

Annual Report 1989



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Annual

The year 1989 marked a major turning point for the Société de transport de la Communauté urbaine de Montréal, presenting promising options for the future.

One of the year's more notable events was the fundamental restructuring of the Corporation. This in no way hindered the development of services and the STCUM continued to meet the sizeable challenges inherent in its mandate.

Nineteen eighty-nine was a key year during which important agreements were concluded with Laval, South Shore and MUC municipalities, and the Ministère des transports du Québec

At the dawn of this new decade, public transit is linked more than ever to quality of life and environmental protection. The STCUM intends to promote the best interests of society to the fullest extent of its ability, with the active participation of its personnel.



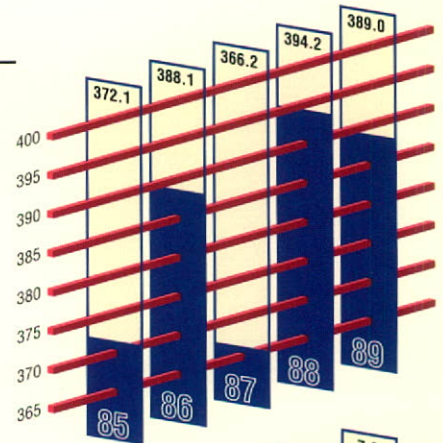
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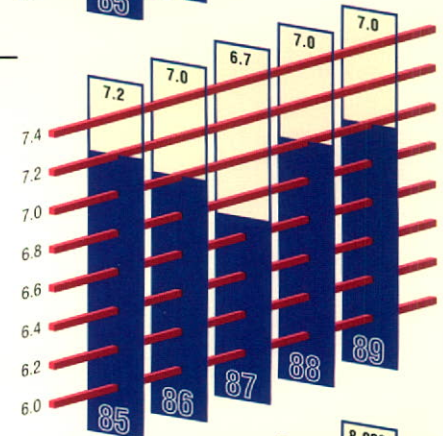
Highlights

	1989	1988	Change
Number of passengers (in millions)			
Buses and metro	389.0	394.2	-1.3%
Trains	8.3	7.8	6.4%
Hours of service (in thousands)			
Buses	4 787.8	4 755.5	0.7%
Metro	2 252.3	2 251.8	0.02%
Kilometres travelled (in millions)			
Buses	76.7	76.2	0.7%
Metro	63.7	64.8	-1.6%
Number of employees	8 023	7,888	1.7%
Operating expenses	571.0	527.2	8.3%
Income from users	209.8	205.6	2.0%

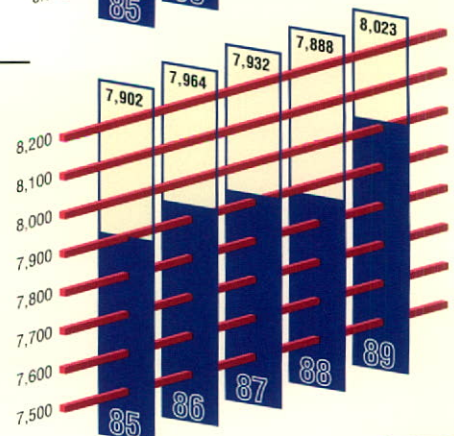
Ridership (in millions of passengers)



Hours of Service (in millions)



Number of Employees



Message from the Chairman of the Board

For several years now, representatives of the MUC and the STCUM Board of Directors have been working to promote the regional development of public transit and I am pleased to report that our efforts produced excellent results in 1989. An agreement has been reached among the municipalities of Laval and the South Shore, those of the MUC and the Ministère des transports du Québec, settling the funding aspects of the inter-city network as of 1990, to the complete satisfaction of the STCUM. Other agreements were also concluded with regard to investment financing and extensions to the public transit system. All this bodes well for cooperation among the various transit companies; it is also an encouraging step towards the development of a broader view of the interests of metropolitan Montreal.

We do not yet know how the new subsidy program will actually be applied. We hope to have the details as early as possible in 1990 so that we can complete the projects in our three-year capital assets program, particularly those relating to the conservation of our buildings and facilities.

The Board of Directors is very concerned about the drop in ridership noted over the past several years. We are prepared to do everything within our power to reverse this trend so that public transit can truly replace the car as the most viable means of urban transportation. The many benefits of public transit can only improve the quality of life in our cities.

To put this strategy into practice, the Board of Directors worked actively towards the installation of a permanent bus lane in MUC territory, along Pie-IX Boulevard.



Road work on Autoroute 20 caused a number of disruptions in the Montreal area in 1989 and we are aware that other major projects will be undertaken over the next few years. Measures to attenuate the effects of these disruptions have met with some success; we must take advantage of such opportunities to increase our ridership and then keep those additional passengers once road repairs are completed.

I would like to thank my colleagues on the Board of Directors and all STCUM personnel for their continued cooperation throughout the year. Sincerest thanks also go to Michel Leduc, Mayor of Lasalle and Vice-Chairman of the STCUM Board of Directors, who has gone on to assume other duties within the MUC. Mr. Leduc sat on the Board from the time the new law creating la Société de transport came into effect in 1985 and has always been an ardent supporter of public transit.



Robert Perreault

Message from the President and General Manager

Nineteen eighty-nine was an outstanding year for the STCUM. A great deal of quality work was devoted to putting our corporate plan into action; as a result, tremendous progress was made toward the achievement of our objectives with regard to both customer services and internal reorganization.

The year just passed marked a turning point in more ways than one. The new executive branches were set up and management personnel successfully handled major challenges in all departments. Change was the byword at every level as job specifications were redefined, employee responsibilities were increased, the entire organization was decentralized and new work teams were formed.

Such extensive change was carefully planned and coordinated so that every aspect of it contributed to the attainment of our fundamental objective : to provide better service. Given that public transit use continues to decline, this is no small challenge. The 1.3% drop in the number of passengers from 1988 to 1989 resulted in a \$5 million loss in income from users. This trend is of the greatest concern and measures will be taken in 1990 to counteract it, in particular by fostering a more friendly and courteous attitude among STCUM personnel, and by improving reliability, safety and communication with the travelling public.

Financial restrictions affecting both management and customer services continued to be a factor over the year. The STCUM had to absorb a \$12 million account receivable due to funding problems related to the inter-city network. Although we are well aware of the pressure this will create in the future, particularly with regard to buildings and facilities conservation plans, we had no choice under the circumstances but to defer certain expenditures.

Nevertheless, such restrictions did not prevent us from pursuing plans to make technical improvements to the STCUM network. Indeed, several major technical achievements in 1989 can be attributed to the exceptional efforts, professional



attitude and deep commitment of our personnel. The installation of magnetic pass readers is but one good example. A first step toward the modernization of fare-collecting equipment, this delicate procedure was a success in all regards. Another major change — moving to a single operator on metro line 2 — helped the Corporation rationalize its operating costs without compromising the safety of either passengers or employees.

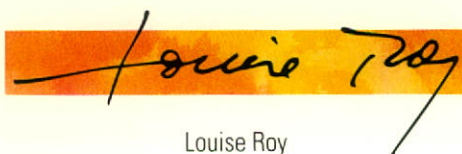
Customer service priorities were put into action during 1989 in the form of significant improvements to the network in eastern Montreal, as well as the reservation of a special bus lane along Autoroute 20 that helped reduce traffic while extensive road repairs were under way. In addition, 24 new cars were added to the Montreal/Rigaud commuter train line.

Unfortunately, the STCUM also had to deal with a security problem in its facilities, the manifestations of which were more serious in the first six months of the year. Although the number of incidents remained relatively stable, public concern grew as they became more serious and we were obliged to take action. The number of surveillance agents in the system was increased by 30%, cameras were installed in a number of key metro stations and a wide-reaching awareness campaign was conducted in the metro and on the bus, under the slogan "travel in peace". We recognize that consultation with various groups is a key to this issue and are actively pursuing such a policy.

In keeping with the STCUM objective to be an active partner of the public it serves and reflect the varied nature and aspirations of that population, plans to increase the number of women and ethnic minorities within our ranks were pursued in 1989. Forty percent of all available positions as bus drivers, maintenance employees had already been reserved for women. In 1989, more than 25% of these jobs were reserved for ethnic minorities. In both areas, our objectives were reached: 40.7% of all jobs posted during the year in the targeted positions, i.e. 144 jobs out of 280, were filled by women; 23.9%, or 67 of those positions were occupied by representatives of various ethnic minorities.

In closing, I would like to thank the members of the Board of Directors and all STCUM personnel for their support and hard work over the year. The reorganization currently under way has meant uncertainty for many employees; fortunately, the degree to which everyone has cooperated has made it possible to accomplish our objective.

I am confident that we have the means to make the STCUM more productive and can begin implementing strategies to reverse the decline in public transit use. We also recognize the tremendous importance of improving the quality of life and the environment. The future of society and our corporation depends on it.



