the 4.8% growth expected for our major trading partner – the United States.

The economy in 2003 was led by residential investment, government and household spending. The exception was the automotive sector. But despite a 6.2% decline, new vehicle sales remained strong at 1.6 million units in 2003. Business investment finally started to rise again in 2003 - albeit only in inflation adjusted terms. The external sector slowed the economy as the rise in the value of the Canadian dollar led to lower exports coupled with higher imports.

After a two year slump beginning in 2001, lessors finally reported rising demand for financing in 2003. Although spending on capital equipment fell 1% or \$0.9 billion in 2003 to \$83.4 billion, equipment lessors new business rose by \$1.8 billion (10.8% higher than in 2002).

#### ECONOMIC AND CAPITAL INVESTMENT OUTLOOK 2004

Canada's economic prospects are promising. Supported by strong global growth, the US economy is expected to grow by 4.5% in 2004; Canada is expected to grow 2.8% this year and 4.0% in 2005.

Monetary policy is very supportive of growth, with the overnight rate well below a neutral setting. Given forecasts of strong growth, the Bank of Canada is widely expected to start increasing interest rates in the fourth quarter of 2004 and to continue raising them in 2005. While the Canadian dollar is

likely to appreciate significantly over the next few years, the immediate future is less clear. Expectations of US Federal Reserve rate hikes may exert downward pressure on the Canadian dollar over the next year.

The survey of public and private investment intentions for 2004 indicates capital spending growth of only 1% in 2004. This is far short of the 12% growth in capital spending expected in the US. The weakness in business investment in Canada is a bit of a surprise. Business investment is built on profits, or at least on the expectations of future profits. But while corporate profits are at near historic peaks, business investment is near its lowest level as a share of GDP over the past 25 years. At first glance capital costs do not seem responsible – corporate bond yields are lower today than in recent years and with a drop in the federal corporate tax rate, the overall cost of capital is also lower than in many years. Either business is waiting an unusually long time before committing money to investment or they plan to use the money for other purposes.

Part of the reason for Canada's relatively weak investment performance could be related to high energy prices. Energy producers invest less than energy consumers. Moreover, energy companies are not responding to higher profits by investing as aggressively as in the past since many expect the run-up in energy prices to be temporary. Investment opportunities for energy companies in Canada are also scarcer than they used to be. Meanwhile, energy users are responding to high energy costs by cutting back on other costs including capital costs. Non-energy exporters are also reacting to the jump in the value of the Canadian dollar over the past couple of years by cutting back on costs. Once business adjusts to these new realities, the implication is that investment should rise anew.

Another possible reason that investment is below the level that profits would suggest is because businesses may see better opportunities elsewhere in the world. Certainly, the marginal effective tax rate in the US on capital is currently lower than in Canada. The unusual delay in Canadian domestic investment may, therefore, reflect the choice of US controlled companies to invest in the US rather than in Canada because of lower capital costs south of the border.

The leasing cycle is coincident with the equipment expenditure cycle. The outlook for leasing over the coming 18 months remains, barring further negative economic events, positive - but not exuberant.

In 2003, total reported finance assets of equipment lessors<sup>13</sup> fell 2.1% to \$13.3 billion. New business volumes, however, actually rose 10.8% reflecting the recovery in capital spending and ending a two year slump in new leasing business. This seemingly odd combination is caused by the winding down of contracts signed at the height of the last investment boom. New sales are not, currently, sufficient to make up for all the retiring contracts.

The leasing market share in 2003 held by equipment lessors belonging to the Canadian Finance and Leasing Association rose to 9.0% from 8.1% in 2002. A change in the group of companies responding to this year's survey led to a decline in the leasing market share relative to previously reported levels.

Member companies responding to the CFLA survey represent a substantial but incomplete part of the total asset-based finance and leasing industry in Canada. **With an adjustment for unreported sales, the market share of the total industry is estimated to be about 22% plus or minus 3% in 2003.** Using this estimate, the new equipment leasing volume in 2003 would be about \$18.2 billion. This is up from the estimated peak volume of \$17.1 billion in 2000.

Within the industry there continue to be shifts in terms of market share. Much of the growth in the late 1990s was attributable to the increase in activity by independent asset-based financing companies in

<sup>13</sup> Total of survey respondents of member companies of the Canadian Finance and Leasing Association.

Canada. The start of the current decade, however, saw both financial institutions and the manufacturer captive finance companies raise their share of the market. These trends appear to have largely stabilized and market shares for these three groups were largely unchanged in 2003.

The last business cycle has led to a more cautious approach to new business. Although equipment lessors predominantly rely on vendors for new business, there is a shift towards direct sales. Market participants who previously relied on broker-generated business to varying degrees have reportedly reduced this activity. In part, this has been a reflection of the concern about credit quality. As companies have become more risk-averse, they have moved to sourcing business in-house to mitigate market risk. The increased focus on risk has prompted a number of changes to the leasing equation. This includes implementing high standards of due diligence on new as well as active accounts. More rigorous credit standards include requiring more collateral as well as ongoing business reviews of existing clients.

