



2012  
**BUDGET**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished Budget  
Presentation Award*

PRESENTED TO

**Société de transport de Montréal  
Québec**

For the 2011 fiscal year  
January 1, 2011

President

*Linda C. Dawson*

Director General

*Jeffrey R. Enos*

The Government Finance Officers Association (GFOA), an alliance of U.S. and Canadian government representatives, bestowed the Distinguished Budget Presentation Award on the Société de transport de Montréal (STM) for its 2011 fiscal year.

To earn this award of excellence, a public authority must publish a document that meets quality criteria applicable to general policy documents, activity guides, financial planning publications and communications mediums.

The award is valid for a single year. The STM believes that the budget documents contained herein meet the same criteria and, as such, plans to enter them in the 2012 competition.



## CONTENTS

<b>A BUDGET BUILT ON PERFORMANCE</b> .....	5
<b>2012 BUDGET AT A GLANCE</b>	
Revenues.....	13
Expenses .....	13
Bus and métro fares .....	14
Paratransit fares.....	15
A diversified fare offering.....	16
2012 Highlights .....	17
<b>THE STM AT A GLANCE</b>	
The STM's mission.....	24
Portrait of the STM.....	24
Passenger profile .....	25
Network map.....	26
The facts.....	27
Members of the Board of Directors .....	28
Roles and responsibilities of the Board of Directors .....	29
Role of the Board of Directors committees.....	29
Composition of the Board of Directors .....	31
<b>2020 STRATEGIC PLAN</b>	
2020 Strategic Plan.....	34
The STM's vision.....	34
Objectives of the 2020 Strategic Plan .....	35
Demographic outlook .....	36
Priorities and strategies .....	37
Funding our expenditures.....	39
Fiscal framework.....	40
<b>TRANSGESCO S.E.C. – 2020 OBJECTIVES</b>	
2020 Objectives .....	42
<b>BUDGET PROCESS</b>	
Main items chosen for the development of the 2012 budget.....	45
Budget planning (strategic).....	46
Budget planning (operational).....	47
<b>ANALYSIS OF REVENUES AND EXPENDITURES</b>	
2012 Revenue distribution.....	50
2010–2012 Revenues .....	51
Analysis of 2011–2012 revenues.....	52
2012 Expenditure distribution .....	54
2010 – 2012 Expenditures by type.....	55
2010–2012 Regular and overtime hours worked.....	56
Analysis of 2011–2012 expenditures .....	57
<b>EXPENDITURES BY TRANSIT MODE</b>	
2010–2012 Expenditures by transit mode.....	61
2010–2012 Expenditures Bus and métro .....	62
2010–2012 Regular and overtime hours Bus and métro.....	63
2010–2012 Expenditures Paratransit.....	64
2010–2012 Regular and overtime hours Paratransit .....	65

**PRESENTATION OF THE ADMINISTRATIVE UNITS**

2012 Distribution of dollars, by administrative unit.....	68
Summary of the administrative units .....	69
Bus network .....	70
Métro network .....	74
Operational Support Services.....	78
Human Resources and Shared Services .....	82
Planning, Marketing and Communications .....	86
Finance and Control .....	90
Corporate services .....	94
Comparative statement – Bus & métro networks and Operational Support Services .....	98

**FINANCIAL OUTLOOK WITH RESPECT TO EXPENDITURES**

Summary of the 2012–2014 Capital Expenditures Program .....	102
Investment funding.....	105
Impact of investment spending on indebtedness.....	106
Impact of investment spending on debt service.....	107

**PERFORMANCE INDICATORS**

Introduction .....	111
Total revenues .....	112
Operating revenues – Bus and métro .....	113
Operating revenues – Bus and métro, per trip.....	113
Ridership – Bus and métro .....	114
Regional contributions.....	115
Operating expense self-financing rate – Bus and métro .....	116
Contribution from the Montréal Urban Agglomeration.....	117
Total expenditures.....	118
Total Compensation and Goods and Services expenses .....	119
Cost of operations – Bus and métro.....	120
Cost of operations – Bus and métro, by trip .....	120
Regular hours and overtime .....	121
Hours of service – Bus .....	122
Kilometres travelled – Bus and métro cars.....	122
Expenses linked to paratransit, by trip .....	123
Trips by minibuses and taxis – Paratransit.....	123
STM's gross and net debt (excluding commuter trains).....	124
Net debt service – Bus and métro.....	124

**APPENDIX**

Main budget practices .....	127
Operating activities for tax purposes.....	129
Analysis of allocations .....	130
Financial management practices .....	131
Definition of revenue types .....	138
Definition of expenditure types.....	140
Transit fares – Regular and reduced fares .....	142
Monthly transit fares in current and constant dollars (1996–2012).....	143
Fare sales .....	144
Fare schedule – North American cities .....	145
Index of initialisms, acronyms and other abbreviations.....	146

## A BUDGET BUILT ON PERFORMANCE

By the end of 2011, we expect to log a record 405 million trips, an increase of 4.2% over 2010. This historic milestone means that the STM will close its 2007–2011 period with growth of 11.5%, greatly surpassing the 8% target set out in the Public Transit Service Improvement Program (PASTEC).

The increase in ridership accomplished by the STM was bolstered by financial support from the Urban Agglomeration of Montréal (hereinafter called “the Agglomeration”). In fact, the Agglomeration’s financial contribution since 2007 has grown by nearly 34% and will reach \$373 million in 2012. In terms of investment expenditures, the Agglomeration will contribute an additional \$22 million in 2012, bringing its total contribution to the *Société de financement des infrastructures locales du Québec* (SOFIL) grant program since 2006 to \$122 million.

Moreover, the 2012 budget has been set at \$1.2 billion. Expenditures are expected to increase by \$64.1 million, up 5.5% over the 2011 budget. Of this, 1.6% is attributable to customer service improvements, while 0.9% is linked to investment expenditures and to maintenance of aging infrastructures. Pursuing its goal of minimizing costs, the STM is budgeting for a 3% increase in current expenditures. This increase is lower than the composite index made up of the consumer price index (CPI) and the transportation CPI, which, according to July 2011 Statistics Canada data, was 3.97%.

In terms of weighted fare indexing, the STM has established that it will be based on four criteria with a direct impact on expenditures: the CPI, the transportation CPI, service improvements and expenditures to upgrade the STM’s assets. In addition to these factors, the STM considers the impact fare increases have on ridership.

### **An improved service offer during a period of transition**

For the 2007–2011 period, the STM increased service significantly. For the bus network, this meant a 21.5% increase, amounting to an additional 15 million kilometres, whereas the métro network saw a 28.8% increase, or an additional 17.2 million kilometres.

In 2012 and 2013, the STM will have to contend with the limitations imposed on it by the capacity of its infrastructures and rolling stock. For example, the STM’s current fleet of 1,680 buses uses all the space available at the bus garages. Moreover, in light of the number of métro cars available, the system has practically reached its the maximum possible service level. For 2012, the STM will also be tasked with upgrading its workshops in time for the 2014 delivery of new métro cars, while maintaining current service levels.

In this time of transition, the STM plans to increase overall bus service to 88 million kilometres, a figure it has not seen since 1966. As for the métro network, the STM expects to add one million kilometres – an increase of 1.3% – bringing the total to 78 million kilometres. Having experienced steady growth over the past several years, paratransit will continue along this path in 2012, increasing overall service by 4.9% to a total of three million trips.



### Major investments in bus network maintenance and optimization

For 2012, capital expenditures, including spending on new métro cars and infrastructures, will reach \$586 million. The STM will also renovate métro stations, update its bus fleet and the facilities needed to house it – specifically, the construction of a new bus garage in the Saint-Laurent borough – and modernize the vehicle scheduling control and real-time passenger information system (iBus). Moreover, as part of the measures to ease congestion stemming from work on the Turcot interchange, the STM will create over 100 kilometres of reserved bus lanes on 10 corridors in 2012, bringing the total to 240 kilometres. Although these expenditures will be funded in part by various government programs, the impact on net debt service will be significant over the coming years. While net debt service will be \$70.1 million in 2012, it will reach \$81.2 million and \$86.5 million in 2013 and 2014, respectively.

### The financing issue: staying current

Funding public transit remains a major concern. For the 2011 fiscal year, the STM tabled its first balanced budget in nearly 10 years. To do so, it was counting on revenues of \$31.6 million from its share of the additional 1.5¢ motor fuel tax established in the new agreement with the Montréal Metropolitan Community (MMC), and \$8.3 million from the current métro-deficit-sharing agreement, for a total of nearly \$40 million.

Although the fundamentals of the new agreement are valid, certain parameters were such that the STM's share of the additional motor fuel tax was lower than expected. Also, this new agreement has yet to be fully implemented, even though the current métro-deficit-sharing agreement ends in 2011.

As such, the STM expects a shortfall of \$10 million in 2012 in the New Regional Contribution from the MMC category.

### 2020 Strategic Plan

In fall 2011, the STM adopted its 2020 Strategic Plan. Spanning 10 years, the plan responds to the public's need for sustainable transportation by operating North America's most successful public transit system. This strong performance will be achieved by delivering an enhanced customer experience, making major expenditures to expand the overall service offer and diversifying and electrifying public transit modes. Combined with a set of measures aimed at reducing single-occupant car use, the strategy seeks to increase ridership by 40% to reach 540 million trips in 2020, while significantly reducing the public's reliance on cars.

Over the coming years, despite the continued contributions of passengers, the Agglomeration and the other Montréal-area cities, we will not have the financial resources to reach the objectives of the 2020 Strategic Plan. The STM therefore needs not only to increase current sources, but also to secure new dedicated, indexed and recurrent funding sources to finance the growth of its service offer and roll out new transit modes. Once we do, we will be well positioned to carry out the 2020 Strategic Plan and make public transit an enduring success!



Michel Labrecque  
Chairman of the Board of Directors



Yves Devin  
Director General

Approved by the  
Société de transport de Montréal  
Board of Directors on  
November 18, 2011

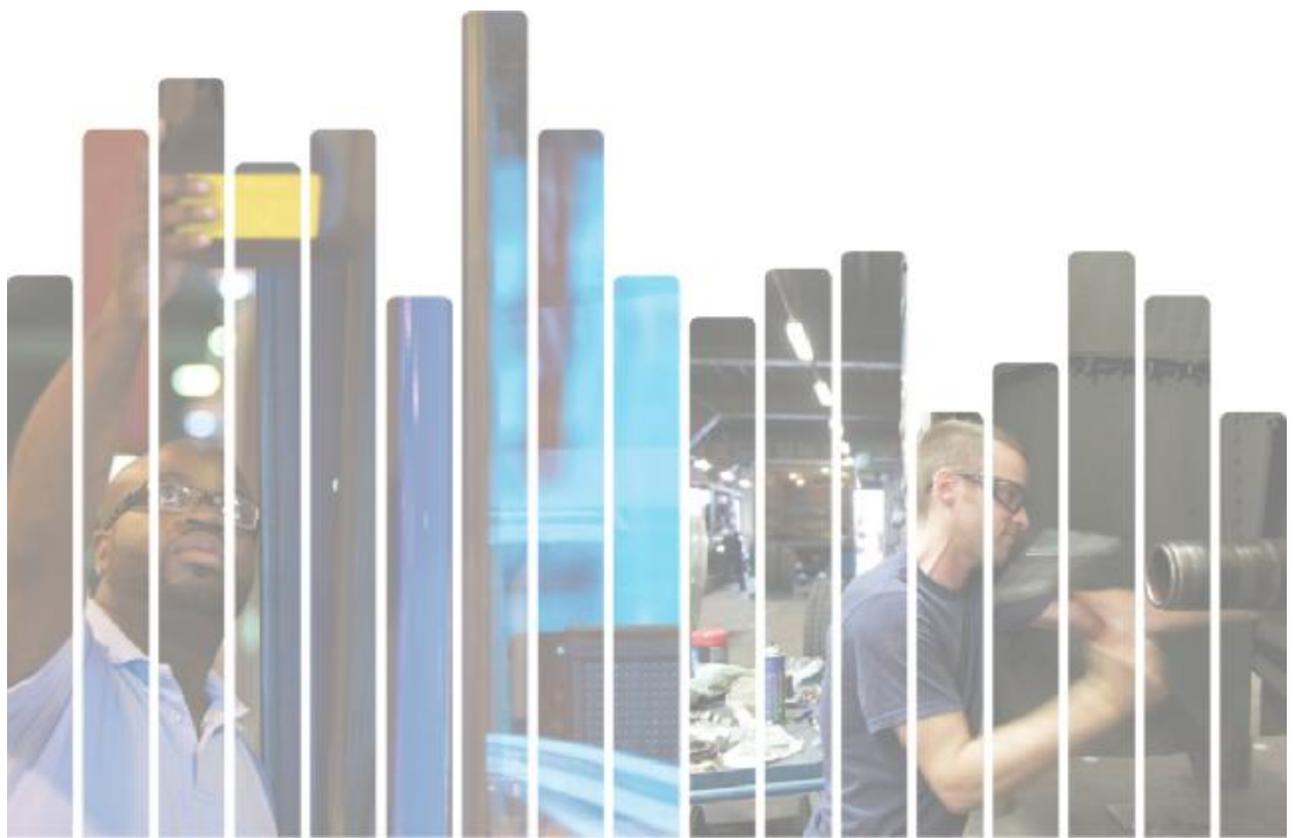
Prepared by the  
Budget and Expenditures Department  
Executive Branch – Finance and Control

**INTRODUCTORY NOTE**

The amounts shown in the tables are rounded off to the nearest dollar or thousand dollars. As a result, readers may note slight variances between the actual sum total of these amounts and the total presented.

The 2011 budget estimates are based on the financial results as at August 31, 2011.





## 2012 BUDGET AT A GLANCE



## REVENUES

(in thousands of dollars)

<b>Passenger revenues</b>		
Bus and métro	561,898	
Paratransit	<u>3,487</u>	
<b>Total – Passenger revenues</b>		565,385
<b>Other operating revenues</b>		
Proportionate ownership – Transgesco s.e.c.	24,389	
Other revenues	<u>13,816</u>	
<b>Total – Other operating revenues</b>		<u>38,205</u>
<b>Total operating revenues</b>		603,590
<b>Government of Québec paratransit subsidy</b>		42,260
<b>Government of Québec service improvement subsidy</b>		59,970
<b>Government of Québec debt service interest subsidy</b>		54,552
<b>Surplus carried forward</b>		4,300
<b>Contribution from the Urban Agglomeration of Montréal</b>		372,900
<b>Regional contributions</b>		
Metropolitan and other contributions		50,110
MMC regional contribution		29,923
New regional contribution from the MMC		<u>10,000</u>
<b>Total – Regional contributions</b>		<u>90,033</u>
<b>Total revenues</b>		<u><u>1,227,604</u></u>

## EXPENSES

(in thousands of dollars)

<b>Bus and métro</b>		
Cost of operations	1,018,891	
Investment expenditures <sup>1</sup>	<u>134,708</u>	
<b>Total – Bus and métro</b>		1,153,599
<b>Paratransit</b>		
<b>Cost of operations</b>		68,052
<b>Incidental expenses</b>		<u>5,953</u>
<b>Total expenses</b>		<u><u>1,227,604</u></u>

<sup>1</sup> Investment expenditures are deducted from the Government of Québec debt service capital subsidy.

**BUS AND MÉTRO FARES**

<i>(in dollars)</i>	2012	2011
<b><u>Regular fare</u></b>		
Monthly CAM	75.50	72.75
Weekly CAM	23.50	22.00
10 trips	24.00	22.50
2 trips	5.50	5.50
1 trip <sup>1</sup>	3.00	3.00
<b><u>Reduced fare</u></b>		
Monthly CAM	43.75	41.00
4-month CAM	164.00	155.00
Weekly CAM	13.75	12.75
10 trips	14.25	13.00
2 trips	3.50	3.50
1 trip <sup>1</sup>	2.00	2.00
<b><u>Daily fares</u><sup>1</sup></b>		
1 day (24 hours)	8.00	8.00
3 days (consecutive)	16.00	16.00
Montréal-Trudeau Airport (747) – cash fare	8.00	8.00
<b><u>Special fares</u><sup>1</sup></b>		
Group fare (1 regular fare + up to 10 children aged 6 to 13)	14.25	13.00
Unlimited Evening fare (6 p.m. to 5 a.m. the following day)	4.00	4.00
<b><u>OPUS card</u></b>		
Cost of the card	6.00	6.00
Free OPUS card with annual subscription		

<sup>1</sup> These are the only fare types accepted at métro stations off the Island of Montréal (Cartier, De la Concorde, Montmorency and Longueuil–Université-de-Sherbrooke).

**PARATRANSIT FARES**

*(in dollars)*

	2012	2011
<b><u>Regular fare</u></b>		
Monthly CAM	75.50	72.75
Weekly CAM	23.50	22.00
2 trips (magnetic stripe card only)	5.50	
1 trip (magnetic stripe card only)	3.00	3.00
Cash (discounted to the price of a single trip purchased in a 10-pack)	2.40	2.25
<b><u>Reduced fare</u></b>		
Monthly CAM	43.75	41.00
4-month CAM	164.00	155.00
Weekly CAM	13.75	12.75
2 trips (magnetic stripe card only)	3.50	
1 trip (magnetic stripe card only)	2.00	2.00
Cash (discounted to the price of a single trip purchased in a 10-pack)	1.40	1.30
<b><u>OPUS card</u></b>		
Cost of the card	6.00	6.00
Free OPUS card with annual subscription		

## A DIVERSIFIED FARE OFFERING

### The Family Outings program

The Family Outings program enables any adult with a valid STM fare product to travel with up to five children under 12 at no extra charge on weekends and legal holidays. Thanks to this initiative, one million additional trips were made in 2011. Starting in December 2011, the STM will expand the program to include the Christmas holidays, as well as spring break, the perfect time for family outings. This program makes public transit an affordable option for outings with young children.