Louise Roy

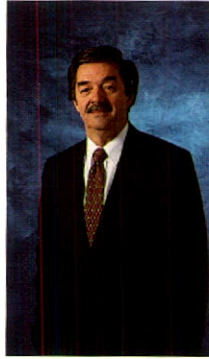
The Board of Directors

Robert Perreault

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

Raymond Savard

Vice-Chairman
Mayor of Verdun

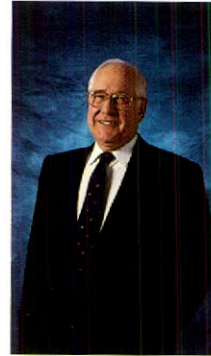
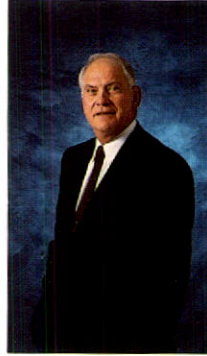


Michel Hamelin

Chairman of the Executive
Committee, MUC

Yvon Labrosse

Mayor of Montreal East



Malcolm C. Knox

Mayor of Pointe-Claire

Abe Limonchik

Montreal City Councillor



Ginette L'Heureux

Montreal City Councillor

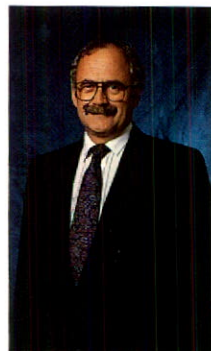
Sybil Murray-Denis

Montreal Citizen Representative



Yvon Marsolais

MUC Citizen Representative



The Management Team

Louise Roy

President and General Manager

Francis Therrien
Senior Executive Director
Quality and Resource Development

Hubert Sacy
Communications

Marcel Béliveau
Human Resources

Serge Pagé
Management Systems

Daniel Dupont
Technology and Exportation
of Know-How

Xavier Ceccaldi
Executive Director
Planning and Marketing

Pierre Giard
Consultation and Service Planning

Jacques Fortin
Corporate Planning

Claire Monette
Executive Director
Finance

Gilles Ouellet
Budget

Ronald F. David
Accounting

Jean-Pierre Vachon
Financing

Claude Dalphond
Pension Plan

Daniel Robert
Secretary and Director
of Legal Department

Robert Dion
General Auditor

Martin Girard
Director - Office
of the P.G.M.

Roger C. Choquette
Executive Director
Metro and Commuter Trains

Robert René
Administration and
Human Resources

Lionel Hervieux
Technical Services and Planning

Hugues Déry
Control Centre

Roger Froment
Electromechanical Maintenance

Robert Perras
Maintenance Centre - Structures

René Lefebvre
Station Operations
(Lines 1 and 4)

Hans Sontag
Station Operations
(Lines 2 and 5)

André Boudreau
Subway Train Operations
(Lines 1 and 4)

Mario Léonard
Subway Train Operations
(Lines 2 and 5)

Marcel Grégoire
Commuter Trains

Michel Ste-Marie
Executive Director
Surface Transportation

André Haddad
Administration and
Human Resources

Jean-Marie O'Hearn
Technical Services and Planning

Gilles Tremblay
Anjou Operations Centre

François Mercier
Frontenac Operations Centre

Jacques Deslauriers
Legendre Operations Centre

Lorraine Pilon
Mont-Royal Operations Centre

André Derouin
Namur Operations Centre

Pierre-Paul Tanguay
Saint-Denis Operations Centre

Daniel Marineau
Saint-Henri Operations Centre

Jean-Claude Bourgon
Saint-Laurent Operations Centre

Jean-Pierre Langlois
Transit Centre for the Disabled

Jacques Rompré
Executive Director
Construction and
Major Maintenance

Serge Dupont
Administration and
Human Resources

Alain Picard
Technical Services and Planning

Guy Hearson
Supplies

Claude-André Poirier
Major Bus Maintenance

Louise Lefebvre
Major Property Maintenance

Gilles Pilote
Major Metro Maintenance

Daniel Côté
Project Management

Pierre-André Duchesneau
Surveillance



From left to right, Roger C. Choquette, Francis Therrien, Louise Roy, Jacques Rompré, Michel Ste-Marie, Daniel Robert, Xavier Ceccaldi, Robert Dion, Claire Monette.

The Year at a Glance

Reorganization

On January 29, the STCUM underwent a dramatic change: a new organizational structure was implemented throughout the Corporation. Everyone's roles and responsibilities were redefined and a whole new style of management was applied, all with a view to improving customer service.

Technology

Magnetic pass readers were installed at metro turnstiles throughout 85% of the system. As a result, passengers saved considerable time and fare collection was more efficient.

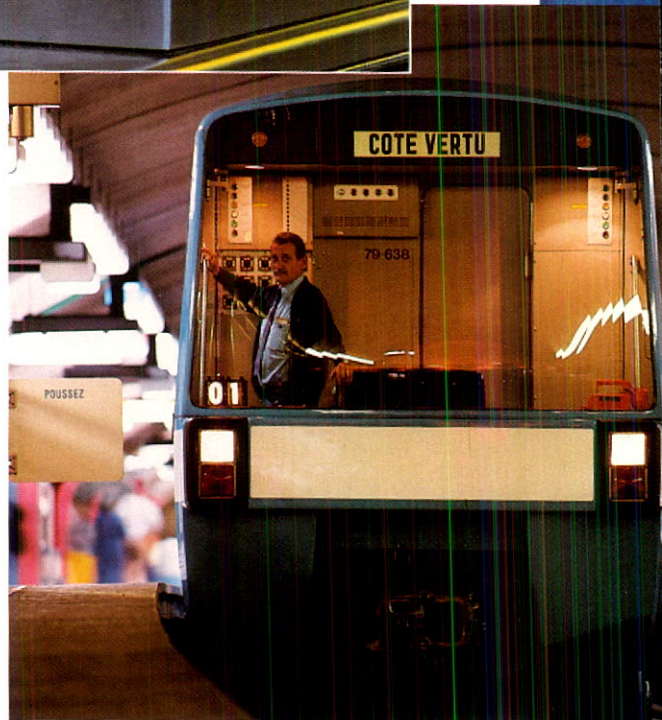


Progress

Showing confidence in its own expertise and the results of recent technological advances, the STCUM began using a single operator on metro line 2. This method is already in use in 80% of major subway systems around the world.

International

Two events of international calibre confirmed the credibility of the STCUM and the extent of its influence. In June, the Corporation hosted the VIII^e Symposium du Comité permanent des métros sur pneumatiques and in October it welcomed the Executive Committee of the International Transport Association of which it is a member.





Information

An innovative means of keeping public transit users informed was introduced in the STCUM surface network. Flashbus is a double-sided panel attached to bus stop poles; it is used to inform passengers about bus routes and schedules, thus helping them plan their travel.

Security

Due to the recent rise in violence in urban society, the STCUM adopted a series of measures designed to increase passenger and employee safety. The number of surveillance agents was increased by 30% and a regulation was passed forbidding the possession of knives. In addition, a program was begun to install 110 closed-circuit cameras in twelve key stations.

Health

The 59 new buses put into service at the end of the year are all equipped with a new ergonomically-designed driver's station, with more conveniently-located controls and a seat specially built to reduce back problems.

Agreements

The Government of Quebec ratified agreements reached among metropolitan municipalities with a view to creating a regional transit authority. This was the result of a significant collective effort and settles the funding aspects of the inter-city network.

Communications

An original safety campaign that combines the peace symbol, the metro sign and the STCUM logo had a positive impact on the public and received unprecedented media coverage. "Voyager en paix" was the campaign's simple, yet effective message.



1989 Awards and Distinctions

The STCUM earned a number of awards in 1989 in recognition of its achievements in various fields.

Franz Edelman Award

(Applied Management Science)

Second prize : the HASTUS System (scheduling and assignments), created in conjunction with the computer consulting firm GIRO and the Université de Montréal.

F.R.A.P.P.E.

(Femmes regroupées pour l'accessibilité au pouvoir politique et économique)

Annual award : Affirmative Action Plan

Omnibus Awards

(Canadian Urban Transit Association)

First prize, external campaign : Cleanliness campaign

First prize, customer service information : Neighbourhood maps

Second prize, internal campaign or program : "Soulignons le Génie"

Special mention : Open House

SOCAP

(Association canadienne des professionnels des relations avec les consommateurs)

First prize, education and community service : "Ménage tes transports" video

Partners in Prevention

(Commission de la santé et la sécurité du travail)

First prize, very large corporations : Mobile pneumatic lift developed by the Mechanical Sub-Section, Buildings

Quebec Public Relations Competition

(Société des relationnistes du Québec)

First prize, training programs and activities : "Corporate culture and verbal communication"

First prize, external publications : "Je me promène sur l'Île de Montréal"

