



Société de transport
de la Communauté urbaine
de Montréal

ANNUAL REPORT 1987



The S.T.C.U.M. can count on the support of its thousands of employees, who constitute the corporation's greatest asset and with whose collaboration we can look forward to a bright future.



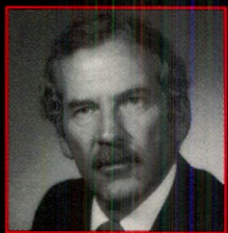
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BOARD OF DIRECTORS



MICHEL LEDUC
Vice-Chairman
Mayor of LaSalle



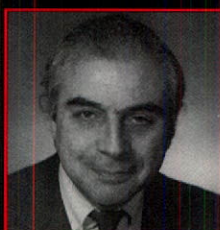
MALCOLM C. KNOX
Mayor of Pointe-Claire



ROBERT PERREAULT
Chairman
Vice-Chairman of the Executive Committee,
City of Montreal



MICHEL HAMELIN
Chairman of the Executive Committee,
C.U.M.



ABE LIMONCHIK
Montreal City Councillor



HENRI BESSETTE
Montreal Citizen Representative



RAYMOND RENAUD
Mayor of Saint-Léonard



GINETTE L'HEUREUX
Montreal City Councillor



ALBERT BEAUREGARD
M.U.C. Citizen Representative

MESSAGE FROM THE CHAIRMAN OF THE BOARD

Rarely has public transit been the focus of public debate and on the agendas of the Quebec government and municipal councils as it was in 1987. Throughout the year, the accessibility, financing and development of public transit were very much in the spotlight — socially, economically and politically — both in the metropolitan area and throughout Quebec.

In deciding to maintain fares at a level that would likely encourage growth in the S.T.C.U.M.'s ridership, the Board of Directors and the Montreal Urban Community took an important step. We clearly indicated our desire to give priority to making public transit more accessible.

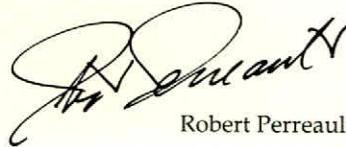
Such measures were not, however, the only initiatives taken by M.U.C. municipalities. During a parliamentary commission held by the ministère des Transports du Québec, the various municipalities insisted that a long-range forecast for public transit be determined. We stressed the need to decide now whether the metro network is to be expanded where fully justified by the population density, whether the bus network is to be extended, or whether the facilities and rolling stock are to be renewed and maintained, in order to provide everyone with equal access to transportation services and safeguard everyone's future.

It is this concern for fairness and equity that led us to raise in clear and direct terms the question of financing public transit in the metropolitan area, emphasizing the Quebec government's overall responsibility, without neglecting that of the South Shore municipalities and the City of Laval, which must assume their fair share of the cost of public transit for their residents. We arrived at a temporary solution in 1987,

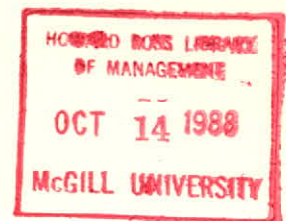
leaving open the entire issue of long-term measures. In 1988, we should be able to find permanent solutions at the regional level, at the bargaining table.

The Société de transport de la Communauté urbaine de Montréal is a dynamic corporation, and plays an important role in the cultural, social and economic development of Greater Montreal. This role cannot and must not be diminished.

The Board of Directors, with its philosophy of cooperation, has confidence in its management team and employees. It firmly believes that the collective efforts put forth at all levels make the S.T.C.U.M. a public-sector organization capable of meeting the challenges of today.



Robert Perreault



S. T. C. U. M. MANAGEMENT TEAM

JEAN BOUCHARD

Manager, Surveillance

GUY LAFONTAINE

Manager, Systems Planning

ROGER C. CHOQUETTE

Interim Manager, Engineering

JEAN Y. NADEAU

Secretary and Manager,
Legal Department

XAVIER CECCALDI

Interim Manager, General Planning

SERGE PAGÉ

Manager, Management Systems

CLAUDE DALPHOND

Supplementary Pension Plan
Administrator

JACQUES ROMPRÉ

Manager, Vehicle Maintenance

RONALD F. DAVID

Internal Auditor

HUBERT SACY

Manager, Communications

ROBERT DION

Treasurer/Controller

MICHEL STE-MARIE

Manager, Human Resources

GUY HEARSON

Manager, Supplies

FRANCIS THERRIEN

Manager, Transportation

MARC LABBÉ

Manager, Marketing



LOUISE ROY

President and General Manager

MESSAGE FROM THE PRESIDENT AND GENERAL MANAGER

The year 1987 was marked by the negotiation of collective agreements for the vast majority of S.T.C.U.M. employees and the development of a three-year corporate plan. It also saw the S.T.C.U.M. show its creative vitality. While a great deal of energy was devoted to these two important issues, this did not prevent the development of a large number of innovative projects, nor did it prevent the S.T.C.U.M. from taking initiatives in many different areas.

More than 6 500 S.T.C.U.M. employees belonging to four unions negotiated the renewal of their collective agreements. This activity literally monopolized the first four months of 1987, continuing right up to the summer and requiring a considerable amount of time and energy. We attempted to conduct the negotiations in a new spirit by proposing improvements to employees' working conditions, but also ensuring that the employees take the S.T.C.U.M.'s real problems into consideration. Although we did not attain all our objectives, we believe that we have taken a step in the right direction. Still, this progress must not distract us from what remains to be done. The restoration of a climate of mutual trust and wholehearted cooperation is a long and delicate process. We have the firm intention of continuing in the same direction.

The development of a corporate plan for 1988-1990 rallied nearly 100 upper-level managers into cooperative action on an unprecedented scale. For over six months and at all levels of management, committees, teams and task forces were called upon to determine the S.T.C.U.M.'s main strategic objectives. This activity enabled all our human resources to demonstrate their imagination and creativity and to express their overall vision for the S.T.C.U.M.

It was, of course, impossible for us to accept all the proposals put forth. Regrettably, we had to turn down or put on hold some that were very worthwhile, because of a lack of funds, which, as we all know, is sometimes sorely felt. The S.T.C.U.M.'s ever-increasing financial restrictions present a considerable challenge.

We therefore took steps to reorganize. This should help us attain our objectives for the next three years in the areas of customer service, human resources management, financial management, property management and communications. The purpose of the reorganization is not to increase operating capital through manpower reductions, but rather to provide ourselves with the structures that will enable us to be more effective and efficient. However, it is not structural reorganization that is going to provide the solution to the S.T.C.U.M.'s problem of inadequate financing.

The prospect of a comprehensive reorganization did not prevent us from implementing a certain number of organizational development projects, such as a plan of action involving a hundred specific projects for 1988, a strategy of integrated communications, giving new impetus to the role of communications at the S.T.C.U.M., the establishment of a computer infrastructure making it possible to introduce new technologies, numerous projects for managing and developing our human resources, such as Option Génie 1987, and a good many others.

The S.T.C.U.M. also demonstrated its creative and innovative abilities in more than one area. Our Equal Employment Opportunities Program puts the S.T.C.U.M. in the forefront of Canadian corporations. The program will enable

women to gradually assume an equal role in an organization where their input is long overdue, and make the S.T.C.U.M.'s staff more representative of the city's cultural makeup. And, it was with pride that the Corporation set up the Complaints Committee, composed mainly of customer representatives. In this respect, one cannot overemphasize the commitment of the S.T.C.U.M.'s Board of Directors, without whose backing the establishment of such a committee would not have been possible.

We also achieved a world first in collaboration with the National Bank: the installation of an automated banking machine from which monthly passes can be obtained. This concerted effort on the part of two Quebec corporations — one in the public sector, the other in the private sector — has yielded highly promising results.

The Point Of Origin-Destination Survey on trips made by people in a 50-kilometre radius of the M.U.C. proceeded smoothly. Over 50 000 households were contacted during the 100-day operation. Not only do the results constitute a wealth of information for the various parties interested in the transportation sector, but they will also enable us to better adapt our services to the needs of the different communities that we serve.

The number of our customer-oriented programs increased in 1987: talks given at COFIs (orientation and training centres for immigrants), activities designed to promote closer contact with young people, measures aimed at combatting vandalism, a cleanliness campaign, different mechanisms for providing information on our services, and promotional activities. Without ques-

tion, the S.T.C.U.M. was very active in this area.