An indication of the improving business environment is the percentage of new business applications that a lessor will accept. Equipment lessors reported acceptance rates averaged 69% in 2003, up from 67% the previous year. This is still below the 70% and over rates reported in the late 1990s reflecting more prudent lessor behaviour. Another interesting indication of the improved business environment is the reported increase in new sales sourced from new clients - up to 67% in 2003 from 59% in 2002 - instead of from existing clients.

## EMERGING TRENDS

The leasing market in Canada is mature - leasing is an accepted financial alternative for equipment and vehicle purchases. This maturity is also reflected in the current industry structure which has since the early 1990s seen a great deal of consolidation. With the current improvement in the leasing environment, smaller niche or boutique players have grown although larger companies remain at a significant advantage.

The larger companies are able to achieve economies of scale and service broad segments of the industry. This drive towards scale economies has been witnessed throughout the financial sector in Canada. Insurance companies have merged and the banks, while impatiently waiting for permission to merge, have acquired financial companies in the US. The leasing industry is also characterized by large companies operating throughout North America. These large, well capitalized lessors have good access to funding while the small, niche participants are either regionally based or focused on a particular sector. Mid-sized companies have almost disappeared as a result of this consolidation.

With large players controlling more of the leasing market, there has been a shift toward a more disciplined approach to leasing. The last leasing cycle has made this back-to-basics approach all the more important. With the maturing of the industry, there is little evidence of a return to the free wheeling practices of the 1990s. There are now more parallels between leasing as a financial instrument and other debt instruments. As a result, leasing credit policies and procedures are increasingly similar to those in place for traditional lending.

The improvement in the investment climate is a significant development for the industry. The relative weakness of the rebound in investment is, however, of concern. While this weakness obviously limits opportunities for lessors, it also limits future growth for the economy.

*The Centre for Spatial Economics*

## Association Highlights

### Policy highlights

**Positive changes in Capital Cost Allowance rates.** In line with CFLA pre-budget recommendations, in his March 2004 budget, the federal Minister of Finance increased the CCA rates for computer equipment to 45% from 30%, and raised the rate for broadband, Internet and other data network infrastructure equipment to 30% from 20%.

**Constructive dialogue on bankruptcy and insolvency law.** Following consultation with members, CFLA submitted a major brief to the federal Minister of Industry on the Bankruptcy Act and the Companies' Creditors Arrangement Act. The submission focused on the unfair treatment of depreciating assets during customer restructuring and liquidations, including suspension of lease payments during the restructuring periods and the proposed elimination of reaffirmation agreements. CFLA was subsequently invited to provide further details and possible legislative solutions. The dialogue continues.

**Disclosure of the cost of consumer credit hits the statute book.** CFLA has been following the evolution of national rules on the disclosure of the cost of consumer credit for some time. This year finally saw a slew of draft legislation and regulation or legislative review in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. CFLA has monitored the proposed changes, consulted with members and submitted detailed briefs communicating industry views.

**National vehicle lessor vicarious liability project advanced.** Begun last year, CFLA has aggressively pursued its national project to eliminate the liability of lessors for damages caused by the drivers of leased vehicles. The laws are particularly onerous in Ontario and Alberta. According to member reports, in Ontario alone, they are currently faced with lawsuits claiming in excess of \$1 billion. CFLA has met with officials in the Office of the Premier of Ontario and of the Minister of Finance to develop a solution.

**Capital tax – good news and bad.** CFLA continues to monitor and lobby to ensure the detrimental effects of this tax are understood by governments. This year, the federal government maintained its commitment to the gradual elimination of the Large Corporation Tax by 2007. Quebec committed to resume its capital tax reduction schedule in its 2005 budget. The new government in Ontario, however, extended the deadline for eliminating provincial capital tax to 2012 with the first cuts not coming before the next election expected in 2008. Nova Scotia set an ominous precedent this year in raising its Corporation Capital Tax on financial institutions (banks and trust companies) from 3% to 4%.

**CFLA leads international collaboration on lease accounting standards.** Having followed the international discussions on possible changes to lease accounting standards for several years, the first impacts are being felt in fleet leasing in Canada and the USA, with potential consequences for equipment leasing as well. This year, CFLA Accounting Committee Chairman Ralph Selby, FCA, chaired a Technical Working Group on the IASB Revenue Recognition Project with representatives from the US, British and European equipment leasing associations and from the American fleet leasing association, to consider this fundamental project's likely implications for future lease accounting standards.

**Groundbreaking research into the importance of asset-based financing to economic growth and productivity.** As outlined elsewhere in this report, CFLA has commissioned an innovative study to demonstrate the significant positive contribution the industry makes to the national economy and to Canada's economic future.

### **Member communications enhanced**

The Internet has revolutionized most businesses including the CFLA. With a view to streamlining the flow of information, this year saw the introduction of the regular **eNewsletter** regrouping the extensive list of industry items posted weekly on the CFLA Website and delivering them to all 1500+ member representatives in one communication. An **e-Vents Letter** has also been developed focusing attention on all the Association's activities. Another innovation – members can now download CFLA events information into their Outlook calendar. A comprehensive redesign initiative has also begun to develop the next generation of the CFLA Website.