First prize, audio-visual documents : "Ménage tes transports" video

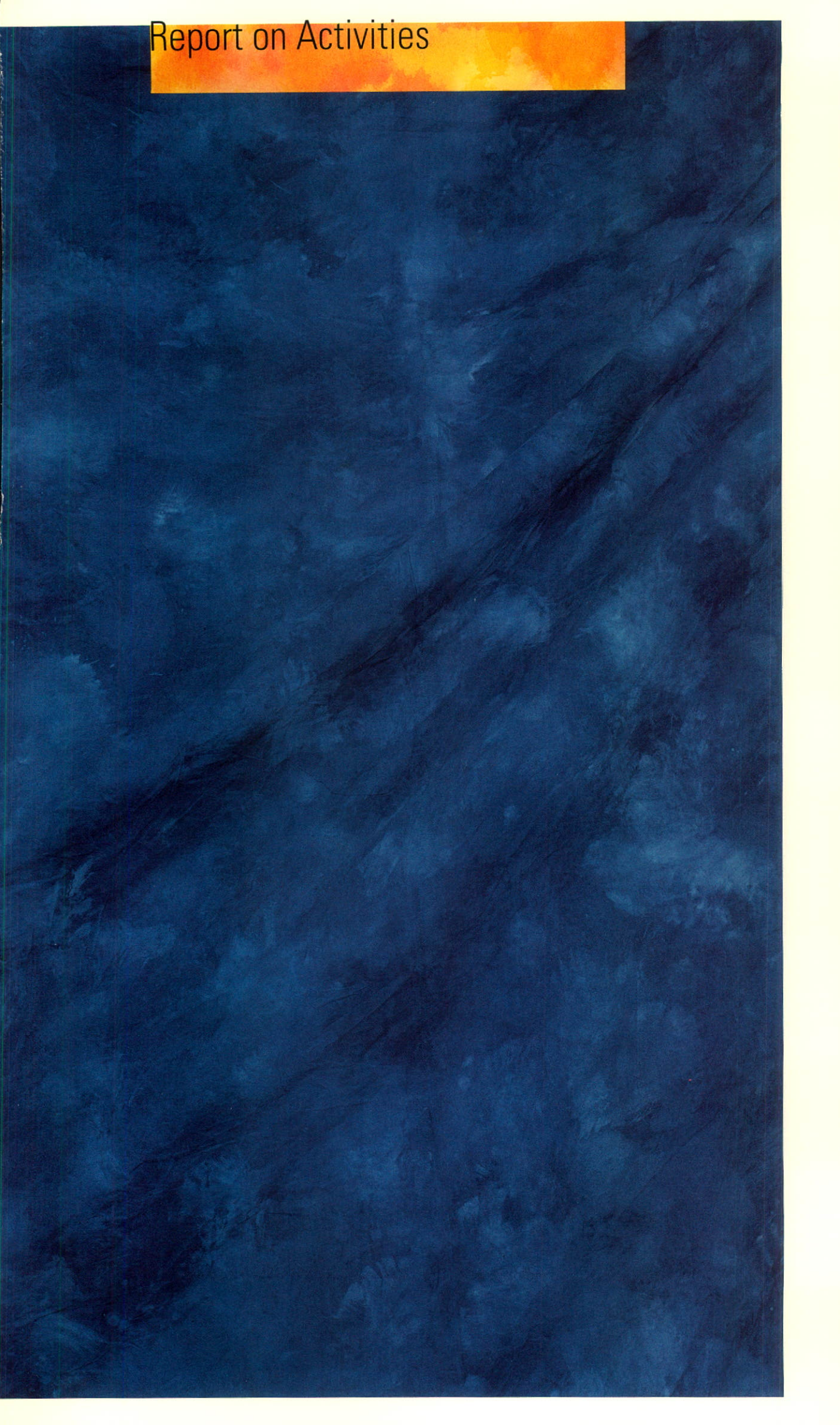
Second prize, special events : Open House

Second prize, complete public relations campaign : Cleanliness campaign

Finalist, internal publications : "Soulignons le Génie"

Finalist, internal public relations program : "On excelle ensemble"

Report on Activities



Operations and Network Improvements

Ridership on the STCUM network dropped in 1989. This is consistent with STCUM studies showing that more people are travelling within the metropolitan region, although greater numbers of them are choosing automobiles over public transit. From 1982 to 1987, the number of trips taken on public transit in MUC territory decreased by 5%.

To reverse this trend, \$26.3 million was invested in capital assets in 1989 to maintain and modernize the network and equipment. In addition, surface transportation covered 536,384 more kilometres, answering certain needs expressed by users. A high priority was also placed on passenger and employee safety.

Ridership

A total of 389 million passengers used the STCUM bus and metro services in 1989. This 1.3% drop, compared to the previous year, is part of a trend that started 1982. On the other hand, 8.3 million people used the Corporation's rail service, a 6.4% increase over 1988.

Transportation service for the disabled continued to grow. The STCUM served 703,000 passengers by taxi and minibus, 7% more than the previous year. More than two-thirds of these users travelled by taxi.


Fares

The STCUM monthly pass remained very popular in 1989. Some 4.4 million passes were sold, an increase of 2.9% over the year before. During that same period, passengers purchased 39.5 million tickets, 35% of which were reduced fares; 68.6 million trips were paid for in cash, a decrease of 10.8% over 1988.

Fares went up an average of 4.4% in 1989, slightly less than the 4.5% inflation rate for that period. Late in the year, the STCUM, the Société de transport de la Rive-Sud de Montréal and the Société de transport de Laval jointly announced the issue of a new monthly regional bus and metro pass that entitles the bearer to travel anywhere within the area served by the three companies. Train fares were adjusted accordingly by zone to accommodate the new pass.



In 1989, 389 million people used the bus and metro services, compared to 394.2 million in 1988.



Over the year, approximately 99,000 reduced-fare passes were issued to students under eighteen. For the sixth consecutive year, employees were assigned to more than forty educational institutions to help organize this huge operation, which was supported by an energetic promotion with the slogan "It's your treasure map for discovery!" Close to 19,000 permanent gold passes were issued to senior citizens, giving them access to public transit at reduced fares.

The implementation of magnetic pass readers, installed under a program begun in 1988, made fare collection much more efficient. A total of 375 turnstiles, or 85% of all metro stations, are now equipped with the new equipment that electronically reads the magnetic strip on users' monthly passes.

Service and System Planning

Despite severe budgetary restrictions, the number of hours of bus service was increased by 32,000. Eighty percent of that increase was in the eastern part of Montreal, where significant urban development has resulted in a strong demand for service, particularly in the industrial parks.

The criteria determining exactly how service would be increased included improving access to the system, reducing the number of transfers and the waiting time between buses, as well increasing the speed and adequacy of bus service.

These changes came about following suggestions from elected officials and residents of the areas concerned; data from the 1987 point of origin-destination study involving 80,000 households in Greater Montreal was also considered. During the year, additional surveys were conducted and the travelling public was consulted, in particular through a series of meetings with STCUM representatives and local agencies.

As a result, three new Métrobus lines were introduced, eight other bus lines were extended and service was made available for longer periods.

For its part, the population of western Montreal benefitted from greater public transit service during the six months of road work on autoroute 20. To help reduce traffic problems and make it easier for people to get to their destinations in this very heavily travelled area, STCUM train service was substantially increased on the Montreal/Rigaud commuter lines and more parking was created near the train stations. Under an agreement with the Ministère des Transports du Québec, a temporary reserved lane was also set up for two bus lines. As a result, travelling by bus proved about 30% faster than by car. In the weeks following the implementation of these measures, the average number of passengers on trains and buses rose 12%.

Ever anxious to respond to the particular needs of certain segments of the population, group taxi service to the Musée d'art contemporain was provided by the STCUM from June to December. An evaluation of this pilot project showed it to be quite a success.

Another significant change that took place in 1989 was the move to a single operator on metro line 2, following the example of 80% of the world's subway systems.

Lastly, STCUM buses travelled a total of 76.7 million kilometres in 1989, while the metro travelled 63.7 million kilometres.

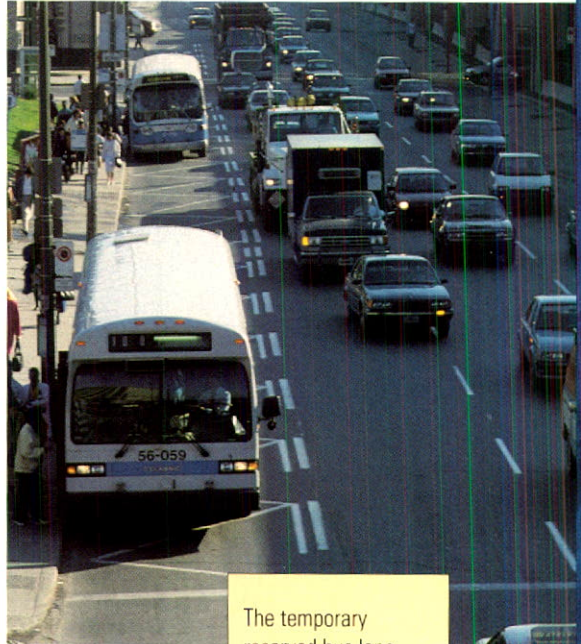
Equipment and Facilities

Efforts to improve the reliability of rolling stock, particularly through a carefully conceived program of preventive maintenance, were continued in all STCUM garages during the year.

Major Maintenance crews began extensive body repairs on the entire bus fleet, and initiated a plan to fix noisy windows on half the vehicles. The floors of 166 metro cars were also completely redone.

A program to rejuvenate rolling stock was begun late in 1989: 336 MR-63 metro cars that have been in service since 1966 will be renovated, increasing the life of those cars by twenty years. Preparation of a public call for tenders for this contract, to be issued in 1990, was completed at the end of the year.

Twenty-four new railway cars purchased from Bombardier Inc. were put into service as part of a plan to upgrade the Montreal/Rigaud commuter line. The new fleet, which can handle an additional 4,000 passengers a day, also makes "push-pull" operation possible, thereby increasing efficiency and reducing costs.



The temporary reserved bus lane along autoroute 20 helped relieve traffic congestion while major repairs were being done.



In 1989, 8.3 million people used the Corporation's rail service, an increase of 6.4 % over 1988.

Modernization of the Montreal/Deux-Montagnes line will be next, as an agreement to that effect was reached in 1989 among the Ministère des Transports du Québec, the Montreal Urban Community and the STCUM. The plan calls for station renovations, the purchase of 58 cars and the construction of a maintenance workshop.

Improvements were also made to the surface transportation network, with 59 new buses put into service at the end of the year. The new vehicles all have ergonomically-designed drivers' stations with more conveniently-located controls;

they also have new seats that are the result of research into back problems, conducted jointly by the STCUM, C.U.P.E. and the Institut de recherche en santé et en sécurité du travail. This equipment will be installed in all buses within five years.

With regard to facilities, the Duvernay Centre was inaugurated in October; it is the coordination centre for metro track maintenance in the western sector.

At the end of 1989, 1 701 buses and 759 metro cars were in operation. Rail service included 14 locomotives and 64 passenger cars on the Montreal/Deux Montagnes line, with 7 locomotives and 73 passenger cars on the Montreal/Rigaud line.



Security on the public transit system was a focus of STCUM concern in 1989. Well aware of growing apprehension on the part of its employees and the public with regard to increasing urban violence, a dynamic plan of action was devised to improve security in all STCUM vehicles and facilities.

