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On the cover:

Employees Patrick Tourangeau, Placide Forest, Andrée Béliveau,
Benoît Belisle and Denis Soulière reaching the 1996 finish line.

The 1996 Annual Report reflects the commitment of some 7,500 women and men, recruited to provide the best possible public transit service.

It underscores a year of work, planning, accomplishments and of services available from the break of day until late at night.

It also refers to the thousands upon thousands of passengers who use and appreciate our great bus and métro network on a daily basis. The Montréal Urban Community is one of the urban areas where the level of public transit use is among the highest in North America.

Now, more than ever, the STCUM is determined to maintain and guarantee the quality of its service to the whole of its ridership.

For the first time, the Complaints Committee Report has been included in the annual report of the STCUM. This incorporation will allow the reader to get the best possible overview of the year that has just ended.

Pleasant reading.

Message from the Chairman of the Board of Directors and the General Manager

In the past several years, the Société de transport de la Communauté urbaine de Montréal, like so many other public transit organisms, has been going through a transitional stage attributable to unprecedented unfavourable conditions: a public funds crisis, the ageing of its facilities and fleet of vehicles, the progression of urban sprawl, the exodus of young households to the suburbs, etc.

In 1996, these factors compelled us once again to be proactive in order to guarantee the quality of bus and métro services. We overhauled our offer of service and endorsed the materialization of efficient, creative and lowest-cost solutions.

The Board of Directors, backed by the Corporation's workforce as a whole, was able to keep this objective on track in order to protect a huge capital, that of a public transit provider servicing the MUC territory, whose social and economic importance has been proven many times.

The 1996 Annual Report thus underscores the numerous efforts made by each employee to save on operating costs, to innovate in order to increase efficiency, to fine-tune our services to the changing needs of the population and to contribute to a better quality of life and a cleaner environment.

The STCUM is thus forever in motion.

This document contains a wealth of projects and results that happen to illustrate these motion dynamics: expansion of our reserved lanes network, communal taxi trial project, creation of bus route 460, processing of more calls at the Information Centre A-U-T-O-B-U-S, use of a new bus fuel that is less polluting to the surrounding atmosphere, the *Entre deux arrêts* service available to women travelling alone at night on our network, etc.

Our customers are also forever in motion. While we had registered a slight decrease in our ridership between 1994 and 1995 (1.2%), the year is ending with an increase of 0.3%, i.e. 336,500,000 commutes in 1996.

Behind our daily commitment to make sure that the bus arrives at the stop on time and that the métro be as reliable as possible, there are women and men busily planning, coordinating, driving, maintaining and repairing.

On behalf of the Members of the Board of Directors, we thank them. We invite you to read the review of activities for nineteen hundred and ninety-six; you will find there a renewed desire to do well, to do more and to always do better.

Yves Ryan
Chairman of the Board of Directors

Jacques Fortin
General Manager

Montréal, June 1997

The Year in One Swift Motion

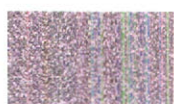


In motion to provide the best in customer service, Benoît Belisle, collection box attendant, takes over from Denis Soulière, driver.

The Year in One Swift Motion

Distribution of the regular work force

	1992	1993	1994	1995	1996
First-level managers assigned to operations	499	506	481	465	449
Managers	198	200	204	208	211
Non-unionized middle management, skilled workers and office staff	309	324	84	113	114
Unionized skilled workers	-	-	164	139	147
Divisional clerks	213	210	212	204	201
Surveillance officers	142	135	129	136	153
Unionized office staff	558	542	652	657	649
Bus drivers, métro operators and related services staff	3928	3925	3946	3862	3779
Maintenance staff	1911	1867	1830	1886	1876
Total	7758	7709	7702	7670	7579



Average age of full-time workforce: 44 years old

Average years of service: 16 years

Unionization ratio: 89.8%

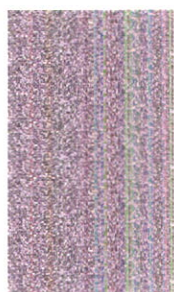
Women in the STCUM

974 women (12.9% of the regular work force), of which 534 are bus drivers, métro operators and collectors, 27 are surveillance officers and 32 are maintenance employees.

Visible and Ethnic Minorities in the STCUM

491 employees are members of ethnic or visible minorities (6.5% of the regular workforce).

Ridership



(In millions of trips)

1990: 348.8

1991: 346.7

1992: 336.5

1993: 335.9

1994: 339.5

1995: 335.6

1996: 336.5

TELBUS

7,531,339 calls registered at TELBUS, our automated schedules system (an average of 20,634 calls per day), an increase of two million from 1995. The busiest bus routes on TELBUS were 43 - Monselet, 68 - Pierrefonds and 186 - René-Lévesque.

A-U-T-O-B-U-S

1,867,000 calls were processed at the A-U-T-O-B-U-S (288-6287) Information Centre.

Lost and Found

20,458 items were left behind on the bus-métro network, of which 3,566 (17.43%) were reclaimed by their owners.

Comments and Complaints

12,948 phoned-in and written comments were received by the customer relations staff.

Traffic Accidents Involving a Bus

	1994	1995	1996	Margin
	3,219	3,017	2,073	-10.4%

The Busiest Métro Stations

(Number of entries)

McGill:	11,438,387
Berri-UQAM:	9,324,378
Henri-Bourassa:	7,832,723
Longueuil:	6,733,089
Guy:	6,425,405

The Métro's Busiest Days

(Number of entries)

Thursday, March 21:	713,271
Friday, March 22:	711,878
Wednesday, February 14:	703,870

The busiest week was March 17-23. 4,207,903 entries were recorded.

The Most Popular Bus Routes

(Average daily ridership on weekdays)

80 (535) - Avenue du Parc - Côte-des-Neiges:	68,700
139 (505) - Pie-IX:	40,600
69 - Gouin:	37,500
121 - Sauvé/Côte-Vertu:	36,000

Network and Vehicles

The fleet of vehicles

1,550 buses
759 métro cars
79 adapted transportation minibuses

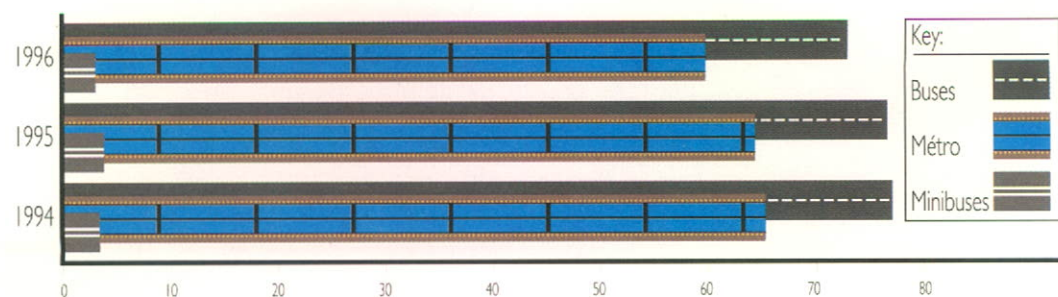
The network

165 bus routes (20 on night service)
11 reserved bus lanes covering 41 km
4 métro lines servicing 65 stations

Total Distance Travelled

(In millions of km)

	1994	1995	1996	Margin
Buses	77.5	77.3	73.7	-4.7%
Métro	65.7	64.2	59.9	-4.3%
Minibuses	3.0	3.1	2.9	-2%



In 1996, the Métro Turned 30

- It has provided transportation for over 4.2 billion commuters since its opening;
- Its cars have travelled 519,700,000 kilometres;
- It was busiest on September 11, 1984, the day of the Pope's visit: 2 million passengers in a single day;
- Only once in its history did the métro keep running all night. It was on March 3, 1971, during the snowstorm of the century.





In motion, surveillance officer Patrick Tourangeau takes over from Benoît Belisle, collection box attendant.

A Made-to-Order Service

Eleven Reserved Lanes covering 41 km

The reserved lanes network was extended in 1996 with two new stretches added in Ville Mont-Royal, on Côte-de-Liesse, and in Montréal, on Papineau Street. In addition, in Montréal-Nord, the extension of the lane on Pie-IX Boulevard allowed two major reserved lanes to meet (Pie-IX and Henri-Bourassa) resulting in faster commutes for this area, particularly in the direction of downtown via the Pie-IX métro station.

New Easier-Access Buses



The new low-floor buses were first introduced in 1996. They will gradually be brought into service in 1997 and the following years. From now on, the ridership will enjoy sidewalk-level access to buses. The new vehicles can each accommodate one passenger using a wheelchair via the back entrance.

Adapted Transportation Moves Ahead

In 1996, the Centre de transport adapté's ridership enjoyed better service and more comfort. It succeeded in reducing by 2% the cost of a single trip while the minibus occupation rate rose from 2.53 to 2.70 persons / hour, a 6.5% improvement. The total number of trips increased by 5% with only a 3% budget increase. The establishment of accessible taxi service fostered greater flexibility in organising the offer of service while helping to save money. As for comfort, discussions with customers allowed us to identify and solve a suspension problem on 63 minibuses. An auxiliary heating system was also installed on a complete series of vehicles.