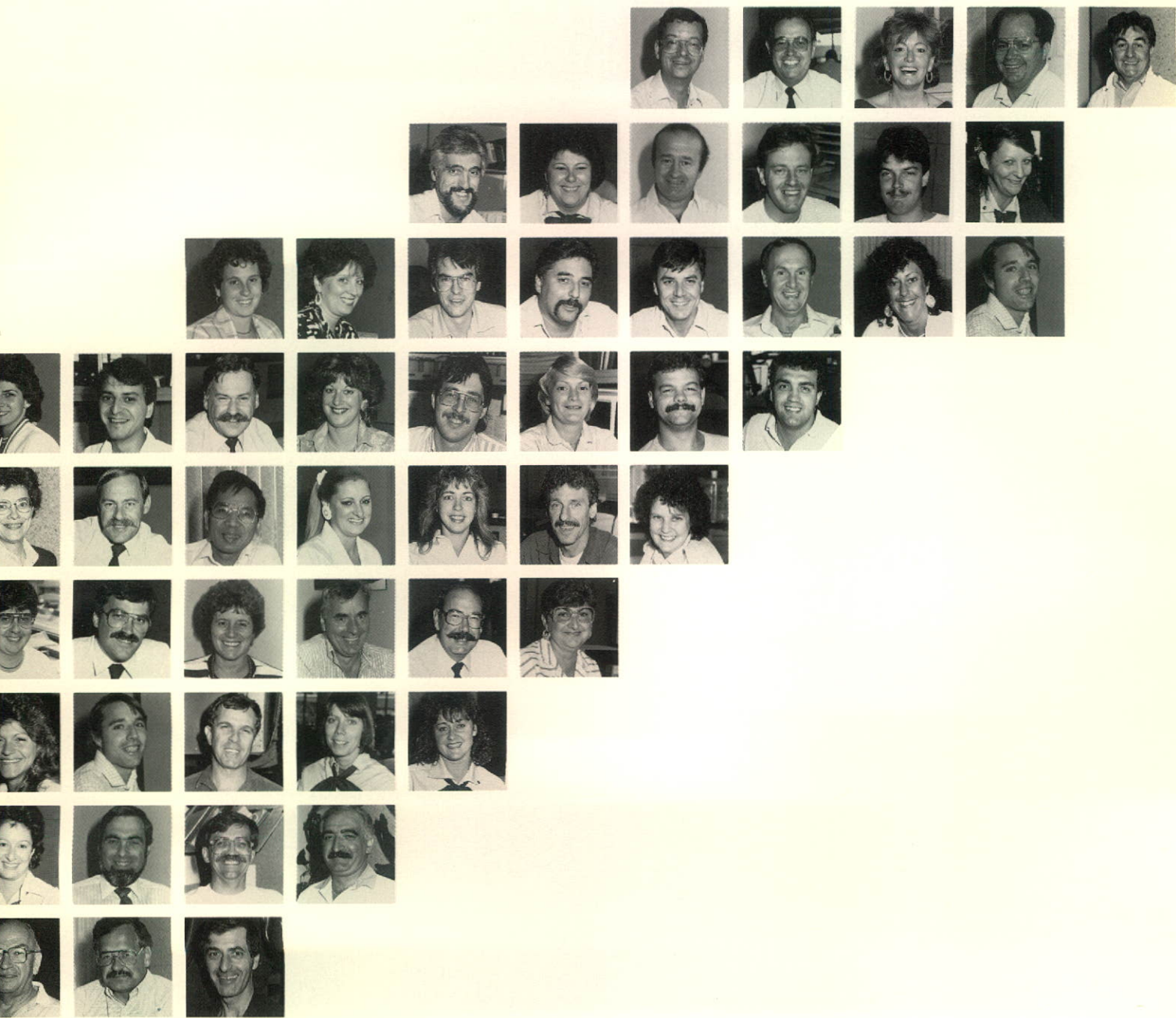
There was no lack of staff-oriented programs either. The success of our Occupational Health and Safety Week deserves special mention, as does the fact that our performance on this score improved substantially. Mention should also be made of the highly encouraging improvement in the work attendance rate and of our efforts vis-à-vis the ergonomic study of work stations and the programs concerning employee input, resource pooling and the inclusion of other employees under the flex-time option.

I wish to thank the Board of Directors, which has given me its unflagging support and once again expressed its confidence in me by renewing my term of office as President and General Manager for the next five years; the Management Team, which has been unsparing in its support and efforts; and lastly the thousands of S.T.C.U.M. employees who constitute our greatest asset and with whose collaboration we can look forward to a bright future.

Louise Roy

Louise Roy





HIGHLIGHTS

NUMBER OF PASSENGERS

(MILLIONS)

	1987	1986
Buses and metro	366,2	388,1
Trains C.N.	4,3	4,1
Trains C.P.	3,1	2,6

OPERATING EXPENSES

(MILLIONS)

	1987	1986
Expenses	488,2 \$	465,3 \$

REVENUE FROM FARES *

(MILLIONS)

	1987	1986
Revenue	188,2 \$	197,1 \$

* M.U.C. territory

NUMBER OF VEHICLES

	1987	1986
Buses	1 759	1 859
Metro	759	759
Trains C.N.	65	65
Trains C.P.	50	50

HOURS OF SERVICE

(MILLIONS)

	1987	1986
Buses	4,6	4,9
Metro	2,1	2,1

NUMBER OF KILOMETRES

(MILLIONS)

	1987	1986
Buses	73,3	78,9
Metro	60,0	63,2

NETWORK

	1987	1986
Metro Stations	60	59
Bus routes	141	140
Train Stations C.N.	13	13
Train Stations C.P.	17	17

* M.U.C. territory

NUMBER OF EMPLOYEES

(AS AT DECEMBER 31)

	1987	1986
Employees	7 932	7 963

OPERATING RESULTS

Ridership

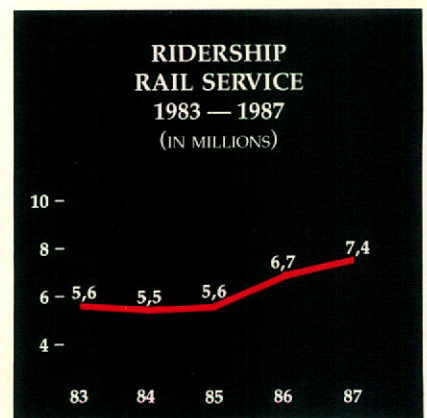
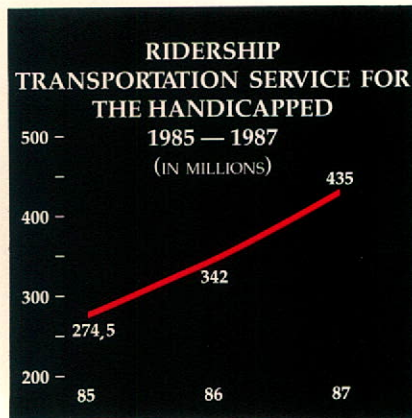
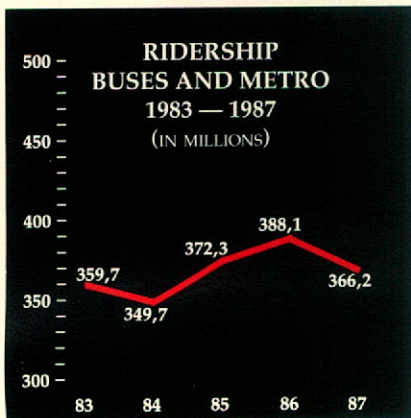
■ In 1987, ridership on the S.T.C.U.M.'s buses and metro cars totalled 366,2 million, or 5% less than in 1986 and 4% less than forecast. The fact that a total of 102 million passengers was recorded during the first quarter of the year suggested that ridership would increase in 1987. However, as a result of a strike by Transportation Department employees in April and May, the second quarter saw a sharp decrease in ridership, as only 72 million passengers were carried. Nevertheless, ridership stabilized with the resumption of normal service.

■ The transportation service for the handicapped continued to gain popularity. In 1987, the S.T.C.U.M. provided transportation by minibus and taxi for 435 036 customers, an increase of 27% over the previous year.

The number of trips on minibuses decreased by 18%, dropping to 139 975 in 1987, but the number of trips in taxis rose by 72% in just one year, to 295 061. The proportion of customers travelling by taxi as opposed to minibus, which was only 50% in 1986, climbed to 68% in 1987. This substantial increase bears witness to the Corporation's efforts to improve services for the handicapped.

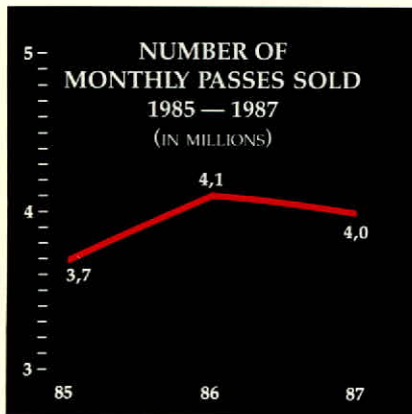
■ Total rail service ridership was 11% higher than in 1986. The number of customers travelling on the CN Central Station/Deux Montagnes line rose by 5%: 4,3 million trips were taken in 1987, as compared to 4,1 million in 1986.