At the same time, efforts were continued to reassure the travelling public, keep it well informed and ensure the proper follow-up of all complaints.

Network Security

The recent rise in violence in our society affected the public transit system in 1989. While this is a problem that concerns society as a whole, the STCUM recognizes its responsibility with regard to the public transit system and consequently, measures were taken to improve security for both passengers and employees.

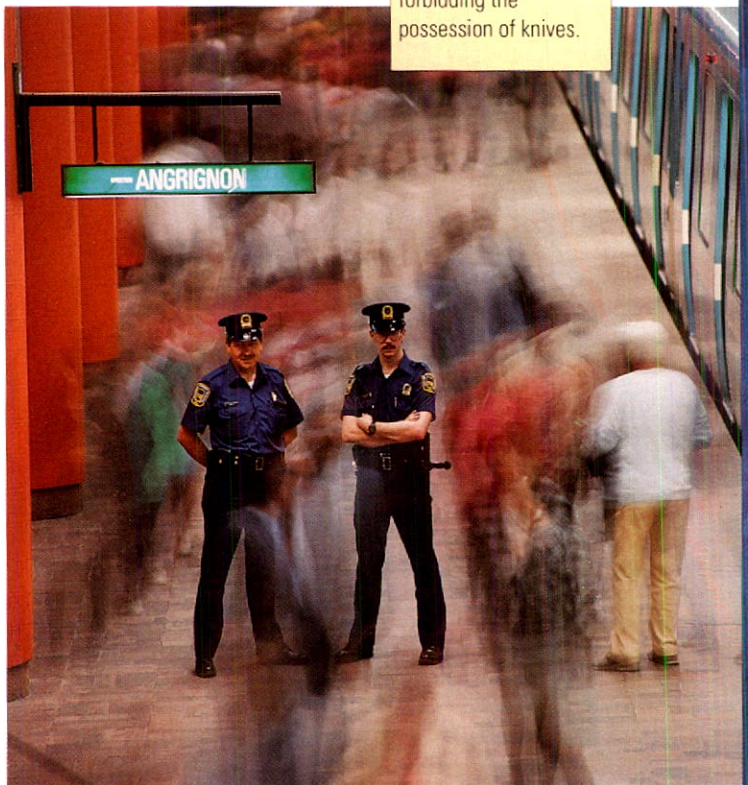
The first step was to increase the number of metro surveillance agents by 30%, bringing the total to 137. During the course of one year, this means an additional 60,000 hours of preventive security. It is worth noting that, at the same time, the MUC police presence in the metro was increased by 10,000 hours.

The STCUM Board of Directors also passed a by-law on knives, forbidding anyone from "carrying a knife, sword, machete or similar object without good reason."

In addition, the Board authorized a \$6 million loan to finance a radio communication system that allows night-shift bus drivers to request emergency help. Installation is slated to begin in March 1990 and the entire fleet will be equipped with a permanent system in 1992.

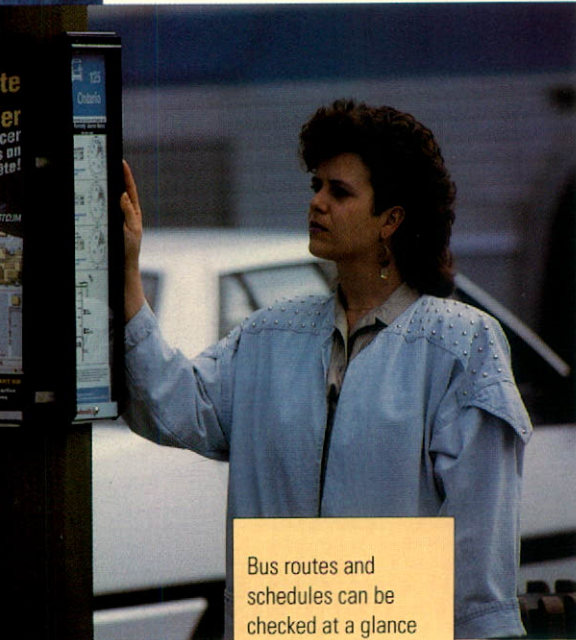
Another part of the plan involves the installation of 110 closed-circuit cameras in twelve metro stations. Work began in 1989 and all cameras will be in place by the spring of 1990.

The STCUM took concrete steps during 1989 to ensure greater safety in its vehicles and facilities : the number of metro security personnel was increased by 30% and a by-law was passed forbidding the possession of knives.



At the end of the year, a major communications campaign was launched to inform the travelling public on how to obtain assistance in an emergency.

Information Services



Bus routes and schedules can be checked at a glance with Flashbus panels. They make public transit travel that much easier!

To improve customer service and keep the public better informed as to available services, a brand new information tool was introduced on the STCUM surface network. The Flashbus is a double-sided panel attached to bus stop poles : it provides information regarding the bus schedule and route, as well as anticipated waiting time, and is thus an efficient means for notifying public transit users of any changes.

By the end of the year, 600 units had been installed around metro stations, at certain transfer points and along major arteries. Advertising space on the back of the panels makes the Flashbus units self-financing.

The A-U-T-O-B-U-S Information Centre remained popular in 1989 : 2 million telephone inquiries were received, resulting in the mailing of some 35,000 bus route maps, metro guides and annual reports. New business hours established at the beginning of the year and the assignment of more staff during "rush hours" helped reduce customer waiting time and improve service.

A number of STCUM operations centres became more involved in their communities and developed closer ties with local residents, particularly during Open House activities, consultation meetings and information sessions organized for various groups.

User Comfort and Protection

Efforts to increase the level of cleanliness in metro cars continued to prove fruitful in 1989 : the cleanliness index in the metro even exceeded the 70% objective. For the second year in a row, measures taken in this area were supported by a public awareness campaign.

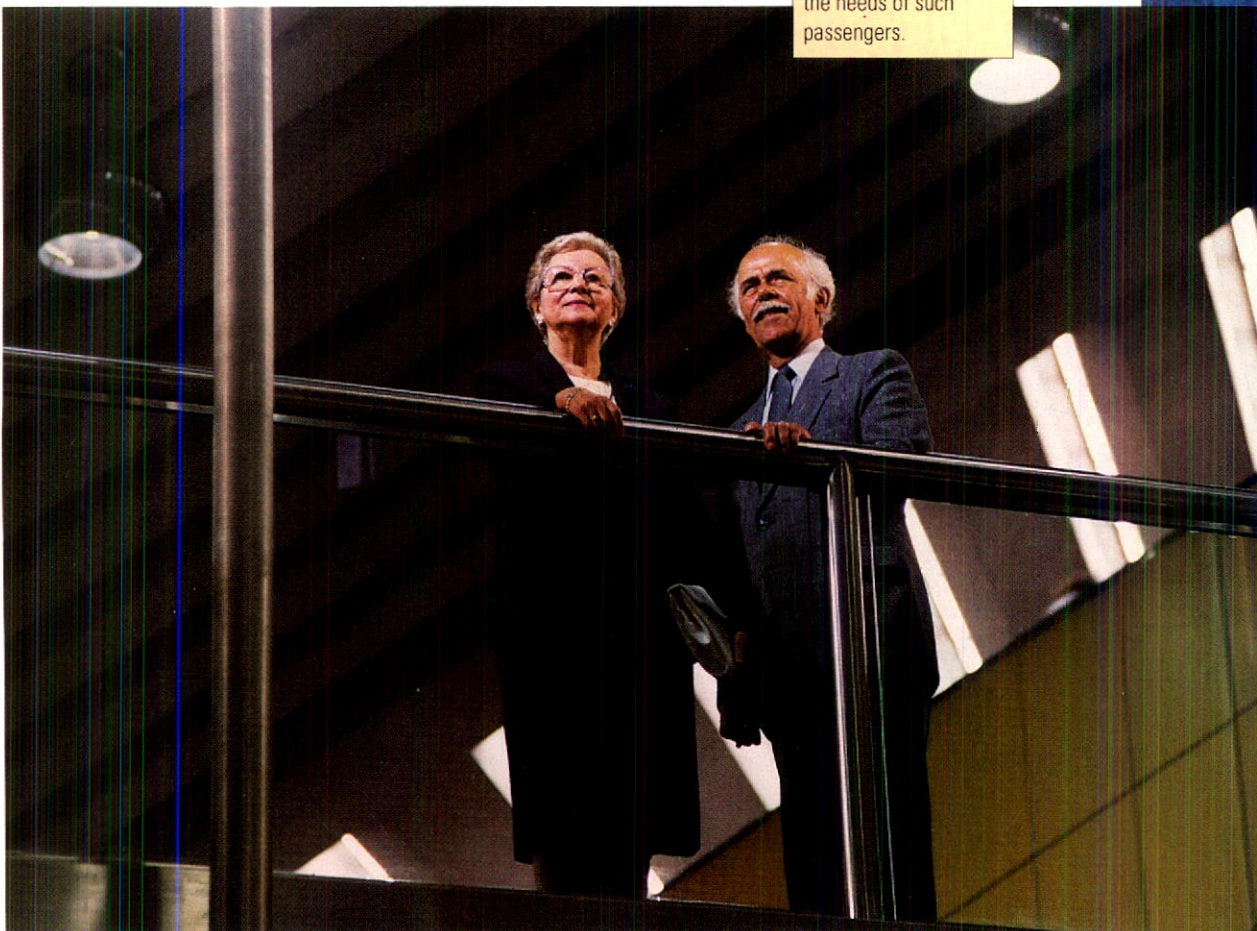
Understanding the benefits to be gained from modifying some of its escalators, the STCUM began a systematic improvement program in 1986, under which the possibility of replacing 79 escalators is being examined. Until that is accomplished, new, larger pictograms alongside the escalators are urging users to be careful.