About 20 information sessions were also held to familiarize the ridership with this particular service. The participants said they were greatly satisfied with the initiative which allowed them to better understand the complexity of the operations. According to a 1996 survey among users of adapted transportation, the general level of satisfaction has increased from previous years.



A New Rapid Connection from East to West

The new circuit of route 460 - Métropolitaine now provides customers with transfer-free, east to west rush-hour service on the Island of Montréal, on the Autoroute Métropolitaine axis, between Anjou and Dorval.



Fine-Tuning the Night Network

With its goal of always improving the distribution of its available resources while minimizing the impact on customers, the Corporation studied the performance of its night network. Savings of over 2.1 million dollars annually were derived from the coordination of the first and last departure time of buses, the modification of some routes and the cancellation or fusion of routes.

Interligne: Optimal Fleet Management

Acquisition of the HASTUS 5.0 schedule organizer software encouraged the development of the Interligne project which, in 1997, will allow the STCUM to more efficiently arrange the bus schedules. The Corporation will thus ensure better management of its hours of service in relation to the demand and will reduce its operating costs.

An Automated Access System

The STCUM went ahead with the installation of automated access systems at the Fabre, Saint-Michel, Laurier and Jean-Talon stations. While providing substantial savings, this system kept open secondary entrances that have much less traffic. Its automated doors open upon insertion of the appropriate fare in the optical reader and it is equipped with assorted equipment that makes it easier to communicate with an attendant and ensures the safety of customers.



The “Entre deux arrêts service” is made permanent

In the spring of 1996, by means of the trial project *Entre deux arrêts*, the STCUM offered women who travelled alone after 9 pm the option of getting off the bus between two stops. When requested by a female passenger, the driver would decide where to stop the bus while determining if it could be done safely.



Six months after the start of the trial period, the ridership was found to be greatly in favour of making such a service permanent (88.9%) and the Corporation established the *Entre deux arrêts* service as a permanent fixture.

A Communal Taxi Trial Project

An association with the Coop taxi company allowed the STCUM to test a complementary communal taxi service in a West Island area not serviced by public transportation. Customers could board the Montréal-Rigaud line commuter trains or buses of routes 200 and 211 via the Sainte-Anne-de-Bellevue train station servicing area. This project will be continued in 1997.

Preventing Deterioration

In 1996, the Board of Directors allocated 7.1 million dollars towards continuing the buildings maintenance program:

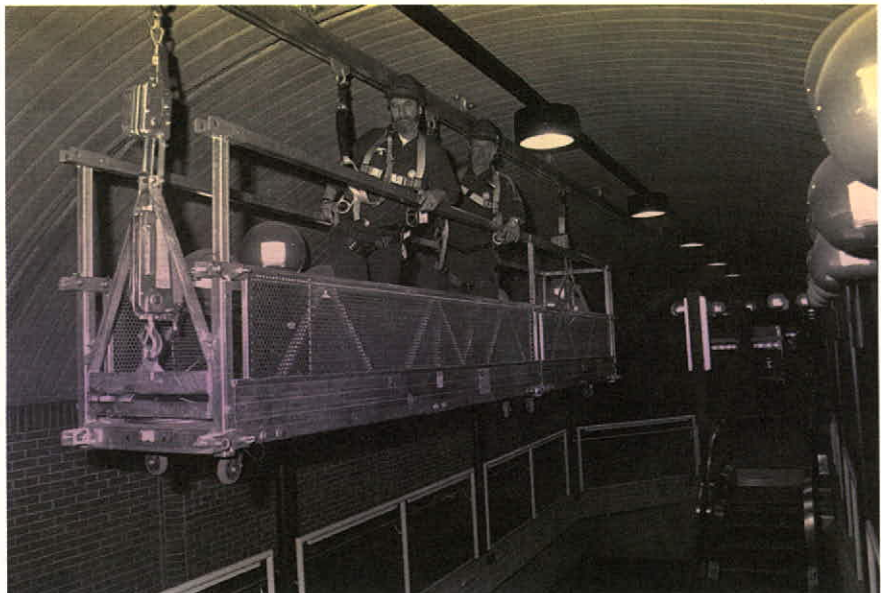
- Repair of permanent equipment in some of the transit centres (including the jacks and bus washing equipment);
- Repair of fixed stairs in three métro stations;
- Restoration of the Jean-Talon métro station's structural components;



- Repair to the roof of several buildings whose age exceeded 20 years (workshops and electric rectification stations where the presence of ventilation equipment added to the complexity of the work).

Extra Efficiency and Extra Savings

The STCUM set about to replace the métro's old fluorescent lights with new, more efficient ones that consume up to 30% less energy; which translates into potential yearly savings of \$750,000. To accomplish this, it equipped itself with a system on rails which allowed quick and safe maintenance and replacement of the 65,000 fluorescent and 7,000 mercury lights. Thanks to this system, work that would have previously taken one week was completed in two nights.



We're Busy Repairing

The repair of métro tunnels continued with work done in the spring on a section of line 2 - Orange, between Henri-Bourassa and Rosemont, and in the fall on line 4 - Yellow. While the work was being done, on Sundays or weekends, a special shuttle bus service was made available to customers to minimise the impact. The present repair cycle of the métro tunnel vaults should be completed in the course of 1998.

We're Busy Renovating

The MR-73 métro cars (for Matériel Roulant ordered in 1973) have been in service for over 20 years. The preventive bodywork repair program for these cars, begun in 1991, was intensified to reach a speed of 56 cars per year in 1996. 252 cars have thus been part of the program which was developed and performed by in-house staff. These renovations, which are scheduled to be completed in the year 2000, allow the rolling stock to last longer and ensure the comfort of passengers.

Increased Communication with the Ridership

www.stcum.qc.ca



Forever searching for new ways to make contact with the ridership, the STCUM has developed a new Web site which will be make its appearance on the Internet in early 1997. Among its features:

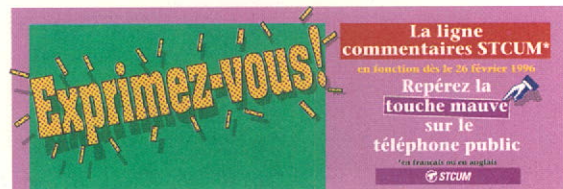
- the "Tous Azimuts" section which draws up a personalized public transit itinerary upon request, including the bus routes or métro lines to use, the bus stop schedules, the complete time of the trip and even the walking distance to the stop;
- the schedule and circuit of every one of the network's bus routes;
- the TELBUS phone number for each bus stop;
- a map of the métro and of the vicinity of each of the 65 stations;
- a wealth of information (history, by-laws in effect in the métro, press releases, etc.)

A·U·T·O·B·U·S Is Receiving More Calls

Two software programs, designed for the A·U·T·O·B·U·S Information Centre, have allowed access to this service to grow considerably. Helped by an enormous data bank that is constantly being updated, the centre's personnel enter their inquiries into the system by specifying the address of departure and of destination for the requested itinerary and then get the various options possible on MUC public transit within two seconds. This improvement has resulted in the number of calls going from 875,000 to 1,867,000 by December 31. The number of calls handled annually will thus reach about 2 million.

Phoned-in Comments

Earlier in the year, métro customers had the chance to voice their opinions thanks to an automated telephone system set up on the platforms of four métro stations. By pressing specific pre-programmed buttons, it was possible for them to voice a suggestion, make a comment and answer a brief survey relating to service. The goal of this initiative was to identify the best way to establish a direct link between the métro's operations personnel and the customers.



An EXTRA Program

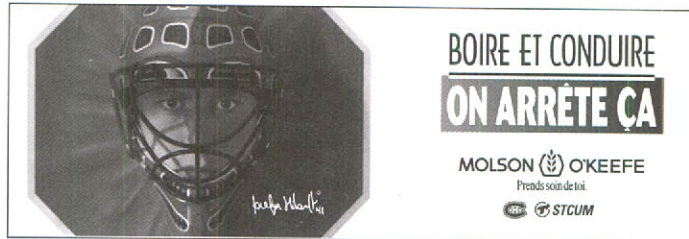
In September, the STCUM launched the CAM EXTRA program, an original rebates program for holders of the Bus-Métro pass (CAM). The STCUM is thus aiming at energizing public transit by associating it with promotional partners. Adding a plus-value to this fare incites customers to buy it without fail each month. Public transit is economical and it becomes even more so by providing people who use it with discounts. Customers are double-winners!



A Timely Decision!

In order to remind its ridership of how determined it was to offer a reliable métro service and buses that arrive on time, the STCUM launched a dynamic and assertive advertising campaign in the fall. It illustrated its commitment through a series of *À la bonne heure* posters displayed on buses and inside the métro. It also emphasized the roles of the employees involved through messages broadcast on the radio in November and December.

Defensive Measures Against Drinking and Driving



With the Holidays approaching, the advertising campaign *Boire et conduire, on arrête ça*, produced in collaboration with Molson O'Keefe and the Montréal Canadiens, had as its goal to

introduce public transit as a logical and safe alternative to driving after having consumed alcohol. While attracting an irregular ridership to public transit, this community-

conscious campaign allowed the STCUM to make its values known to the general public.