### OPUS à l'année scales up

The *OPUS à l'année* program more than tripled in size over the past year. Bolstered by partner offers and a fall 2011 Québec Department of Transport (MTQ) promotion offering all subscribers a free month, the program has been attracting increasing numbers of regular public transit users who, thanks to the program, no longer have to recharge their OPUS card every month.

### OPUS & Cie

Launched in fall 2011, the *OPUS & Cie* program targets Montréal businesses wishing to encourage public transit use among their employees. Participating employers, in conjunction with the STM, offer a discount that give employees the equivalent of at least one free month. This program also provides tax deductions to employers, while enabling them to take a concrete step toward achieving their sustainable development goals.

### Unlimited Evening fare

Given that the STM experiences surplus capacity outside rush hours, a new off-peak fare was launched in January 2011. The Unlimited Evening fare entitles riders to unlimited trips throughout the STM network between 6 p.m. and 5 a.m. the next day for only \$4, which is nearly 30% less than the price of two regular-fare trips. Backed by a promotional blitz, the fare will fully take flight in 2012 and find its niche as a practical and affordable alternative to taking the car for evenings out.

### CAMPUS pilot project

Launched in fall 2011, the CAMPUS program is aimed at Université de Montréal students and members of the *Fédération des associations étudiantes du campus de l'Université de Montréal* (FAÉCUM) who meet certain eligibility requirements. In exchange for a compulsory contribution for all eligible students, they will be able to purchase a pass valid for unlimited travel during the fall 2011 and winter 2012 terms for less than the price of the STM student pass. Moreover, qualifying students also receive various discounts from participating partners.

### Online recharging

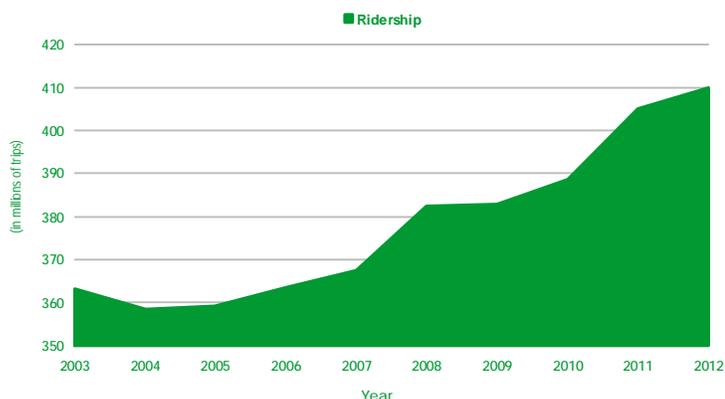
In response to popular demand, an online recharging pilot project was launched in summer 2011, enabling selected passengers, who became the STM's testers, to purchase their fare products on the Web. Based on the results and on the testers' overall assessment, this pilot project could become a full-fledged, permanent option for purchasing transit fares, one that would complement the traditional outlets—métro ticket booths, authorized agents and automatic fare dispensers.

## 2012 HIGHLIGHTS

### A budget built on performance

By the end of 2011, the STM expects to achieve a record 405 million trips, an increase of 4.2% over 2010. This outstanding result means that the STM will end its 2007–2011 period with growth of 11.5%, thus greatly surpassing the 8% target set out in the Public Transit Service Improvement Program (PASTEC). For 2012, the STM expects to achieve a record 410 million trips, an increase of 1.25% over 2011 forecasts.

This performance, combined with tightly controlled current spending, allowed the STM to continue improving service and investing in the maintenance of aging infrastructures.



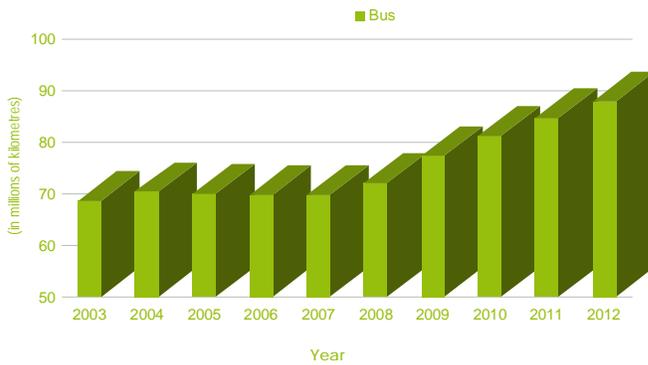
### The Urban Agglomeration of Montréal continues to invest in public transit

The STM's growth since 2006 has been solidly backed by the Agglomeration, whose annual contribution has increased by \$94.9 million, or 34%. Moreover, between 2007 and 2009, the Agglomeration made a further \$69.9 million special contribution to the STM. In terms of investment expenditures, the Agglomeration is also one of the STM's major partners, having invested \$100 million since SOFIL, the Québec local infrastructure funding corporation, was introduced in 2007.

For 2012, the Agglomeration's total contribution will be \$395 million – \$373 million from the Agglomeration and \$22 million from SOFIL – while the 2011 contribution is expected to reach \$390 million. The additional \$5 million will be earmarked for the STM's investment program under SOFIL.

### Passengers receive even more service

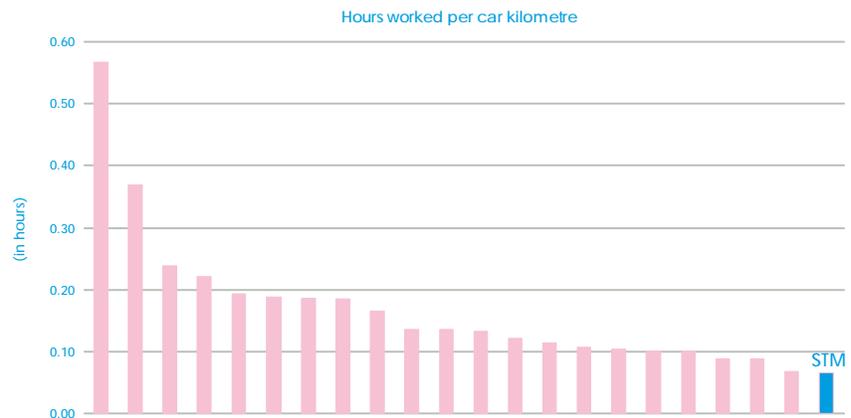
Since the Governmental Assistance Program for the Improvement of Public Transit Services (PAGASTC) was launched in 2007, the STM has seen significant increases in service levels. By late 2011, the bus network will have increased service by 21.5% thanks to the addition of 15 million kilometres of service, for a total of 84.8 million kilometres. For 2012 and 2013, the STM's willingness to provide passengers with new services will be limited by the capacity of its infrastructures. The STM's fleet of 1,680 buses uses all the available space at the existing bus garages, and the new Stinson bus garage is not set to open until fall 2013. Moreover, improvements in maintenance operations performance helped achieve some of the growth seen in recent years, without requiring the addition of buses to the fleet. The percentage of buses undergoing maintenance at any given time decreased from 23.7% to 17%, a 28% drop equivalent to 110 buses.



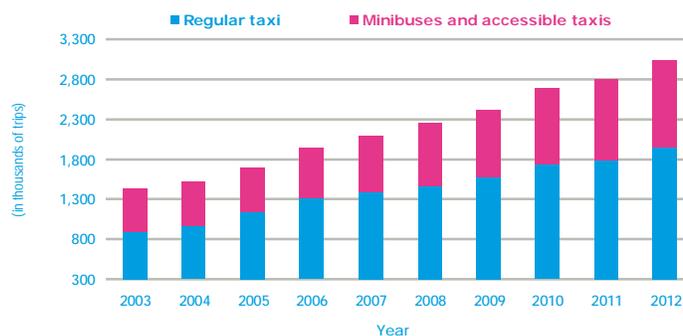
For 2012, the STM plans to increase bus service by 3.2% to 88 million kilometres, the highest level since the métro opened in 1966. This increase includes the annualization of new services introduced in 2011 and the addition of 20,000 hours of service in order to create an express route along the Rosemont Boulevard corridor leading to downtown and revamp service on Côte-des-Neiges. Also, an extra 44,000 hours of service are anticipated in order to implement the mitigation measures for the Turcot interchange project. To

achieve this addition, the STM needs to refurbish its transportation centres and relocate urban minibuses in order to grow its current fleet by 32 buses.

The métro network has to contend with some of the world's oldest subway cars and, since 2008, has been operating at the limits of its service capacity. In the coming year, the STM will also need to carry out major upgrades to its workshops in time for the 2014 delivery of new métro cars, while maintaining current service levels. Despite this fact, the STM expects to add one million kilometres to its métro service in 2012 – an increase of 1.3% – bringing the total to 78 million kilometres. In fact, that is three million kilometres more than the figure called for in the 2020 Strategic Plan, which expected service to slide during the maintenance workshop overhaul. Moreover, for the third year in a row, international benchmarking by Imperial College London for 2010 reconfirmed the Montréal métro as the world's most productive in terms of the number of hours worked per car-kilometre.



With steady growth over the past several years, paratransit will continue along that path in 2012 as overall service increases by 4.9% to reach three million trips. The paratransit sector will also change its service scheduling and dispatching system in 2012. In addition to further optimizing service and supporting growth over the coming years, the new system will set the stage for future functions that can process data in real-time.



### Turcot interchange work site: the STM's public transit option

Work on the Turcot interchange is expected to last six years and will have a significant impact on traffic between Montréal's West Island and downtown. To offer drivers a viable alternative, the STM is proposing mitigation measures that would lead to a modal shift, thereby reducing traffic throughout the construction zone.

To meet this objective, the STM will create, starting in June 2012, three new express routes linking the West Island's residential clusters and park-and-ride lots to the downtown core. These services will cut travel time by an average of 10 minutes over current commuting times, not to mention the gains to be yielded by the priority measures and reserved bus lanes that will run along the corridor and work sites. In the long run, the new routes will include 100 kilometres of reserved lanes. The STM will also increase express service by between 10% and 20% on routes 173 and 190 from Lachine, 506 from LaSalle and 420 from Notre-Dame-de-Grâce (NDG).

To accommodate new routes and improve the traffic flow around the bus terminal at Lionel-Groulx métro station, the terminal will need to be reorganized. The STM would also like to create parking lots next to the Fairview terminal and in Dollard-des-Ormeaux (DDO).

All these new measures are made possible thanks to the participation of the Québec Department of Transport (MTQ), which will assume 100% of the cost of operations and investment expenditures.

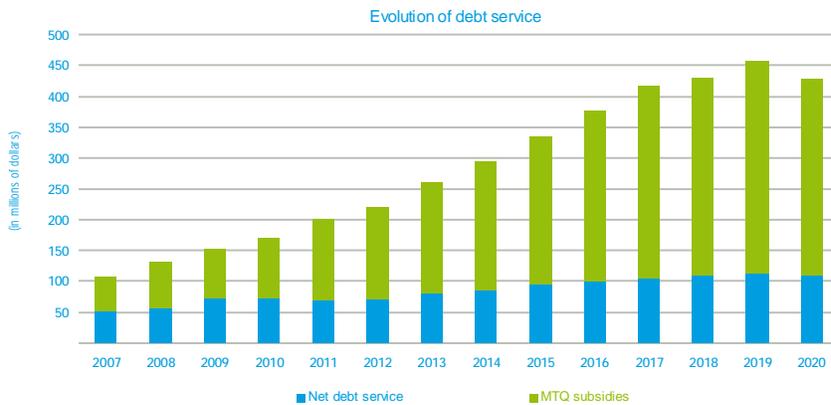
The STM's 2020 Strategic Plan includes tactics such as express bus routes and priority measures to improve public transit speed and efficiency on the busiest corridors. Integrating measures that give priority to public transit during the Turcot interchange project will be of prime importance.

### 2012, a key year in the 2020 Strategic Plan

In connection with the 2020 Strategic Plan, projects for the year 2012 will also include preparing for the arrival of new métro cars, which is scheduled for 2014, and the construction of the new Stinson bus garage.

The year 2012 will also be important in determining the bus network's future, as the STM plans to put into service seven 30-passenger electric mid-size buses (known as midibuses) and conduct a number of studies on options for the wider-scale electrification of the surface network. In addition to electric midibuses, the STM will evaluate electric buses and trolleys. For this purpose, a \$3 million research and development budget is planned for 2012.

## Expenditures



For 2012, capital expenditures, including investments in new métro cars and infrastructures to keep the STM's more than \$14.5 billion in property assets in sound operating condition, will reach \$586 million. The STM will also renovate métro stations, upgrade its bus fleet and the facilities needed to house it, and modernize the iBus vehicle

scheduling control and real-time passenger information system. Although these investments will be partly funded by various government programs, the impact on net debt service will be significant over the coming years. In 2012, net debt service will be \$70.1 million, roughly the same as in 2011. The years 2013 and 2014 will be challenging from a financial perspective, as debt service for the two years is expected to be \$81.2 million and \$86.5 million, respectively.

### Effective financial management

Expenditures for 2012 are forecast to increase by \$64.1 million, up 5.5% over the 2011 budget figure. Of this, 1.6% is attributable to customer service improvements and additions, while 0.9% is linked to investment expenditures and to maintenance of aging infrastructures.

As part of its continuing goal to minimize costs, the STM is budgeting for a 3% increase in current expenditures. This increase is lower than the composite index made up of the consumer price index (CPI) and the transportation CPI, which, according to July 2011 Statistics Canada data, was 3.97%, as calculated according to STM guidelines and applied over the past few years.

Moreover, the STM has maintained its excellent debt ratings: A+ from Standard and Poor's and Aa2 from Moody's. These firms are placing their confidence in the STM's healthy approach to managing expenditures and its strict cost control methods.

### Diversified and competitive fare product range

Fare increases are determined according to the following five criteria: the CPI, the transportation CPI, customer service improvements, investments and impact on ridership.

The cost of the regular-fare monthly pass will rise to \$75.50, an increase of \$2.75 or 3.8% over last year. The reduced-fare pass will increase by the same dollar figure, to \$43.75. This 6.7% increase will constitute yet another step toward reaching the goal set by the STM's Board of Directors to reduce the discount given to passengers eligible for reduced-fare passes to 40% by 2015. Also, the six-trip pass will be discontinued in 2012, as the 10-trip, 2-trip and Unlimited Evening passes effectively meet the needs of occasional passengers who formerly used the six-trip passes. Last but not least, as part of the harmonization of fares between off-island métro stations, the TRAM3 will become the only valid monthly fare.

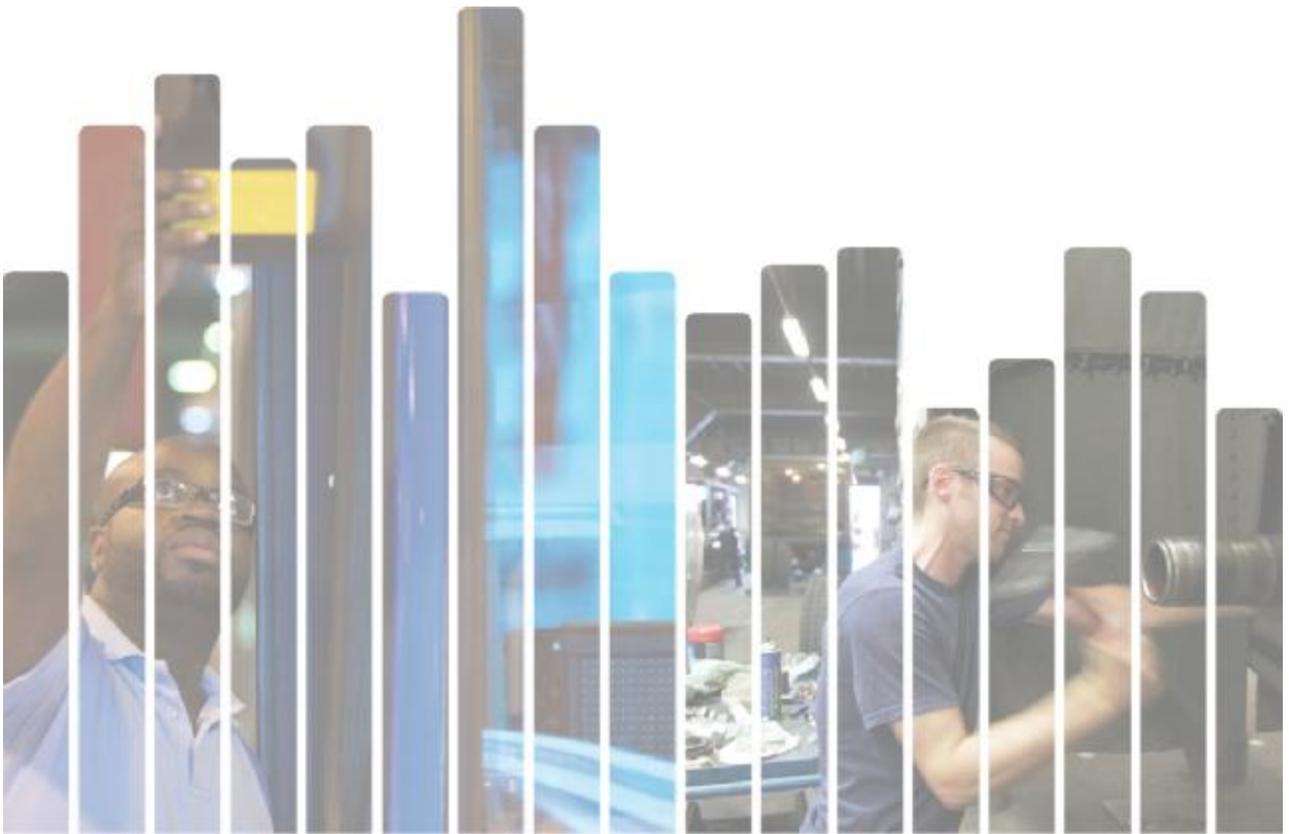
**The funding issue: staying current**

Funding public transit remains a major concern. For the 2011 fiscal year, the STM tabled its first balanced budget in nearly 10 years. To do so, it was counting on revenues of \$31.6 million from its share of the additional 1.5¢ motor fuel tax linked to the new agreement with the Montréal Metropolitan Community (MMC), and \$8.3 million from the current métro-deficit-sharing agreement, for a total of nearly \$40 million.