### **Delivering professional training & education**

Thanks to its Associate Members, CFLA presents professional development seminars and core interest workshops providing high-quality educational programs and insight into what is happening in the industry.

Approximately 2,000 people have attended seminars in Toronto, Montreal and Vancouver or more recently, via teleconference, on the accounting, taxation, legal, sales & marketing and insurance fundamentals of asset-based financing, equipment and vehicle leasing. Offered annually, the series includes:

- Accounting & Tax Fundamentals (KPMG LLP)
- Basic GST & PST (PricewaterhouseCoopers LLP)
- General Legal Principles (Blake, Cassels & Graydon LLP/Lavery, de Billy GP)
- PPSA: the Fundamentals of Lease Registration (Gowling Lafleur Henderson LLP/Jones McCloy Peterson, Affiliated Law Practices)
- Lessor's Legal Recourse & Remedies (Blake, Cassels & Graydon LLP/Lavery, de Billy GP)
- Insurance Fundamentals for Leasing (Hunter Keilty Muntz & Beatty Limited)

### **Bringing learning to the membership**

We have offered national teleconference seminars over the past two years. Learning in their offices, members have been able to participate in completely interactive sessions – asking questions at any time during the presentation. This year, some members emailed their questions to the presenters during the presentation. In some seminars, Associate Members had representatives from their Toronto, Montreal and Vancouver offices participate in the presentation. All seminar materials are sent to the registrants by e-mail or fax prior to the session.

For those members unable to participate at the time of the presentation, there is also an opportunity to hear the presentation through the "Instant Replay." Presentation materials are sent to participants prior to hearing the Instant Replay. The sessions are also recorded and members are able to order audio cassettes following the presentations.

Member feedback has been positive and the sessions continue to be a successful initiative focusing on the basic ABCs of leasing. These programs are now being expanded from the "basics" of leasing to a more advanced level.

CFLA Associate Members presented the following seminars this year:

- Legal Remedies & Recourse for Lessors (*Blake, Cassels & Graydon LLP*)
- Insurance Fundamentals for Leasing (*Hunter Keilty Muntz & Beatty Limited*)
- Lessor's Legal Recourse & Remedies (*Blake, Cassels & Graydon LLP*)
- Sales Taxes: Current Issues in Leasing (*PricewaterhouseCoopers LLP*)

### **Industry information workshops**

CFLA organizes periodic workshops on core interest issues as they arise. The following information workshops were presented this year:

- Implementing the New Rules on Privacy (*KPMG LLP, McCarthy Tétrault LLP, Hunter Keilty Muntz & Beatty Limited*)
- Vehicle Branding (*Ministry of Transportation, Insurance Bureau of Canada, Impact Auto Auctions*)

### **Industry information workshop & networking luncheon**

- What's New in Tax & Law for Lessors and Finance Companies? (*Blake, Cassels & Graydon LLP, KPMG LLP*)

### **Annual meeting**

The 30<sup>th</sup> Annual General Meeting of Members took place in Banff, Alberta on September 18, 2004.

### **Annual conference**

*Leadership, now more than ever – Leadership, maintenant plus que jamais*, Banff, Alberta, September 17-19, 2003

The conference keynote address "Leadership ...now more than ever" was given by Jay Conger (Professor of Organizational Behavior at the London Business School and Research Scientist at the Center for Effective Organizations at the University of Southern California in Los Angeles). Author of "*Building Leaders*," he explored how ordinary individuals become exceptional leaders, highlighted successful leadership and vision, identified the distinctive skills of leadership at all levels of business organizations, large and small, and demonstrated how to mobilize employees. He followed up his keynote with a workshop on the "*Art of persuasion*," a critical skill for all leaders.

The conference welcomed Michael Fleming, President of the Equipment Leasing Association of America (ELA) who spoke on the future of leasing in the United States.

There were workshops on bankruptcy and insolvency issues, lease accounting, fraud prevention, motivating sales forces, current tax and legal issues and emerging technologies for the asset-based financing and leasing business.

The conference program can be found at <http://www.cfla-acfl.ca/CFLA2003Program.pdf>

Conference presentations are posted: <http://www.cfla-acfl.ca/cflaconference2003speakers.cfm>

### **Golf tournaments**

CFLA hosted two successful Annual Golf Tournaments - Montréal (Challenger Golf Club, Ville Saint Laurent, Québec), August 20, 2003 and Toronto (RattleSnake Point Golf Club, Milton, Ontario), May 19, 2004.

## Committees

The CFLA Board of Directors held three half day meetings: September 17, 2003, January 21 and May 20, 2004.

The Automotive Finance Working Group held four half day meetings: September 26 and December 5, 2003, March 29 and June 22, 2004.

The Automotive Fleet Committee held three half day meetings: November 19, 2003, February 25 and June 16, 2004.

The Education & Program Committee held four half day meetings: November 27, 2003, February 13, March 30 and April 12, 2004.