20h32



À LA BONNE HEURE
STCUM

20h59



In Harmony with the Community

A Four-Movement Concert for Bus and Métro

On February 27, 28 and 29, the walls of the Berri-UQAM métro station vibrated to the sounds of several artists taking part in the Métro-Boulot-Show, organized in collaboration with ADISQ and the ministère de la Culture et des Communications.



On March 27, International Theatre Day was celebrated in the métro. Organised by the Conseil québécois du théâtre, the festivities included interviews, discussions, a scenography workshop, selections from plays, shows for children inside métro stations and on platforms.

And on April 29, International Dance Day, (produced by the Regroupement québécois de la danse in collaboration with the STCUM), the Berri-UQAM métro station this time played host to choreographers and dancers to help promote dance among the population.

In May, on Montréal Museums Day, STCUM shuttle

buses were put at the disposal of visitors for a grand tour of the City's museums. This event, born of an advertising partnership between the museums and the STCUM, attracts thousands of visitors each year.

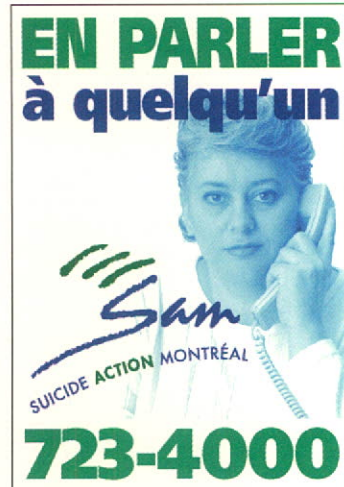
When the Bus and Métro Turn Green

By purchasing a new fuel for its buses that reduces by 80% polluting emissions related to the presence of sulphur, the STCUM was proclaiming, in the same breath, its stand for a cleaner environment.

The air quality of cities depends largely to what extent their public transit services are used. The STCUM therefore took part in International Clean Air Day by playing host to four Transport 2000 information booths in as many métro stations. The event's goal was to inform the public on the most energy-saving urban transportation options as well as the least polluting at the level of harmful fuel emissions into the atmosphere.

A Joint Suicide Prevention Effort

The STCUM associated itself to Suicide Action Montréal's suicide prevention campaign, running from March 11 to June 21. Since the approach proposed by the partner organisation was built on information and demystification, the STCUM displayed the theme *En parler à quelqu'un* inside its vehicles and facilities.



The Réchaud-bus feeds the stomachs and warms the hearts

The Réchaud-bus, an employees initiative, hit the road for a second consecutive year. Over one hundred volunteers, STCUM employees and retired personnel (drivers, maintenance staff, office staff, skilled workers, managers), have taken part in the evening outings of the Réchaud-bus in the City's underprivileged neighbourhoods, offering hot and hearty meals to 8 - 15 year-olds.

A Single Fund Drive to Benefit Three Worthy Causes

Some 200 volunteers raised money for Centraide, the Canadian Red Cross Society and Réchaud-Bus; they collected a total of \$242,000 for the 1996 drive from employee donations - a 19% increase in the level of participation!



Start of Talks at the Negotiating Tables

Since four collective agreements will come to an end in early 1997, nineteen hundred and ninety-six was the stage of intense negotiating. In discussions with its unionized partners of the two main concerns (improvement of customer service and cost reductions), the STCUM opted for instigating the first steps and a climate of harmony. The discussions, begun early in the spring, continued in accordance with the set agenda. In December, the positive unfolding of the process gave hope for a conclusion of the agreements within a reasonable time frame and without major service disruptions.

The STCUM Hires its First Woman Plumber



The STCUM proved once again that it was an equal opportunity employer. In April, the corporation hired Isabelle Dugré, its first woman plumber. In the course of carrying

out her duties, it didn't take long for Mrs. Dugré to earn the acceptance and respect of her co-workers, thus contributing to reducing prejudices on the ability of women to work at trades traditionally reserved for men.

Better Management through Surveys

Within a context of decreasing budgets, it is most important that all the resources be used efficiently. With this in mind, the Corporation evaluated the way it managed its human resources with the help of a survey. Nearly three thousand employees responded, allowing to discern ways to improve management and make changes to the way things are done.

Also measured was the personnel's level of satisfaction with the main internal communication tool of the STCUM, the En Commun newsletter. The 862 respondents shared their comments and expectations. The employees expressed an extremely high level of all-around satisfaction.

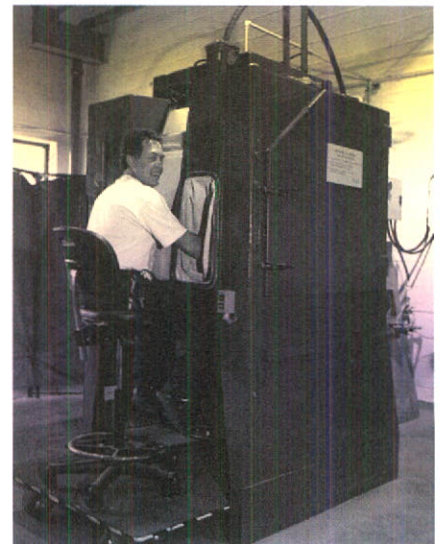
Good Ideas Should not be Shelved



The Board of Directors' Construction and Major Maintenance branch launched the "Groupe d'amélioration et d'innovations" project which endorses the development of solutions that can improve the work conditions and environment as well as increase productivity. Nearly one hundred projects were proposed and half of them have already been established.

When Machines and Equipment are Rebuilt

So that an employee injured in a work-related accident could continue to work at his job, we modified the métro's sandblasting equipment in the major maintenance division. A team that included the employee concerned, industrial designers and workshop professionals, proceeded to completely recast the existing machine. The required investment has a good chance of being recouped since the industrial designers intend to market this new technology, which would earn returns for the STCUM.



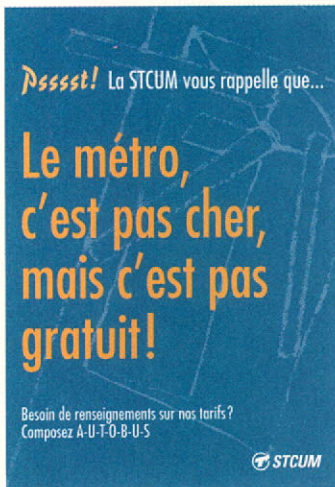
The initiative of an aribus maintenance employee and of his foreman is at the root of a modification in the cleaning minivans. The new vehicle performs better; it improves the employees' working conditions and also takes the ridership's welfare into consideration.

Tightening and Amalgamating

In its continued efforts to reduce expenses, the Corporation merged its Communications department with the Planning and Marketing department. From 131 employees, the staff now totals 66. Twenty-eight posts were abolished, 41 were transferred and 4 were created.

We're not Expensive, but We're not Free

After having set up control measures to ensure that each customer pays the proper fare to use its services, the STCUM focused its attention in 1996 on ending the unjustified use of reduced-cost fares (reserved for students under 18 and seniors 65 and over). Patrolling the network, surveillance officers in civilian clothes made sure that persons not having one of the required ID cards enabling them to benefit from reduced fares paid the regular fare. This measure of course allows to recoup some of the monies due but it also serves as a support for employees confronted daily with the problems linked to collection. The STCUM accompanied its actions with a poster campaign in the métro and buses so as not to only control, but to also inform.



New Sources of Financing

In 1996, not only did the STCUM continue its program aimed at increasing certain revenues, such as the sale of advertising on customer information tools (Planibus, Métro map, Network map), but it innovated by offering advertisers new advertising mediums within its facilities: made-over métro booths and trains!

The made-to-measure covering of some métro booths and turnstiles allows advertisers to stand out, seduce and surprise the ridership.

It is now also possible to make over entire métro trains thanks to a new technique that consists in applying a self-adhesive vinyl coating that is very resistant and easy to remove. This spectacular advertising tool is exciting to advertisers and stirs up curiosity among the ridership.

These novelties which were introduced within a criteria mindful of aesthetics and good taste, generate substantial income and energize the métro network.

Regional Financing of Public Transit

In 1996, the arrival of the Agence métropolitaine de transport (AMT) modified the rules pertaining to the financing of public transit in the Metropolitan area. This new financial context involves major changes in the manner of dividing up regional contributions and will remain a constant concern at the STCUM for the next few years.