Although the fundamentals of the new agreement are valid, certain parameters were such that the STM's share in the additional motor fuel tax was lower than expected. Also, this new agreement has yet to be fully implemented, even though the current métro-deficit-sharing agreement ends in 2011.

Consequently, the STM expects a shortfall of \$10 million in the New Regional Contribution from the MMC category.





**THE STM AT A GLANCE**

## THE STM'S MISSION

The STM is a key driver of economic development in the Montréal area, and contributes to sustainable development and overall quality of life. The STM is tasked with developing and operating an integrated métro and bus system, as well as a paratransit network, to enable the public to get around reliably, quickly, safely and comfortably. The STM's riders and employees, not to mention its institutional and business partners, are all proud to be associated with the organization, which is well known for its ability to provide high-quality service at a fair price. These are the values we all share:

- Teamwork
- Thoroughness
- Respect
- Empowerment
- Transparency

## PORTRAIT OF THE STM

A few figures...



**405 million trips  
anticipated in 2011**

**It handles :**

**80%** of all public transit trips in the Montréal area

**70%** of all public transit trips in the province of Québec



### Métro network

The Montréal métro has been 100% electric since it was launched in 1966. It is made up of 68 stations on four lines totalling 71 km. The métro fleet's 756 cars—333 MR-63s and 423 MR-73s—will travel 77 million kilometres in 2011.



### Bus network

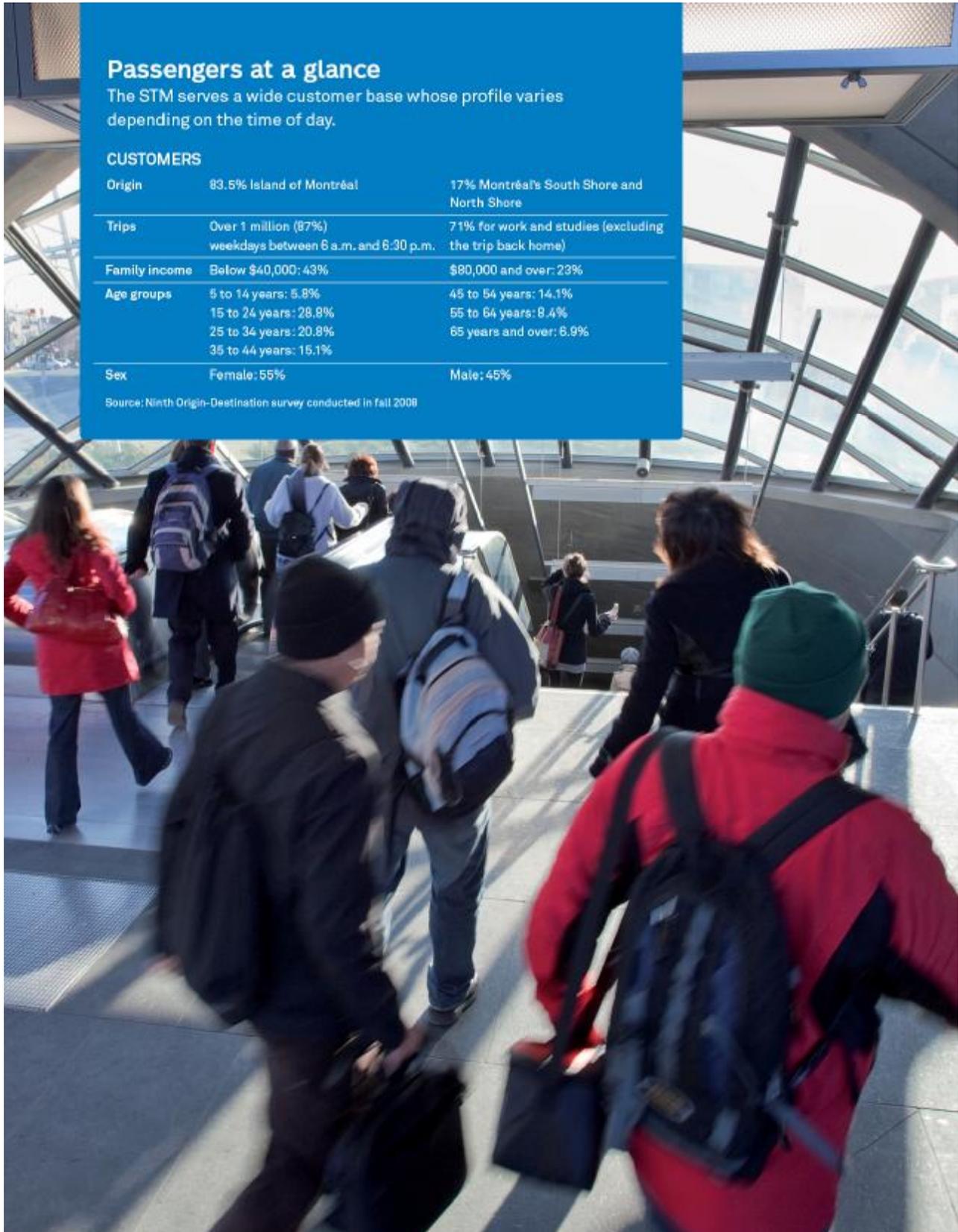
The STM's bus fleet consists of 1,680 buses, including eight hybrids and 202 articulated buses. The network covers the nearly 500 km<sup>2</sup> Island of Montréal territory. It includes 209 bus routes, 156 of which are wheelchair-accessible and 23 dedicated to night service. The STM also has 101.4 kilometres of reserved bus lanes to shorten trip length. In 2011, the bus service offer will reach 84.8 million kilometres. The STM also operates 10 taxi-based public transit routes.



### Paratransit

The STM provides door-to-door paratransit service for people with functional limitations. As a result, over 21,000 passengers make use of the STM's minibuses and the services of 16 regular and wheelchair-accessible taxis to travel over 2.8 million kilometres in the Greater Montréal Area each year.

## PASSENGER PROFILE



## Passengers at a glance

The STM serves a wide customer base whose profile varies depending on the time of day.

### CUSTOMERS

Origin	83.5% Island of Montréal	17% Montréal's South Shore and North Shore
Trips	Over 1 million (87%) weekdays between 6 a.m. and 6:30 p.m.	71% for work and studies (excluding the trip back home)
Family income	Below \$40,000: 43%	\$80,000 and over: 23%
Age groups	5 to 14 years: 5.8% 15 to 24 years: 28.8% 25 to 34 years: 20.8% 35 to 44 years: 15.1%	45 to 54 years: 14.1% 55 to 64 years: 8.4% 65 years and over: 6.9%
Sex	Female: 55%	Male: 45%

Source: Ninth Origin-Destination survey conducted in fall 2008

## NETWORK MAP



The STM at a glance

## THE FACTS

### ➤ Excellent debt ratings

Standard & Poor's and Moody's have recognized the STM's ridership performance over the past few years.

➤ **A+**  
Standard & Poor's

➤ **Aa2**  
Moody's

Moody's also highlighted the quality of the STM's financial risk management, including refinancing risks. Standard & Poor's mentioned the STM's rigorous financial management practices, as well as its firm control of operating expenses over the past five years, the corporation's potential to improve financial flexibility by expanding other sources of operating revenues, and improvements to the debt-management policy, which focuses specifically on long-term liquidity and debt levels.

### ➤ The Montréal métro: the world's most productive

With the unveiling of the results of Imperial College London's latest benchmarking of 27 of the world's subway systems came the news that, for the third consecutive year, the Montréal métro was ranked as the most productive, meaning that its labour force is the most productive per car-kilometre and its operating costs among the lowest. The STM stands out from its peers in yet another way: although its métro cars are among the world's oldest, they remain fairly reliable.

### ➤ Partnerships

Organizers of Montréal's big events rely on the STM as a dedicated partner to make sure that the events continue to draw crowds. In fact, the growing number of partnerships clearly shows that public transit is key to the success of any event. All of the STM's efforts follow naturally from the company's eagerness to gain visibility and become top-of-mind among both existing and potential customers, in order to promote the use of public transit and better meet the wide-ranging needs of its passengers. In 2010, over 77 partnerships were formed, and the resulting visibility is valued at some \$4.9 million. These partnerships include:

➤ Aires Libres ➤ Arab World Festival of Montréal ➤ A Taste of the Caribbean Food Festival ➤ Cirque du Soleil ➤ Défi sportif for athletes with disabilities ➤ Design Montréal Open House ➤ Earth Day ➤ Fantasia film festival ➤ Festival du nouveau cinéma ➤ Fête des enfants de Montréal ➤ Fête des neiges ➤ Grand Prix of Canada ➤ Igloofest ➤ In Town Without My Car ➤ Journées de la culture ➤ Just for Laughs Festival ➤ Labatt (Night Bus) ➤ Le Montréal du futur ➤ Les Francfolies de Montréal ➤ Montréal Alouettes ➤ Montréal Canadiens ➤ Montréal High Lights Festival – Montréal All-Nighter ➤ Montréal World Film Festival ➤ Montréal Human Rights Film Festival ➤ Montréal International Children's Film Festival ➤ Montréal Museums Day ➤ Mutek ➤ Nuit Blanche sur Tableau Noir ➤ Osheaga Music Festival ➤ Paradis perdu ➤ Piknic Electronik ➤ Quartier des spectacles ➤ Salon national de l'environnement (Québec environment fair) ➤ Santa Claus Parade ➤ Tall Ships on the Quays (Quays of the Old Port of Montréal) ➤ Tennis Canada (Rogers Cup) ➤ The Montréal Bike Fest (Tour de l'île) ➤ The National Home Show

### ➤ Transportation cocktail

By definition, the transportation cocktail is the interweaving of the various public transit modes – métro, buses, commuter trains, minibuses and shared taxis – and active and private transit modes, including cycling, taxis, rental cars, ridesharing and carpooling. To help improve the urban mobility mix, the STM has signed a number of partnership agreements with a variety of sustainable mobility players. For example, thanks to two programs, the *DUO auto + bus* (with Communauto) and BIXI-bus (with the *Société de vélo en libre-service*, which runs the BIXI program), STM customers pay reduced rates for these services. Our partners:

➤ BIXI ➤ Clear The Air! ➤ Communauto ➤ Vélo Québec ➤ OPUS & Cie (employer program) ➤ Voyagez futé

### ➤ Universal accessibility

In July 2009, the STM Board of Directors adopted a universal accessibility policy under which the STM has committed to incorporate "into its day-to-day activities the means to foster and encourage universal accessibility in all areas of operation." An accessibility action plan was integrated into the 2020 Strategic Plan so that the policy could be implemented.

## MEMBERS OF THE BOARD OF DIRECTORS

The STM's Board of Directors is made up of members of the Agglomeration's management board and the boards of the other Agglomeration municipalities; all Board members are appointed by the Agglomeration Council. Moreover, three members of the Board of Directors are chosen from among Agglomeration residents, including two representing regular public transit users and one representing paratransit service users. The rules governing the appointment of the two public transit user representatives state that at least one of them must be under 35 years of age.

The Board of Directors embodies the values of diversity and plurality so strongly promoted by the STM. The Board currently comprises six municipal councillors and three passenger group representatives, and consists of three women and six men.



**Michel Labrecque**

Chairman of the Board of Directors  
Public transit users representative



**Edward Janiszewski**

Mayor of the City of Dollard-des-Ormeaux



**Marvin Rotrand**

Vice-chairman of the Board of Directors  
Montréal City Councillor  
Côte-des-Neiges/Notre-Dame-de-Grâce  
borough



**Dominic Perri**

Montréal City Councillor  
Saint-Léonard borough



**Bernard Blanchet**

Borough Councillor  
City of Montréal  
Lachine borough



**Monica Ricourt**

Borough Councillor –  
Ovide-Clermont district  
Montréal-Nord borough



**Francesco Miele**

Montréal City Councillor –  
Côte-de-Liesse district  
Saint-Laurent borough



**Marie Turcotte**

Paratransit users representative



**Claudia Lacroix Perron**

Public transit users representative  
(member under the age of 35)

## **ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board of Directors executes the functions and powers of the STM and establishes its major orientations. It adopts the strategic plan for the development of public transit on the STM's territory. Every year, the Board adopts the budget, the staffing plan and the Capital Expenditures Program (CEP). It also establishes the various fare products and the pricing structure, approves, abolishes or replaces public transit routes, and approves permanent route changes.

## **ROLE OF THE BOARD OF DIRECTORS COMMITTEES**

To aid in the proper governance of the STM and help it execute its mandates, the Board of Directors formed technical committees, each of which is dedicated to a specific field of endeavour. These committees were formed, mostly between 2006 and 2008, as part of the governance rules review process aimed at helping the STM conduct business. The committees are comprised of members of the Board of Directors and independent external members.

The chairman of the board is an ex officio member of all committees. The secretary general attends the meetings and serves as the permanent secretary on all committees, while not actually being a member.

### **Customer Service Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to the public transit services that the STM provides to its users, and to make recommendations. Two subcommittees were formed to deal more specifically with accessibility and diversity issues. In order to take the pulse of transit users, the committee organizes public consultations on a yearly basis.

### **Human Resources Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to issues surrounding human resources management at the STM, and to submit its recommendations to the Board of Directors.

Every year, the committee studies and assesses the Director General's performance vis-à-vis his specific, pre-established personal and corporate objectives, and determines his annual salary, within the limits set by the Board of Directors. When required, the committee calls on outside experts to examine STM executives' salaries and bring them into line with those earned by senior managers at Québec's public corporations and at North American public transit companies.

### **Finance Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to the management of the STM's financial activities, and to submit its recommendations to the Board of Directors.

### **Audit Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to ensuring, on behalf of the Board of Directors, that the STM's financial affairs are being managed effectively and economically, and making available all information required to accurately reflect the company's activities and financial position.

**Governance and Ethics Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to issues surrounding governance and ethics in the management of the STM's activities, and to submit its recommendations to the Board of Directors.

**Asset Maintenance, Major Projects and Environment Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to the maintenance of STM assets (operating equipment and systems, infrastructures and computer equipment). It is also charged with studying all major projects supporting the implementation of the 2020 Strategic Plan and with overseeing the company's environmental policy. It then submits its recommendations to the Board of Directors.

**Operations Committee**

This committee's mandate is to study the needs, methods and best possible solutions with respect to the management of STM operations, and to submit its recommendations to the Board of Directors.

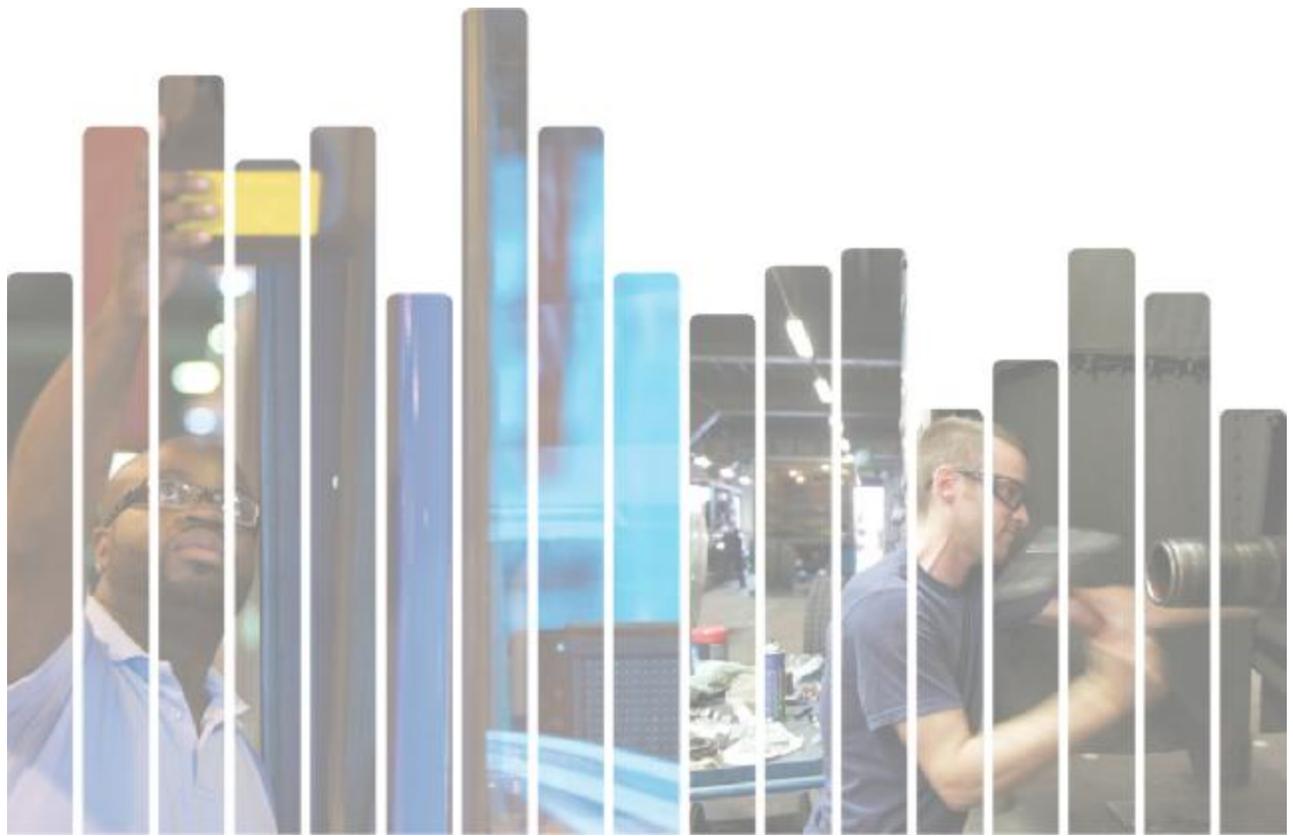
**Arts and Artistic Heritage Committee**

This committee's mandate is to promote the integration of art into the STM's network and to concern itself with the protection, conservation, proper use and development of the artistic heritage assets in the STM's possession, as well as to submit appropriate recommendations to the STM's Board of Directors.