Similarly, ridership on the CP Windsor Station/Rigaud commuter line increased by 19%, rising from 2,6 million trips in 1986 to 3,1 million in 1987. The strike that paralyzed service on both lines from August 24 to 28 caused a greater decline in the total number of trips taken during that month on the CP line (-18 500) than on the CN line (-16 400). Despite the fact that rail service was interrupted, a monthly analysis of ridership on the CP line indicated that the number of trips in August 1987 was up 19 400 from the 170 000 trips recorded in August 1986.

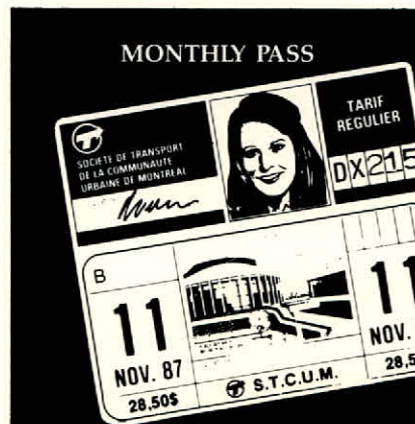


Use of Passes

■ For the entire year, the S.T.C.U.M. sold nearly 4 million **monthly passes**, a decrease of 3% in relation to 1986. This figure includes 2,9 million regular-fare passes and 1,1 million reduced-fare passes. The percentage reduction in sales was greater with respect to the reduced-fare passes (-3,7%) than for the regular-fare version (-2,3%). The work stoppage by Transportation employees and the corresponding decrease in services largely explain the drop in monthly pass sales, particularly in May, during which overall sales dropped by 40% compared to May 1986.



■ On January 29, 1987, the S.T.C.U.M.'s Board of Directors ratified a proposal for the launching of the **conference pass**, a new daily pass for individual use designed for people attending conferences and for organized groups visiting Montreal. The Marketing Department closely collaborated with the main parties involved in this industry in order to promote the pass among local and out-of-province organizers. It costs 1,70 \$ per day and is good for an unlimited number of trips.



Amount of Service

■ Generally speaking, the amount of service the S.T.C.U.M. provided to its customers in 1987 was **slightly lower** than in 1986, as a result of a labour dispute during which only essential services were maintained.

■ The buses travelled 73,3 million kilometres, or 7% fewer kilometres than in 1986. As well as the strike that partially paralyzed public transit in April and May, the reorganization of the bus routes in Ville Saint-Laurent, the opening of the Parc metro station and changes made to 26 bus routes in 1987 contributed to the reduction in the **number of kilometres** travelled by buses.

The number of kilometres travelled by metro cars declined by 5%, dropping from 63,2 million kilometres in 1986 to 60 million in 1987. This decrease is attributable to the strike which resulted in a reduction in the amount of service provided during the second quarter of 1987, and to a temporary decrease in service on line 4 (the yellow line) from September 8 to December 21 on account of tunnel repairs.

■ In 1987, a total of 4,6 million **hours of service** were provided by the buses, 6% less than in 1986.

The total number of hours of service provided by the metro in 1986 and 1987 was approximately the same, i.e., 2,1 million.

Average bus uptime increased by 12% in 1987, while the bus tie-up rate improved considerably, dropping from 16,5% to 13,5%. The metro tie-up rate also improved, edging down from 18% to 17%. This passenger-benefitting performance is the fruit of efforts to decrease the number of breakdowns and

increase the **availability of vehicles** in use.

■ The number of metro **service interruptions** rose by 12% in relation to the previous year, i.e., 539 in 1987, as opposed to 480 in 1986. A flood of historical proportions over the entire M.U.C. territory on July 14, 1987, caused a major interruption in service throughout the system, but thanks to the remarkable efforts of employees, the Corporation was able to limit the delays that usually accompany such a disaster.



NUMBER OF EMPLOYEES*(AS AT DECEMBER 31)*

	1987	1986
Bus drivers and metro operators	3 925	4 005
Including bus drivers, metro operators, shunters, terminus officers, schedule officers, fare collectors in the metro, and information officers.		
Maintenance staff	2 105	2 110
Including all tradespersons and all support staff in the Engineering, Supplies, and Vehicles Maintenance Departments.		
Office workers	590	554
Upper-level management	232	221
Middle management and professional staff	723	715
Cashiers	196	206
Including the division clerks and all employees who collect fares.		
Surveillance officers	161	152
Including all employees who carry out surveillance of S.T.C.U.M. buildings and metro facilities.		
TOTAL	<u>7 932</u>	<u>7 963</u>

HUMAN RESOURCES

Personnel

■ As at the end of 1987, the S.T.C.U.M. employed 7 932 people, which is 0,4% fewer than the 7 963 employed as at December 31, 1986.

■ The S.T.C.U.M.'s various departments submitted 282 positions for **hiring**. Eighty-eight, or 31%, of such positions were filled by women. On the other hand, 192 employees left the Corporation.

■ Two managerial **appointments** were announced. Serge Pagé was named Manager, Management Systems, and Hubert Sacy was nominated Manager, Communications. Also, Roger C. Choquette and Xavier Ceccaldi were appointed interim managers of Engineering and General Planning, respectively.

■ On February 2, 1987, the Board of Directors recommended that Louise Roy's **term of office** as President and General Manager be **renewed** for a five-year period. The appointment was ratified by the M.U.C. Council and became effective on March 21, 1987. This will be the first full term for Ms. Roy, who has held this position since March 1985.

Training

■ The professional development program for **first-level managers** began in 1986 and continued in 1987. Courses were designed and committees were set up in various departments to give management personnel the means to develop their leadership skills, define their roles and motivate them to work towards the Corporation's objectives. In the Sanitary Maintenance Division of the Engineering Department, action committees, referred to as "COMA," helped solve a number of operational problems common to several sectors.

■ In 1987, Vehicle Maintenance Department employees spent a much greater amount of time in training sessions than in 1986. Employees received an average of 12,7 hours of training per person, an increase of 120% over the previous year.

■ The Human Resources and Pension Plan Departments worked together to establish the broad outlines of a **retirement preparation course**. In 1988, some 150 persons will be able to take advantage of this new program.

■ The Supplies Department finalized its inventory management system (GOUSIN) which it expects to implement in early 1988. The Department started to train the system's eventual users through a peer-teaching approach. An 11-member team, composed of employees from all levels of the Supplies, Vehicle Maintenance and Engineering Departments, was given the task of training some 172 of the main users of the **GOUSIN system**, according to supplies management principles. These employees then trained another 90 employees. This new method was an outstanding success and will be used again with other S.T.C.U.M. projects.



Labour Relations

■ In 1987, the S.T.C.U.M. concluded **collective agreements** with 526 of its office workers (January 9), 2 105 maintenance employees (May 10), 3 925 bus drivers, metro operators and employees in related departments (May 10), and 196 cashiers and division clerks (June 22). At the end of the year, it also held meetings with its unionized managers, forepersons and assistant forepersons with a view to renewing their collective agreement.

■ On April 13, 1987, transportation services were disrupted on account of a work stoppage by bus drivers, metro operators and employees in related departments. However, thanks to an agreement negotiated between the S.T.C.U.M. and the union, **essential services** were maintained during the 27-day strike. Normal service resumed on May 10.

■ On June 2, the Syndicat des employés du transport en commun, which includes cashiers and division clerks, launched a work stoppage. For twenty days, i.e., until June 22, its members provided essential services to the **handicapped**, while management ensured the other services necessary for the smooth running of operations.

■ On June 23, 1987, an agreement was entered into between the S.T.C.U.M. and all its unions in order to amend the **pension plan** regulation and optimize union members' fringe benefits.

■ The **total payroll**, including fringe benefits, came to 322,6 \$ million in 1987, as compared to 309,8 \$ million in 1986, an increase of 4,1%



"I'm happy with the agreement between the S.T.C.U.M. and the union, modifying pension plan regulations. When I retire next year, at age 60, my pension will be calculated on the basis of my three best years, rather than my last five years, as beforehand. It's great news for me, as I come out ahead!"

Jean-Guy Cadieux
Bus Driver,
Transportation Department



"I think the Equal Employment Opportunities Program is great. There should be more women at the S.T.C.U.M. I hope that lots will apply for jobs here. Running the metro is as much a woman's job as a man's. I love my job."