A Balancing Act: Fares, Revenues and Expenses

1992-1996 Fare Scales

	1992	1993	1994	1995	1996
Regional Pass					
Regular fare	\$ 69.00	\$ 72.00	\$ 72.00	\$ 72.00	\$ 73.00
Reduced fare	\$ 38.00	\$ 39.50	\$ 39.50	\$ 39.50	\$ 40.00
Monthly Pass (CAM)					
Regular fare	\$ 41.00	\$ 43.00	\$ 43.00	\$ 43.50	\$ 44.50
Reduced fare	\$ 15.50	\$ 17.50	\$ 17.50	\$ 18.00	\$ 18.50
Ticket					
Regular fare	\$ 1.08	\$ 1.17	\$ 1.17	\$ 1.25	\$ 1.29
Reduced fare	\$ 0.45	\$ 0.54	\$ 0.54	\$ 0.58	\$ 0.63
Cash Fare					
Regular fare	\$ 1.60	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.85
Reduced fare	\$ 0.80	\$ 0.90	\$ 0.90	\$ 0.90	\$ 1.00
Tourist Pass					
One-day pass	-	-	\$ 5.00	\$ 5.00	\$ 5.00
Three-day pass	-	-	\$ 12.00	\$ 12.00	\$ 12.00

Fares sold in 1996

	regular fare	reduced fare
CAM	2.6 million	1 million
6-ticket strips	8 million	2.7 million
Single tickets or cash fares	21 million	2.6 million
	one day	3 days
Tourist passes	37,100	18,800

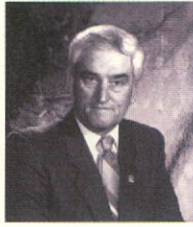
Revenues



Expenditures by Area of Operations



The Board of Directors



Mr. Yves Ryan
Chairman
Mayor of the Town of Montréal-Nord



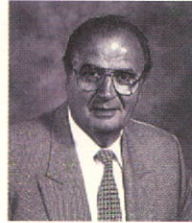
Mr. Jack H. Chadirdjian
Vice Chairman
Montréal City Councillor



Mr. Ivon Le Duc
Montréal City Councillor



Mrs. Vera Danyluk
Chairperson of the Montréal
Urban Community Executive
Committee



Mr. Achille Polcaro
Montréal City Councillor



Mr. Ovide T. Baci
Mayor of the Town of Roxboro



Mrs. Ginette Marotte
Citizen's Representative for the
Suburbs



Mr. Yvon Labrosse
Mayor of the Town of
Montréal-Est



Mr. Yves Leblanc
Citizen's Representative for the
City of Montréal

The Audit Committee



Mr. Jack H. Chadirdjian

Chairman

Vice Chairman of the Board of Directors

Mr. Ovide T. Baci

Vice Chairman

Mayor of the Town of Roxboro

Mr. Yvon Marsolais

Chartered Accountant and partner at Bourgeois, Marsolais and Associates

Mr. Robert Dion

General Auditor

Mr. Jacques Dubois

Director of Loto-Québec Internal Audit

Mr. Trefflé Lacombe

General Manager

The Complaints Committee Report

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Message from the Chairperson

I have the honour of presenting you with the Complaint Committee's ninth report. In the course of the 1996 fiscal year, the Complaints Committee examined 257 cases: 210 related to language and behaviour, 40 to bus driving, 15 to discrimination and 5 to harassment. Through the examination of this sampling of the 12,948 complaints received by the Customer Relations department, the Committee was able to witness that the coaching and take-charge spirit of the employees, helped along by the forms introduced in 1995, is progressing along with a few hesitations within the mind-set of the Corporation. Even when a manager does not agree with the form as such, we often see that it is used as a guide in the way a case is handled and written up. Documenting the "employee approach" still seems essential to the Committee that is called upon to judge the processing of the complaint based on the file provided in written form.

In the course of this fiscal year, the Committee has also followed up on its intention to try to prevent complaints by drawing the attention of the Corporation on some of the types of complaints. Further to having been informed by the coordinator, Mr. Bruno Roy, of the great number of complaints related to violations of the law aimed at protecting non-smokers, the Committee took the initiative of asking high management to adopt measures to correct the situation. While continuing to study complaints on a per-case basis, the Committee is considering studying other complaints generated by group situations.

In its ninth year of operations, the Complaints Committee has also undergone changes within its organisation and in its surroundings.

Having arrived at the end of their mandates, Mr. Gaspard Massue and Mrs. Magdalena Natkaniec have left the Committee. We take this opportunity to offer them our warmest thanks for their contribution to our work. Although they will be missed, we are very enthusiastic about the new perspectives that will be provided by their replacements, Mrs. Irène Dionne and Mrs. Marie-Ève Breton-Soutière.

We must also regretfully note the departure of Mrs. Roxanne Corbeil, the Committee's coordinator since its creation in 1987 and of Mrs. Anissa Sadrouine who

served as secretary since 1989. The Committee will never be able to thank them enough for their flawless support.

There are no changes whatsoever in the Committee's mandate and operating procedures, and the Committee receives all the necessary support in the execution of its duties. At the level of its surroundings however, the recent modifications at the corporate level represent a great change for the Committee which is pursuing its mission.

The integration of the Communications department into Executive management - Planning and Marketing, the transformation of the Customer Relations department, the computerization and decentralisation of the receipt of complaints are also accompanied by a substantial reduction in the number of people that the Corporation assigns to the preventive monitoring of the ridership.

The Committee had the opportunity to get information on this technological turning point and to express its concern as to a possible depersonalization in the contacts with the ridership. In answer to these worries, representatives of the Corporation assured us that the new system would result in multiplied points of contact between the ridership and the organisation, and in handling complaints more quickly and at a lower cost.

While hoping that the ridership will reap the expected benefits of this new system, I am committing myself, in the name of the Committee, to remain vigilant as to its impact on the quality of the processing of complaints and to continue to use our sphere of activities to help the Corporation offer the ridership a safe and courteous service.



Sybil Murray-Denis

Chairperson
Complaints Committee

In the Eighties, the STCUM made customer service its priority. This orientation largely influenced the way it managed its human resources in, among other things, its selection criteria, its training programs and in the rallying cries directed at its personnel.

In 1986, the Corporation created the Customer Relations department that included a comments and complaints section. It thus manifested its determination to lend an ear to its ridership's voice and take its opinions into account. In the same stride, in September 1987, it favoured the creation of the Complaints Committee.

In its present form, the Committee is made up of eight members of which five represent the public and the other three, the Corporation. In addition, two members of the personnel handle the coordination and the secretarial duties. The Complaints Committee withstood the budgetary restrictions the Corporation was subjected to in the course of the past decade, which shows to what extent the respect of customers remains a priority.



An explanatory leaflet, scheduled to be re-edited in 1997, is available for more information on the Complaints Committee and on the procedure to follow when lodging a complaint or making a comment.

Following through on Decisions

Successful companies tend to place the decision level closer to the execution level. Limiting the number of intermediaries results in a clearer picture of the situations and a faster reaction time. This principle is truest when it comes to dealing with complaints.

In the course of the past few years, the Customer Relations division was able to create, within the Corporation, a mental attitude of greeting the complaints as a precious source of retrospection on the part of the ridership. It has set up exchange bases between this ridership and the personnel concerned as well as operating modes.

In 1996, to get the execution level closer to the decision-making powers, the Corporation made the first steps towards transferring the management of complaints to the operations management while putting the coordinating task in the hands of the Executive Management - Planning and Marketing's Communications department.



In order to increase the efficiency of the handling, the STCUM developed its TRACE (Traitement Rapide et Accélééré des Commentaires Émis) software. Thanks to this software, a complaint received at a central phone number will be transferred from screen to screen to the administrative unit concerned, a great way to eliminate intermediaries and paperwork.

How this Affects the Complaints Committee

As in the past, the Corporation will bring to the Committee's attention serious complaints pertaining to language and behaviour, driving of a bus, discrimination and harassment. The Committee will continue in its role of supervising the processing of these complaints; it will make recommendations aimed at settling the problem at its source.

In the future, the Committee's account will be published within the Annual Report of the STCUM rather than in a separate report. The Corporation is thus showing its support for the work done by the Committee as well as its receptiveness in handling failings brought to its attention, while endorsing broadcasting the Committee's work on a larger scale.

Highlights

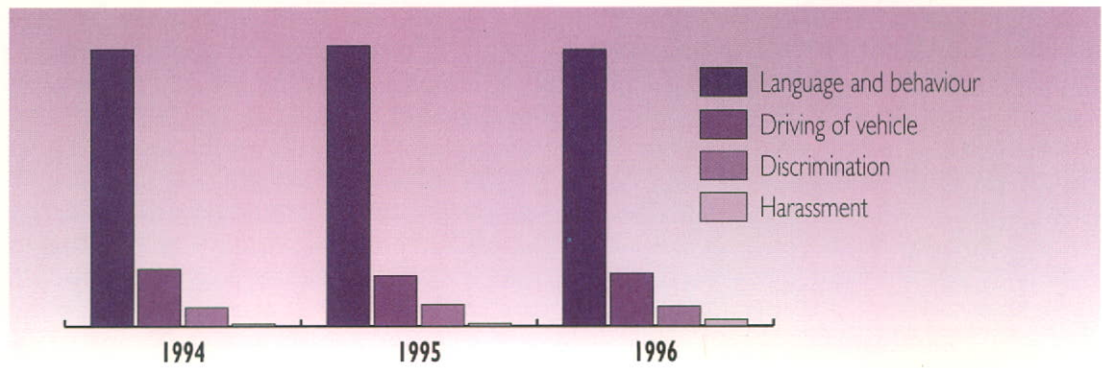
	1994	1995	1996
Committee meetings			
At STCUM headquarters	8	9	11
At transportation centres	2	2	0
Numbers of observers	100	59	58