## COMPOSITION OF THE BOARD OF DIRECTORS







## **2020 STRATEGIC PLAN**

## 2020 STRATEGIC PLAN

The STM's 2020 Strategic Plan was prepared in accordance with the *Act respecting public transit authorities* (RSQ, C S-30.01). The Plan was approved by the STM Board of Directors on September 7, 2011, and subsequently by the Agglomeration Council on October 27, 2011. The 2020 Strategic Plan presents a roadmap for the development of public transit over a 10-year period for all transit modes, equipment and infrastructures. The Plan is reviewed annually and updated every five years.

Prepared jointly by all of the STM's managers and the members of its Board of Directors, the 2020 Strategic Plan was developed in the wake of the 2007–2011 Business Plan and is based on the same priorities. Backed by the excellent results yielded by the STM's Business Plan, we have agreed to stay on course while picking up the pace. Hence, our collective commitment for the next decade will be built on priorities we have already established.

## THE STM'S VISION

"Fulfill the public's mobility needs by operating North America's top public transit system and, in so doing, contribute to the Montréal Urban Agglomeration's renown as a prosperous and environmentally friendly hub of economic development.

This performance is the result of an enhanced customer experience in terms of frequency, speed, punctuality and comfort. It is supported by major spending on equipment maintenance and strategic expenditures, both of which are linked to growth of over 30% in overall service and to the diversification and electrification of transit modes. As of 2025, the STM will purchase only 100% electric vehicles.

Combined with a set of measures aimed at reducing single-occupant car use, which will be implemented with help from the City of Montréal and the Government of Québec, this strategy will increase ridership by 40% to reach 540 million trips in 2020, while significantly reducing the public's reliance on cars."

## OBJECTIVES OF THE 2020 STRATEGIC PLAN

### 540 millions trips: an ambitious and sustainable objective

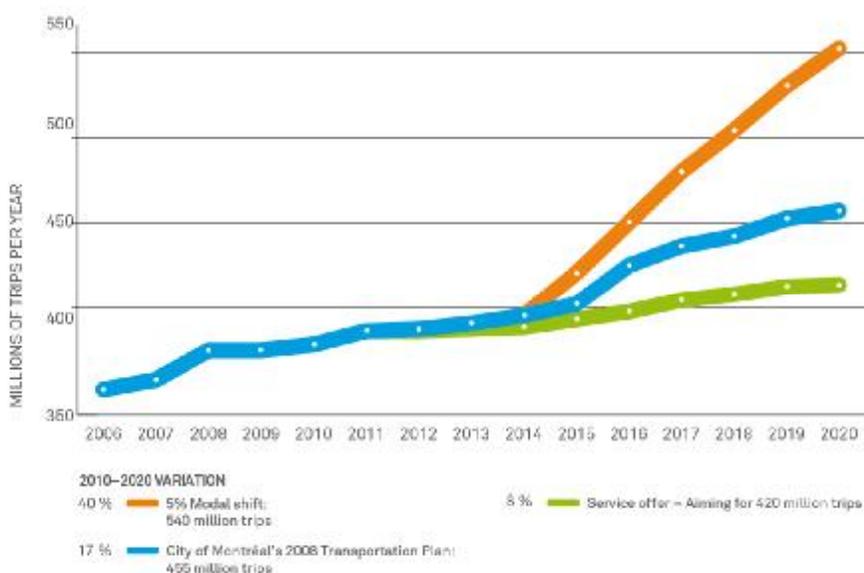
If only the network maintenance and optimization projects are considered, the STM should achieve 420 million trips a year by 2020, a target that is in line with the corporation's results since 2006. By adding to this figure such development projects as the tramway and the métro extension, this target should reach 455 million, which is equivalent to the numbers presented in the City of Montréal's 2008 Transportation Plan – *Réinventer Montréal*, representing growth of 17% over 2010 figures (or 26% between 2008 and 2021).

In fact, the STM is aiming to actually surpass the objective set out in the 2008 Transportation Plan, which was to achieve 455 million trips per year by 2020. In its 2020 Strategic Plan, the STM has set an objective of 540 million trips per year, an increase of 40% over the 2010 level. To reach its goal, the corporation is banking on a 5% modal shift toward public transit, and to accomplish that, expects to improve its métro service offer by 26% and bus service by 32%. Insofar as development projects are concerned, they would consist primarily in extending métro lines toward Anjou and Bois-Franc, rolling out the first phase of a tramway system and expanding the bus fleet by over 400 vehicles to a total of 2,089.

### Modal shift

A modal shift is what occurs when people switch from one mode of transportation to another for all or part of their daily excursions in response to conditions that make public transit use more appealing than single-occupant car use. Conditions can include improved public transit service, shorter travel times and constraints on single-occupant car use.

### Three scenarios for growth in ridership from 2006 to 2020



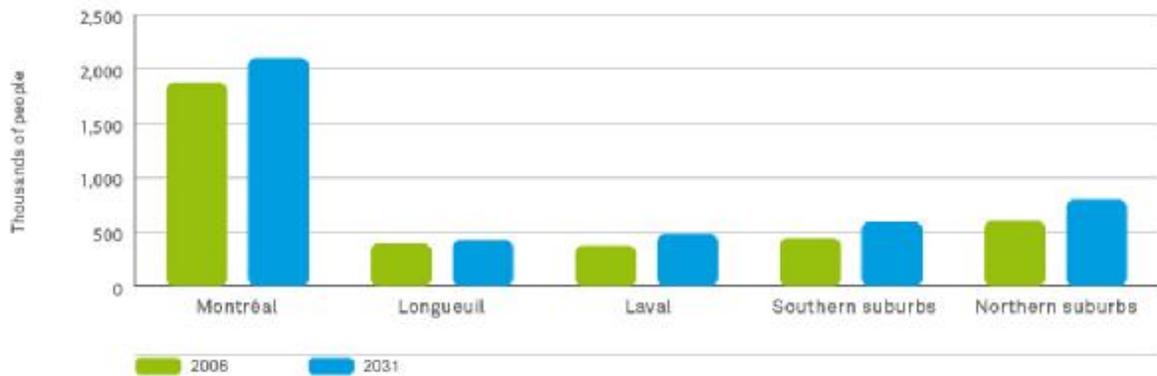
## DEMOGRAPHIC OUTLOOK

To reach its objectives, the STM will need to constantly adapt its services and practices to the various factors that have a determining impact on its activities. Among the many influential factors, demography will have a direct effect on the make-up of demand and, consequently, on the STM's service offer and ridership.

According to the *Institut de la statistique du Québec*, between 2006 and 2031, the population of the Montréal area will grow by more than 700,000 people to 4.3 million, an increase of around 20%. This growth will be allocated as follows:

- In outlying areas, an increase of over 480,000 people. The populations of Laval and Montréal's northern and southern suburbs will grow by some 30%.
- On the Island of Montréal, an increase of at least 225,000 people, or 12%<sup>1</sup>. By 2031, Montréalers will represent less than half of the region's population.

### Population forecast for the Metropolitan Census Region (MCR)



<sup>1</sup> Institut de la statistique du Québec, *Perspectives démographiques du Québec et des régions, 2006-2056 – Édition 2009*. 2010 MMC treatment.

## PRIORITIES AND STRATEGIES

In accordance with the 2007–2011 Business Plan, but with the ambitious objective of achieving 540 million trips, the 2020 Strategic Plan is defined by the following six priorities:



### PRIORITY 1

Expand services



### PRIORITY 2

Improve the customer experience and marketing efforts



### PRIORITY 3

Attract, develop and mobilize talent

## STRATEGIES

1. Renovate and expand the métro network while increasing overall service
2. Improve overall service while diversifying the bus network
3. Roll out the first tram route
4. Help implement all public transit initiatives on the Island of Montréal
5. Bolster overall paratransit service

6. Enhance the Breathe Easier brand image
7. Implement a service quality program
8. Improve service reliability and punctuality
9. Improve the quality of passenger information
10. Provide a safe, user-friendly and pleasant atmosphere
11. Apply universal accessibility measures
12. Diversify fare products

13. Deploy ways of recruiting employees and developing their skills
14. Continue with the current employee and manager mobilization effort
15. Continue fostering collaborative work relations
16. Help create a healthy, safe and inclusive work environment



**PRIORITY 4**

Optimize investment management



**PRIORITY 5**

Further improve performance



**PRIORITY 6**

Place sustainable development at the centre of all our decisions

**STRATEGIES**

- 17. Generate added value when assets are replaced
- 18. Optimize project portfolio management and improve project execution

- 19. Increase and diversify revenue sources
- 20. Tightly control expenditures

- 21. Take part in the government's efforts to electrify public transit
- 22. Lessen the STM's ecological footprint
- 23. Promote sustainable development

## FUNDING OUR EXPENDITURES

To reach the objectives set out in the 2020 Strategic Plan, the STM relies on financial support from its partners, the provincial and federal governments, the Agglomeration and the Montréal Metropolitan Community (MMC).

The 2020 Strategic Plan calls for expenditures totalling \$11.5 billion for the métro, bus and tramway sectors. Based on the programs already in effect, funding would come from the Government of Canada (\$800 million or 7%), the Government of Québec (\$7.5 billion or 65%), and the Agglomeration and STM (\$3.2 billion or 28%).

### Sources of expenditure funding for the 2011 to 2020 period

<i>(in millions of dollars)</i>		Government funding		Montréal		New sources
Sector	Expenditures	Federal	Provincial	City	STM	Other
		Cash	Debt	Cash	Cash/Loan	Tramway
<b>Loan</b>						
Métro sector	5,735	18	4,355	4	1,359	
Bus and paratransit sectors	3,017	792	1,527	240	458	
Tramway sector	1,122					1,122
Métro extensions	1,610		1,610			
<b>Total</b>	<b>11,484</b>	<b>810</b>	<b>7,491</b>	<b>244</b>	<b>1,816</b>	<b>1,122</b>

By 2020, the provincial government's contribution will reach \$792 million in debt service under the terms of all assistance programs currently in effect. Debt service linked to maintenance projects would account for nearly \$418 million, or 53%. As for development projects, debt service will amount to approximately \$374 million, or 47% of annual contributions. By adding \$1.6 billion for métro extensions on the Island of Montréal, debt service assumed by the Government of Québec should increase by an additional \$146 million to reach an annual liability of \$938 million.

Despite the importance of funding from the STM's partners, these expenditures will have a significant impact on the STM's debt service and on the fiscal framework presented below.

## FISCAL FRAMEWORK

For the duration of the 2020 Strategic Plan, the STM's financial position will shift from a balanced budget in 2011 to a shortfall of nearly \$262 million in 2020.

### 2020 financial framework: forecasts based on current funding sources

<i>(in millions of dollars)</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenue sources</b>										
Passengers	514	533	549	564	607	643	709	754	802	850
Other	39	36	37	38	38	40	41	43	45	46
Governments	229	257	298	363	472	611	732	798	872	909
<b>Agglomeration</b>	<b>390</b>	<b>395</b>	<b>405</b>	<b>415</b>	<b>425</b>	<b>435</b>	<b>445</b>	<b>455</b>	<b>465</b>	<b>475</b>
Automobile registration tax	19	25	30	30	30	30	30	30	30	30
Parking lot tax	19	19	19	19	19	19	19	19	19	19
Indexed proportionate ownership	352	351	356	366	376	386	396	406	416	426
Regions	90	88	88	88	88	88	88	88	89	89
Additional funding required	-	64	106	145	162	196	236	254	265	262
	<b>1,262</b>	<b>1,373</b>	<b>1,483</b>	<b>1,613</b>	<b>1,792</b>	<b>2,013</b>	<b>2,251</b>	<b>2,392</b>	<b>2,538</b>	<b>2,631</b>
<b>Liabilities</b>										
Salaries, goods and services	1,024	1,103	1,157	1,213	1,267	1,329	1,425	1,489	1,552	1,604
Expenditures	238	270	326	400	525	684	826	903	986	1,027
	<b>1,262</b>	<b>1,373</b>	<b>1,483</b>	<b>1,613</b>	<b>1,792</b>	<b>2,013</b>	<b>2,251</b>	<b>2,392</b>	<b>2,538</b>	<b>2,631</b>

### Notice

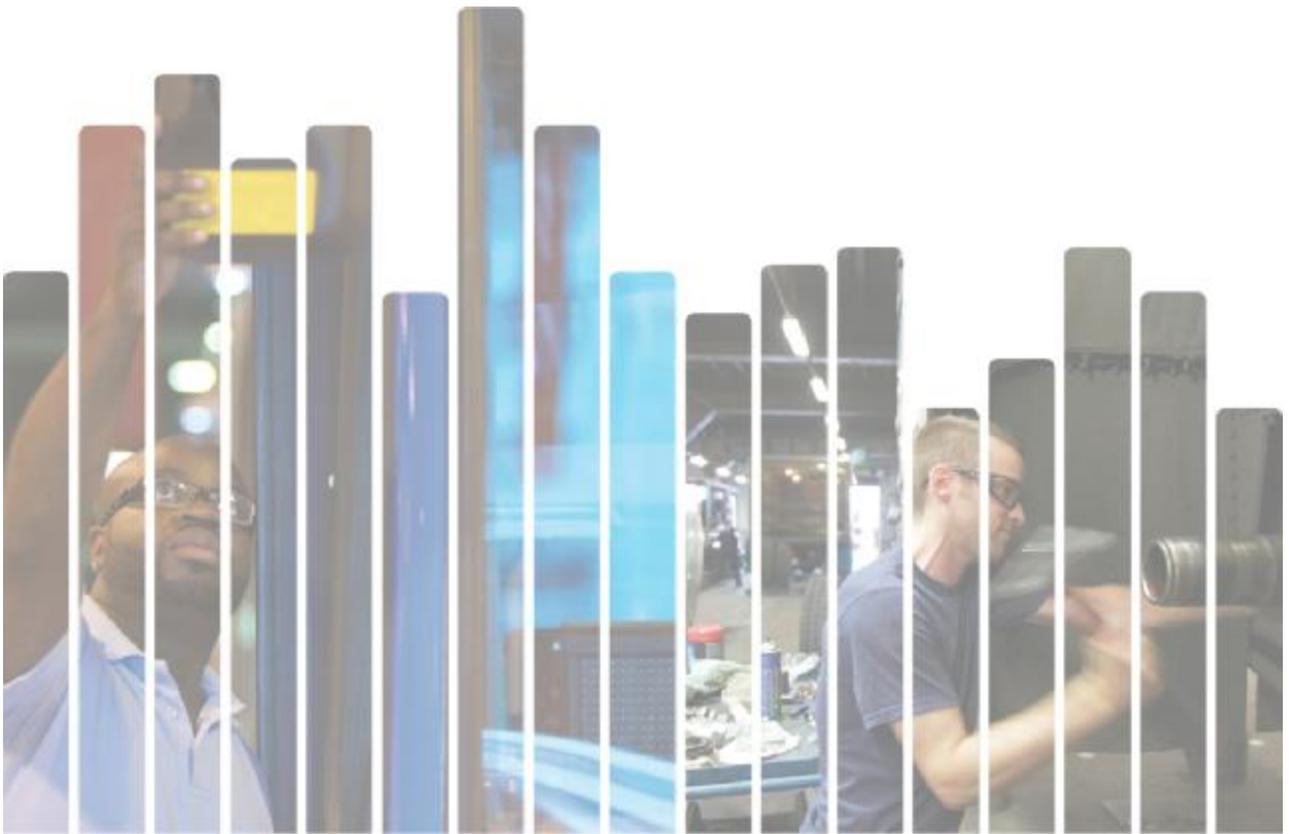
The adoption of the annual budget sets in motion a review of the fiscal framework for the ensuing years until 2020. For 2012, a normal lag exists between the financial results presented in the above-mentioned framework (reviewed at the end of the 2010 fiscal year) and those presented herein.