Marie Tremblay
Metro operator,
Transportation Department

Equal Employment Opportunities

■ In accordance with the **Equal Employment Opportunities Program**, made public on June 11, 1987, the S.T.C.U.M. has adopted specific measures encouraging the hiring of women, those from ethnic and racial minorities, as well as handicapped persons.

At the close of 1987, the Corporation had 136 female bus drivers, an increase of 41,7% over 1986, and 65,9% over 1985. With respect to other so-called non-traditional jobs for women, in 1987, the organization hired one female assistant welding foreperson, four security guards and one apprentice marker.

■ A **census** was taken in order to obtain specific sociological characteristics of S.T.C.U.M. personnel, as well as an exact picture of the minority groups working within the organization. The census results will be strictly confidential; they will be used for statistical purposes, and the development and evaluation of a human-resources management program.



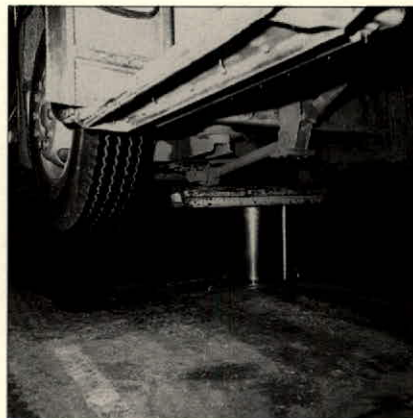
Occupational Health and Safety

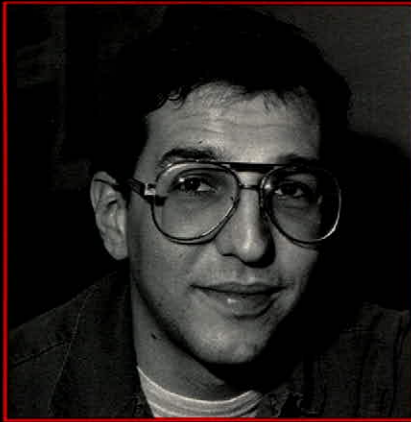
■ Management, employee and union efforts to **reduce absenteeism** had extremely positive results in 1987. There were a total of 145 900 absences, a reduction of 6% with respect to 1986, and 11% with respect to 1985. This performance can be attributed to the fact that work-presence awareness programs previously established in the various departments related to operations were followed up.

■ Throughout the year, **work-related accidents** were the subject of several studies, resulting in the establishment of specific programs designed to reduce such accidents. Occupational Health and Safety Week, in October, increased employees' sense of responsibility vis-à-vis accidents. In addition, all Engineering Department employees attended a session on back-related accidents. In connection with this session, a pilot daily exercise program for a group of 20 employees was implemented. If the program proves successful, it will be expanded to include all Department employees in 1988.

■ Noise and pollutants to which certain groups of workers are exposed, as well as nervous shock, the health of bus drivers and the ergonomics of their work stations were also the subjects of various **studies** and research carried out with a view to improving the well-being of personnel. In addition, Human Resources established minimum medical standards for bus drivers.

■ The Vehicle Maintenance Department set up several projects aimed at reducing industrial accidents and increasing the efficiency of **equipment**: the testing of a new bolt tightener for bus wheels and new equipment for cleaning the underside of buses, installation of a digital time clock at the Crémazie workshop and mini-hoists for the repair of tires at the organization's six garages.





"I have been able to work better as a result of the Resource Pooling Program. The organization gave me the support I needed, including a specialized technician who helped me with my research. With the help of others, I was able to save the S.T.C.U.M. a lot of money. Through this program, employees' achievements are recognized."

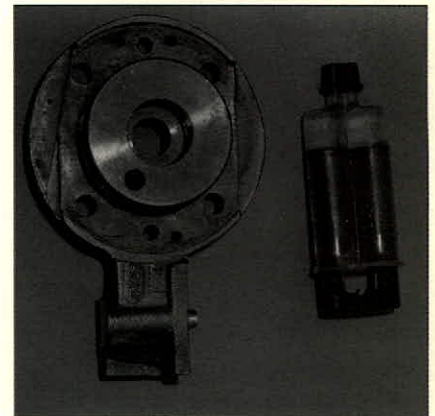
Réjean Martin
1st level Car electrical fitter
Vehicle Maintenance Department

Quality of Work Environment

■ The S.T.C.U.M. gave employees in several Vehicle Maintenance and Engineering Sections the opportunity to work **flexible hours**. This initiative improved labour relations and communications between employees and their superiors.

■ Security was the subject of workshops attended by employees from all departments at the S.T.C.U.M. This program, sponsored by the Surveillance Department, enabled participants to express their opinions on **security at work**, as well as their expectations. On December 15, 1987, a report on this subject was presented to management. Early in 1988, a recommendation on how to structure this program over the next three years will be tabled.

■ Increasing creativity and improving employees' sense of self-worth were the objectives of certain activities carried out by the Vehicle Maintenance Department, in 1987. Crémazie plant employees became involved in a project that gave rise, in November, to the **Biblio-Tech**, a library run entirely by its founders. Along the same line, the **Resource Pooling Program** enables employees to improve their work environment in innovative ways. Employees set up projects that they design and manage. The S.T.C.U.M. provides these innovators with the necessary support to meet their objectives.



" The developement of a corporate plan for 1988-1990 rallied nearly 100 upper-level managers into cooperative action on an unprecedented scale. For over six months and at all levels of management, committees, teams and task forces were called upon to determine the S.T.C.U.M.'s main strategic objectives. This activity enabled all our human resources to demonstrate their imagination and creativity and to express their overall vision for the S.T.C.U.M. "

Excerpt from the
President and General Manager's message

CORPORATE MANAGEMENT

Organizational Development

■ Upper-, middle- and lower-level managers developed a three-year Corporate Plan for the organization. During the initial phase of the development process, almost 100 managers were called on to identify the Corporation's strengths and weaknesses, as well as the external factors that influence its activities. This led to the establishment of strategies for Customer Services, Human Resources, Finance, Property Management and Communications.

■ The broad guidelines in the 1988-1990 **Corporate Plan** are supported by specific **plans of action** for each department. Publication of the Corporate Plan and the plans of action, early in 1988, will enable all personnel to identify the concerns, challenges and expectations of the S.T.C.U.M. with respect to an overall **reorganization** of its internal structure.

■ The S.T.C.U.M. broadened the activities of Public and Community Relations, changing its name to the Communications Department. We decided to give this Department new direction by setting up an **integrated communications** strategy and developing a structure corresponding to its new mandate.

Under the new structure, the A-U-T-O-B-U-S Information Centre, the Comments and Complaints Unit, and the coordination of all verbal and direct communications with customers fall under the Customer Relations Division.

The Information Division and the Graphic and Audiovisual Production Divisions were also restructured. These important changes favour the development of internal communications, both at the corporate and service levels, con-

solidate external communications, and rationalize the production process through the optimal use of resources and a more uniform S.T.C.U.M.

■ The Management Systems Department was **computerized** so that new technologies can now be used to help the Corporation meet its objectives. Computer equipment was updated, and 200 new screens, and numerous PC's and printers were purchased.

To improve planning and management, the Operations, Supplies, and Treasury and Control Departments continued to develop and implement information-processing systems: GUIDE, a maintenance management system; HASTUS SUPER-MICRO, for Transportation employees' schedules; PRPC, the Plan to Replace the Providence Computers; SIBE, an accounting and budgeting system; and GOUSIN, for inventory management.

Administrative and Corporate Procedures

■ In 1987, the Board of Directors of the S.T.C.U.M. held 12 regular and three special **meetings**, thus dealing with 295 issues.

■ Some 81 meetings to open **public tenders** took place, further to calls for tenders made by the S.T.C.U.M.

■ Difficulties were experienced in applying certain sections of **Act 65** concerning restriction of access to documents held by public bodies and protection of personal information. The Secretarial and Legal Department helped produce a paper on desired changes to the Act. This paper will be tabled before a parliamentary commission early in 1988.

■ In 1987, the Secretarial and Legal Department, which is involved in numerous activities, took part in a task force to develop a policy on **computer and data security** within the Corporation.

■ The operations of the S.T.C.U.M.'s various administrative units were reviewed and evaluated by the **Internal Auditing Department** in order to ensure the appropriate use of financial resources.

Parliamentary Commission

■ In August 1987, the ministère des Transports du Québec set up a parliamentary commission on the infrastructures and financing of public transit in the Montreal region. S.T.C.U.M. resources were put at the disposal of the M.U.C. This largely contributed to the preparation of the paper the M.U.C. tabled before the commission.