Similar concern has led to the installation of handrails on some thirty buses as part of an experimental project to increase passenger safety and make it easier for the driver to see through the right rearview mirror.

Access to Service

The STCUM is equally anxious to respond to the needs of the elderly and those with reduced mobility, anticipating a 50% increase in the number of such passengers by the year 2000. A committee was therefore set up to assess their needs; it is chaired by Sybil Murray-Denis, who sits on the Board of Directors as a representative of the City of Montreal.

Senior citizens and people with reduced mobility are now represented on a committee set up to anticipate the increased demand for services and examine the needs of such passengers.



Complaints Committee

During its second term, which ended December 31, 1988, the Complaints Committee handled 157 of the 15,439 comments and complaints received by the STCUM; readers are reminded the Committee reviews only serious complaints. Of these, 77.3% had to do with insulting language or behaviour, 16% were related to dangerous behaviour, 5.5% concerned racial discrimination and 1.2% involved harassment.

While recognizing the Corporation's concrete efforts to improve customer service, the Committee formulated eight recommendations in its 1988 report, dealing mainly with speeding up the complaint-handling process and maintaining the Committee's credibility.

The STCUM acted immediately on those recommendations. A computer software program was acquired to compile statistics on all comments and complaints received and ensure more efficient, personalized follow-up; two more employees were added to the Customer Services Department; and a brochure explaining the Committee and its procedures was published.

Seven people sit on the Complaints Committee : four transit users acting on behalf of different groups served by the STCUM and three STCUM representatives who have direct, daily contact with the public. The Committee met twelve times in 1989.

Lastly, copies of the STCUM's declaration on the *Quebec charter of rights and freedoms* were posted in all metro stations.

In 1988, there was a major change in direction in STCUM communications, the results of which were felt during the fiscal year just ended. Under the new, integrated system, public relations were linked to advertising and promotion, while all internal and external communications were coordinated. In addition, all STCUM campaigns made maximum use of the Corporation's own advertising space and media to help keep costs down.

Nineteen eighty-nine was an excellent year in terms of both the quality and quantity of communications. The STCUM was able to promote a greater understanding of its objectives and challenges, thereby improving relations with the public.

Internal Communications

The revamping of all STCUM internal publications began in early 1989, with the introduction of ten publications designed for different groups of employees. Five of these are newsletters for employees in five specific sectors of activity; all of them share a common graphic design but serve different purposes and respond to specific needs. Overall, they have made internal communications much more effective.

The restructuring of the Corporation was supported over the year by various communications projects designed for both management and employees. Special programs focused on particular topics, such as the move to a single operator on metro line 2, Occupational Health and Safety Week, the introduction of the new uniforms and the general booking period for drivers, fare collectors and operators.

The Corporation's fifty senior managers took part in a new series of specially designed workshops on corporate culture and verbal communication. These sessions helped them acquire and perfect the skills and attitudes that enhance communication with employees. The STCUM places a high priority on the direct, verbal approach to internal communications; senior management is now prepared to put this principle into practice.

Equal attention was paid to written communications. A style guide, the "Guide d'uniformisation de rédaction," was published during the year and distributed in early 1990 to the Corporation's 1,600 or so upper- and middle-level managers, professional staff and office employees. The guide reflects the growing presence of women at the STCUM, the recent administrative reorganization and the Corporation's new public image.

Information Campaigns and Activities

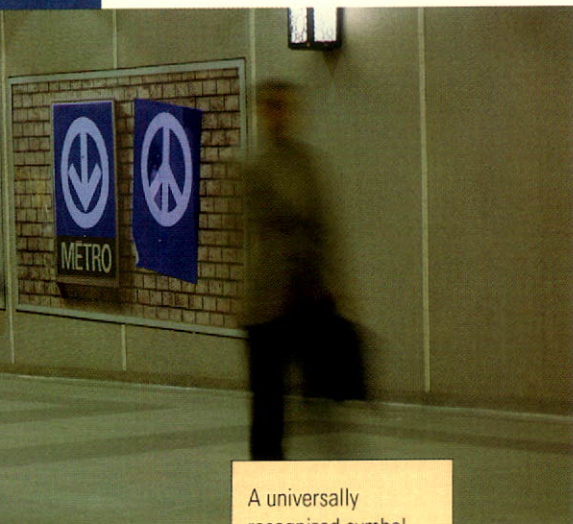
A series of information and awareness campaigns conducted throughout the year provided the STCUM with an opportunity to display creative, original and effective approaches to sometimes difficult subjects.

Early in the year, a vast accident prevention campaign focused on three main areas : safety regulations on the public transit system, travelling with young children in the metro and on the bus, and basic safety procedures to follow in case of an accident on an STCUM vehicle or in any of its facilities. Identified by the slogan "À bord ou au quai, sécurité d'abord, OK?", the campaign used radio, billboards, posters and pamphlets to deal with such topics as the 9-1-1 emergency alert, escalators, metro doors and using baby carriages and strollers on the public transit system.

In May, the Corporation combined forces with the City of Montreal for the second year in a row to promote cleanliness in its vehicles and facilities. The communications objectives of this large-scale campaign were to inform adults and educate young people, with hundreds of busboards and metro billboards conveying the message : "Un métro sans déchet, un autobus sans papier... c'est le propre de Montréal!" School boards participated as well, and during the campaign, some 5,000 school children were made aware of the work done by sanitary maintenance personnel on buses and in the metro.

Then, in October, unprecedented effort was put into promoting non-violence on the public transit system by means of an original multi-media campaign. Part of the STCUM's overall plan of action to deal with violence, this campaign was built

around a brilliant idea : to associate the universally recognized peace symbol with the metro sign that resembles it, as well as with the STCUM logo. To convey the message, the Corporation made full use of the tremendous advertising potential in and around metro stations and on buses and other vehicles. Additional promotional material reminded transit users of the "Three ways to travel in peace": emergency 9-1-1 flashers on buses, telephones on metro platforms and intercoms in metro cars. Montreal's five



A universally recognized symbol conveys a simple message: "Peace in the metro and on the bus."

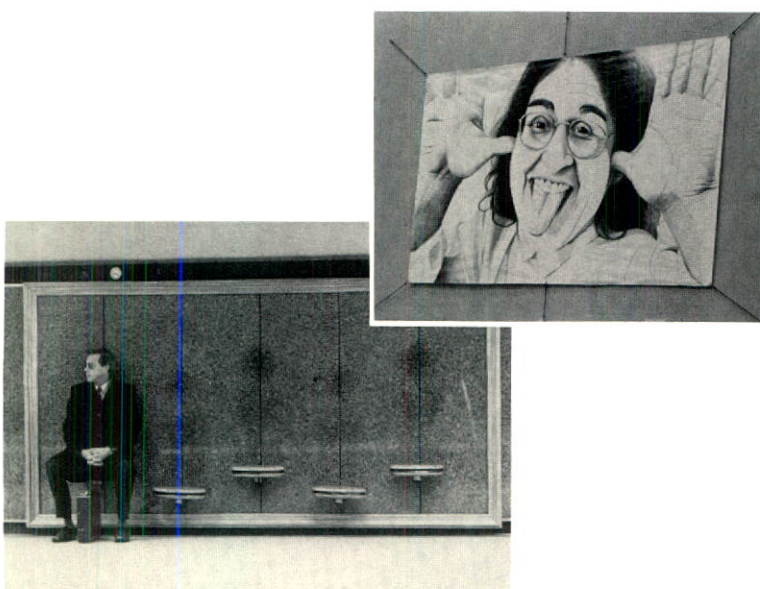
major dailies scored a media first by sponsoring the campaign themselves; a survey conducted shortly afterward confirmed the immense impact of the operation.

Other campaigns undertaken in 1989 included one encouraging West Island residents to use the additional services made available during the road repair work on Autoroute 20 ("Life with fast lane"), a campaign promoting early purchase of the monthly pass ("N'attendez pas le déluge"), the inauguration of the Flashbus panels in the presence of the Sieur de Maisonneuve, promotion of the O.R.T. regional transit pass ("Zip, Zip") and the communication of the STCUM's good wishes during the holiday season ("Joyeux transports").

Other Events

The public has become accustomed to a variety of special events organized by the STCUM in the metro. In 1989, the program of activities included the "Exploration Métro" exhibition at the Henri-Bourassa station, a miniature golf course and golf display at the McGill station during the Du Maurier Classic, tennis clinics at the Berri-UQAM station, the "Métro, boulot, cadeau" parade with the Santa Claus train on line 1 and at Atwater station, and the "Métro d'art" show in six stations. The purpose of these events, as always, was to entertain transit users and make our facilities more attractive.

STCUM participation in the Salon international de la jeunesse (the youth fair) in March 1989 was considered a success by all concerned; and, for the third consecutive year, Corporation representatives attended the Salon international des aînés, (the third age fair) dispensing all kinds of useful information to visitors.



«Une grimace en guise d'autoportrait» and «Les fantômes d'une représentation» are two of the twelve works exhibited in metro stations during the Métro d'art show.

Human Resources

Nineteen eighty-nine was a year of significant change for STCUM personnel, because the profound reorganization affected both the corporate infrastructure as well as management style. Human Resources is now considerably more decentralized, as advocated by the corporate plan. In this way, the STCUM hopes to bring human resources management closer to daily operations. At the same time, such programs as the Affirmative Action Plan and activities related to occupational health and safety were continued and expanded, while the Corporation maintained close contact with unions and employee associations.

Employees

The STCUM had 8,023 employees at the end of 1989.

During this year of major restructuring, employee mobility within the Corporation was exceptionally high. However, the separation rate remains stable at 3.6%, with retirements accounting for more than 70% of all separations.