In order to bring its financial framework into line with the Agglomeration's projections, the following adjustments were made to the Agglomeration's contribution:

- Addition of the contribution to the SOFIL program for 2011 (\$17 million) and for the years 2012 to 2020 (\$22 million). The STM treats this contribution as a reimbursement of investment expenditures, which enables the STM to avoid having to incur debt in order to fund its assets.
- Decrease of \$15 million for 2011 as a special contribution from the STM.

### Additional funding required

Over the coming years, despite the continued contribution of passengers, the Agglomeration and the other Montréal-area municipalities, our financial resources will remain insufficient to reach the objectives of the 2020 Strategic Plan. The STM therefore needs to be able to count not only on growing current sources, but also on securing new dedicated, indexed and recurrent funding sources to fund the expansion of its service offer and roll out new transit modes.



## **TRANSGESCO S.E.C. – 2020 OBJECTIVES**

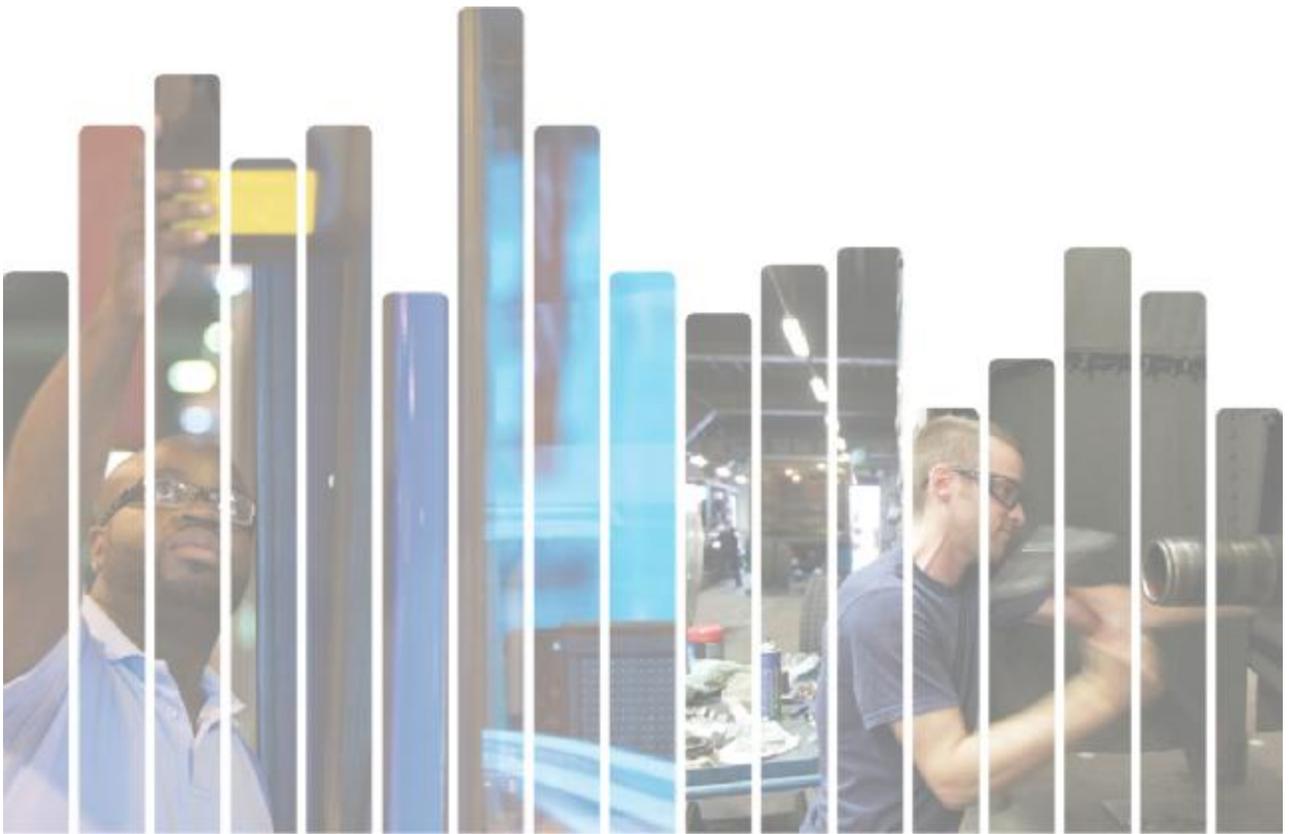
## 2020 OBJECTIVES

Created in 2003, wholly owned subsidiary Transgesco s.e.c.'s mandate is to manage, administer, exploit and develop a variety of partnerships with private-sector players with the objective of carrying out all business activities related to the STM's core mandate, public transit.

The Board of Transgesco s.e.c. Associates, on which three members of the STM Board of Directors sit, is charged with establishing Transgesco's orientations, adopting its strategic development plan, appointing external auditors and reviewing its financial statements.

For the 2010–2020 period, Transgesco's objective is to double net commercial revenues, from \$17 million in 2010 to \$35 million in 2020. To achieve this, it plans to maximize current revenue sources and develop new ones.





## BUDGET PROCESS



## MAIN ITEMS CHOSEN FOR THE DEVELOPMENT OF THE 2012 BUDGET

The City of Montréal's Transportation Plan, the STM's 2020 Strategic Plan and the STM's Annual Transit Plan drive the development of the budget.

The principles of good governance of public funds, the application of policies with an impact on the budget and all other known items, as described below, are also taken into consideration in the initial stages of the development of the STM's fiscal framework.

This framework, by determining the shortfall that will need to be compensated for in order to balance revenues and expenditures, will then impact the fare indexing level and the Agglomeration's contribution and, if applicable, set expense rationalization objectives.

All these items and the resource plans stemming from them are then integrated into the 2012 Budget.

### Revenue-related items

The passenger revenue budget is based on the forecast for the current year, which is in turn based on a model that takes into account past fares and current fare trends, while isolating one-time events.

This forecast is also based on hypotheses about ridership increases, which factor in the proposed service level, the economy and the fare strategy. Moreover, the impact of fare indexing considers a degree of elasticity in demand.

Cash inflow and metropolitan contributions are first established with respect to the preliminary budget tabled by the *Agence métropolitaine de transport* (AMT) and, if applicable, are adjusted following the final adoption of the AMT's budget.

The MMC's regional contribution represents the estimated proportionate share of the new motor fuel tax that went into effect on the AMT's territory on May 1, 2010.

The various Government of Québec subsidies are assessed in relation to the programs in effect: the Paratransit Assistance Program, the MTQ's Public Transit Service Improvement Program (PASTEC), and the various investment programs.

The Agglomeration establishes its contribution by taking into account the STM's budgetary equilibrium and its own financial situation.

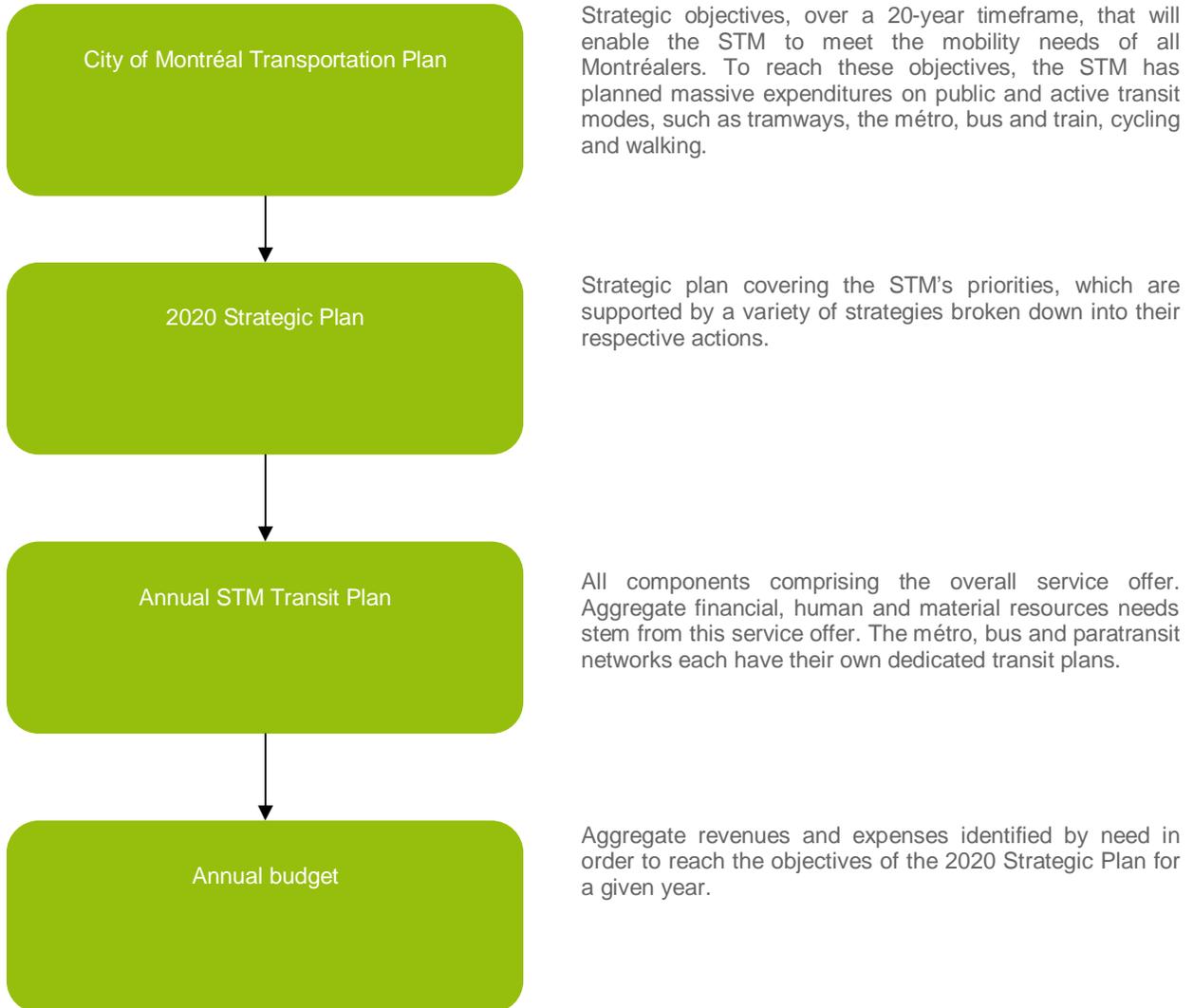
### Expense items

The expense structure reflects the maintenance and evolution of the STM's activities and responsibilities, while taking into account the budgetary choices made by the administrative units.

During the preparation of the budget, expenditures are assessed according to need; the STM does not systematically apply indexing.

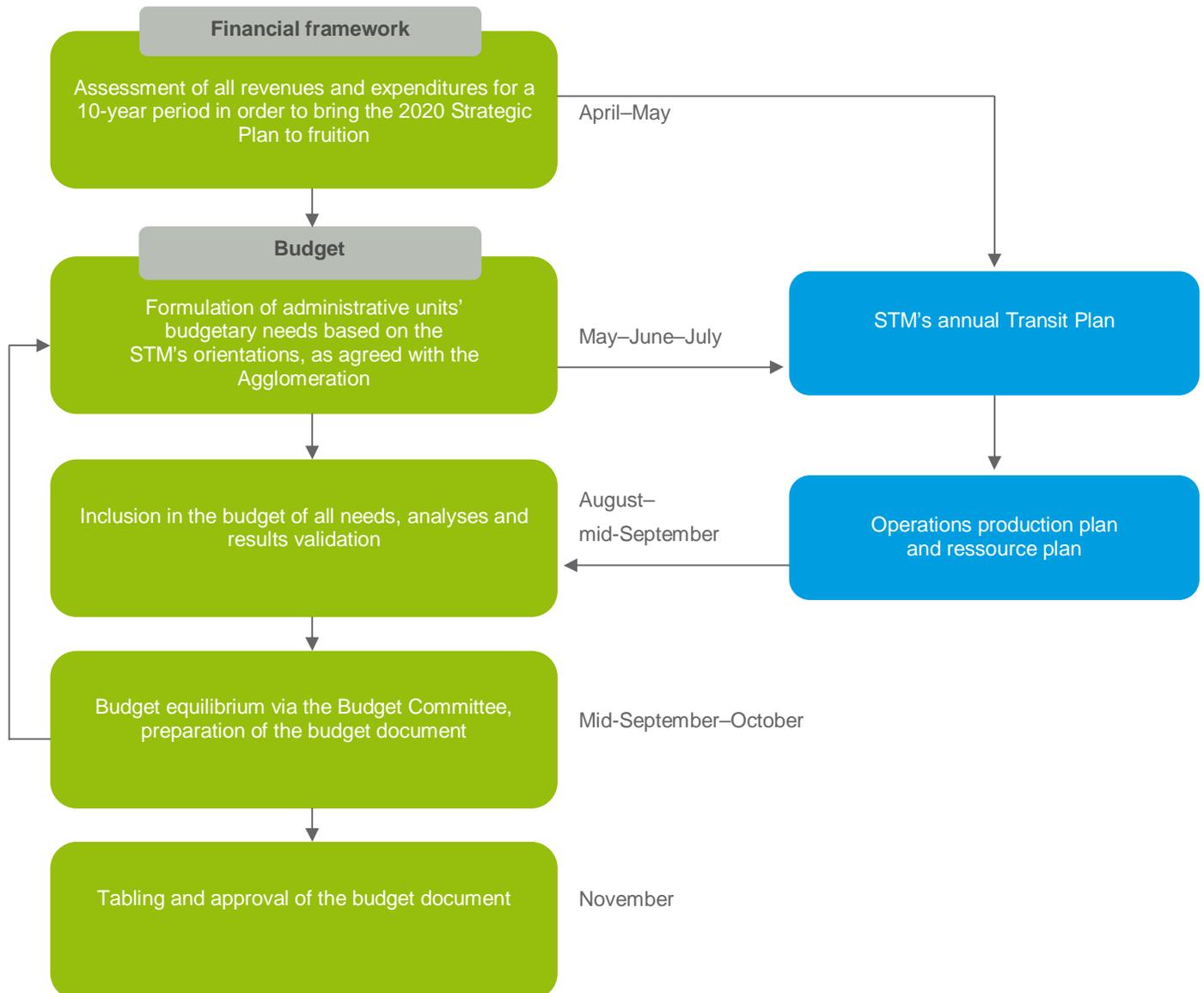
Expenditures take into account certain hypotheses regarding compensation and employer contributions, which abide by the negotiation framework developed by the Agglomeration, as well as all obligations linked to existing collective agreements.

Funding costs are established with relation to the capital expenditures forecast for 2011–2012 and the appropriate funding strategies. The rate used for the cost of funds in 2012 was 4.04%, whereas for the longer-term projections, a range of between 4.15% and 5.60% was used. A rate of 4% is used for revenues from long-term investments in the sinking fund and a rate of 0.5% for short-term investments.

**BUDGET PLANNING (STRATEGIC)**

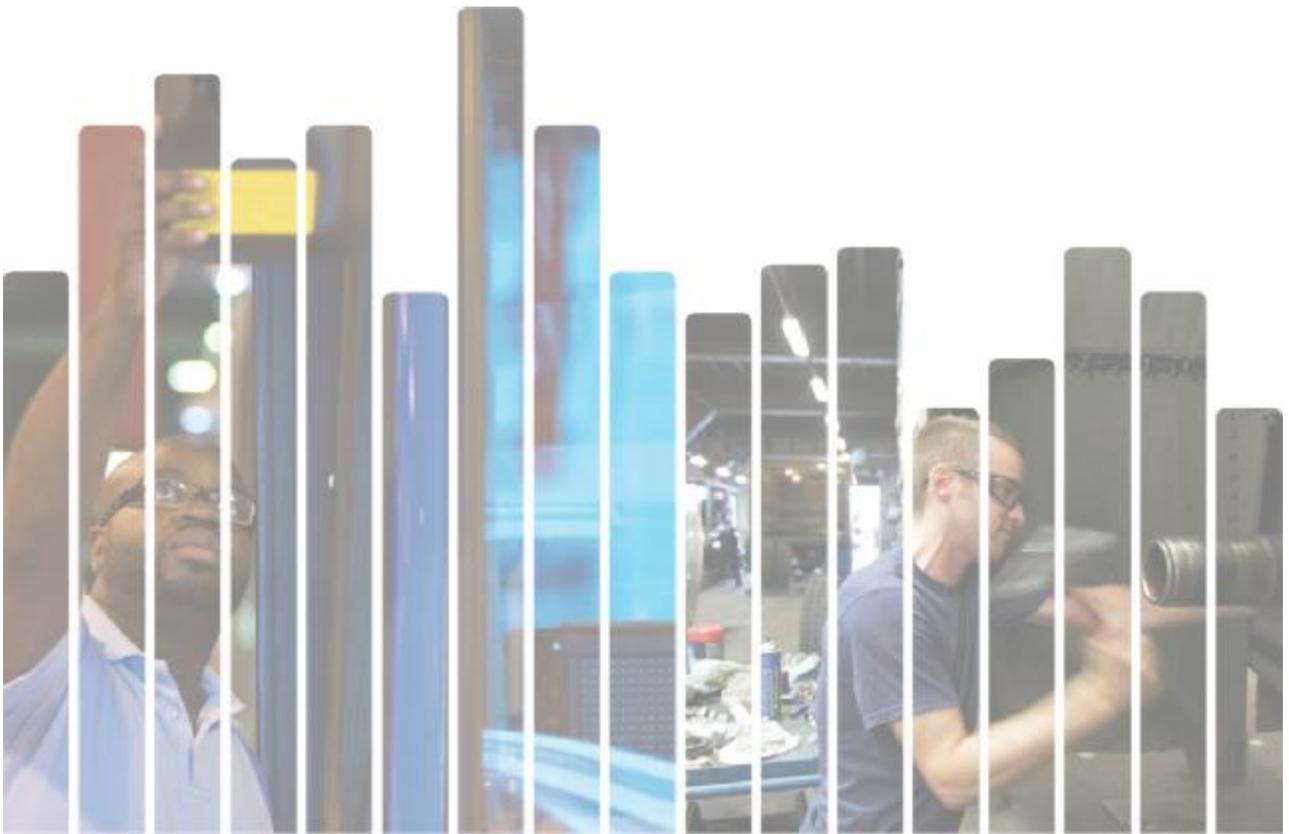
## BUDGET PLANNING (OPERATIONAL)

To foster effective decision-making, the STM developed a stringent and well-documented annual budget process. The following flowchart includes and summarizes the steps of the STM's budgeting process.