Several employees from various departments attended the commission's hearings. Some of the **major issues** looked into were the S.T.C.U.M.'s partners' contributions to public transit, and the Corporation's short- and long-term needs for facilities, rolling stock and equipment.

Following this parliamentary commission, the Minister announced that, as of January 1, 1988, a new subsidy program will be set up to cover the operating costs of the bus-metro system and the deficit of the commuter train. Thus, the total amount budgeted for 1987 for the operating subsidy, the subsidy for bus and metro monthly passes and for the Windsor Station/Rigaud commuter train will all be included in the new operating subsidy.

The operating subsidy will be adjusted annually, up until 1992, on the basis of fluctuations in the consumer price index for Greater Montreal. The adjustment, calculated for the one-year period up until July of the previous year, cannot exceed 6%.

The annual subsidy for the Central Station/Deux Montagnes commuter train, in effect until July 1, 1992, will be equal to the amount of the contract less the fares received for that service and the contribution of the M.U.C.

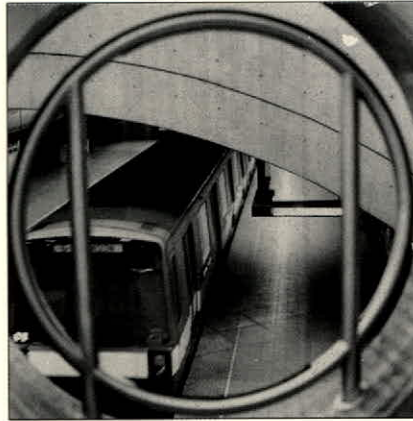
Rationalization of Operations

■ On September 17, 1987, the S.T.C.U.M. announced that it would close its Saint-Michel garage. This decision was the result of the opening of the west section of metro line 5 (the blue line) in 1988, increased operating expenses, and budget restrictions. Thus, on January 4, 1988, the **Saint-Michel garage** will close its doors, resulting in annual savings of 1,5 \$ million in the short term. The Saint-Michel Division's 420 employees will be transferred to the other eight garages.

■ On June 15, 1987, the S.T.C.U.M. reorganized its **bus routes in Ville Saint-Laurent** in order to improve the quality of services provided to customers in that municipality. A total of 18 bus routes were affected: 4 were modified and 14 were replaced. The reorganization increased accessibility to the network, and reduced the number of transfers and travel time for residents of Ville Saint-Laurent.

■ The S.T.C.U.M.'s 60th metro station was inaugurated on June 15, 1987. The opening of **Parc Station**, located on metro line 5 (the blue line), extended the total length of the network to 55,2 kilometres. Parc is the sixth station on metro line 5; the other four opened to the public on June 16, 1986.

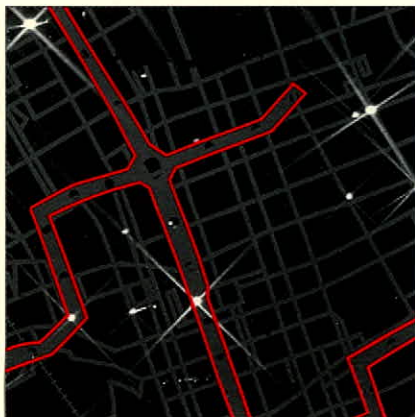
After Parc Station was put into operation, four bus routes in the area were reorganized: 16 Graham, 80 Avenue du Parc, 93 Jean-Talon and 179 De l'Acadie. The changes made to these routes increase the efficiency and the complementarity of services offered to the public.



COMMUNICATIONS AND MARKETING

Customer Services

■ On September 10, the S.T.C.U.M. launched a survey on travel habits, which was the most extensive of its kind ever undertaken in North America. The **Point of Origin-Destination Survey** continued until December. The 75 employees who took part in this activity contacted some 86 000 persons living in 110 municipalities in Greater Montreal. The response rate was 65%. In the spring of 1988, Systems Planning will have detailed results of this telephone survey.



■ As Saint-Raphaël de L'Île Bizard residents are not served by S.T.C.U.M. buses, that municipality and the S.T.C.U.M. set up an experimental **taxi pool** project that operated over a 62-day period starting on March 30. After surveying users, it was decided to prolong the pilot project and eventually do a broader evaluation to determine the popularity and effectiveness of this new method of public transit.

■ In the fall, the Communications and Engineering Departments initiated a **cleanliness** and good citizenship campaign in the metro. This campaign bore fruit, as during the following month, the cleanliness index for the stations was clearly higher than that for the corresponding month one year previous.

"Maintenance employees are responsible for making the metro attractive to customers. The cleanliness campaign was of great assistance. The general public now has a better understanding of the efforts made to improve cleanliness and increase passenger safety. Cleanliness is everyone's concern!"

Jean Dussault
Sanitary Maintenance Clerk
Engineering Department

■ In the fall, in an effort to build rapport with its young customers and prevent vandalism within its facilities, the S.T.C.U.M. introduced a program of **educational visits** to schools. French- and English-language videos and records were produced for this purpose.

■ The **bus stop signs** were completely **redesigned** in order to increase their visibility and make it easier for passengers to comprehend the information displayed on them. The installation of new rectangular signs, which started in June in Ville St-Laurent when bus routes there were reorganized, will continue for three years. The 2 700 bus stops on the 27 new night-service routes, put into operation in January 1988, also display the redesigned signs. Some 3 000 signs have already been installed, i.e., 39,1% of the total.



■ The Transportation, Systems Planning and Marketing Departments worked together to develop a new **network map**, which was put out in December 1987. Some 300 000 copies have been distributed. The three public transit networks are superimposed on a map on which the island's main arteries are clearly identified. An advertising campaign in S.T.C.U.M. vehicles supported the official launching of the map.

■ Everyone is aware of the popularity of musicians playing in the metro. So the Transportation Department decided to publish a **brochure for musicians** listing the places where they can perform. This project demonstrates the Corporation's desire to strengthen the socio-cultural role of the underground network, in accordance with regulation CA-3, the Code of Ethics for persons using S.T.C.U.M. vehicles and circulating on S.T.C.U.M. property.



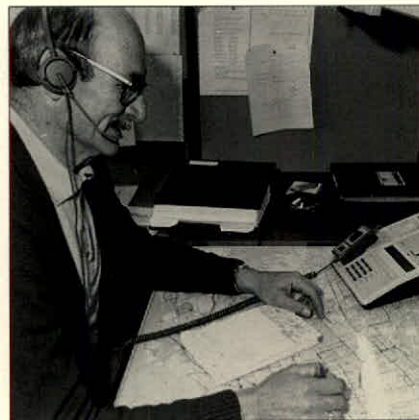
■ In November, S.T.C.U.M. passengers were able to test a new method for fare collection at the Henri-Bourassa metro station. Participants tried out turnstiles with magnetic card readers, to test the functioning of the turnstiles and the resistance of the magnetic cards. Following a customer survey, the Transportation Department was able to take corrective measures with a view to gradually installing, as of 1988, **magnetic card readers** on all 350 turnstiles in the network.

■ For the second consecutive year, the S.T.C.U.M. produced "**Planibus**" brochures, giving the schedules of buses on all the network's regular routes. These brochures were displayed in strategic locations throughout the network and handed out in shopping centres to ensure their wide distribution. Thanks to Planibus, the S.T.C.U.M. received the OMNIBUS prize at the Annual Conference of the Canadian Urban Transit Association, in Winnipeg, last November.

■ In November 1987, an agreement was finalized for the installation of 45 new **bus shelters** between February and March 1988. The total number of **bus shelters** throughout the network will thus be increased to 944.

■ The S.T.C.U.M. continued to update its fleet of minibuses for the transportation of **handicapped persons** with the purchase of 15 new vehicles. In September, in order to better meet the changing needs of handicapped persons, the Corporation published new rules regarding the use of the transportation service for the handicapped.

■ Throughout the year, the Communications Department intensified customer relations. Clerks at the **A-U-T-O-B-U-S Information Centre** answered 1,6 million phone calls, while **Comments and Complaints** staff dealt with 11 720 cases.



■ **Lost and Found** collects articles forgotten by customers. In 1987, only 3 796 or 18% of the 21 497 objects found were claimed by and returned to their owners; unclaimed objects were sold by lot through public tenders. Throughout the same year, more than 43 759 persons contacted the S.T.C.U.M. to try to locate their lost belongings.



"Quality service is not a privilege, but a fundamental right. This principle led to the establishment of the S.T.C.U.M.'s Complaints Committee. Along with my three colleagues who represent the general public, I am happy to help defend the rights of passengers and the right of all to equal services."