Total complaints received

Customer Relations sector	11,703	12,712	12,948
Complaints Committee	268	247	257

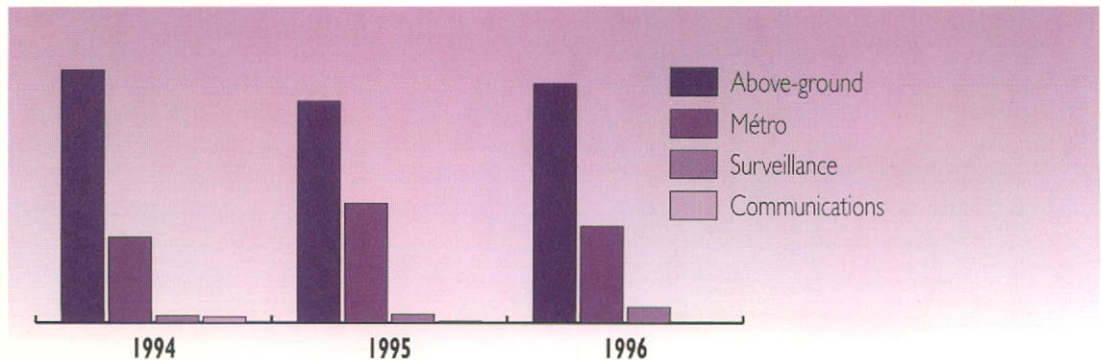
Complaints reviewed by the Complaints Committee (by category)

	1994	1995	1996
Language and behaviour	209	195	210
Driving of vehicle	43	35	40
Discrimination	14	15	15
Harassment	2	2	5



Complaints reviewed by the Complaints Committee (by area of activities)

	1994	1995	1996
Above-ground	193	156	186
Métro	66	84	75
Surveillance	5	6	12
Communications	4	1	0



Recommendations

1. That the Board of Directors encourage initiatives such as bus route 69's trial project to improve the quality of customer service.

Results

1. In the course of 1996, the STCUM innovated to improve the quality of customer services by setting up the *Entre deux arrêts* project, which allows women travelling alone after 9 pm to get off the bus between two stops in a safe area or closer to their home.

The STCUM proceeded with the extension of the Pie-IX reserved lane to Montréal-Nord.

It began putting low-floor buses into service, which allow easier access and exit while allowing space for a wheelchair.

Following an intervention from the Complaints Committee, measures were taken to reduce the amount of complaints in regards to smoking inside STCUM vehicles and facilities.

-
2. That the hiring measures for drivers be revised in order to ensure that the personnel chosen to occupy such a post be known for their good behaviour and interest in working with the public.

2. The revision of hiring measures for drivers lasted all through 1996. When hiring starts up again, eventually in September 1998, written tests and job interview results will allow the verification of the candidates' interest in working with the public.

-
3. That the 1993 recommendation regarding the assignation of a permanent member of the Board of Directors to Committee meetings be reinstated and that the Board officially name a member to this effect (recommendation renewed).

3. The Board did not designate a member to attend Committee meetings; at the time of the June 1996 meeting, it was promised that one of the two representatives for the population would be participating.

-
4. That the Committee enlarge its field of public information by getting an Internet site to make its statistics, public reports and projects known to the general public.

4. The STCUM continued to work on the creation of an Internet site. The site will be operational in early 1997. The information made available is in agreement with the concerns of the Committee members.

-
5. That the name *Comité des commentaires*, displayed on the métro message boards, be modified to read *Comité d'examen des plaintes*, conforming to its present designation.

5. The Committee's recommendation could not be followed as the pieces were already printed. The correction will be made in 1997.

1996 Recommendations

Intent on fulfilling its mission and remaining vigilant when customers services are targeted, the Committee recommends that:

- The new direction of processing complaints with the help of a computerized and decentralised system not distract from the importance accorded the receipt of the complaint and that the concern for the quality of its handling be maintained as per the presents standards.
- The managers have at their disposal all the tools needed for a thorough investigation of the discriminatory aspect of the complaint and, to ensure this, be given adequate training as well as timely assistance to help them in their work.
- A member of the Board of Directors, one representing the population or another, attend a few meetings of the Complaints Committee each year.
- That the STCUM, following through on its commitment to the quality of its service as detailed in its 1997-1999 Corporate Plan, be constantly on the lookout for any resource and expertise within other Montréal public and semipublic institutions (Commission des droits de la personne, Office de la langue française, Centre de psycho-éducation, etc.) from which it could benefit to design tools, programs, techniques and approaches that are proactive, based on a problem-resolution approach and adapted to Montréal's pluralism.



The Members of the Complaints Committee

Representatives for the Ridership

Mrs. Sybil Murray-Denis

Chairperson

Mr. Gaspard Massue

Representative for the Senior Ridership
(replaced by Mrs. Irène Dionne at the end of his mandate)

Mrs. Marie-Ève Breton-Soutière

Representative for the Student Ridership

Mr. Charles Tanguay

Transport 2000 representative

Mr. Himmat Shinhat

Visible minorities representative

STCUM Representatives

Mr. Richard Ducharme

Station manager, Executive management - Métro

Mr. Benoît Gendron

Director, Administration and Human Resources, Executive management - above-ground transportation
(replaced by Mr. Daniel Canuel, acting director at Centre de transport LaSalle and Mr. André Patenaude, acting superintendent at Centre de transport LaSalle).

Mr. Pierre-André Duchesneau

Director of the Surveillance department, Executive management - Construction and Major Maintenance
(Replaced by Mr. Alain Bélanger, Head of operations - Prevention and Safety)

Support and Secretarial Staff

Bruno Roy

Coordinator, main consultant of community relations
Communications department, Executive Management - Planning and Marketing

Anissa Sadrouline and Anik Therrien

Secretaries of Public and Community Relations



Seated, l. to r.: Mr. Charles Tanguay, Mrs. Marie-Ève Breton-Soutière, Mrs. Sybil Murray-Denis and Mrs. Irène Dionne. Standing, l. to r.: Mr. Himmat Shinhat, Mr. Richard Ducharme, Mr. Alain Bélanger and Mr. Daniel Canuel.



In motion, mechanic Placide Forest takes over from surveillance officer Patrick Tourangeau.

Financial Statements - December 31, 1996

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Auditors' Report

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

We have audited the balance sheets of the Operating Fund, the Capital Expenditures Fund, the Working Capital Fund and the Sinking Fund and the statements of capital assets and long-term debt of the Société de transport de la Communauté urbaine de Montréal as at December 31, 1996 and the statement of revenue and expenditures of the Operating Fund, the statements of operations, permanent financing carried out and balances available under closed loan by-laws of the Capital Expenditures Fund and changes in the reserve for the redemption of debentures of the Sinking Fund for the year then ended. These financial statements are the responsibility of the Société's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at December 31, 1996 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 2.

Raymond Chabot, Martin Paré

General Partnership
Chartered Accountants

Montreal
March 4, 1997

Operating Fund

Revenue and Expenditures

Year ended December 31, 1996

(Stated in thousands of dollars)

	Budget (Note 3)	1996	1995
	\$	\$	\$
Revenue			
Incependent (Note 5)	267,440	264,786	264,938
Regional	4,917	2,944	2,776
Government of Québec subsidies (Note 6)	76,747	44,608	84,538
Miscellaneous contributions (Note 7)	48,800	63,742	60,595
Contribution from the municipalities served	281,073	278,673	297,750
	678,977	654,753	710,597
Expenditures			
Bus and metro service	560,568	556,853	542,079
Commuter train service (Note 4 d)	-	-	50,117
Transportation for the disabled	21,974	20,233	19,504
Debt servicing and financing costs (Note 8)	68,369	51,738	61,059
Unexpected expenditures	6,222	155	4,940
Assets maintenance	10,682	10,771	8,181
	667,815	639,750	685,880
Result before appropriations	11,162	15,003	24,717
Appropriations			
Capital Expenditures Fund	3,175	1,232	14,938
Working Capital Fund	-	7,000	-
Sinking Fund	20,487	10,905	11,931
	23,662	19,137	26,869
Excess of expenditures over revenue before income deferred from previous year	(12,500)	(4,134)	(2,152)
Income deferred from previous year	12,500	12,669	14,821
Excess ⁽⁴⁾	-	8,535	12,669

⁽⁴⁾ This excess is shown in the liabilities of the Operating Fund's balance sheet under income deferred to next year.