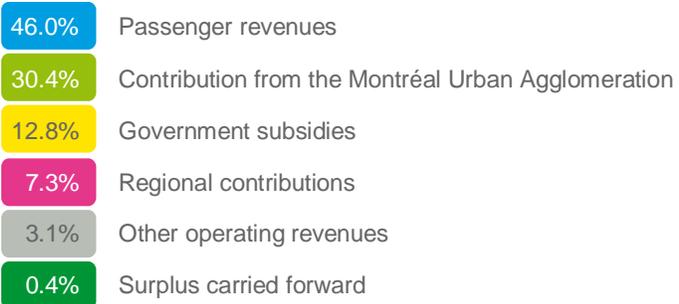
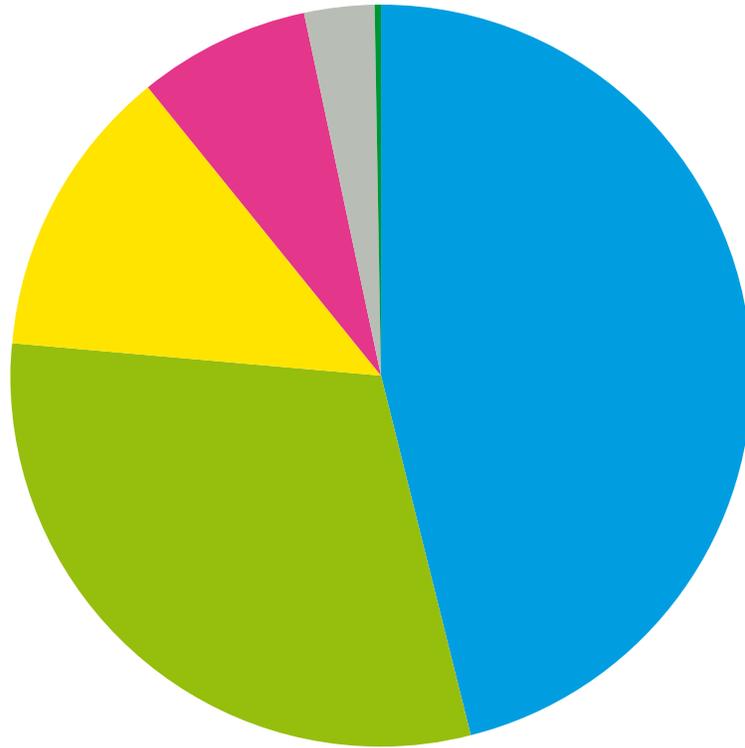


Work on the 2012–2014 Capital Expenditures Program (CEP) is carried out in parallel.





## **ANALYSIS OF REVENUES AND EXPENDITURES**

**2012 REVENUE DISTRIBUTION**

## 2010–2012 REVENUES

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference(%)
<b>Passenger revenues</b>						
<b>Bus and métro</b>						
STM fares	501,115	454,241	479,183	438,159	46,874	10.3
Metropolitan fare revenues	60,783	48,730	52,848	46,693	12,053	24.7
	<u>561,898</u>	<u>502,971</u>	<u>532,031</u>	<u>484,852</u>	<u>58,927</u>	<u>11.7</u>
<b>Paratransit</b>	3,487	3,152	3,053	2,819	335	10.6
	<u>565,385</u>	<u>506,123</u>	<u>535,084</u>	<u>487,671</u>	<u>59,262</u>	<u>11.7</u>
<b>Other operating revenues</b>						
Proportionate ownership – Transgesco s.e.c.	24,389	21,350	20,976	17,218	3,039	14.2
Other revenues	13,816	17,438	12,973	14,298	(3,622)	(20.8)
	<u>38,205</u>	<u>38,788</u>	<u>33,948</u>	<u>31,516</u>	<u>(583)</u>	<u>(1.5)</u>
<b>Government of Québec paratransit subsidy</b>	42,260	39,757	38,909	37,334	2,503	6.3
<b>Government of Québec service improvement subsidy</b>	59,970	51,949	50,278	39,883	8,021	15.4
<b>Government of Québec debt service interest subsidy</b>	54,552	48,773	44,744	35,621	5,778	11.8
<b>Surplus carried forward</b>	4,300		2,996		4,300	100.0
<b>Contribution from the Montréal Urban Agglomeration<sup>1</sup></b>	372,900	387,900	372,900	359,400	(15,000)	(3.9)
<b>Contributions from non-Agglomeration municipalities</b>		8,322	8,322	7,109	(8,322)	(100.0)
<b>Regional contributions</b>						
Metropolitan assistance – métro	39,442	40,309	40,190	40,521	(867)	(2.2)
Metropolitan assistance – bus	4,518	4,634	4,604	4,694	(116)	(2.5)
Metropolitan assistance – fare integration	4,630	3,858	4,632	4,071	772	20.0
Metropolitan equipment	1,313	1,294	1,294	1,033	19	1.5
Paratransit	207	207	207	204		
MMC regional contribution	29,923	31,601	21,601	13,503	(1,678)	(5.3)
New regional contribution from the MMC	10,000				10,000	100.0
	<u>90,033</u>	<u>81,902</u>	<u>72,527</u>	<u>64,025</u>	<u>8,130</u>	<u>9.9</u>
<b>Total</b>	<u>1,227,604</u>	<u>1,163,515</u>	<u>1,159,709</u>	<u>1,062,559</u>	<u>64,089</u>	<u>5.5</u>

<sup>1</sup> For 2011, the Agglomeration expects to make a basic contribution of \$373 million, as well as \$17 million for the SOFIL program, for a total of \$390 million. For 2012, the Agglomeration's basic contribution will remain the same; however, it will increase its contribution to SOFIL by \$5 million, bringing its total contribution to \$395 million.

## ANALYSIS OF 2011–2012 REVENUES

In 2012, revenues will rise by \$64.1 million, an increase of 5.5% over the 2011 budget. Below are the main variations per revenue category.

### Passenger revenues

Ridership in 2011 was outstanding, with a nearly 3% increase over the budget projection (4.2% higher than the actual 2010 figure). Despite the return of a certain degree of pessimism regarding the economies of Québec and Canada as a whole, the STM is increasing its ridership target by 1.25% in 2012. This objective reflects an increase in service, marketing efforts and natural growth in ridership. To achieve this outcome, the STM will maintain its partnerships and its presence at major events in Montréal, not to mention diversifying its fare products. Fresh on the heels of its *OPUS à l'année* full-year subscription program, the STM launched its *OPUS & Cie* employer program, which is aimed at companies seeking to position themselves as employers of choice and key partners in the quest for sustainable development. Through their financial contribution, which is bolstered by a rebate from the STM, participating companies take concrete measures to encourage employees to join the Society in Motion movement. The program will move into high gear in 2012 and help support growth in ridership. In fall 2011, the CAMPUS program also came to fruition in the form of a pilot project. Thanks to this program, eligible Université de Montréal students can benefit from an unparalleled transit fare thanks to compulsory contributions made through students' tuition fees. Below are the main variations in passenger revenues:

	<i>(in millions of dollars)</i>
➤ Increase in the 2011 revenue growth forecast	24.9
➤ Ridership increase of 1.25% in 2012	3.6
➤ Net effect of the fare strategy	18.4
➤ Increase in metropolitan inflows and paratransit revenue	12.4
	<u><u>59.3</u></u>

### Proportionate ownership – Transgesco s.e.c.

Wholly owned STM subsidiary Transgesco s.e.c.'s proportionate ownership increased by \$3 million in the 2012 budget, for a total of \$24.4 million. This jump in revenues resulted from the new contract signed in 2011, which deals with the exclusive distribution of the *24 Heures* newspaper in the métro.

### Other revenues

Other revenues are down by \$3.6 million from the 2011 budget. Of this amount, \$3.2 million is the result of a cut in the non-recurring budget linked to inventory valuation.

### Government of Québec paratransit subsidy

For 2012, the subsidy will be \$42.3 million, a figure established in accordance with the terms of the Government of Québec's assistance program for the 2009–2012 period.

### **Government of Québec service improvement subsidy**

The Government of Québec service improvement subsidy amounted to \$60 million in 2012, up \$8 million over the 2011 budget amount. The Governmental Assistance Program for the Improvement of Public Transit Services (PAGASTC) was created in 2007 to enable public transit organizations to recover a part of the costs incurred in order to increase overall service, and included objectives that needed to be met by 2011 (over 2006 figures). The program will be renewed and enhanced in 2012. The objectives to be met were a 16% increase in the service provided to the public and an 8% increase in ridership; both objectives were greatly surpassed, with the STM achieving increases of 25% and 11.5%, respectively.

For the STM, the subsidy covers 50% of additional operating expenditures and the implementation of improvement measures affecting service on the métro and bus networks. For 2012, an additional 107,000 hours of service are planned, including 44,000 hours to implement the mitigation measures for the Turcot interchange project, which will be fully reimbursed. For the métro network, the service offer will be increased by one million kilometres.

### **Government of Québec debt service interest subsidy**

The debt service interest subsidy grew by \$5.8 million to \$54.6 million in 2012, due to the increase in spending on equipment and infrastructure updates over the past few years.

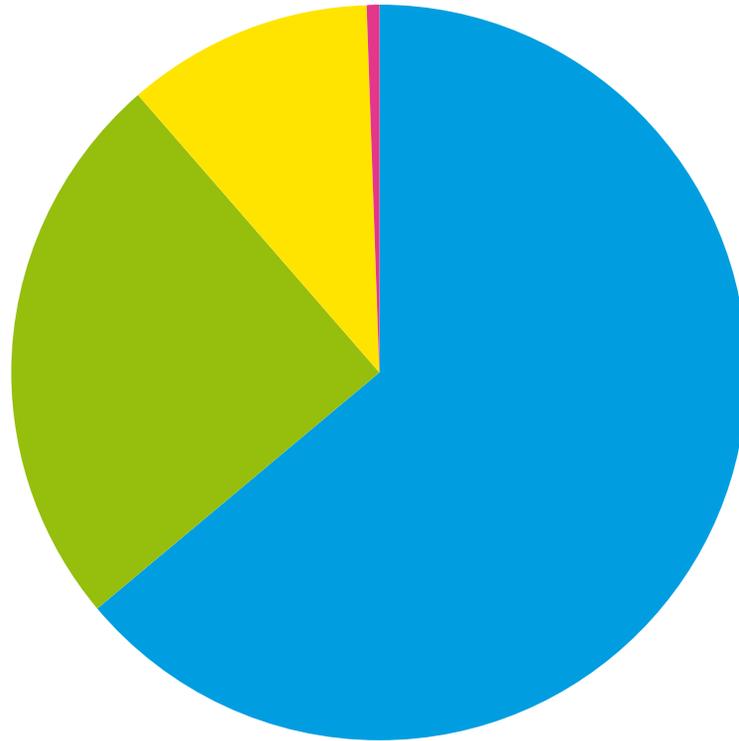
Note that cash subsidies from SOFIL are not counted as expenditure-related government subsidies. The SOFIL program, which went into effect in January 2006, calls for 100% of expenditure funding to be covered by and split among the Agglomeration and the provincial and federal governments. The program will run until 2014. Phase II will entitle the STM to \$587 million in expenditures: \$499 million to be provided by the provincial and federal governments, and the remainder by the Agglomeration. However, unlike Phase I of the program, which involved cash funding, 35% of the total funding in Phase II will come in the form of debt service subsidy.

### **Contribution from the Montréal Urban Agglomeration**

For 2011, the Agglomeration expects its basic contribution to be \$373 million, which will be combined with \$17 million from the SOFIL program, for a total of \$390 million. For 2012, the Agglomeration's basic contribution will remain the same; however, it will increase its SOFIL contribution by \$5 million, bringing its total contribution to \$395 million.

### **Contributions from the regions and non-Agglomeration municipalities**

The \$8.3 million from non-Agglomeration municipalities is linked to the 2007–2011 métro-deficit-sharing agreement and will come to an end in 2011. Combined with a decline in revenues expected from the new agreement (MMC regional contribution), the STM is forecasting a \$10 million shortfall for 2012, which is presented under the “New MMC regional contributions” category.

**2012 EXPENDITURE DISTRIBUTION**

63.8%	Compensation
24.7%	Goods and services
11.0%	Investment expenditures
0.5%	Incidental expenses

## 2010 – 2012 EXPENDITURES BY TYPE

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Government-regulated compensation						
Base salaries	515,311	499,232	495,168	443,427	16,079	3.2
Overtime	39,803	35,140	37,912	46,665	4,663	13.3
Miscellaneous bonuses and payments	48,921	48,527	47,611	47,483	394	0.8
Employee benefits	106,249	94,448	90,266	94,931	11,801	12.5
	<u>710,284</u>	<u>677,347</u>	<u>670,957</u>	<u>632,506</u>	<u>32,937</u>	<u>4.9</u>
Contributions to public pension plans	61,574	58,352	57,247	54,244	3,222	5.5
CSST	11,646	12,269	11,132	11,267	(623)	(5.1)
	<u>73,220</u>	<u>70,620</u>	<u>68,380</u>	<u>65,511</u>	<u>2,600</u>	<u>3.7</u>
	<u>783,504</u>	<u>747,968</u>	<u>739,336</u>	<u>698,017</u>	<u>35,537</u>	<u>4.8</u>
<b>Goods and services</b>						
Major expenses	14,897	14,012	32,175	11,036	884	6.3
Energy, taxes and permits	92,777	93,160	88,433	83,113	(383)	(0.4)
Professional fees	21,490	15,073	13,556	14,288	6,417	42.6
Technical and other service fees	73,032	65,687	64,984	61,341	7,346	11.2
Equipment and supplies	55,004	53,471	52,975	50,819	1,533	2.9
Leasing	17,562	12,398	10,847	8,716	5,165	41.7
Funding of operations	4,182	4,182	4,182	1,933		
Miscellaneous expenses	24,495	19,163	19,835	12,498	5,332	27.8
	<u>303,439</u>	<u>277,145</u>	<u>286,987</u>	<u>243,744</u>	<u>26,294</u>	<u>9.5</u>
	<u>1,086,943</u>	<u>1,025,112</u>	<u>1,026,323</u>	<u>941,760</u>	<u>61,831</u>	<u>6.0</u>
<b>Investment expenditures</b>						
Special projects	9,039	6,172	6,596	6,394	2,867	46.5
Bus and métro debt service	124,684	125,543	121,163	110,558	(859)	(0.7)
Transfer to working capital	984	851	1,326	851	133	15.6
	<u>134,708</u>	<u>132,566</u>	<u>129,085</u>	<u>117,804</u>	<u>2,14</u>	<u>1.6</u>
<b>Incidental expenses</b>	<u>5,953</u>	<u>5,836</u>			<u>117</u>	<u>2.0</u>
<b>Total</b>	<u>1,227,604</u>	<u>1,163,515</u>	<u>1,155,409</u>	<u>1,059,564</u>	<u>64,089</u>	<u>5.5</u>

## 2010–2012 REGULAR AND OVERTIME HOURS WORKED

<i>(in thousands of hours)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference (%)
<b>Regular hours</b>						
<b>Managers</b>	527	498	502	482	28	5.7
Non-unionized professionals and office employees	238	235	228	200	2	0.9
Unionized professionals	624	564	546	453	60	10.7
Unionized office employees	1,442	1,393	1,421	1,255	49	3.5
Top-level managers – transit	819	804	797	733	16	1.9
Divisional clerks and others	423	418	411	399	6	1.3
Top-level managers – maintenance	385	359	365	341	25	7.0
Inspectors	336	335	274	244	2	0.5
Drivers, operators and others	8,303	8,172	8,006	7,648	131	1.6
Maintenance employees	5,026	4,885	4,786	4,406	142	2.9
	<u>18,124</u>	<u>17,663</u>	<u>17,337</u>	<u>16,161</u>	<u>461</u>	<u>2.6</u>
<b>CSST hours</b>						
Top-level managers – transit	3	3	3	2		
Divisional clerks and others	2	2	2			
Inspectors	18	18	18	2		
Drivers, operators and others	181	180	180	160	1	0.7
Maintenance employees	81	68	73	82	13	19.6
	<u>285</u>	<u>270</u>	<u>275</u>	<u>247</u>	<u>15</u>	<u>5.4</u>
<b>Overtime</b>						
Unionized and non-unionized professionals	3	3	4	7		
Unionized office employees	22	21	22	44	2	8.3
Top-level managers – transit	57	51	61	82	6	11.2
Divisional clerks and others	50	47	44	52	2	5.2
Top-level managers – maintenance	20	19	33	42	1	4.1
Inspectors	12	12	12	2		
Drivers, operators and others	603	536	477	544	67	12.5
Maintenance employees	205	188	281	388	17	9.0
	<u>973</u>	<u>878</u>	<u>934</u>	<u>1,162</u>	<u>95</u>	<u>10.8</u>
<b>Total</b>	<u>19,381</u>	<u>18,811</u>	<u>18,545</u>	<u>17,569</u>	<u>570</u>	<u>3.0</u>

## ANALYSIS OF 2011–2012 EXPENDITURES

The 2012 budget presents a \$64.1 million rise in expenditures, up 5.5% over the 2011 budget. This increase is spread out over four categories and is explained as follows:

### Increase in overall service and customer service improvements: up \$18.4 million or 1.6%

As in previous years, a significant portion of the budget increase is dedicated to expanding the service offer and improving customer service. Expenditures related to the service offer expansion include delivery costs (drivers, operations and operations managers), vehicle maintenance costs and energy costs.