Training

In order to help employees adapt to all the changes in their job descriptions and work environment, training programs were organized by the STCUM in each of the new administrative units. In the Surface Transportation Executive Branch, which accounts for more than half of all personnel, more than 2,000 people took such training courses. Human Resources counsellors in particular benefitted from a complete integration program.

Other training programs were set up to promote the implementation of new systems and equipment. One innovative course helped drivers derive maximum benefit from the new ergonomically designed seats and more conveniently laid-out work stations on the new buses.



Metro night rail crews were trained in the new thermal aluminum welding techniques now being used.

In the Metro and Commuter Trains Executive Branch, 1,000 days were devoted to training operators, and 1,200 to fare collectors. All operators and management personnel also received instruction concerning the change to a single operator on line 2. Lastly, courses were made available in occupational health and safety, in particular on the safe handling of chemicals and the Workplace Hazardous Materials Information System (WHMIS).

As for Construction and Major Repairs, 62 technical training courses were offered to more than 1,200 employees. An additional five courses in development training attracted nearly 140 people.

Affirmative Action Plan

Implementation of the Affirmative Action Plan, established in 1987, continued this past year. The STCUM's objective for 1989 was to hire women to fill 40% of bus driver vacancies. This policy was extended to include two other positions not traditionally held by women : maintenance staff and surveillance agents.

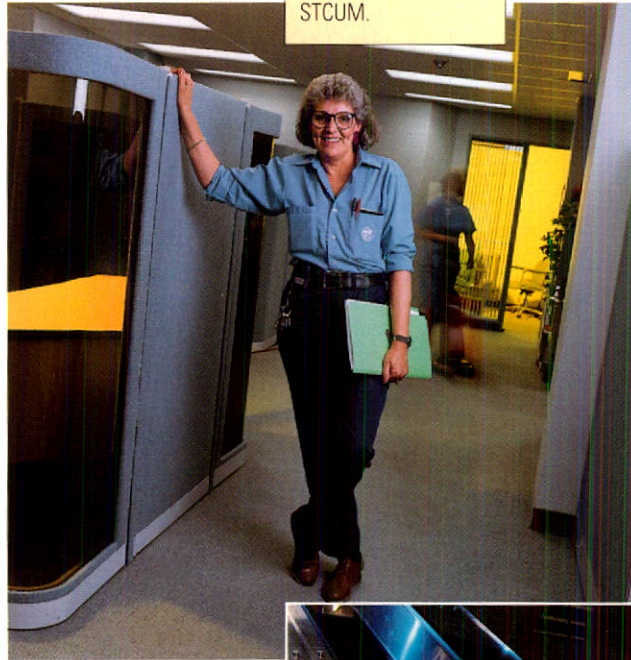
During the past year, 104 women bus drivers were hired. They represent 45% of all applicants accepted for the position, or 5% more than the original objective. Over the year, 23.1% of all available maintenance staff positions were filled by women; the figure was 9.1% for surveillance agents. At the end of the year, women made up 8.6% of all STCUM personnel.

In early 1989, affirmative action programs were also set up for visible and ethnic minorities, who are under-represented at the STCUM. The Corporation undertook to reserve 25% of all available positions in the above-mentioned categories for these minorities. In all, 38.5% of maintenance staff positions that became available during the year were filled by members of visible and ethnic minorities, as were 18.2% of security officer positions and 21.7% of bus driver vacancies. Ethnic minorities accounted for 5% of the total number of employees at the end of the fiscal year.

In connection with these programs, information and awareness campaigns were organized for upper and middle management and professional staff. Sessions dealt with individual rights, discrimination and affirmative action as an excellent means to correct problems in this area.

A full-time advisor was assigned to the Affirmative Action Plan in 1989. In addition to measures promoting the achievement of percentage objectives, other means were developed to encourage people targeted by the plan to apply to the STCUM, as well as to facilitate their integration in the Corporation.

Bernadette Biard, property maintenance interim team leader, and Nicole Marselais, metro industrial engineer, are two of the 689 women employed by the STCUM.



Labour Relations

A collective agreement was signed with the Fraternité des constables et agents de la paix de la STCUM in 1989.

In May, negotiations began with the three unions representing maintenance employees, office staff, and bus drivers, metro operators and fare collectors. For the first time, the Corporation provided the unions with a list of the total costs involved for a typical employee (including wages, Quebec health insurance, pension, etc.) so that a common basis for discussion could be established. Negotiations were still in progress at the end of the year.

Occupational Health and Safety

Accident prevention programs continued to produce positive results in 1989. Work accident frequency, which had decreased notably the previous year, was maintained at 20.5 accidents per 200,000 work hours, while the number of serious injuries during the year remained stable at 490. STCUM contributions to the Commission de la santé et de la sécurité du travail thus dropped from \$14 million in 1988 to \$12 million in 1989.

Programs to increase employee awareness of different aspects of occupational health and safety were continued throughout the year, particularly during Occupational Health and Safety Week. Other information activities and events were organized for various groups of employees.

The STCUM also continued to implement the WHMIS (Workplace Hazardous Materials Information System), a national program designed to protect people who work with chemical products. The first stage of the plan, involving a complete inventory of all chemical products used, is now over; product labelling and the development of product specification sheets are under way, and all personnel have completed their WHMIS training.

With regard to material and equipment, installation of the robot that cleans the undercarriage of metro cars has been completed, so that maintenance employees no longer have to perform this noxious task. Bus drivers' work stations are in the process of being modified to meet ergonomic standards, while the STCUM has announced plans to install jacks and safety columns at the Crémazie garage.

Other extremely interesting ideas have been proposed under the Programme de mise en commun des compétences (P.M.C.C.), which promotes solutions to technical problems encountered in the workplace. Examples include a dust collection process and a motorized system for reeling in hoses that helps prevent back injuries.

Anti-smoking Policy

Under the anti-smoking policy instituted by the STCUM in 1989, smoking was prohibited in certain areas, while all smokers were encouraged to refrain from smoking at work. The goal of the program is to gradually eliminate tobacco use within the Corporation without having to forbid it outright.

Over the year, pictograms were installed in no-smoking areas and ashtrays were removed. "Thank you for not smoking" desk plaques and posters were distributed to all employees who requested them for their offices. In addition, by-law CA-3 was modified so that Bill 84 respecting the rights of non-smokers could be applied in all STCUM vehicles and buildings.

Uniforms

At the end of the year, the new uniform for bus drivers, metro operators, inspectors, schedule officers and fare collectors was officially introduced. Created by Quebec designer Michel Robichaud, the uniform was jointly approved by the Corporation and the Fraternité des chauffeurs d'autobus et opérateurs de métro following a survey of employees. This excellent quality contemporary garment will better suit the needs of STCUM personnel and enhance the Corporation's image.

Volunteer Work

In 1989, 127 STCUM employees donated close to 200 hours of their time to renovate an out-of-service bus. Using their considerable skills and imagination, they turned it into a shelter for the homeless — fully equipped with hot plates, benches and tables — and presented it to actor Michel Forget, whose idea the project was. In the cold weather, the "Réchaud-bus" sits in the City of Montreal parking lot at the corner of St. Hubert and St. Catherine Streets; a team of volunteers welcomes all those seeking shelter.

In 1989, schedule officers, fare collectors, bus drivers and metro operators were fitted with contemporary new uniforms specially designed to suit the various tasks performed by these different groups of employees.



Reorganization was the watchword at the STCUM in 1989. The restructuring plan developed the previous year was implemented throughout the Corporation and a new management style now prevails.

Reorganization

The reorganization of the STCUM, begun in 1988 under a three-year plan, passed a crucial stage in 1989. Indeed, the Corporation has successfully moved from an organizational model based on category of employment to one based on sector of activity. In the process, the fifteen departments formerly answering directly to the President and General Manager have merged into six major executive branches; General Audit and Secretariat and Legal are the remaining two departments. The number of levels in the hierarchy has been reduced from the original eight to six, and sometimes only five, in most administrative units. The result is a remarkably simple structure for such a large corporation. The newly-created positions were filled in keeping with the strategies of the corporate plan and STCUM equity policy. Moreover, each of the 1,000 or so upper- and middle-level management and professional staff positions was examined as part of the process.

The new structure was in place by the end of the year. It will now be possible for the Corporation to apply the principles of a management philosophy focusing on customer service, human resources management, the delegation of greater responsibilities to first-level managers, efficient follow-up of results and independent management. Reorganization should be completed in 1990, with a review of methods and procedures, the adoption of new performance indicators, the implementation of a new evaluation system for non-union jobs and the precise identification of activities to be decentralized.

Management Systems

The STCUM also continued to develop its management and financial performance systems, a process begun three years ago to bring the Corporation up to current technological standards; as a result, productivity has improved considerably. In 1989, efforts were also concentrated on systems related to financial commitments, the budget-program, supply, remuneration and maintenance.

The Plan to Replace the Providence Computers (PRPC) was completed during the course of the year. In addition, all four modules of the SIBE project (General Ledger, Budget Preparation, Budget Follow-up and Commitments) were implemented in 1989. Under the project, a new accounting plan was introduced and applied during the preparation of the budget.

General Audit

Under the restructuring plan, the General Audit Department was created, with the integration of internal auditing and industrial safety. The role of the Audit Committee was also defined : to assist the Board of Directors, outside auditors and the Corporation's auditor general in fulfilling their responsibilities with regard to financial statements, management and control. Procedures are being redefined with a view to introducing integrated auditing at the STCUM. Indeed, a clause to that effect in the mandate of the auditor general has been approved by the Board of Directors.