The Small Ticket Funders Committee held four half day meetings: October 9, 2003, January 13, April 5 and June 8, 2004.

The Taxation Committee held three half day meetings: August 22 and November 21, 2003, and May 7, 2004.

## Special working groups

The International Lease Accounting Standards/Technical Working Group on Revenue Recognition held four international conference call meetings chaired by CFLA: August 14 and October 8, 2003, April 2 and June 4, 2004.

The 407 ETR Working Group held four half day meetings: September 11 and December 4, 2003 and March 31 and June 10, 2004.

## Speeches

The CFLA President was a guest speaker at the Winter Board of Directors Meeting of the **American Automotive Leasing Association** on March 15, 2004. He also spoke at two workshops during the annual conference of the **US National Vehicle Leasing Association (NVLA)** on May 14 and 15, 2004.

## Membership

CFLA has had another successful year in terms of membership growth. The membership count as of June 30, 2004 was 238. This year, the Association welcomed the following 21 new members:

7 Park Avenue	The Manufacturers Life Insurance Company
Baylore Acceptance	Morrison Acceptance Corporation
Cisco Systems Capital Canada Co.	Nassau Asset Management
EMR Systems	Nelson Financial Group Ltd.
Ecologic Leasing Solutions Inc.	P & D Ltd.
First Capital Leasing	Polaris Leasing Ltd.
General Leasing & Financial Services	Ryzn Enterprise Systems Inc.
Harrison Pensa	Serv-Tek Asset Management Services Inc.
IndCom Leasing Inc.	Stonebridge Financial Corp.
LeaseTeam, Inc.	Westana Leasing Corporation
Bob Leighton & Associates	

## CFLA Member of the Year

The purpose of this award is to recognize individuals, volunteers from members, who work quietly for the Association, committed to its goals. Through their generous efforts, CFLA is able to face the challenges confronting the entire asset-based financing and leasing industry.

CFLA is very fortunate in having so many, from the most senior executives to industry newcomers, rolling up their sleeves and pitching in. There are over 150 talented people who serve on CFLA Committees and working groups. The contribution of so many members volunteering their time and ideas in support of their industry ensures that the association makes a difference.

This year, the honoree is **Mark Robinson**, *Legal Counsel* at CFLA Member **DaimlerChrysler Services Canada Inc.** He is an active member of the Automotive Finance Working Group which addresses questions of particular interest to the finance affiliates of the automobile manufacturers.

Given the size and significance of retail vehicle financing, the Automotive Finance Working Group is a very busy committee. Because of its consumer customer focus, this segment of the asset-based financing and leasing industry is often at the forefront of policy change that ultimately risks being applied across the entire industry.

Always a strong supporter, this year Mark made substantial contributions to CFLA's efforts in the federal review of the *Bankruptcy Act* and the *Companies' Creditors Arrangements Act*, notably his persuasive arguments in favour of retaining reaffirmation agreements. He also made very valuable contributions to the analysis of new cost of consumer credit disclosure legislation and motor vehicle dealer legislation in several provinces.



**Mark Robinson**  
DaimlerChrysler Services Canada Inc.

### Previous Honorees

- 2002-03 Diane Sekula (CIT Financial) and Bob Westlake (GE Capital)
- 2001-02 David Chaiton (Chaitons LLP), Tom Hopkirk\* (HKMB Capital Solutions) and Raja Singh (Pitney Bowes Global Credit Services)
- 2000-01 Brian Stevens (MFP Financial Services)
- 1996-97 Serge Mâsse (Crédit-Bail Findeq)
- 1995-96 Tom Simmons (Commcorp Financial Services)
- 1994-95 Greg Korsos (Sako Leasing Inc.)
- 1993-94 Tom Hopkirk\* (Barclays Bank of Canada-Leasing Division)

\* Tom Hopkirk has been named Member of the Year twice: in 1993-94 and 2001-02.

## Sponsorships

During the 2003-2004 year, CFLA received sponsorships for the Montréal and Toronto golf tournaments and the Annual Conference. CFLA gratefully acknowledges the generous support of the following companies:

### Montréal Golf Tournament

Canadian Black Book  
PHH Arval

### Toronto Golf Tournament

ABN AMRO Leasing,  
Division of ABN AMRO Bank  
ADESA Canada  
Aird & Berliss LLP, Barristers & Solicitors  
ARI Financial Services Inc.  
Banc of America Leasing Global Vendor Finance  
Blake, Cassels & Graydon LLP  
Borden Ladner Gervais LLP  
Capmor Financial Services Corp.  
Chaitons LLP  
CIT Financial Ltd.  
GE Fleet Services  
Gowling Lafleur Henderson LLP  
Hunter Keilty Muntz & Beatty Limited  
KPMG LLP  
Manheim's Toronto Auto Auction  
Mercado Capital Corporation  
MTC Leasing Inc.  
PHH Arval  
PricewaterhouseCoopers LLP  
Siemens Financial Services Limited  
Sun Life Financial  
Torys LLP

### 2003 Annual Conference

ABN AMRO Leasing,  
Division of ABN AMRO Bank  
Blake, Cassels & Graydon LLP  
Canadian Black Book  
Chaitons LLP  
CIBC World Markets Inc.  
Collateral Recovery & Administration  
EQUIREX Leasing Corp.  
Fasken Martineau DuMoulin LLP  
financialinx Corporation  
GE Fleet Services  
Hunter Keilty Muntz & Beatty Limited  
IBM Global Financing - Canada  
Lavery, de Billy GP  
Manheim's Toronto Auto Auction  
MTC Leasing Inc.  
Northstar Leasing Corporation  
PHH Arval  
PricewaterhouseCoopers LLP  
Securcor Corporation  
Sun Life Financial  
VFC Inc.