Fo Niemi
Chairperson
S.T.C.U.M. Complaints Committee

Community Relations

■ As part of the Equal Employment Opportunities Program, the S.T.C.U.M. set up a **Complaints Committee** whose responsibility is to defend customers' interests. Three S.T.C.U.M. representatives and four representatives of various social groups were asked to be part of this committee which is unique in North America.

■ Since March, security guards have been attending two-day **sessions** on immigration in Quebec and the S.T.C.U.M.'s development. The objective of this program was to increase security guards' awareness of the multicultural breakdown of the M.U.C. population: 25% of residents belong to ethnic minorities.

■ In August 1987, the Surveillance Department set up a project to help immigrants travel throughout the S.T.C.U.M. network. With the assistance of the Communications, Human Resources, Secretarial and Legal, and Transportation Departments, employees held 25 conferences attended by more than 500 immigrants from 21 different ethnic groups at COFIs (Orientation and training centres for immigrants).



Given the success of these workshops, held over a four-month period, the S.T.C.U.M. plans to offer this pro-

gram to other types of customers in 1988.



■ Throughout the summer, an original pilot project to familiarize students with public transit was carried out with the assistance of the City of Montreal's Department of Recreation and Community Development. The S.T.C.U.M. gave 35 students, aged 9 to 12, from the Hochelaga-Maisonneuve neighbourhood the



opportunity to experience what goes on at the Frontenac bus garage, thus increasing their awareness of vandalism and instructing them on how to travel on buses. The 10 visits organized as part of the "Boite à lunch" program enabled the S.T.C.U.M. to contribute to the social integration of children from ethnic minorities.

■ The S.T.C.U.M. held an educational campaign directed at **cyclists**, to inform them when and how they may transport bicycles on the metro, while respecting the safety of other passengers. This campaign followed the adoption of new measures to encourage the transportation of bicycles in the underground network.

■ Throughout the year, 828 national and international **visitors** were received during 95 organized visits. In addition to welcoming these visitors, representing 20 countries, the S.T.C.U.M. also authorized 1 028 persons to take photographs and make films on its property.

Passenger Safety

■ Between September 8 and December 21, the S.T.C.U.M. carried out **major repair work** on metro line 4 (the yellow line): repair of the vault at the tunnel end of the Longueuil metro station and the construction of four new remote-control mechanical ventilation stations. This work was necessary to increase the effectiveness of existing fire-fighting equipment and thus ensure passenger safety.

■ The Engineering Department carried out **91 fire simulations** in which 893 firemen from 22 Montreal fire prevention departments participated.

■ S.T.C.U.M. **security** guards spent 171 000 person-hours on duty in metro cars, passageways and metro stations, and 90 000 hours in bus facilities. They approached 4 446 persons with respect to violations of Regulation CA-3, a 9,5% reduction over 1986. They also provided first-aid care to 1 600 passengers.

■ Better coordination of services and increased public awareness of **vandalism** enabled the S.T.C.U.M. to reduce the number of acts of vandalism committed and the associated costs, resulting in savings of more than 1 \$ million during the year.

■ In order to better serve the public and understand the S.T.C.U.M.'s diversified clientele, 56 out of 86 security guards underwent a training session dealing with aggressive behaviour. This **program** will continue in 1988.

■ The program to make metro travel easier for **the blind and those with impaired vision** continued in 1987. A 174 000 \$ contract was awarded for renovations in the Berri-De Montigny and Longueuil metro stations to facilitate access to the underground network for those with impaired vision.

"The renovations that have taken place at certain S.T.C.U.M. metro stations will help the blind and those with impaired vision feel more secure and independent while travelling. It's an important beginning."

Michèle Brûlé
Public Awareness Officer
Regroupement des aveugles
et amblyopes du Québec
Montreal Section

■ The number of acts of violence towards bus drivers continued to decrease. In 1987, 28% fewer acts of violence were committed than in 1986. This reduction can be partially explained by **preventive methods** adopted by the S.T.C.U.M. in 1986 to improve public and employee safety: the bus emergency signal system and the surveillance system installed in the vehicles used on several bus routes.



"The S.T.C.U.M. is a modern, dynamic and innovative public enterprise. It has achieved a world first by opening an automatic banking machine distributor of monthly passes. Hats off to the S.T.C.U.M.!"

André Bérard
President and Chief Operating
Officer
National Bank of Canada

Commercial and Social Responsibilities

■ A world first—on August 20, the first **automated banking machine** issuing bus/metro monthly passes to public transit users was inaugurated. This pilot project was made possible through the collaboration of the National Bank. If this experience with a multiservice automated banking machine at the Berri-De Montigny station is successful, the S.T.C.U.M. will study the possibility of including other institutions in the project.

■ In April, the S.T.C.U.M. teamed up with the Salon international de la jeunesse to promote **good citizenship** amongst school children using public transit. This project included an advertising design contest. The winner's design was displayed on advertising panels in some 100 buses and more than 600 metro cars.

■ In March 1987, in conjunction with the Montreal Catholic School Commission, the Marketing Department put out a **booklet** for fourth-grade students. Subsidized by the ministère de l'Éducation, this learning tool on public transit is now part of the school curriculum. An English version of the booklet was published last November.

■ The S.T.C.U.M. participated at several trade shows and exhibits throughout the year, including the Salon des aînés, the Salon de la femme and the **Salon des achats**. The latter was part of the international show "Le monde des affaires." Representatives from the Supplies Department coordinated the activities of participating members of the Association des transporteurs du Québec.



■ In order to reach its customers in their fields of activity, the Marketing Department conducted **promotional campaigns** in collaboration with the Just for Laughs Festival, the Vargas Circus, the S.T.C.U.M./ Expos Evening, the Mark Ten Challenge and the Festival du Sud. During the Festival du Sud, a feeling of summer reigned throughout the underground network, an excellent festival location. As well as having the opportunity to participate in festival activities, the general public had the chance to win a trip south. Thirty-five people, including five S.T.C.U.M. employees, won a trip for two to Venezuela.



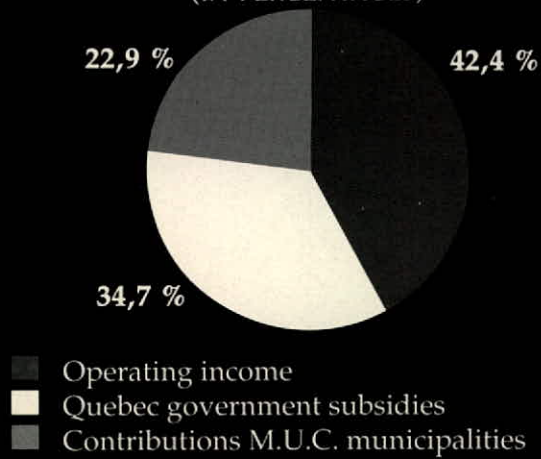


"The Point of Origin-Destination Survey was an extraordinary experience. It gave us the satisfaction of undertaking a project from start to finish — from the design stage right up to the production of a new technology — and enabled us to create ties with other regional public transit organizations and, above all, learn to deal with customers' future needs."

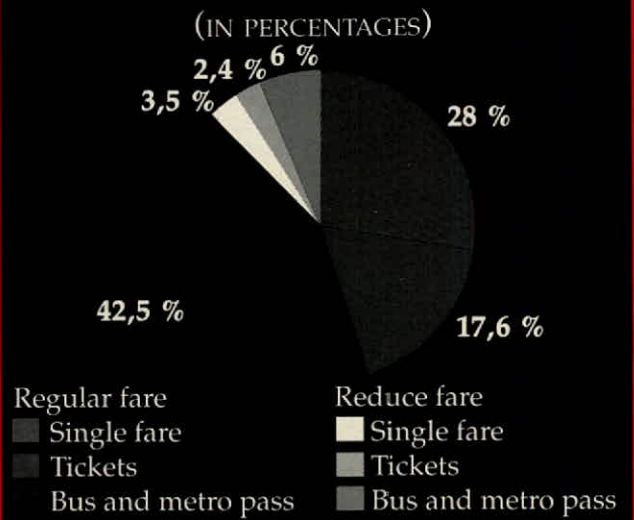
Diane Girard
Project Manager
System Planning



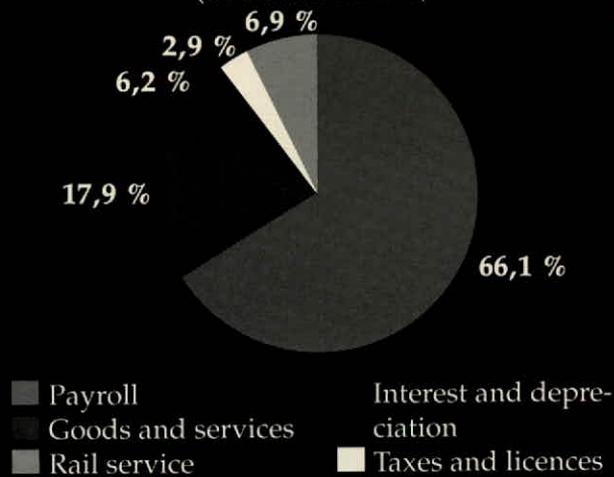
SOURCES OF REVENUES in 1987 (IN PERCENTAGES)