Operating Fund Balance Sheet

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Cash	23,399	5,373
Deposit certificate, at cost, due on January 6, 1997	9,500	-
Banker's acceptance, at amortized cost, due on January 6, 1997	13,484	-
Government of Québec subsidies receivable (Note 9)	8,717	26,499
Miscellaneous contributions receivable (Note 10)	27,654	16,507
Other receivables (Note 11)	34,829	27,069
Inventory of supplies and replacement parts	14,819	15,006
Advances to the Capital Expenditures Fund	-	37,575
	<u>132,402</u>	<u>128,029</u>
Liabilities		
Short-term loans	14,000	33,107
Accounts payable and accrued liabilities (Note 12)	66,871	68,700
Commitments payable	8,243	5,809
Due to Capital Expenditures Fund	27,736	-
Due to Working Capital Fund	7,000	-
Due to the Sinking Fund	17	7,744
Income deferred to next year	8,535	12,669
	<u>132,402</u>	<u>128,029</u>

Capital Expenditures Fund

Operations

Year ended December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Permanent Financing		
Long-term loan	92,095	70,000
Balances available under closed loan by-laws	359	-
Operating Fund		
Projects carried out	810	3,410
Projects to be carried out	422	11,528
	1,232	14,938
Disposal of land	-	993
Transfer of the metro assets in accordance with legal requirements	4,205	1,429,218
	97,891	1,515,149
Expenditures		
Land	-	11
Buildings	1,298	1,928
Initial network and extensions of the metro	4,205	1,429,218
Improvements to metro infrastructure	1,862	1,676
Automotive equipment - buses	730	1,811
Automotive equipment - other	869	1,047
Office equipment and software	1,776	1,693
Capital assets in progress	29,885	51,834
	40,625	1,489,218
Permanent financing carried out during the year	57,266	25,931

Capital Expenditures Fund

Permanent Financing Carried Out

Year ended December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Permanent financing to be carried out, beginning of year	(29,577)	(55,508)
Changes during the year	57,266	25,931
	<u>27,689</u>	<u>(29,577)</u>
Unused financing under closed loan by-laws during the year	(68)	-
Permanent financing carried out (to be carried out), end of year	<u>27,621</u>	<u>(29,577)</u>
Permanent financing carried out (to be carried out), end of year		
Unused financing	40,535	16,445
Expenses to be financed	(12,914)	(46,022)
	<u>27,621</u>	<u>(29,577)</u>

Capital Expenditures Fund

Balances Available Under Closed Loan By-Laws

Year ended December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Balances available	406	406
Add		
Balances available under closed loan by-laws during the year	68	-
Less		
Appropriations during the year		
Loan by-laws	(359)	-
Balances available, end of year	<u>115</u>	<u>406</u>

Capital Expenditures Fund

Balance Sheet

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Refinancing in progress	-	8,404
Advance to Operating Fund	27,736	-
	<u>27,736</u>	<u>8,404</u>
Liabilities		
Due to Operating Fund	-	37,575
Equity		
Permanent financing carried out (to be carried out)	27,621	(29,577)
Balances available under closed loan by-laws	115	406
	<u>27,736</u>	<u>(29,171)</u>
	<u>27,736</u>	<u>8,404</u>

Working Capital Fund

Balance Sheet

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Advance to Operating Fund	<u>7,000</u>	<u>-</u>
Equity		
Uncommitted capital	<u>7,000</u>	<u>-</u>

Sinking Fund

Changes in the Reserve for the Redemption of Debentures

Year ended December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Balance, beginning of year	31,762	17,958
Redemption	23,692	-
	8,070	17,958
Appropriation	10,905	11,931
Investment income	1,904	1,873
Balance, end of year	<u>20,879</u>	<u>31,762</u>

Sinking Fund Balance Sheet

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Investments		
Deposit certificates, at cost	3,752	10,150
Debentures and bond coupons, at amortized cost (market value \$20,934; \$13,943 in 1995)	17,110	13,868
	<u>20,862</u>	<u>24,018</u>
Advances to Operating Fund	17	7,744
	<u>20,879</u>	<u>31,762</u>
Liabilities		
Reserve for the redemption of debentures	<u>20,879</u>	<u>31,762</u>

Capital Assets

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Capital assets acquired prior to 1966	-	23,675
Land	7,354	1,796
Buildings	94,235	56,303
Initial network and extensions of the metro	1,433,423	1,429,218
Improvements to metro infrastructure	16,332	12,228
Leasehold improvements	7,170	7,170
Automotive equipment - buses	328,781	174,236
Automotive equipment - commuter trains (Note 4 d)	-	45,995
Automotive equipment - other	22,636	21,504
Office equipment and software	61,426	56,566
Expropriated assets	-	4,679
Capital assets in progress	170,335	453,667
	<u>2,141,692</u>	<u>2,287,037</u>
Equity		
Investment in capital assets	<u>2,141,692</u>	<u>2,287,037</u>

Long-Term Debt

December 31, 1996

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Assets		
Amounts accumulated in the Sinking Fund for the redemption of debentures	20,879	31,762
Amounts to be recovered for the redemption of long-term debt assumed by		
Municipalities served	145,801	124,940
Government of Québec	187,700	246,422
Agence métropolitaine de transport	100,854	-
	<u>455,234</u>	<u>403,124</u>
Liabilities		
Long-term debt (Note 13)	<u>455,234</u>	<u>403,124</u>

Notes to Financial Statements

December 31, 1996

1- Governing Statutes and Nature of Operations

The Société de transport de la Communauté urbaine de Montréal (hereafter, the Société) is incorporated under the Act of the Communauté urbaine de Montréal and has responsibility for organizing and providing public transportation services, principally to the 29 municipalities on the territory of the Island of Montréal.

2- Accounting Policies

Financial statements

The financial statements are prepared by generally taking into account accepted accounting principles in municipal accounting in Québec outlined in the Manuel de normalisation published by the Ministère des Affaires municipales.

Operating Fund

Revenue is accounted for in the year it becomes measurable and available.

Debt servicing and financing costs include capital repayments and interest on long-term debt. Interest is accounted for according to the accrual basis.

In prior years, the debt servicing cost included capital repayments and accrued interest.

This change in accounting policy has been applied prospectively and resulted in changes in the following Operating Fund items:

(Stated in thousands of dollars)

\$

Revenue and Expenditures

Decrease in revenue

Government of Québec subsidies	(7,811)
Miscellaneous contributions	(5,941)

Decrease in expenditures

Debt servicing and financing costs	9,972
Appropriations to Sinking Fund	10,915

Increase in the excess

7,135

Balance Sheet

Decrease in assets

Subsidies receivable	(7,811)
Miscellaneous contributions receivable	(5,941)

Decrease in liabilities

Accounts payable and accrued liabilities	20,887
--	--------

Increase in income deferred to next year

7,135

Notes to Financial Statements

December 31, 1996

2- Accounting Policies (Continued)

Operating Fund (Continued)

Inventories of supplies and replacement parts are charged to expenditures as they are used and the inventory at the balance sheet date is valued at the lower of average cost and replacement cost.

Expenditures related to vacation benefits, to accrued sick days and to employee pension plans are accounted for on a cash basis.

Obligations contracted with third parties before the year-end and payable in the short-term are charged to expenditures and recorded as commitments payable in the liabilities of this fund's balance sheet.

Working Capital Fund

In accordance with by-law CA 97-23, the Société created a Working Capital Fund through an appropriation of \$7,000,000 from the Operating Fund.

This fund will be used for capital expenditures. The Operating Fund will be required to repay amounts used over a maximum period of 5 years.

Capital Expenditures Fund

Permanent financing provided by the Operating Fund (appropriations) is accounted for when an obligation is contracted with a third party or when a resolution of the Board is adopted allocating the amounts to specific projects.

Capital expenditures are recorded when they are incurred.

Capital assets

Acquisitions of capital assets through the Capital Expenditures Fund are capitalized in the statement of capital assets at historical cost, or, in the case of donations, at their fair value when received.

Projects in progress at year-end are recorded in the capital assets in progress account and reclassified to the appropriate account according to their nature when the work and financing are completed.

No amortization has been recorded to reflect the wear and tear or obsolescence of capital assets.

3- Revised Budget

In accordance with by-law CA 96-200, the Société revised its operating budget by \$13,700,000 to establish the revised envelope at \$691,477,000.⁽¹⁾

The following changes were made to budget items:

(Stated in thousands of dollars)

	Historical budget	Revision	Revised budget
	\$	\$	\$
Revenue			
Contribution from municipalities served	<u>294,773</u>	<u>13,700</u>	<u>281,073</u>
Expenditures			
Commuter train service	<u>13,700</u>	<u>13,700</u>	<u>-</u>

⁽¹⁾ These changes were approved by the MUC under resolution No 5312.

December 31, 1996

4- Creation of the Agence Métropolitaine de Transport

Effective January 1, 1996, the Agence métropolitaine de transport (hereafter the Agence) replaces the Conseil métropolitain de transport en commun. The creation of this new organization results in a change in the Société's sources of financing and expenditures.

The main impacts resulting from the creation of this new organization are as follows:

a) Public transportation assistance:

From this point on, the Société receives a financial contribution from the Agence for metropolitan bus transportation and the cost of operating the metro.

b) Regional equipment and infrastructure:

From now on, some of the Société's assets will be considered as regional equipment. As a result, the Agence will be required to acquire the equipment and infrastructure which are considered as necessary for the metropolitan transportation network.

As at December 31, 1996, the contract stipulating the transfer date, terms and conditions was not signed. The Société will continue to be liable for servicing the debt for the financing of such transferred property. However, the Agence will refund operating costs and debt servicing costs, net of the government subsidy, to the Société.

c) Balancing subsidy:

The Agence is required to appropriate an amount from its surplus which is to be allocated among certain municipalities, the Société, the Société de transport de la Ville de Laval and the Société de transport de la Rive-Sud de Montréal to offset the budget impact resulting from its creation.

d) Commuter trains:

Since January 1, 1996, the Agence has assumed the debts and obligations of the Société in respect of the commuter train network.