## Governance

### Board of Directors

**Gerry Barg**  
President & CEO  
*OAC Leasing*  
Kitchener, Ontario

**Eugene Basolini**  
President & CEO  
*MTC Leasing Inc.*  
Burlington, Ontario

**Sandy Boa**  
President & CEO  
*Citicapital Canada*  
Toronto, Ontario

**Fred Booth\***  
President  
*ARI Financial Services Inc.*  
Mississauga, Ontario

**Michael Burke**  
Partner  
*Blake, Cassels & Graydon LLP*  
Toronto, Ontario

**David Chaiton**  
Managing Partner  
*Chaitons LLP*  
Toronto, Ontario

**Mike Collins\***  
Managing Partner  
*Curomax Corporation*  
Mississauga, Ontario

**Lee Cooper**  
Président et Directeur général  
*GE Canada financement  
d'équipement*  
Montréal, Québec

**Moe Danis**  
Vice-President, Lease Financing  
Investment  
*Sun Life Assurance Company of  
Canada*  
Waterloo, Ontario

**Janice Dowding**  
President & CEO  
*De Lage Landen Financial  
Services Canada*  
Oakville, Ontario

**Mike Goddard\***  
Senior Vice President and  
General Manager  
*PHH Arval*  
Mississauga, Ontario

**Luc Grenon**  
Vice President & General Manager  
*IBM Global Financing - Canada*  
Markham, Ontario  
(appointed May 2004)

**Rod Hamilton**  
President & CEO  
*Aureus Financial Corp.*  
Vancouver, British Columbia

**Leo G. Hawkes**  
Canadian Vice-President  
*VFS Canada Inc.*  
Aurora, Ontario

**John Hawkrigg**  
Managing Partner  
*Hunter Keilty Muntz & Beatty Limited*  
Toronto, Ontario

**Andrew Hunt**  
President  
*GE Fleet Services*  
Mississauga, Ontario

**Joseph LaLeggia\***  
President & CEO  
*Onset Capital Corporation*  
Vancouver, British Columbia

**Nick Logan\*\***  
President  
*National Leasing*  
Winnipeg, Manitoba

**Serge Mâsse\***  
Président et Directeur général  
*FinTaxi, sec/lp*  
Ville d'Anjou, Québec

**Robert McAllister**  
President & CEO  
*Capmor Financial Services  
Corporation*  
Mississauga, Ontario

**Peter McDonald**  
Managing Director  
*Lifcapital Corporation*  
Toronto, Ontario

**Dave Ralph**  
Managing Director  
*Wells Fargo Equipment Finance*  
Toronto, Ontario  
(appointed January 2004)

**Tim Rider**  
Vice President  
*Royal Bank Financial Group*  
Toronto, Ontario

**Ron Rubinoff**  
President  
*Lease-Win Automotive Group Inc.*  
Downsview, Ontario

**Alain Savard**  
Président et Directeur général  
*Corporation Alter Moneta*  
Longueuil (Québec)

**Pat Scarpone**  
President  
*CIT Equipment Finance Canada*  
Burlington, Ontario

**David Sharpless**  
Chairman  
*HKMB Capital Solutions*  
Toronto, Ontario

**Tom Simmons\*\***  
Vice President  
*Jim Pattison Lease*  
Toronto, Ontario

**Peter Sinuita\***  
President & CEO  
*Ford Credit Canada Ltd.*  
Oakville, Ontario

**Michael Stewart**  
Partner  
*KPMG LLP*  
Toronto, Ontario

**Belinda Tang\***  
Vice President & General  
Manager  
*IBM Global Financing - Canada*  
Markham, Ontario  
(resigned May 2004)

**Lee Vogan**  
Managing Director  
*Wells Fargo Equipment Finance*  
Toronto, Ontario  
(resigned January 2004)

**Brian Warner**  
President  
*ADESA Canada*  
Mississauga, Ontario

\* Member of the Executive Committee    \*\* Former Chairman

## Executive Committee & Officers



**Chairman**  
**Mike Goddard**  
 Vice President & General  
 Manager  
*PHH Arval*  
 Mississauga, ON



**Vice Chairman**  
**Fred Booth**  
 President  
*ARI Financial Services Inc.*  
 Mississauga, ON



**Secretary-Treasurer**  
**Michael Collins**  
 Managing Partner  
*Curomax Corporation*  
 Mississauga, ON



**Member**  
**Peter Sinuita**  
 President & CEO  
*Ford Credit Canada Ltd.*  
 Oakville, ON



**President & CEO**  
**David Powell**  
*Canadian Finance &  
 Leasing Association*  
 Toronto, ON



**Vice Chairman**  
**Joseph LaLeggia**  
 President & CEO  
*Onset Capital Corporation*  
 Vancouver, BC



**Member**  
**Serge Mâsse**  
 Président et Directeur général  
*Fin Taxi, sec/lp*  
 Ville d'Anjou, Québec



**Member**  
**Belinda Tang**  
 Vice President & General  
 Manager  
*IBM Global Financing - Canada*  
 Markham, ON  
 (resigned May 2004)