REVENUES FROM FARES in 1987 (IN PERCENTAGES)



BREAKDOWN OF OPERATING EXPENSES, in 1987 (IN PERCENTAGES)



FARE STRUCTURE

	1987	1986
Single fare	1,00 \$	1,00 \$
Reduce fare	0,40 \$	0,40 \$
Tickets (regular fare)	5,00 \$	5,00 \$
<i>(6 tickets)</i>		<i>(6 tickets)</i>
Tickets (reduce fare)	2,00 \$	2,00 \$
<i>(6 tickets)</i>		<i>(6 tickets)</i>
Bus and metro pass (regular fare)	28,50 \$	28,50 \$
Bus and metro pass (reduce fare)	11,00 \$	11,00 \$
Conference pass	1,70 \$	—

FINANCIAL RESULTS

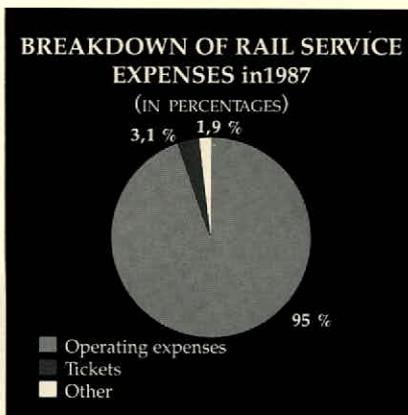
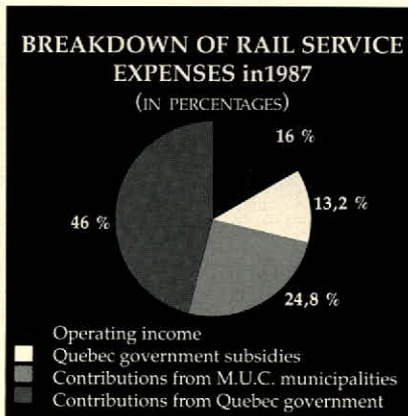
Transportation Department — Bus and Metro

■ Operating income for the fiscal year ending December 31, 1987, was 204,7 \$ million. To this income can be added 169,7 \$ million in subsidies and interest from the province, and 2,1 \$ million carried over from the preceding fiscal year. Expenses totalled 488,2 \$ million, resulting in a 111,7 \$ million operating deficit after the 8,4 \$ million contribution from the M.U.C. to cover the commuter train deficit. This deficit corresponds to the contribution of municipalities served by the S.T.C.U.M. during 1987.

■ During 1987, fares from the 366,2 million passengers using the network brought in revenues of 188,2 \$ million, compared to 197,1 \$ million for 388,1 million passengers, in 1986. Fares did not increase throughout 1986 and 1987. A 21,9 million reduction in the number of customers served during the year and the resulting 8,9 \$ million reduction in income can be attributed in large part to the maintenance of essential services only during negotiations for the renewal of the bus drivers and metro operators' collective agreement.

Rail Service

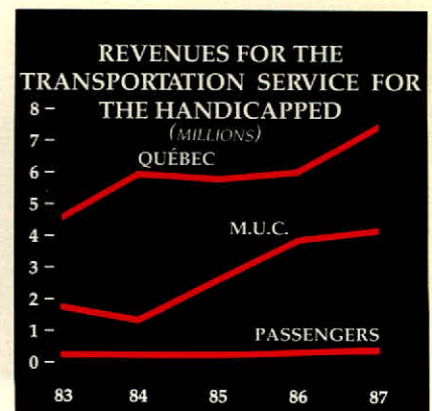
■ Income from rail service fares totalled 5,4 \$ million in 1987, while government subsidies for this service totalled 4,5 \$ million. Expenses were 33,9 \$ million, resulting in an operating deficit of 24 \$ million. This deficit was shared between the M.U.C. (8,4 \$ million) and the Quebec government (15,6 \$ million).



Transportation Service for the Handicapped

■ Revenue from fares for the transportation service for the handicapped significantly increased from 1986 to 1987: 174,461 \$ in 1986, in comparison to 218,668 \$ for the fiscal year ending December 31, 1987. Furthermore, the Quebec government increased its subsidies for the transportation service for the handicapped from 6 \$ million, in 1986, to 7,5 \$ million in 1987. The provincial government's contribution has varied between 59% and 80% since 1983, and was 62% in 1987. M.U.C. municipalities absorbed the difference between the government subsidies and fares collected, and real expenses. In 1987, the municipalities met 36% of the 12 \$ million in expenses related to the transportation service for the handicapped.

In addition, 1987 ridership surpassed that recorded in 1986: 428 036 passengers used the transportation service for the handicapped during 1987, as compared to 341 957 in 1986. This increase can be attributed to the expansion of the taxi service.





FINANCIAL STATEMENTS

*To the Members of the Board of Directors of
the Société de transport de la Communauté
urbaine de Montréal*

*We have examined the balance sheets of
the operating fund, the sinking fund, the
fixed-assets fund and the long-term debt
fund of the Société de transport de la Com-
munauté urbaine de Montréal as at Decem-
ber 31, 1987 and the statements of revenue
and expenditures of the operating fund and
changes in the reserve for the redemption of
debentures of the sinking fund for the year
then ended. Our examination was made in
accordance with generally accepted auditing
standards, and accordingly included such
tests and other procedures as we considered
necessary in the circumstances.*

*In our opinion, these financial state-
ments present fairly the financial position of
the Société as at December 31, 1987, and the
results of its operations for the year then
ended in accordance with generally accepted
accounting principles and fund accounting
practices applied on a basis consistent with
that of the preceding year.*

**RAYMOND, CHABOT,
MARTIN, PARE**
Chartered Accountants

Montréal
March 30, 1988

REVENUE of Operating Fund Year ending December 31, 1987

	1987		1986
	Initial Budget	Actual	Actual
	<i>(Stated in thousands)</i>		
Transportation			
Passengers — S.T.C.U.M. territory	199 902 \$	188 222 \$	197 099 \$
Outside the territory services	950	912	903
Sightseeing and charter services	1 742	1 184	1 419
Railway services	5 456	5 419	4 974
	208 050	195 737	204 395
Other Operating Revenue	5 971	8 973	6 877
Total Operating Revenue	214 021	204 710	211 272
Subsidies (Note 3)			
Operating:			
S.T.C.U.M. territory	87 983	87 983	80 125
Railway services	2 800	2 777	2 550
Related to passes (bus and metro)	34 397	32 304	31 160
Related to passes (railway)	1 876	1 683	1 471
Capital expenditures	21 942	20 582	18 482
Transportation for the handicapped	7 154	7 507	5 995
Study and demonstration projects	100	147	572
Railway services residual deficit	15 458	15 603	16 328
	171 710	168 586	156 683
Interest Recoverable from Quebec Government	1 503	1 079	2 196
Deferred Income from Previous Year	—	2 138	—
Deficit Assumed by Municipalities Served			
Bus and metro services	103 509	103 260	87 141
Railway services	8 410	8 424	8 009
	111 919	111 684	95 150
TOTAL REVENUE	499 153 \$	488 197 \$	465 301 \$

EXPENDITURES of Operating Fund Year ending December 31, 1987

	1987		1986
	Initial Budget	Actual	Actual
<i>(Stated in thousands)</i>			
Operation			
General Management of Operation	367 \$	449 \$	286 \$
Transportation Department	194 569	191 373	188 897
Vehicule Maintenance Department	96 114	90 889	88 129
Engineering Department	74 745	73 837	67 954
Surveillance Department	8 201	9 073	7 963
Supplies Department	6 890	6 531	5 682
	<u>380 886</u>	<u>372 152</u>	<u>358 911</u>
Administration			
General Management of Customer Services	5 414	6 671	4 343
Treasury and Control Department	9 062	9 252	8 896
General Administration	2 694	2 463	2 352
Other departments	14 186	17 015	12 995
	<u>31 356</u>	<u>35 401</u>	<u>28 586</u>
Taxes, Permits and Contributions	<u>12 291</u>	<u>13 938</u>	<u>11 913</u>
Financing Costs	<u>31 243</u>	<u>30 502</u>	<u>28 713</u>
Capital Expenditures	<u>2 000</u>	<u>1 954</u>	<u>2 104</u>
Railway Services	<u>34 000</u>	<u>33 906</u>	<u>33 332</u>
Contingencies	<u>7 377</u>	<u>344</u>	<u>1 742</u>
TOTAL EXPENDITURES	<u>499 153 \$</u>	<u>488 197 \$</u>	<u>465 301 \$</u>