Automotive equipment and all other assets relating to the operation of the commuter train network became the property of the Agence as of December 20, 1996, i.e. the date on which the Minister approved the agreement stipulating the terms and conditions of the transfer. However, the Société continues to be liable for servicing the debt for the financing of this property. The Agence will refund capital and interest to the Société and has secured the payment of the debt servicing in the event of default.

Moreover, the Société acts as agent for operating commuter trains during 1996. Revenue and expenditures relating to this assignment are excluded from the financial statements for the year ended December 31, 1996.

Items a), b), c) and d) are accounted for under "miscellaneous contributions".

Notes to Financial Statements

December 31, 1996

5- Independent Revenue

(Stated in thousands of dollars)

	Budget	1996	1995
	\$	\$	\$
Bus and metro service	254,820	251,977	246,195
Transportation for the disabled	1,020	864	823
Commuter train service (Note 4 d)	-	-	6,019
Other revenue	11,600	11,945	11,901
	<u>267,440</u>	<u>264,786</u>	<u>264,938</u>

6- Government of Québec Subsidies

a) Public transportation assistance program:

Pursuant to the Québec government's public transportation assistance program and special agreements, the Société is eligible for a subsidy for the year 1996 relating to eligible expenses incurred for the purchase of buses, the construction of buildings and the renovation of metro cars, at rates of 60% and 75%. The subsidy may be paid in the form of a contribution to the debt servicing costs or in cash, as the case may be.

b) Transportation for the disabled:

In accordance with the powers granted to the Transportation Minister by order in council 2071-79, the Société is eligible to receive a subsidy equivalent to 75% of the costs incurred for special transportation for the disabled which have been deemed eligible and approved by the Transportation Minister.

Government of Québec subsidies are as follows:

(Stated in thousand of dollars)

	Budget	1996	1995
	\$	\$	\$
Capital assets	59,216	28,455	49,256
Transportation for the disabled	17,531	16,153	15,753
Commuter train service - residual deficit (Note 4 d)	-	-	19,529
	<u>76,747</u>	<u>44,608</u>	<u>84,538</u>

7- Miscellaneous Contributions

(Stated in thousand of dollars)

	Budget	1996	1995
	\$	\$	\$
Contribution from the Agence métropolitaine de transport (Note 4)			
Contribution to movements on the metro network	40,000	39,082	-
Contribution to movements on regional bus lines	6,400	6,397	-
Contribution for regional infrastructures	2,400	2,533	-
Balancing subsidy	-	2,250	-
	48,800	50,262	-
Debt financing relating to commuter trains assumed by the Agence	-	13,480	-
	48,800	63,742	-
Contribution from the Conseil métropolitain de transport en commun	-	-	30,563
Contribution from automobile drivers (registration tax)	-	-	30,032
	<u>48,800</u>	<u>63,742</u>	<u>60,595</u>

Notes to Financial Statements

December 31, 1996

8- Debt Servicing and Financing Costs

(Stated in thousand of dollars)

	Budget	1996	1995
	\$	\$	\$
Short-term financing costs	3,268	1,881	4,162
Debt servicing - principal	28,059	16,340	28,696
Debt servicing - interest	39,510	36,284	32,945
Interest income	(2,468)	(2,767)	(4,744)
	<u>68,369</u>	<u>51,738</u>	<u>61,059</u>

9- Government of Québec Subsidies Receivable

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Capital assets	3,459	15,146
Transportation for the disabled	5,258	5,009
Commuter train service - residual deficit (Note 4 d)	-	6,344
	<u>8,717</u>	<u>26,499</u>

10- Miscellaneous Contributions Receivable

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Contribution of the Agence métropolitaine de transport	27,654	-
Contribution of the Conseil métropolitain de transport en commun	-	8,450
Contribution from automobile drivers (registration tax)	-	8,057
	<u>27,654</u>	<u>16,507</u>

11- Other Receivables

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Regional revenue receivable	1,362	-
Occupational accident payments to recover	2,569	2,706
Tax claims submitted to governments	951	2,027
General accounts receivable	2,846	3,128
Deposit on purchase of buses	24,194	15,930
Other	2,907	3,278
	<u>34,829</u>	<u>27,069</u>

12- Accounts Payable and Accrued Liabilities

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Trade accounts	17,338	16,027
Salaries and employee benefits	26,300	24,929
Holdbacks and security deposits	5,231	5,663
Accrued interest	8,636	14,981
Other	9,366	7,100
	<u>66,871</u>	<u>68,700</u>

Notes to Financial Statements

December 31, 1996

13- Long-Term Debt

(Stated in thousands of dollars)

	1996	1995
	\$	\$
Debtures and bank loans, interest rates varying from 4.75% to 11.50 %, (4.25% to 11.50% in 1995) maturing from March 1997 to September 2007	<u>455,234</u>	<u>403,124</u>

Long-term debt is comprised of debentures and bank loans which 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.

The instalments on long-term debt for the next years are as follows:

(Stated in thousands of dollars)	\$
1997	34,903
1998	55,778
1999	53,627
2000	61,118
2001	46,301
2002 and subsequent years	203,507
Total minimum payments	<u>455,234</u>

14- Commitments

a) Sickness benefits:

Accrued sickness benefits total \$19,290,639 as December 31, 1996 (\$21,000,638 in 1995). Of this amount \$17,717,263 (\$19,400,049 in 1995) was accrued prior to the coming in force of salary insurance plans. Employees entitled to accrued sickness benefits may receive the cash equivalent of such benefits upon their departure.

b) Long-term leases:

The Société has entered into long-term leases expiring from January 31, 1997 to October 31, 2010 which call for lease payments aggregating \$53,067,021 for office space. Minimum lease payments for the next five years are \$4,601,507 in 1997, \$4,266,111 in 1998, \$4,220,821 in 1999, \$4,220,821 in 2000 and \$4,220,821 in 2001.

Certain leases contain a renewal option for an additional five-year period which the Société may exercise by giving advance notice.

15- Contingencies

The total amount of claims for bodily injuries, damages to equipment and other litigations is \$33,232,967\$ (\$23,286,983 in 1995). The Société has made a provision for these claims that is deemed sufficient as at December 31, 1996.

16- Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



In motion, administration adviser Andree Béliveau takes over from mechanic Placide Forest.



Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Appropriations to (from) Capital Expenditures Fund

	Budget	1996	1995
	\$	\$	\$
Bus and metro service	350	(707)	12,500
Transportation for the disabled	1,400	1,375	1,515
Assets maintenance	1,425	564	923
	<u>3,175</u>	<u>1,232</u>	<u>14,938</u>

Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Changes in Capital Assets

	Balance at beginning of year	Additions	Disposals	Reclassification	Balance at end of year
	\$	\$	\$	\$	\$
Capital assets acquired prior to 1966	23,675	-	2,398	(21,277)	-
Land	1,796	-	-	5,558	7,354
Buildings	56,303	22,213	-	15,719	94,235
Initial network and extensions of the metro	1,429,218	4,205	-	-	1,433,423
Improvements to metro infrastructure	12,228	4,104	-	-	16,332
Leasehold improvements	7,170	-	-	-	7,170
Automotive equipment - buses	174,236	168,114	13,569	-	328,781
Automotive equipment - commuter trains (Note 4 d)	45,995	-	45,995	-	-
Automotive equipment - other	21,504	1,132	-	-	22,636
Office equipment and software	56,566	4,860	-	-	61,426
Expropriated assets	4,679	-	4,679	-	-
Capital assets in progress	453,667	29,885	193,888	-	289,664
	2,287,037	234,513	260,529	-	2,261,021
Transfer of commuter train assets in accordance with legal requirements (Note 4 d)	-	-	119,329	-	(119,329)
	2,287,037	234,513	379,858	-	2,141,692

Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Long-Term Debt

	1996	1995
	\$	\$
Debtures, \$33,000,000 10%	-	9,322
Debtures, \$31,000,000 10.75%, due on March 2, 1999, Sinking Fund	9,014	9,014
Debtures, \$30,000,000 11.50%, due on July 17, 2000, Sinking Fund	19,140	19,140
Debtures, \$39,500,000 11.50%, due on December 14, 2000, Sinking Fund	16,591	16,591
Debtures, \$48,000,000 8.75% 9.50%, due on December 5, 2001, Sinking Fund	- 22,626	16,958 22,626
Debtures, \$70,000,000 6.50%	-	6,300
6.75%, due on September 30, 1997	6,300	6,300
7.25%, due on September 30, 1998	6,300	6,300
7.50%, due on September 30, 1999	6,300	6,300
7.75%, due on September 30, 2000	6,300	6,300
8.00%, due on September 30, 2001	6,300	6,300
8.00%, due on September 30, 2002	6,300	6,300
8.75%, due on September 30, 2007	7,000	7,000

Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Long-Term Debt *(Continued)*

	1996	1995
	\$	\$
Debentures, \$60,000,000		
6.50%	-	5,700
7.00%, due on June 2, 1997	6,000	6,000
7.25%, due on June 2, 1998	19,300	19,300
8.15%, due on June 2, 2003	18,500	18,500
Debentures, \$52,000,000		
5.75%	-	4,280
6.25%, due on September 23, 1997	4,590	4,590
6.50%, due on September 23, 1998	15,870	15,870
7.50%, due on September 23, 2003	19,550	19,550
Debentures, \$50,000,000		
4.25%	-	2,170
4.75%, due on March 3, 1997	2,300	2,300
5.25%, due on March 3, 1998	2,438	2,438
5.50%, due on March 3, 1999 ^(a)	14,845	14,845
6.90%, due on March 3, 2004, Sinking Fund	26,200	26,200
Debentures, \$50,000,000		
7.50%	-	3,660
8.00%, due on December 9, 1997	3,970	3,970
8.25%, due on December 9, 1998	4,300	4,300
8.50%, due on December 9, 1999	15,240	15,240
9.60%, due on December 9, 2004	19,460	19,460
Debentures, \$40,000,000		
7.75%, due on May 12, 1997, Sinking Fund	5,500	5,500
8.00%, due on May 12, 1998	3,125	3,125
8.15%, due on May 12, 1999	3,410	3,410
8.40%, due on May 12, 2000	7,770	7,770
9.10%, due on May 12, 2005, Sinking Fund	20,195	20,195

^(a) Of this amount, \$12,259,000 comprises a Sinking Fund.

Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Long-Term Debt (Continued)

	1996	1995
	\$	\$
Debentures, \$30,000,000		
6.75%, due on July 19, 1997, Sinking Fund	4,453	4,453
7.00%, due on July 19, 1998	2,515	2,515
7.25%, due on July 19, 1999	2,728	2,728
7.50%, due on July 19, 2000	9,062	9,062
8.40%, due on July 19, 2005, Sinking Fund	11,242	11,242
Debentures, \$10,500,000		
4.75%, due on March 12, 1997	1,790	-
5.15%, due on March 12, 1998	1,930	-
5.75%, due on March 12, 1999	2,090	-
6.10%, due on March 12, 2000	2,255	-
6.50%, due on March 12, 2001	2,435	-
Debentures, \$30,000,000		
7.10%, due on July 18, 2001	14,940	-
8.10%, due on July 18, 2006	15,060	-
Bank loan \$30,000,000 ^(b)		
8.04%, due on January 24, 2006	30,000	-
Bank loan \$30,000,000 ^(b)		
6.75%, due on December 9, 2006	30,000	-
Total	<u>455,234</u>	<u>403,124</u>

^(b) This agreement is subject to a currency and interest rate swap. The only amount shown as outstanding is the amount for which the Société is ultimately liable.

Capital Expenditures Funds

Supplementary Information

Year Ended December 31, 1996

(Stated in thousands of dollars)

Analysis of Projects in Progress

By-Law no	Autonized date	Description	Authorized amount	Balance as at 1996-01-01
CA - 07	87-12-02	Various work on fixed installations	10,406	10,406
CA - 16	88-12-21	Miscellaneous capital expenditures - 1987	3,514	3,499
CA - 17	89-0 -20	Alterations to urban buses	3,389	3,380
CA - 18	89-0 -18	Purchase of service vehicles	1,100	1,025
CA - 23	90-0 -11	Renovation work to 60 bus terminals	6,700	6,165
CA - 24	89-09-12	Replacement of hydraulic cylinders in various locations	3,617	3,617
CA - 25	89-09-11	Work on the Pie-IX reserved lane	6,900	4,665
CA - 26	90-03-21	Miscellaneous capital expenditures - 1989	634	634
CA - 27	89-09-12	Construction of the LaSalle Transportation Centre	41,000	37,799
CA - 28	90-03-21	Aboveground radio communication system	6,100	5,245
CA - 3	90-06-08	Renovation of metro cars	68,800	62,331
CA - 33	90-09-06	Changes to the drivers and operators assignment system	559	559
CA - 36	91-05-07	Miscellaneous capital expenditures - 1990	8,000	3,430
CA - 37	90-11-15	Bus washing equipment at the Anjou Transportation Centre	423	423
CA - 39	91-04-04	Purchase of 200 urban buses	50,569	50,569
CA - 40	91-04-11	Work and equipment for the St-Michel garage	4,498	4,498
CA - 42	92-02-24	Purchase of safety wheels for the metro	300	300
CA - 44	92-06-17	Work on the Park Avenue, Côte-des-Neiges and René-Lévesque reserved lanes	3,000	1,388
CA - 47	92-07-08	Purchase of 58 commuter train cars	133,500	90,480
CA - 48	92-09-09	Various work to facilitate steering to an agent on the Honoré-Beaugrand/Angrignon line	586	586
CA - 49	92-09-09	Purchase and installation of guide rails in garages and on pedestrian walkways	975	410
CA - 50	93-03-16	Vault renovation work	5,050	
CA - 52	93-04-07	Replacement and renovation of metro fixed assets	4,544	
CA - 54	93-04-07	Purchase of 100 urban buses (1993)	28,744	28,744
CA - 55	93-04-13	Construction or renovation of terminus and preparation of "park-and-ride" lots	8,900	1,200
CA - 56	93-04-13	Installation of reserved lanes on Notre-Dame, Papineau, Crémazie and Henri-Bourassa streets	2,975	1,200
CA - 58	93-08-16	Purchase and installation of 79 escalators in the metro	38,900	
CA - 59	93-08-27	GESMAT equipment management system	2,050	2,050
CA - 60	93-08-10	Automatic data gathering system in buses	3,700	170
CA - 6	93-08-16	Purchase of specialized rail vehicles	2,660	
CA - 62	93-10-08	Purchase of 100 urban buses (1994)	28,900	28,900
CA - 63	93-12-20	Replacement of hydraulic cylinders for motorized vehicles	2,175	850
CA - 65	94-04-20	Purchase of 200 urban buses (1994)	59,171	52,271
CA - 66	94-05-17	Move of the Caisse	2,850	
CA - 67	94-05-25	Preparation and/or construction of bus terminal	5,500	
CA - 68	94-05-25	Newman/Sherbrooke reserved lanes	1,015	316
CA - 71	94-11-08	Purchase of 60 urban buses (1995)	22,200	4,520
CA - 74	95-05-17	Installation of reserved lane - Cote de Liesse	280	
CA - 75	95-08-18	Miscellaneous capital expenditures 1996	7,200	
CA - 76	95-08-18	Purchase of surface vehicles	359	
CA - 78	95-12-18	Purchase of 160 low-floor buses (1996)	63,750	
CA - 80	96-04-29	Purchase of 180 low-floor buses (1997)	58,500	
CA - 81	96-04-29	Purchase of 20 low-floor buses (1996)	7,975	
CA - 82	96-05-22	Miscellaneous capital expenditures - 1996	2,700	
CA - 83	96-05-22	Renovations to various buildings	4,220	
CA - 84	96-09-24	MACD/3 development equipment and software	5,180	
			724,068	411,630
		Capital assets provided by appropriations - 1993	22,890	4,973
		Capital assets provided by appropriations - 1994	10,007	679
		Capital assets provided by appropriations - 1995	15,475	8,508
		Capital assets provided by appropriations - 1996		
		Initial network and extensions of the metro	48,372	14,160
			772,440	425,790

Permanent Financing			Expenditures			Overfinancing (under-financing)
Financing for the year	Closed projects	Balance as at 1996-12-31	Balance as at 1996-01-01	Expenditures for the year	Closed projects	Balance as at 1996-12-31
	(10,406)		10,406		(10,406)	
	(3,499)		3,484		(3,484)	
		3,380	3,388	1		3,389
		1,025	721	230		951
270		6,435	6,424	3		6,427
	(3,617)		3,617		(3,617)	
		4,665	4,713	1,009		5,722
	(634)		634		(634)	
		37,799	37,896	831		38,727
80		5,325	5,367	14		5,381
2,800		65,131	65,045	9		65,054
	(559)		559		(559)	
450		3,880	3,993	14		4,007
	(423)		423		(423)	
	(50,569)		50,569		(50,569)	
	(4,498)		4,498		(4,498)	
	(300)		263		(263)	
		1,388	1,390			1,390
27,000		117,480	115,423	3,906		119,329
	(586)		586		(586)	
		410	407			407
575		575	546	185		731
400		400	501	433		934
	(28,744)		28,744		(28,744)	
		1,200	1,229	1		1,230
400		1,600	1,583	3		1,586
			27	103		130
	(2,050)		2,034		(2,034)	
2,095		2,265	2,293	634		2,927
	(28,900)		28,900		(28,900)	
170		1,020	1,033	2		1,035
6,900	(59,171)		59,033	138	(59,171)	
2,460		2,460	1,393	1,091		2,484
120		436	439	1		440
15,375		19,895	5,699	12,507		18,206
			6	219		225
			194	3,519		3,713
359		359	207	116		323
15,000		15,000		1,513		1,513
16,000		16,000				
2,000		2,000		10		10
				245		245
				2,685		2,685
				463		463
92,454	(193,956)	310,128	453,667	29,885	(193,888)	289,664
(438)	(2,232)	2,303	1,362	2,232	(2,232)	1,362
	(80)	599	338	80	(80)	338
(269)	(3,413)	4,826		3,413	(3,413)	4,826
1,939	(810)	1,129		810	(810)	1,129
4,205	(4,205)			4,205	(4,205)	
5,437	(10,740)	8,857	1,700	10,740	(10,740)	1,700
97,891	(204,696)	318,985	455,367	40,625	(204,628)	291,364



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