## CFLA STAFF



**David Powell**  
 President & CEO



**Janet Tricker, CAE, CMP**  
 Director, Membership Services  
 & Events



**Aimee Sulliman**  
 Director, Policy & Planning



**Caroline Castillo**  
 Administrative Assistant



**Janice Brown**  
 Temporary  
 Administrative Assistant

## Committees

### ACCOUNTING

#### Objectives

- To provide useful and timely information on accounting matters of interest to the asset-based financing, equipment and vehicle leasing industry.
- To provide information and support on issues within the area of interest and expertise of the asset-based financing and leasing industry when requested by the Accounting Standards Committee of the Canadian Institute of Chartered Accountants.
- To provide technical support to the Board, Executive and Committees of CFLA as requested.

#### Chair

##### **Ralph Selby, FCA**

Consultant

*PricewaterhouseCoopers LLP*

Toronto, ON

#### Members

##### **Michel Bouvier**

*GE Canada Equipment Financing*

Montréal, QC

##### **Ivan Juric**

*PHH Arval*

Mississauga, ON

##### **Gary Mandarino**

*OAC Leasing*

Kitchener, ON

##### **Les Storozuk**

*National Leasing*

Winnipeg, MB

##### **Bill Edwards**

*Ford Credit Canada Ltd.*

Oakville, ON

##### **Sarina Kaluzny**

*John Deere Credit - Canada*

Burlington, ON

##### **Raja Singh**

*Bodkin Leasing Corporation*

Mississauga, ON

##### **Eric de Witt**

*VFC Inc.*

Toronto, ON

## AUTOMOTIVE FINANCE WORKING GROUP

A joint working group with the Canadian Vehicle Manufacturers Association (CVMA) and the Association of International Automobile Manufacturers of Canada (AIAMC).

**Richard Adams**

*DaimlerChrysler Services Canada Inc.*  
Mississauga, ON

**Peter Andrew**

*GMAC Canada Limited*  
Toronto, ON

**Larry Baldesarra**

*Toyota Credit Canada Inc.*  
Markham, ON

**Stephen Beatty**

*Toyota Credit Canada Inc.*  
Markham, ON

**Miriam Christie**

*General Motors of Canada Limited*  
Oshawa, ON

**Maria D'Alimonte**

*Ford Credit Canada Ltd.*  
Oshawa, ON

**George Ellinidis**

*Toyota Credit Canada Inc.*  
Markham, ON

**John Junker-Andersen**

*Nissan Canada Finance Inc.*  
Mississauga, ON

**Jim Miller**

*Honda Canada Finance Inc.*  
Scarborough, ON

**Jean-Paul Morin**

*VW Credit Canada Inc.*  
St. Laurent, QC

**Heiner Rieckmann**

*VW Credit Canada Inc.*  
St. Laurent, QC

**Mark Robinson**

*DaimlerChrysler Services  
Canada Inc.*  
Mississauga, ON

**Jeff Vandamme**

*Mercedes-Benz Credit Canada Inc.*  
Mississauga, ON

**Nicholas Anderson**

*VW Credit Canada Inc.*  
St. Laurent, QC

**Arun Bajaj**

*Nissan Canada Finance Inc.*  
Mississauga, ON

**Daniel Bardt**

*VW Credit Canada Inc.*  
St. Laurent, QC

**Andrew Chong**

*Mitsubishi Motor Sales of Cda Inc.*  
Mississauga, ON

**Anthony Cornacchia**

*Honda Canada Finance Inc.*  
Scarborough, ON

**Agnes Di Leonardi**

*Ford Credit Canada Ltd.*  
Oakville, ON

**Ted Evans**

*Honda Canada Finance Inc.*  
Scarborough, ON

**Pierre Milette**

*Toyota Credit Canada Inc.*  
Markham, ON

**Manfred Mokry**

*Mercedes-Benz Credit Canada*  
Mississauga, ON

**Wende Rapson**

*GMAC Canada Limited*  
Toronto, ON

**Paula Rietta**

*Ford Credit Canada Ltd.*  
Oakville, ON

**Ian Sideco**

*BMW Canada Inc.*  
Whitby, ON

**Tom Wilson**

*Nissan Canada Finance Inc.*  
Mississauga, ON

## AUTOMOTIVE FLEET

### Objectives

- To establish strong working relationships with all motor vehicle manufacturers to maintain an ongoing dialogue on issues related to legislation, fleet policies, allocations and overall relations with franchised dealers.
- To communicate effectively with all members on matters of interest and respond to all members' inquiries on any aspect of their business.
- To participate in industry discussions regarding plain language lease agreements, cost of credit disclosure, open-end leases, Federal deduction limits for vehicle leases, and issues being raised as part of Federal financial services sector reform.
- To recommend to the Board of Directors, policies and strategies that have evolved from the work of the Committee.