During the year, an Auditing Master Plan was put into effect : its goal is to plan projects that will be realized over the coming years. A variety of communications were designed to rally all managerial staff and make sure the plan truly responds to STCUM requirements. Meetings were also held with the management committee of each executive branch.

In fulfilling its mandate in 1989, General Audit acted as consultant on systems under development, particularly with regard to two major projects : the integrated payroll system and the supply management system.

The Industrial Safety Division prepared a brochure on home safety which was distributed to all employees. To promote prevention in the workplace, the division also established procedures for making recommendations and ensuring effective follow-up.

Meetings of the Board of Directors

Twelve regular and eleven special meetings were held by the STCUM Board of Directors in 1989, always in different locations in the MUC, in order to reach the greatest possible number of public transit users and discuss their particular problems. A total of 353 resolutions were passed at these meetings. Readers are reminded that the STCUM Board of Directors is made up of representatives from the MUC, the City of Montreal, suburban municipalities and public transit users.

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An STCUM technical team developed a software program that activates emergency tunnel ventilation in case of fire; it is considered one of the most effective in the world.

Expanding Influence

The STCUM's worldwide reputation and credibility were confirmed in 1989 as public transit companies in other cities showed increasing interest in systems developed here. In addition, the STCUM hosted various international meetings in Montreal.

Expertise continued to be exported throughout the year : authorities in charge of the Eurotunnel retained the services of an STCUM ventilation specialist for one week; presentations promoting centralized control were also made to a number of American public transit companies, including the New York City Transit Authority; and an agreement was signed in Boston regarding training and organization for the implementation of the HASTUS computer program that manages operator scheduling and assignment.

In June 1989, the STCUM hosted delegates to the VIII^e Symposium du Comité permanent des métros sur pneumatiques. Then, in September, the Executive Committee of the International Transport Association held its annual meeting in Montreal for the first time in twenty-five years.

Financial Results

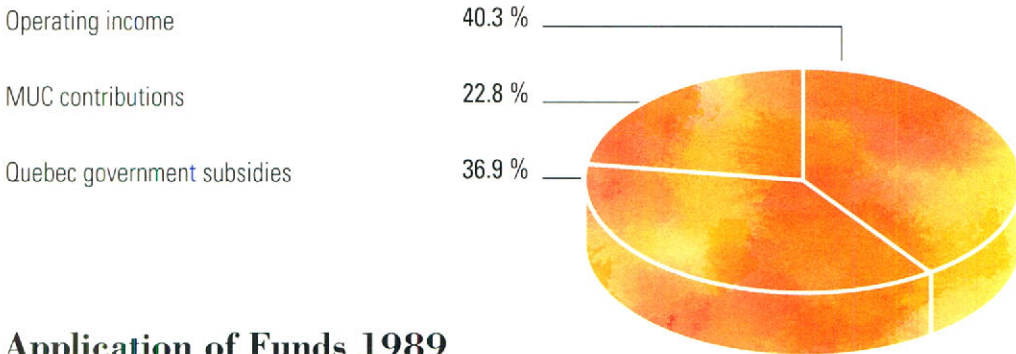
STCUM expenditures totalled \$571 million in 1989, an increase of 8.3% over the previous year. Total revenues of \$573.5 million were recorded for the same period, and the Corporation ended the fiscal year with a surplus of \$2.5 million.

Operating income accounts for 40% of total revenue and is the main source of income for the STCUM. In 1989, it reached \$230.4 million, more than 90% of which came from passenger fares.

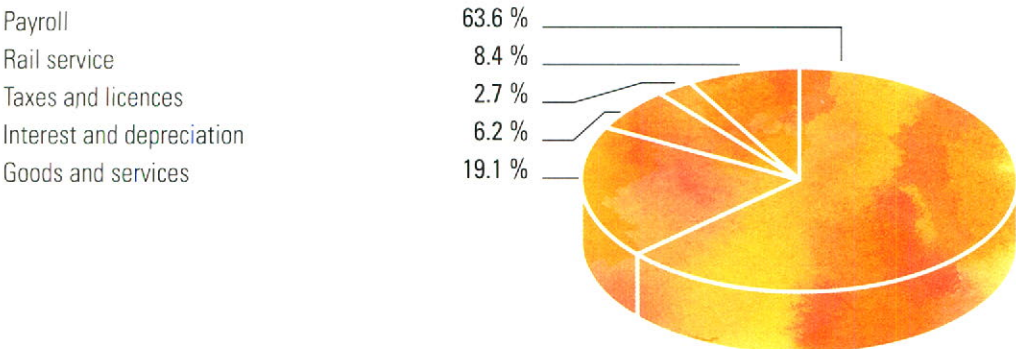
To this can be added \$210.8 million in subsidies paid by the Government of Quebec, earmarked primarily for operations, capital assets and transportation service for the disabled. This income includes a special \$5 million payment to cover the effects. Total subsidies amounted to 14% more than in 1988.

The twenty-nine municipalities served by the STCUM are responsible for making up the deficit that occurs when total expenditures exceed total revenues and subsidies. Contributions from these municipalities amounted to \$130.1 million.

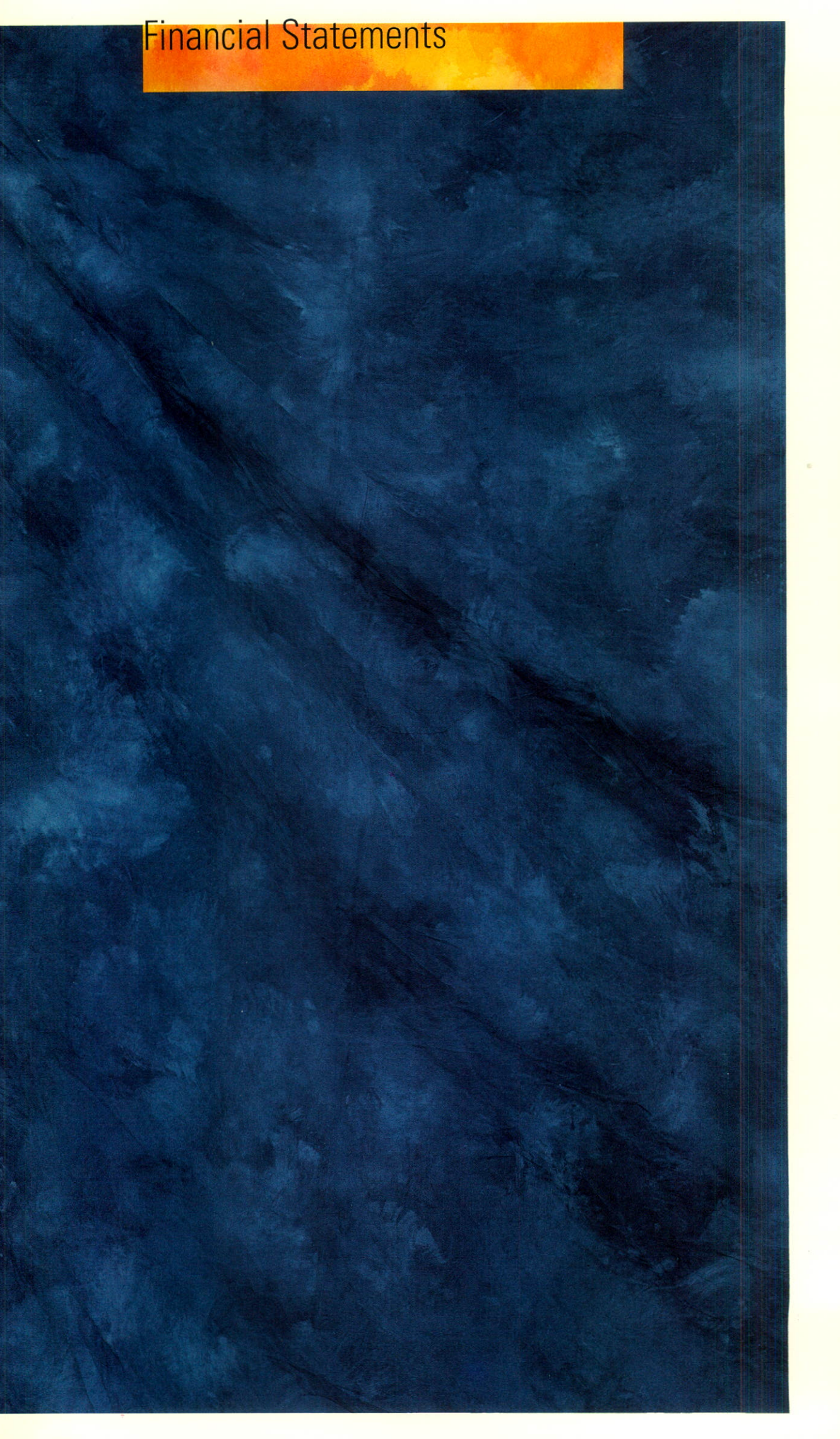
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To the Members of the Board of Directors of Société de transport de la Communauté urbaine de Montréal

We have examined the balance sheets of the operating fund, the sinking fund, the fixed assets fund and the long-term debt fund of Société de transport de la Communauté urbaine de Montréal as at December 31, 1989 and the statements of revenue and expenditures of the operating fund and the 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 statements present fairly the financial position of the Société as at December 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles and fund accounting principles applied, except for the principle of recording commitments to third parties in their entirety as mentioned in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré

Raymond, Chabot, Martin, Paré
Chartered Accountants

Montréal
March 27, 1990

Operating Fund

Revenue and Expenditures year ended December 31, 1989

(Stated in thousands of dollars)

Revenue

	1989		1988
	Initial Budget	Actual	Actual
	\$	\$	\$
Transportation			
Passengers - STCUM territory	216,859	209,815	205,564
Outside the territory services	1,097	1,091	1,009
Sight-seeing and charter services		886	1,854
Railway services	5,923	6,780	6,043
	223,879	218,572	214,470
Other operating revenue	9,465	11,804	10,605
Total operating revenue	233,344	230,376	225,075
Subsidies (Note 4)			
Operating			
STCUM territory	137,435	137,423	128,192
Railway services	6,616	6,571	6,337
Capital expenditures	25,745	24,841	20,211
Transportation for the handicapped	11,768	11,264	9,291
Study and demonstration projects	100	210	324
Railway services residual deficit	15,421	25,492	15,127
Special contribution for the effects of overflow	5,000	5,000	5,000
	202,085	210,801	184,482
Interest recoverable from Québec Government	-	-	244
Deferred income from previous year	-	2,194	235
Deficit assumed by municipalities served			
Bus and metro services	120,952	120,952	110,657
Railway services	9,131	9,131	8,746
	130,083	130,083	119,403
Contribution recoverable for inter-network financial effects of municipalities outside the C.U.M.	12,000	-	-
Total revenue	577,512	573,454	529,439

The accompanying notes are an integral part of the financial statements.