BALANCE SHEETS, December 31, 1987

ASSETS

	1987	1986
<i>(Stated in thousands)</i>		
Operating Fund		
Cash	4 953 \$	3 714 \$
Receivables	9 296	7 582
Subsidies receivable from the Quebec Government	72 124	72 524
Deficits to be recovered from municipalities outside the territory <i>(Note 4)</i>	2 959	2 959
Inventory of supplies and replacement parts	13 970	11 621
Deposit for insurance fund	201	201
	103 503 \$	98 601 \$
 Sinking Fund		
Investments:		
Deposit certificate, at cost	1 200 \$	1 035 \$
Bonds, at unamortized cost (market value; 13 146 \$; 8 779 \$ in 1986)	12 141	7 429
Due from operating fund	4 376	3 758
	13 341	8 464
	17 717 \$	12 222 \$
 Fixed Assets Fund		
Fixed assets, at cost <i>(Note 6)</i>	336 159 \$	329 737 \$
Due from operating fund	134	4 621
	336 293 \$	334 358 \$
 Long-Term Debt Fund		
Amounts available in sinking fund for redemption of debt debentures	17 717 \$	12 222 \$
Amounts of revenue to be provided for the redemption of long-term debt assumed by:		
Municipalities served	17 708	17 037
Quebec government	79 255	93 741
	114 680 \$	123 000 \$

BALANCE SHEETS, December 31, 1987

LIABILITIES

	1987	1986
	<i>(Stated in thousands)</i>	
Operating Fund		
Short-term loans	40 500 \$	23 500 \$
Loan payable (Note 5)	10 049	20 097
Payables	48 209	44 487
Due to sinking fund	4 376	3 758
Excess of municipalities, contributions over operating deficit for the year	235	2 138
Due to fixed assets fund	134	4 621
	<u>103 503 \$</u>	<u>98 601 \$</u>
Sinking Fund		
Reserves for the redemption of debentures	17 717 \$	12 222 \$
	<u>17 717 \$</u>	<u>12 222 \$</u>
Fixed Assets Fund		
Method of financing		
Fixed assets acquired and financed by:		
Operating fund	199 777 \$	189 700 \$
Subsidies	21 836	21 658
Long-term debt	114 680	123 000
	<u>336 293 \$</u>	<u>334 358 \$</u>
Long-term Debt Fund		
Debentures (Note 7)	114 680 \$	123 000 \$
	<u>114 680 \$</u>	<u>123 000 \$</u>

SINKING FUND, Changes in the Reserve for the redemption of Debentures, Year ending December 31, 1987

	1987	1986
	<i>(Stated in thousands)</i>	
Balance, beginning of year	12 222 \$	7 116 \$
Contributions and Interest	5 495	5 106
Balance, end of year	17 717 \$	12 222 \$

NOTES TO FINANCIAL STATEMENTS

December 31, 1987

(The accompanying notes are an integral part of the financial statements)

1. GOVERNING STATUTE

The Société de transport de la Communauté urbaine de Montréal is incorporated under the Act of the Communauté urbaine de Montréal. Under Section 301 of the Act, all property, including the metro, belongs to the Société as agent of the Communauté urbaine de Montréal.

2. SUMMARY OF ACCOUNTING POLICIES

Financial Statements:

The financial statements of the Société do not include the metro assets and related borrowings. The cost of servicing this debt is an obligation of the municipalities of the Société's territory.

Fund Accounting:

In accordance with fund-accounting practices, the Société uses an operating fund to record regular budget transactions, a sinking fund to provide for the redemption of certain debentures upon maturity, a fixed-assets fund to record all fixed assets and a long-term debt fund to record debt relating to the acquisition of fixed assets.

Revenue and Expenditures:

Revenue and expenditures are recorded on the accrual basis with the exception of employee sickness benefits which are recorded on a cash basis. In addition, financing expenses include principal and interest payments on long-term debt.

Inventory of Supplies and Replacement Parts:

The inventory of supplies and replacement parts is valued at the lower of cost and replacement cost. Cost is determined by the average cost method.

Commitments Payable:

Commitments are accounted for as expenditures at year-end when the Société is committed to third parties or when asset expenditures have been accepted by the Board of Directors by way of a resolution, thereby allowing for budgetary control. Commitments payable have been recorded as accounts payable in the liabilities of the operating fund.

Fixed Assets:

Acquisitions of fixed assets pursuant to borrowing By-Laws or from the operating fund are accounted for progressively in the fixed-assets fund. Depreciation for wear and tear and obsolescence of the fixed assets has not been provided for in the accounts.

3. SUBSIDIES AND ALLOCATION OF DEFICIT

Subsidies:

Pursuant to the Quebec Government's Public Transportation Aid Program, the Société is eligible to receive certain subsidies for 1987. The principal subsidies are :

- An operating subsidy subject to a ceiling related to the contribution of the municipalities and limited to a maximum of 40% of revenue earned by the regular mass transit system and loss of revenue due to reduced rates;
 - A subsidy related to the sale of monthly passes based on the reduction extended to users of regular and railway services;
 - A subsidy equivalent to 75% of the financing cost of related debt for the purchase of buses and the construction of buildings;
 - A subsidy equivalent to 75% of the budgeted costs for special transportation for the handicapped. However, these costs must obtain the prior approval of the ministre des Transports.
-

- A subsidy equivalent to the residual deficit of railway services.

Allocation of the Deficit:

The Société's deficit is assumed by the municipalities served.

4. DEFICIT TO BE RECOVERED FROM MUNICIPALITIES OUTSIDE THE TERRITORY

A number of municipalities have contested the allocation of the operating deficit to municipalities outside the territory for services provided during 1980 to 1983 inclusively, before the Commission Municipale du Québec. The decisions rendered by the Commission Municipale du Québec have confirmed the merits of the allocation of this deficit. The municipalities in question have appealed these decisions in Superior Court.

5. LOAN PAYABLE

A loan in the amount of 70 339 813 \$ was borrowed from a Canadian chartered bank on December 1, 1981, to finance the Government's share of the 1979 deficit of which 10 048 544 \$ is outstanding as at December 31, 1987. This loan is renewable annually. The corresponding subsidy receivable is recorded in subsidies receivable from the Quebec Government in the assets of the operating fund.

The Quebec Government is committed under the above credit agreement to subsidize the entire cost of debt service.

6. FIXED-ASSETS FUND

	1987	1986
	<i>(Stated in thousands)</i>	
Fixed assets acquired prior to 1966	24 025 \$	24 025 \$
Fixed assets acquired since 1966:		
Land	2 060	2 060
Buildings	41 468	37 985
Office furniture and equipment	36 942	32 822
Automotive equipment, buses	210 569	210 580
Automotive equipment, other	14 023	13 413
Expropriated property	4 679	4 679
Encumbered assets	2 393	4 173
	<u>336 159 \$</u>	<u>329 737 \$</u>

7. DEBENTURES

	Authorized and issued	1987	1986
	<i>(Stated in thousands)</i>		
Serial Debentures:			
9,25%, 9,50%, 9,75%	15 000 \$	—	1 500 \$
Prime rate 4 500 000 \$ maturing per annum, due September 15, 1992	36 000	22 500	27 000
Sinking Fund Debentures:			
8% due December 1, 1992	2 500	1 250	1 500
12,75% due April 25, 1992	20 000	20 000	20 000
12,5% due April 7, 1990	20 000	20 000	20 000
12, 125% due March 27, 1991	20 000	20 000	20 000
Debentures 33 000 000 \$			
8, 50%	2 070	—	2 070
8,75%, due November 19, 1988	2 277	2 277	2 277
9,25%, due November 19, 1989	2 506	2 506	2 506
9,50%, due November 19, 1990	2 756	2 756	2 756
9,75% due November 19, 1991	14 069	14 069	14 069
10%, due November 19, 1996	9 322	9 322	9 322
		114 680 \$	123 000 \$

These debentures are a direct and general obligation of the municipalities of the Société's territory. These municipalities are jointly and severally liable with the Société for the principal of the debentures and interest thereon.

8. SICKNESS BENEFITS

As at December 31, 1987, accumulated sickness benefits are estimated at 29 268 000 \$ on the basis of salaries paid as of that date. Employees are entitled to receive in cash the value of their accumulated sickness benefits when they leave the Société.

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