### Chair

**Roy Gaysek**

*ARI Financial Services Inc.*  
Mississauga, ON

### Members

**Bill Barlett**

*Jim Peplinski's Leasemaster National*  
Toronto, ON

**Ted Davis**

*Curomax Corporation*  
Mississauga, ON

**Brian Hay**

*Cross-Canada Car Leasing Limited*  
Scarborough, ON

**Dean Juliano**

*GE Fleet Services*  
Mississauga, ON

**Bruce Lindsay**

*PHH Arval*  
Mississauga, ON

**Ron Rubinoff**

*Lease-Win Automotive Group Inc.*  
Downsview, ON

**Mike Sieger**

*Nisco National Leasing*  
Burlington, ON

**Benjamin Skuy**

*ADESA Canada*  
Mississauga, ON

**Howard Cobham**

*FinanciaLinx Corporation*  
Toronto, ON

**Terry Green**

*Hav-A-Kar Leasing Ltd.*  
Toronto, ON

**Jim Halliday**

*PHH Arval*  
Mississauga, ON

**Dennis Kuysten**

*TransportAction Lease Systems Inc.*  
Rexdale, ON

**Robert Louks**

*Addison Leasing*  
Toronto, ON

**Stuart Sherman**

*Morrison Acceptance Corporation*  
Don Mills, ON

**Tom Simmons**

*Jim Pattison Lease*  
Scarborough, ON

## EDUCATION & PROGRAM

### Objectives

- To serve as a forum for advice and ideas for CFLA on education seminars, workshops and the Annual General Meeting and Conference.

### Chair

**Richard McAuliffe**

*Key Equipment Finance Canada Ltd.*  
Burlington, ON

### Members

**John Barraclough**

*Union Energy Inc.*  
Toronto, ON

**Alan Bird**

*Curomax Corporation*  
Mississauga, ON

**Loraine McIntosh**

*Deloitte & Touche LLP*  
Toronto, ON

**Alan Morgan**

*Tavasys Telecom*  
Toronto, ON

**Gary Batchelor**

*CIT Financial Ltd.*  
Burlington, ON

**Tom Hopkirk**

*HKMB Capital Solutions Corp.*  
Toronto, ON

**Doug McKenzie**

*Banc of America Leasing*  
*Global Vendor Finance*  
Toronto, ON

**Bill Patton**

*Bodkin Leasing Corporation*  
Mississauga, ON

## GOVERNMENT RELATIONS

### Objectives

- To provide CFLA with public policy advice and recommended contacts.
- To monitor the political environment and identify key issues affecting the industry.
- To advise and assist in the creation of submissions and strategies to address the issues.

### Members

**Jeff Graham**

*Borden Ladner Gervais LLP*  
Toronto, ON

**Robert Weese**

*GE Canada*  
Mississauga, ON

**Miriam Christie**

*General Motors of Canada Limited*  
Oshawa, ON

**Tom Simmons**

*Jim Pattison Lease*  
Scarborough, ON

**Carol Felepchuk**

*IBM Global Financing – Canada*  
Markham, ON

## LEGAL

### Objectives

- Education and information – to provide useful and timely information on legal matters of interest to the asset-based financing, equipment and vehicle leasing industry.
- Advice and consultation – to serve as a resource available to work with other CFLA Committees and to respond to legal issues which are regarded by members as significant to the industry.

### Members

#### TORONTO

**John Abraham**

*Fasken Martineau DuMoulin LLP*

**Stephen Bowman**

*Bennett Jones LLP*

**David Chaiton**

*Chaitons LLP*

**Robert Kreklewetz**

*Millar Kreklewetz LLP*

**John Tobin**

*Torys LLP*

**Andy Ayotte**

*Aird & Berlis LLP*

**David Brennan**

*GE Canada Inc.*

**Peter Dorsey**

*CIT Financial Ltd.*

**Steven Rapkin**

*McCarthy Tétrault*

**Sean Weir**

*Borden Ladner Gervais LLP*

**John Beardwood**

*Fasken Martineau DuMoulin LLP*

**Michael Burke**

*Blake, Cassels & Graydon LLP*

**Jeffery Graham**

*Borden Ladner Gervais LLP*

**Frank Spizzirri**

*Cassels Brock & Blackwell LLP*

**Steven Weisz**

*Blake, Cassels & Graydon LLP*

#### MONTRÉAL

**Natalie Le Cavalier**

*GE Canada financement d'équipement*

**David Kierans**

*Gowling Lafleur Henderson LLP*

**Robert Metcalfe**

*McCarthy Tétrault*

**John Penhale**

*Gowling Lafleur Henderson LLP*

**Pierre Denis**

*Lavery, de Billy GP*

**Francis Meagher**

*Marchand Melançon Forget*

**D. James Papadimitriou**

*Blake, Cassels & Graydon LLP*

**Jean-Yves Simard**

*Lavery, de Billy GP*

#### VANCOUVER

**William Hartley**

*Edwards, Kenny & Bray*

**Joanne Payne**

*Blake, Cassels & Graydon LLP*

**Rod McCloy**

*Jones McCloy Peterson,  
Affiliated Law Practices*

## MEMBERSHIP

### Objectives

- To support and build the CFLA membership base.
- To plan and implement membership drives and programs as a way of strengthening and developing the current membership base.