Expenditures

	1989		1988
	Initial budget	Actual	Actual
	\$	\$	\$
Operating	389,497	383,180	364,534
Administration	47,439	49,691	39,771
Taxes, permits and contribution	17,986	15,298	19,369
Rental of office space	2,637	2,996	2,134
Energy	32,570	31,152	30,064
Financing costs		37,462	30,922
Less Interest income		(2,091)	(392)
	37,334	35,371	30,530
Capital expenditures	4,500	4,691	2,446
Railway services			
Operating	37,015	37,919	36,255
Major repairs		24,655	
Subsidies (Note 4)		(14,593)	
	37,015	47,981	36,255
Contingencies	8,534	631	2,142
Total expenditures	577,512	570,991	527,245
Excess of revenues over expenditures *	-	2,463	2,194

*This surplus is shown in the liabilities of the operating fund's balance sheet under "Excess of municipalities' contributions over operating deficit for the year".

Balance Sheet

December 31, 1989

(Stated in thousands of dollars)

	1989	1988
	\$	\$
ASSETS		
Cash	620	778
Bank acceptance, at amortized cost	696	
Receivables	11,522	9,481
Subsidies receivable from the Québec Government	86,613	81,769
Deficit to be recovered from municipalities outside the territory (Note 5)	3,414	2,959
Inventory of supplies and replacement parts	12,890	13,069
Deposit for insurance fund	201	201
Due from fixed assets fund	25,256	4,909
	141,212	113,166
LIABILITIES		
Short-term loans	58,361	61,200
Accounts payable and accrued liabilities	50,097	39,405
Commitments payable	21,195	3,551
Due to sinking fund	9,096	6,816
Excess of municipalities' contributions over operating deficit for the year	2,463	2,194
	141,212	113,166

The accompanying notes are an integral part of the financial statements.

Sinking Fund

Balance Sheet

December 31, 1989

(Stated in thousands of dollars)

	<u>1989</u>	<u>1988</u>
	\$	\$
ASSETS		
Investments		
Deposit certificates and term note, at cost	6,382	3,200
Bonds, at unamortized cost (market value \$15,048; \$13,790 in 1988)	15,360	13,684
	21,742	16,884
Due from operating fund	9,096	6,816
	30,838	23,700
LIABILITIES		
Reserve for the redemption of debentures	30,838	23,700

The accompanying notes are an integral part of the financial statements.

Fixed Assets Fund

Balance Sheet

December 31, 1989

(Stated in thousands of dollars)

	<u>1989</u>	<u>1988</u>
	\$	\$
ASSETS		
Fixed assets, at cost (Note 6)	391,656	327,573
LIABILITIES		
Method of financing		
Due to operating fund	25,256	4,909
Fixed assets acquired and financed by		
Operating fund	198,470	192,859
Subsidies	36,533	22,152
Long-term debt	131,397	107,653
	391,656	327,573

The accompanying notes are an integral part of the financial statements.

Long-term Debt Fund

Balance Sheet

December 31, 1989

(Stated in thousands of dollars)

	<u>1989</u>	1988
	\$	\$
ASSETS		
Amounts available in sinking fund for redemption of debentures	30,838	23,700
Amounts of revenue to be provided for the redemption of long-term debt assumed by		
Municipalities served	13,788	15,831
Québec Government	86,771	68,122
	131,397	107,653
LIABILITIES		
Debentures (Note 7)	131,397	107,653

The accompanying notes are an integral part of the financial statements.

Sinking Fund

Changes in the reserve for the redemption of debentures year ended December 31, 1989

(Stated in thousands of dollars)

	<u>1989</u>	<u>1988</u>
	\$	\$
Balance, beginning of year	23,700	17,717
Contributions and interest	7,138	5,983
Balance, end of year	<u>30,838</u>	<u>23,700</u>

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 - Change in Accounting Principles

The Société's practice in the past was to record expenditures when committed to third parties or, in the case of large amounts, when the expenditures had been accepted by the Board of Directors by way of a resolution.

During the year, the Société adopted the principle of recording commitments to third parties in their entirety. This change was applied prospectively since the prior year's financial data was not reasonably determinable.

This change led to an increase in expenditures in the amount of \$3.5 million.

3 - Summary of Accounting Policies

Financial statements

The financial statements of the Société do not include metro assets and related borrowings. The cost of servicing the debt relating to these borrowings is an obligation of the municipalities of the Société 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 debts 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 and contributions to the supplementary pension plan 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 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, thereby allowing for budgetary control.

Fixed assets

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

4 - Subsidies and Allocation of Deficit

Subsidies

a) Public Transportation Assistance Program

Pursuant to the Québec Government's Public Transportation Aid Program, the Société is eligible to receive certain subsidies for 1989. The principal subsidies are :

- An operating subsidy indexed annually and a subsidy equivalent to the residual deficit of railway services. The subsidy for the residual deficit of railway services includes an amount of \$10,062,000 pertaining to expenditures arising on major repairs, for which \$4,162,000 exceeds the amount agreed upon in the original agreement with the Québec Government;
- A subsidy equivalent to 75% of the financing cost of related debt for the purchase of buses and the construction of buildings;
- A subsidy for studies and special projects.

b) Transportation for the handicapped

In accordance with the powers granted to the Minister of Transportation by order in council 2071-79, 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 Minister of Transportation.

c) Special subsidy in the amount of \$14,593,000 for railway services

A subsidy for the acquisition of additional automotive equipment for the Montréal-Rigaud line and for changes to the automotive equipment currently used on this line, equivalent to 100% of incurred costs.

Allocation of the deficit

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

5 - Deficit to be Recovered from Municipalities Outside the Territory

The allocation of the deficit to municipalities outside the territory for services provided during 1980 to 1983 inclusively was settled out-of-court in 1989. This settlement provides for an equal allocation of principal and interest among the municipalities concerned, the Communauté urbaine de Montréal and the Québec Government.

6 - Fixed Assets Fund

(Stated in thousands of dollars)

	1989	1988
	\$	\$
Fixed assets acquired prior to 1966	23,675	24,025
Fixed assets acquired since 1966		
Land	2,060	2,060
Buildings	50,732	45,891
Office furniture and equipment	44,211	39,363
Automotive equipment - buses	202,223	195,115
Automotive equipment - other	14,669	14,573
Suburban trains	40,500	
Expropriated property	4,679	4,679
Encumbered assets	8,907	1,867
	391,656	327,573

7 - Debentures

(Stated in thousands of dollars)	Authorized and issued	1989	1988
		\$	\$
Retractable debentures			
Bank acceptance rate plus 0.5%, maturing September 15, 1992	36,000	13,500	18,000
Sinking fund debentures			
8% due on December 1, 1992 (1)	2,500	750	1,000
12.75% due on April 25, 1992	20,000	20,000	20,000
12.50% due on 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			
9.25%	2,506		2,506
9.50% due on November 19, 1990	2,756	2,756	2,756
9.75% due on November 19, 1991	14,069	14,069	14,069
10% due on November 19, 1996	9,322	9,322	9,322
Debentures, \$31,000,000			
10.50% due on March 2, 1990	1,854	1,854	
10.50% due on March 2, 1991	2,058	2,058	
10.50% due on March 2, 1992	2,284	2,284	
10.50% due on March 2, 1993	2,535	2,535	
10.50% due on March 2, 1994	13,255	13,255	
10.75% due on March 2, 1999	9,014	9,014	
		131,397	107,653

(1) Rather than making the required payment to the sinking fund, the Société may redeem and has been redeeming debentures in the amount of \$250,000 annually from this issue since 1983.

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

8 - Commitments

a) Sickness benefits

As at December 31, 1989, accumulated sickness benefits are estimated at \$28,063,000 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.

b) Long-term leases

The Société has entered into long-term leases which call for lease payments aggregating \$13,997,652 for office space and equipment.

Leases for office space expire from February 28, 1990 to December 31, 1994. Leases for equipment expire from June 30, 1990 to January 1, 1993.

Minimum lease payments for the next five years are \$4,650,164 in 1990, \$4,089,678 in 1991, \$3,771,118 in 1992, \$1,042,319 in 1993 and \$444,373 in 1994.

9 - Contingencies

The total amount of claims for bodily injuries, damage to equipment and other litigations is \$4,761,000. The Société has made a provision as at December 31, 1989 for these claims and all additional payments to the provision which may result from the settlement of these claims will be charged to earnings in the year in which they occur.

10 - Initial Budget and Comparative Figures

Certain budgetary data and actual figures for the previous year presented on the operating fund's statement of revenue and expenditures have been reclassified to conform with the presentation adopted in the current year.



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**Société de transport de la
Communauté urbaine de Montréal**