Summary of the main variations:

	<i>(in millions of dollars)</i>
➤ Bus network: increase of 2.7 million kilometres, for a total of 88 million kilometres	11.8
➤ Métro network: increase of 1 million kilometres, for a total of 78 million kilometres	1.0
➤ Paratransit: increase of 100,000 trips, for a total of 3 million trips	2.8
➤ Renovation of the Longueuil–Université-de-Sherbrooke métro station and improved cleanliness	2.8
	<u>18.4</u>

### Investment spending: up \$6.6 million or 0.5%

The STM's gross debt service will amount to \$124.7 million in 2012, a slight decrease over the 2011 budget figure. Investment spending is basically the same as in 2011, whereas the funding rate for 2012 dropped from 5.07% to 4.04%. Moreover, special projects will receive an additional \$3 million in 2012, and the STM is required to implement \$4.5 million in transitional measures in order to maintain service levels during the métro workshop upgrades that will enable the shops to accommodate new métro cars in 2014.

	<i>(in millions of dollars)</i>
➤ Debt service	- 0.9
➤ Addition to special projects in order to conduct studies of the various surface network electrification alternatives	3.0
➤ Implementation of transitional measures during the métro workshop upgrades	4.5
	<u>6.6</u>

**Infrastructure maintenance: up \$4.5 million or 0.4%**

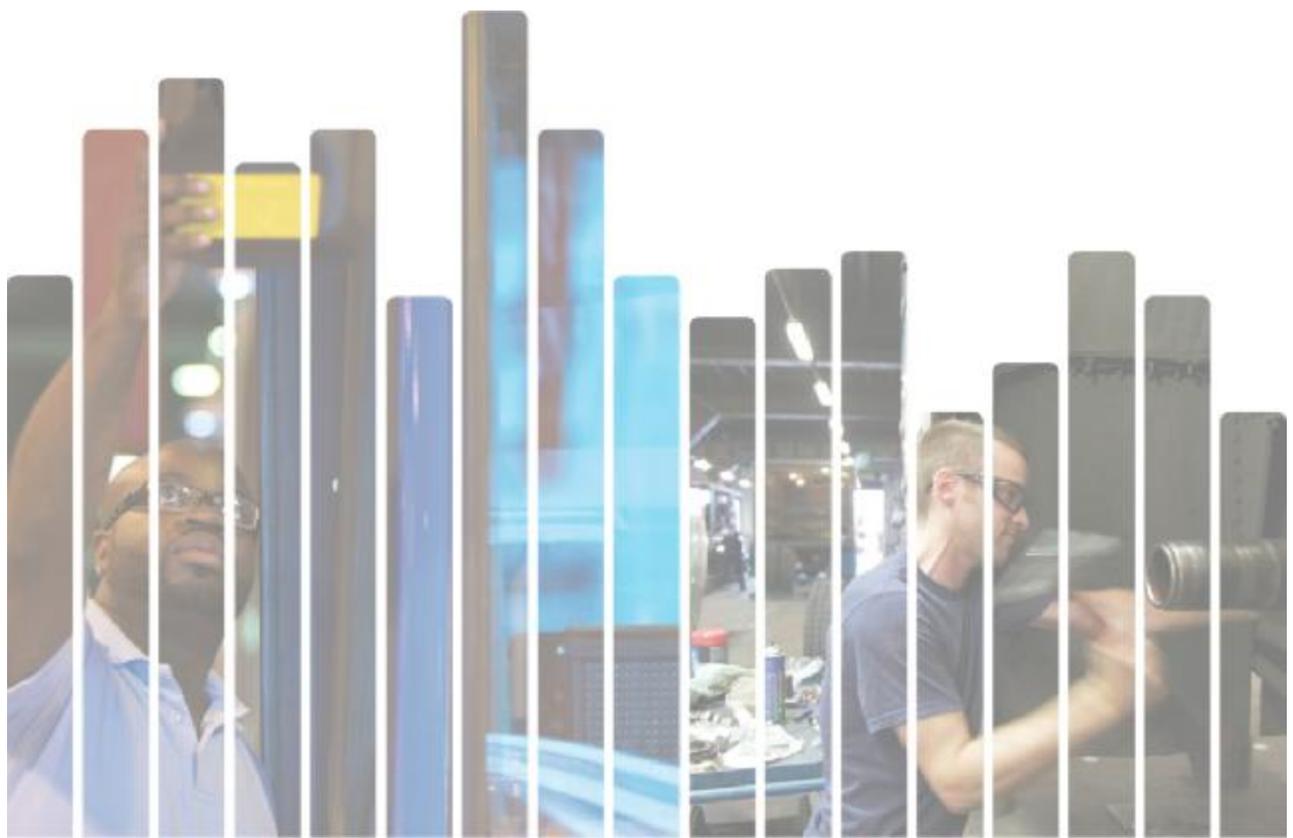
While the 2012–2014 Capital Expenditures Program’s objective is to maintain and replace the STM’s assets over the coming years, many of them have already reached the end of their useful lifespan and require significant maintenance in order to continue running safely. For 2012, the Infrastructure Maintenance department’s budget will be increased by \$2.4 million so that it can carry out a variety of operations-related projects and minor repair work. Also, in terms of maintenance alone, the financial cost of the aging métro cars for the coming year is estimated at \$2.1 million.

**Strict management of current spending: up \$34.6 million or 3%**

For the past several years, the STM has sought to keep costs as low as possible. Considering that the aggregate CPI and Transportation CPI index was 3.97% as at July 31, 2011, the STM reached its objective by limiting its increase in current spending to 3% for 2012. This is primarily the result of wage indexation and increases in goods and services.

Summary of the main variations:

	<i>(in millions of dollars)</i>
➤ Wage indexation of 2% and review of other compensation costs, such as employee benefits and contributions to public pension plans	20.1
➤ Increase in the Québec Sales Tax (QST)	2.2
➤ Variation in the cost of goods and services: diesel fuel, electricity and taxi contracts for the paratransit sector	2.6
➤ Roll-out of the centralized métro control system: support contract, addition of internal resources and retrofitting costs	5.0
➤ Commercial leasing following the transfer of the urban minibuses to the St-Michel bus garage and its revamping (actions linked to the Turcot interchange construction site)	1.5
➤ Increase in costs related to the Montréal police (SPVM)	0.8
➤ Roll-out of a waste-management program for the métro stations	1.1
➤ Other variations	1.3
	<b><u>34.6</u></b>

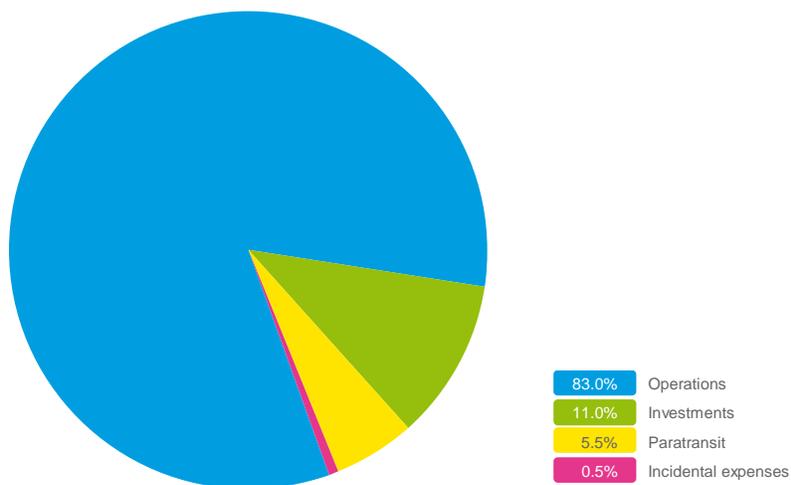


## EXPENDITURES BY TRANSIT MODE



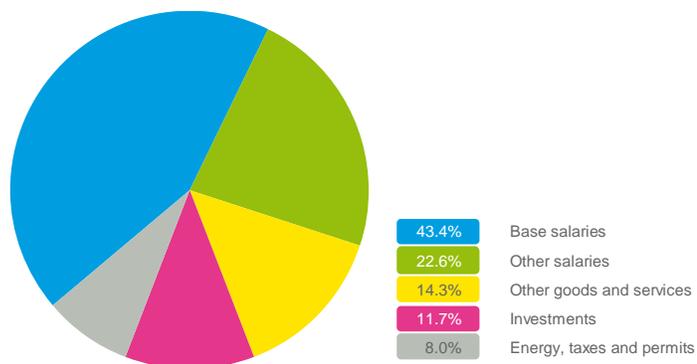
## 2010–2012 EXPENDITURES BY TRANSIT MODE

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Bus and métro</b>						
<b>Cost of operations</b>	1,018,891	964,301	966,261	886,766	54,590	5.7
<b>Investment spending</b>						
Special projects	9,039	6,172	6,596	6,394	2,867	46.5
Bus and métro debt service	124,684	125,543	121,163	110,558	(859)	(0.7)
Transfer to working capital	984	851	1,326	851	133	15.6
	134,708	132,566	129,085	117,804	2,141	1.6
	1,153,599	1,096,867	1,095,346	1,004,569	56,732	5.2
<b>Paratransit</b>						
<b>Cost of operations</b>	68,052	60,811	60,062	54,995	7,241	11.9
<b>Incidental expenses</b>						
	5,953	5,836			117	2.0
<b>Total</b>	1,227,604	1,163,515	1,155,409	1,059,564	64,089	5.5



## 2010–2012 EXPENDITURES BUS AND MÉTRO

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Government-regulated compensation						
Base salaries	500,766	486,322	482,160	431,277	14,444	3.0
Overtime	38,575	34,085	36,857	44,929	4,490	13.2
Miscellaneous bonuses and payments	47,175	46,944	46,060	45,943	231	0.5
Employee benefits	103,806	92,356	88,175	92,815	11,449	12.4
	<u>690,321</u>	<u>659,707</u>	<u>653,252</u>	<u>614,963</u>	<u>30,614</u>	<u>4.6</u>
Contributions to public pension plans	59,849	56,833	55,735	52,845	3,016	5.3
CSST	11,482	12,108	10,972	11,185	(625)	(5.2)
	<u>71,331</u>	<u>68,941</u>	<u>66,707</u>	<u>64,030</u>	<u>2,391</u>	<u>3.5</u>
	<u>761,652</u>	<u>728,648</u>	<u>719,959</u>	<u>678,993</u>	<u>33,004</u>	<u>4.5</u>
<b>Goods and services</b>						
Major expenses	12,622	12,031	30,382	9,481	591	4.9
Energy, taxes and permits	92,777	93,160	88,433	83,113	(383)	(0.4)
Professional fees	21,306	14,888	13,372	14,210	6,417	43.1
Technical and other service fees	35,164	31,844	31,793	32,162	3,320	10.4
Equipment and supplies	54,838	53,284	52,735	50,669	1,555	2.9
Leasing	17,548	12,383	10,833	8,712	5,165	41.7
Funding of operations	4,182	4,182	4,182	1,933		
Miscellaneous expenses	18,802	13,881	14,571	7,492	4,921	35.5
	<u>257,239</u>	<u>235,653</u>	<u>246,302</u>	<u>207,772</u>	<u>21,586</u>	<u>9.2</u>
	<u>1,018,891</u>	<u>964,301</u>	<u>966,261</u>	<u>886,766</u>	<u>54,590</u>	<u>5.7</u>
<b>Investment spending</b>						
Special projects	9,039	6,172	6,596	6,394	2,867	46.5
Bus and métro debt service	124,684	125,543	121,163	110,558	(859)	(0.7)
Transfer to working capital	984	851	1,326	851	133	15.6
	<u>134,708</u>	<u>132,566</u>	<u>129,085</u>	<u>117,804</u>	<u>2,141</u>	<u>1.6</u>
<b>Total</b>	<u>1,153,599</u>	<u>1,096,867</u>	<u>1,095,346</u>	<u>1,004,569</u>	<u>56,732</u>	<u>5.2</u>

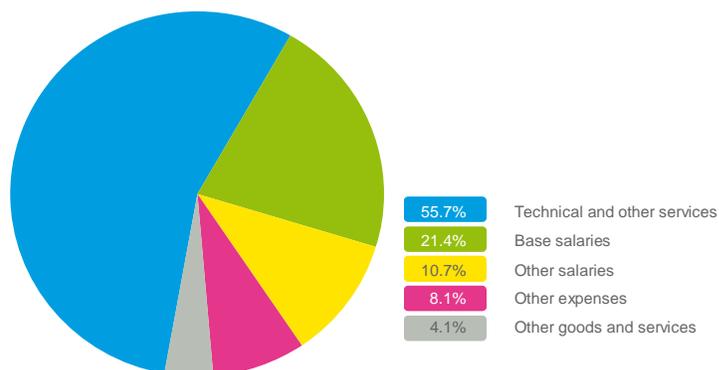


## 2010–2012 REGULAR AND OVERTIME HOURS BUS AND MÉTRO

<i>(in thousands of hours)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference (%)
<b>Regular hours</b>						
<b>Managers</b>	499	473	474	456	26	5.5
Non-unionized professionals and office employees	238	235	228	200	2	0.9
Unionized professionals	622	562	544	451	60	10.7
Unionized office employees	1,416	1,370	1,398	1,234	46	3.3
Top-level managers – transit	797	781	772	708	16	2.0
Divisional clerks and others	284	285	275	279	(1)	(0.4)
Top-level managers – maintenance	385	359	365	341	25	7.0
Inspectors	336	335	274	244	2	0.5
Drivers, operators and others	8,018	7,925	7,774	7,411	93	1.2
Maintenance employees	5,026	4,885	4,786	4,406	142	2.9
	<u>17,622</u>	<u>17,211</u>	<u>16,888</u>	<u>15,729</u>	<u>410</u>	<u>2.4</u>
<b>CSST hours</b>						
Top-level managers – transit	3	3	3	2		
Divisional clerks and others	1	1	1			
Inspectors	18	18	18	2		
Drivers, operators and others	174	173	173	156	1	0.7
Maintenance employees	81	68	73	82	13	19.6
	<u>277</u>	<u>262</u>	<u>267</u>	<u>242</u>	<u>15</u>	<u>5.5</u>
<b>Overtime</b>						
Unionized and non-unionized professionals	3	3	4	7		
Unionized office employees	22	21	22	44	2	8.3
Top-level managers – transit	56	50	60	79	6	11.5
Divisional clerks and others	34	35	32	29	(1)	(3.0)
Top-level managers – maintenance	20	19	33	42	1	4.1
Inspectors	12	12	12	2		
Drivers, operators and others	592	525	466	528	67	12.8
Maintenance employees	205	188	281	388	17	9.0
	<u>944</u>	<u>853</u>	<u>908</u>	<u>1,120</u>	<u>91</u>	<u>10.7</u>
<b>Total</b>	<u>18,842</u>	<u>18,326</u>	<u>18,064</u>	<u>17,092</u>	<u>516</u>	<u>2.8</u>