### Chair

#### Robert McAllister

*Capmor Financial Services Corporation*  
Oakville, ON

### Members

#### Peter Freill

*Securcor Corporation*  
Oakville, ON

#### Tom Hopkirk

*HKMB Capital Solutions*  
Toronto, ON

#### David Penton

*CIT Financial Ltd.*  
Burlington, ON

## SMALL TICKET FUNDERS

### Mandate

This Committee is composed of CFLA members who fund and manage portfolios of small to mid-size commercial leasing transactions.

### Objectives

- To monitor, assess and advise on issues impacting providers of small ticket financing.

### Members

#### Mark Cannon

*Onset Capital Corporation*  
Vancouver, BC

#### Roberto Cortese

*De Lage Landen Financial Services Canada Inc.* Oakville, ON

#### Ed Dias

*MTC Leasing Inc.*  
Burlington, ON

#### Michael Lin

*Citicorp Vendor Finance, Ltd.*  
Toronto, ON

#### Mike Mattina

*CIT Financial Ltd.*  
Burlington, ON

#### Bob Mormina

*Onset Capital Corporation*  
Oakville, ON

#### Kent Ritchie

*National Leasing*  
Winnipeg, MB

#### Lui Spizzirri

*Onset Capital Corporation*  
Toronto, ON

#### Terry Wensley

*CULEASE Financial Services*  
Regina, SK

#### Greg Clark

*De Lage Landen Financial Services Canada Inc.*  
Oakville, ON

#### Richard Csabak

*National Leasing*  
Winnipeg, MB

#### Michel Levesque

*Citicorp Vendor Finance, Ltd.*  
Toronto, ON

#### Gerald Manning

*De Lage Landen Financial Services Canada Inc.*  
Oakville, ON

#### Larry Mlynowski

*EQUIREX Leasing Corp.*  
Oakville, ON

#### Ray Moyst

*Onset Capital Corporation*  
Toronto, ON

#### Darryl Singer

*EQUIREX Leasing Corp.*  
Oakville, ON

#### Todd Taylor

*MTC Leasing Inc.*  
Burlington, ON

## STEERING COMMITTEES

### Objectives

CFLA has two steering committees: one in Montréal and the other in Vancouver.

- To advise CFLA on industry issues, membership and program development in Quebec and British Columbia.

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*FinTaxi sec/lp*

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*Lavery, de Billy GP*

**Johanne Moisan**

*CitiCapital Technology Finance*

*Ltd./CitiCapital financement de technologie ltée*

**Carole Sénécal**

*CitiCapital Technology Finance Ltd.*

*CitiCapital financement de technologies ltée*

**Michel Hébert**

*Corporation Financière*

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*Proficom Financial Corporation Inc.*

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*Travelers Financial Corporation*

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**Nick Logan**

*National Leasing*

**Joanne Payne**

*Blake, Cassels & Graydon LLP*

## TAXATION

### Objectives

- To monitor and assess new taxation matters pertaining to the asset-based financing, equipment and vehicle leasing industry.
- To be a resource available to CFLA members with a tax enquiry.
- To advise CFLA of its recommendations for changes in Federal and Provincial taxation.
- To assist in CFLA representations to government departments regarding specific industry tax matters.
- To report to the CFLA membership, new taxation issues and changes that may have a bearing on accounting for taxes.

### Chair

**Diane Sekula**

*CIT Financial Ltd.*  
Toronto, ON

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**Norman Baxter**

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**John Tobin**

*Torys LLP*  
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**Bob Westlake**

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Mississauga, ON

## TECHNOLOGY

### Objectives

- To provide useful and timely information on new technologies of interest to the asset-based financing, equipment and vehicle leasing industry.
- To assist in the education of members on the use of new technologies in the asset-based financing, equipment and vehicle leasing industry.
- To recommend to the Board of Directors public policy positions on the commercial use of new technologies.

### Members

**Alan Bird**

*Curomax Corporation*  
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*ThoughtWorks Canada Corporation*  
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*Finance Technologies Inc.*  
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*International Decision Systems*  
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*Turnford Systems*  
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**Larry Shred**

*Canadian Black Book*  
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**Belinda Tang**

*IBM Global Financing - Canada*  
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 Jim Pattison Lease  
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 PHH Arval  
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 Premier Lease & Loan Services  
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 Qualica Financial Group Inc.  
 Riordan Leasing  
 Royal Bank Financial Group  
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