## 2010–2012 EXPENDITURES PARATRANSIT

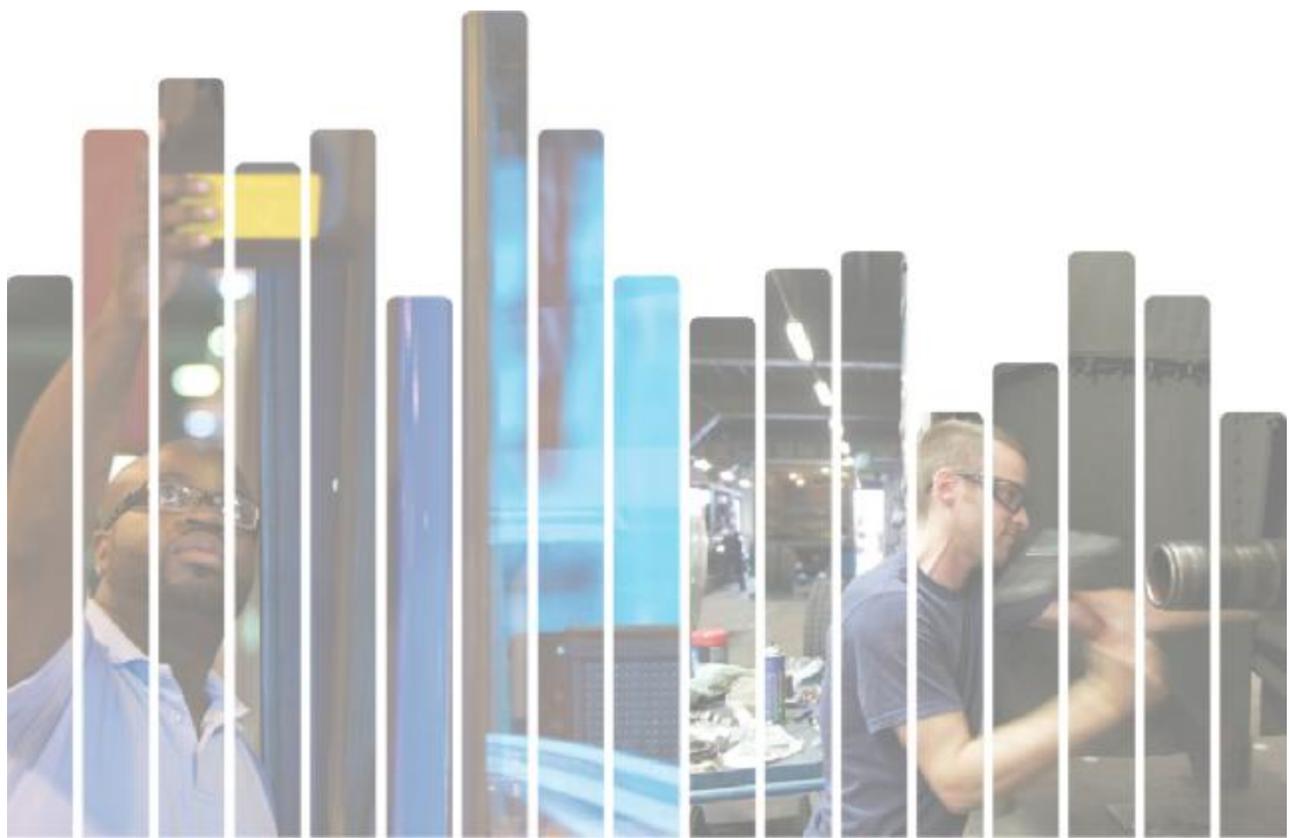
<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference (%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Government-regulated compensation						
Base salaries	14,546	12,910	13,008	12,150	1,635	12.7
Overtime	1,228	1,055	1,055	1,736	173	16.4
Miscellaneous bonuses and payments	1,746	1,583	1,551	1,540	163	10.3
Employee benefits	2,444	2,092	2,091	2,116	352	16.8
	<u>19,963</u>	<u>17,640</u>	<u>17,704</u>	<u>17,543</u>	<u>2,323</u>	13.2
Contributions to public pension plans	1,725	1,519	1,512	1,399	206	13.6
CSST	164	161	161	82	3	1.8
	<u>1,889</u>	<u>1,679</u>	<u>1,673</u>	<u>1,481</u>	<u>209</u>	12.5
	<u>21,852</u>	<u>19,319</u>	<u>19,377</u>	<u>19,024</u>	<u>2,532</u>	13.1
<b>Goods and services</b>						
Major expenses	2,275	1,981	1,792	1,555	293	14.8
Professional fees	184	184	184	78		
Technical and other service fees	37,869	33,843	33,190	29,179	4,026	11.9
Equipment and supplies	166	187	240	150	(21)	(11.4)
Leasing	14	14	14	4		
Miscellaneous expenses	179	170	152	135	9	5.5
	<u>40,687</u>	<u>36,380</u>	<u>35,573</u>	<u>31,100</u>	<u>4,307</u>	11.8
	<u>62,538</u>	<u>55,699</u>	<u>54,950</u>	<u>50,124</u>	<u>6,839</u>	12.3
<b>Other expenses</b>						
Energy, maintenance, taxes and IT	5,514	5,112	5,112	4,871	401	7.8
<b>Total</b>	<u>68,052</u>	<u>60,811</u>	<u>60,062</u>	<u>54,995</u>	<u>7,241</u>	11.9



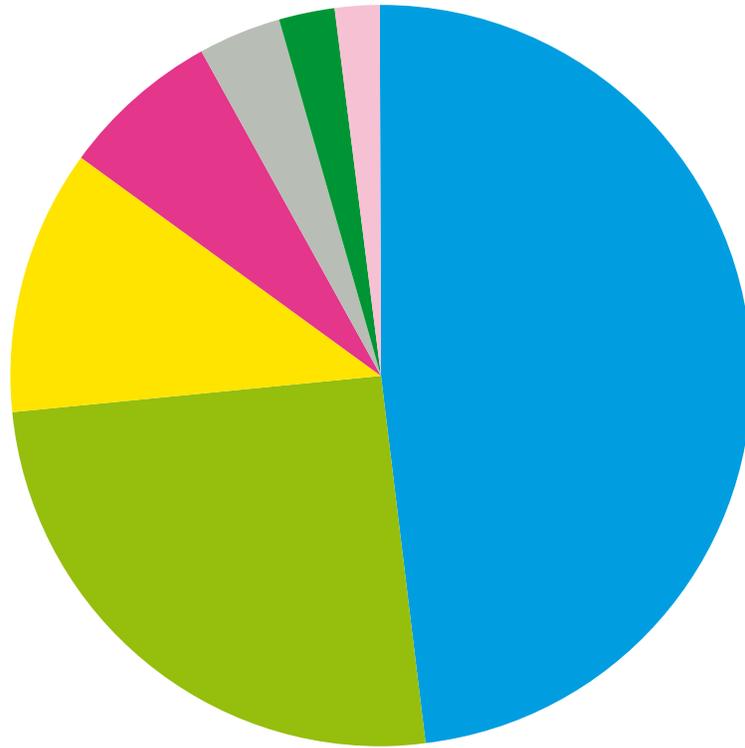
## 2010–2012 REGULAR AND OVERTIME HOURS PARATRANSIT

<i>(in thousands of hours)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference (%)
<b>Regular hours</b>						
<b>Managers</b>	27	25	28	27	2	8.7
Unionized professionals	2	2	2	2		
Unionized office employees	26	22	24	21	4	17.4
Top-level managers – transit	23	23	25	24		
Divisional clerks and others	139	133	137	121	7	5.0
Drivers, operators and others	285	247	232	237	38	15.2
	<u>502</u>	<u>452</u>	<u>448</u>	<u>432</u>	<u>50</u>	<u>11.2</u>
<b>CSST hours</b>						
Divisional clerks and others	1	1	1			
Drivers, operators and others	7	7	7	4		
	<u>8</u>	<u>8</u>	<u>8</u>	<u>4</u>		
<b>Overtime</b>						
Top-level managers – transit	1	1	1	3		
Divisional clerks and others	16	12	12	23	4	28.3
Drivers, operators and others	12	12	12	15		
	<u>29</u>	<u>25</u>	<u>25</u>	<u>42</u>	<u>4</u>	<u>13.8</u>
<b>Total</b>	<u><u>539</u></u>	<u><u>485</u></u>	<u><u>482</u></u>	<u><u>478</u></u>	<u><u>54</u></u>	<u><u>11.1</u></u>





## **PRESENTATION OF THE ADMINISTRATIVE UNITS**

**2012 DISTRIBUTION OF DOLLARS, BY ADMINISTRATIVE UNIT**

48.0%	Bus network
25.2%	Métro network
11.9%	Operational Support Services
7.0%	Human Resources and Shared Services
3.5%	Planning, Marketing and Communications
2.6%	Finance and Control
1.8%	Corporate Services

## SUMMARY OF THE ADMINISTRATIVE UNITS

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference (%)
<b>Bus network</b>						
Dollars ( <i>in thousands</i> )	464,501	443,582	436,976	411,593	20,919	4.7
Regular hours ( <i>in thousands</i> )	9,443	9,358	9,146	8,685	84	0.9
Overtime ( <i>in hours</i> )	646,570	580,730	636,639	677,522	65,841	11.3
Staff ( <i>in person-years</i> )	4,527	4,500	4,400	4,170	27	0.6
<b>Métro network</b>						
Dollars ( <i>in thousands</i> )	243,267	224,517	230,694	215,478	18,750	8.4
Regular hours ( <i>in thousands</i> )	4,730	4,504	4,521	4,172	226	5.0
Overtime ( <i>in hours</i> )	221,754	197,242	197,174	326,049	24,513	12.4
Staff ( <i>in person-years</i> )	2,273	2,172	2,181	2,019	101	4.6
<b>Operational Support Services</b>						
Dollars ( <i>in thousands</i> )	114,675	103,252	98,523	87,555	11,423	11.1
Regular hours ( <i>in thousands</i> )	1,711	1,659	1,559	1,351	52	3.1
Overtime ( <i>in hours</i> )	46,976	46,971	46,971	60,057	5	0.0
Staff ( <i>in person-years</i> )	856	832	783	677	24	2.8
<b>Human Resources and Shared Services</b>						
Dollars ( <i>in thousands</i> )	67,380	63,072	65,135	59,383	4,308	6.8
Regular hours ( <i>in thousands</i> )	1,011	980	979	896	31	3.1
Overtime ( <i>in hours</i> )	17,486	17,486	17,486	33,275		
Staff ( <i>in person-years</i> )	520	507	506	461	13	2.6
<b>Planning, Marketing and Communications</b>						
Dollars ( <i>in thousands</i> )	33,841	30,911	31,749	26,490	2,930	9.5
Regular hours ( <i>in thousands</i> )	397	387	381	353	10	2.6
Overtime ( <i>in hours</i> )	4,336	4,336	4,336	7,382		
Staff ( <i>in person-years</i> )	205	200	197	182	5	2.6
<b>Finance and Control</b>						
Dollars ( <i>in thousands</i> )	24,886	24,564	24,298	20,959	322	1.3
Regular hours ( <i>in thousands</i> )	383	374	375	334	10	2.5
Overtime ( <i>in hours</i> )	6,397	5,502	5,502	12,075	895	16.3
Staff ( <i>in person-years</i> )	201	197	197	175	5	2.3
<b>Corporate Services</b>						
Dollars ( <i>in thousands</i> )	17,860	16,592	17,749	11,862	1,268	7.6
Regular hours ( <i>in thousands</i> )	223	210	195	155	13	6.1
Overtime ( <i>in hours</i> )	335	335	335	514		
Staff ( <i>in person-years</i> )	114	108	100	82	6	5.9

Note: In this section, regular hours include CSST hours.

## BUS NETWORK

The STM's bus fleet consists of 1,680 buses, a number that includes eight hybrids and 202 articulated buses. The network covers the nearly 500 km<sup>2</sup> Island of Montréal territory, and includes 209 bus routes, 156 of which are wheelchair-accessible and 23 dedicated to night service. In total, the STM has 101.4 km of reserved bus lanes created to shorten trip length. In 2011, the bus service offer will reach 84.8 million kilometres. The STM also operates 10 taxi-based public transit routes.

The bus network provides fast, reliable, comfortable, safe and accessible surface transportation to the entire community, and passengers feel welcome and informed.

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	247,964	239,693	235,366	217,606	8,271	3.5
Overtime	25,514	22,487	25,262	26,039	3,026	13.5
Miscellaneous bonuses and payments	30,566	30,788	30,121	28,984	(221)	(0.7)
Employee benefits	43,850	39,848	38,947	39,048	4,002	10.0
Contributions to public pension plans	30,566	29,530	28,866	26,292	1,036	3.5
CSST	3,442	3,229	3,323	3,059	213	6.6
	<u>381,902</u>	<u>365,576</u>	<u>361,885</u>	<u>341,028</u>	<u>16,327</u>	<u>4.5</u>
<b>Goods and services</b>						
Major expenses	2,888	1,468	1,709	2,301	1,420	96.7
Energy, taxes and permits	54,222	52,330	50,330	44,741	1,891	3.6
Professional fees	408	678		175	(270)	(39.8)
Technical and other service fees	571	553	440	468	18	3.3
Equipment and supplies	23,999	22,090	22,115	22,557	1,909	8.6
Leasing	19	23	29	46	(5)	(20.0)
Miscellaneous expenses	492	863	468	276	(371)	(43.0)
	<u>82,598</u>	<u>78,006</u>	<u>75,092</u>	<u>70,565</u>	<u>4,592</u>	<u>5.9</u>
<b>Total</b>	<u>464,501</u>	<u>443,582</u>	<u>436,976</u>	<u>411,593</u>	<u>20,919</u>	<u>4.7</u>

## BUS NETWORK

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Regular hours</b> (in thousands of hours)						
Managers	98	85	87	84	13	15.1
Non-unionized professionals and office employees	6	6	6	6		
Unionized professionals	42	28	40	28	14	48.5
Unionized office employees	94	90	107	76	4	4.9
Top-level managers – transit	374	355	340	319	18	5.2
Divisional clerks and others	198	200	189	194	(2)	(1.2)
Top-level managers – maintenance	161	153	152	150	8	5.3
Drivers, operators and others	6,543	6,493	6,379	6,034	50	0.8
Maintenance employees	1,928	1,948	1,847	1,794	(21)	(1.1)
<b>Total</b>	<b>9,443</b>	<b>9,358</b>	<b>9,146</b>	<b>8,685</b>	<b>84</b>	<b>0.9</b>
<b>Overtime</b> (in hours)						
Unionized professionals			872	1,017		
Unionized office employees	394	394	2,146	2,811		
Top-level managers – transit	18,724	13,325	22,906	29,595	5,399	40.5
Divisional clerks and others	28,503	29,542	26,473	22,313	(1,039)	(3.5)
Top-level managers – maintenance	5,811	7,058	20,418	18,216	(1,246)	(17.7)
Drivers, operators and others	474,018	424,956	366,001	410,774	49,061	11.5
Maintenance employees	119,121	105,455	197,823	192,796	13,666	13.0
<b>Total</b>	<b>646,570</b>	<b>580,730</b>	<b>636,639</b>	<b>677,522</b>	<b>65,841</b>	<b>11.3</b>
<b>Staff</b> (in person-years)						
Managers	47	41	42	40	6	14.6
Non-unionized professionals and office employees	3	3	3	3		
Unionized professionals	22	15	21	15	7	47.9
Unionized office employees	51	49	59	42	2	4.5
Top-level managers – transit	179	170	163	153	8	4.9
Divisional clerks and others	94	96	91	93	(1)	(1.4)
Top-level managers – maintenance	77	73	73	72	4	4.9
Drivers, operators and others	3,130	3,115	3,061	2,891	14	0.5
Maintenance employees	923	937	888	861	(13)	(1.4)
<b>Total</b>	<b>4,527</b>	<b>4,500</b>	<b>4,400</b>	<b>4,170</b>	<b>27</b>	<b>0.6</b>

The increase in staff numbers and overtime can be explained by the 3.2% increase in the service offer, while the drop in the number of maintenance employees reflects performance improvements in this sector.

## BUS NETWORK

### Actions of the 2020 Strategic Plan

Priority 1	Actions
Expand services	<ul style="list-style-type: none"> <li>➤ Roll out midibuses</li> <li>➤ Introduce technologies to help optimize trips and absorb a portion of growth</li> <li>➤ Evaluate the service supplier base while maintaining flexibility with enough vehicles to provide service</li> </ul>
Priority 2	Actions
Improve the customer experience and marketing efforts	<ul style="list-style-type: none"> <li>➤ Continue with efforts to improve equipment availability and service reliability</li> <li>➤ Continue with efforts to improve service punctuality</li> <li>➤ Improve cleanliness</li> <li>➤ Improve courtesy and customer relations</li> <li>➤ Improve safety</li> <li>➤ Roll out the Vélo-BUS service</li> <li>➤ Improve paratransit vehicle comfort</li> <li>➤ Improve bus comfort</li> </ul>

## BUS NETWORK

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Service offer <i>(in millions of kilometres)</i>	81.1	84.8	88.0	107.4
Priority Measures for Buses <i>(in kilometres)</i>	142.0	142.4	230.0	370.0
Bus fleet	1,680	1,680	1,712	2,089
Bus punctuality (%)	83.3	82.7	82.5	90.0
Out-of-service rate (%)	17.5	17.0	17.0	17.5

## MÉTRO NETWORK

The Montréal métro has been 100% electric since it was launched in 1966. It includes 68 stations on four lines totalling 71 km. The métro fleet's 756 cars – 333 MR-63s and 423 MR-73s – travelled 77 million kilometres in 2011 alone.

The métro network provides fast, reliable, comfortable, safe and accessible subway transportation to the entire community, and passengers feel welcome and informed.

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	128,794	118,557	121,151	109,519	10,237	8.6
Overtime	9,606	8,305	8,302	13,486	1,301	15.7
Miscellaneous bonuses and payments	11,726	11,337	11,309	11,274	390	3.4
Employee benefits	23,711	19,671	19,720	20,098	4,040	20.5
Contributions to public pension plans	15,680	14,431	14,509	13,451	1,248	8.7
CSST	1,578	1,417	1,417	1,212	161	11.4
	<u>191,095</u>	<u>173,719</u>	<u>176,409</u>	<u>169,041</u>	<u>17,377</u>	10.0
<b>Goods and services</b>						
Major expenses	3,739	4,678	7,698	2,649	(939)	(20.1)
Energy	23,924	22,979	22,979	22,485	946	4.1
Professional fees	190	155	371	359	35	22.6
Technical and other service fees	4,198	2,158	1,946	1,483	2,040	94.5
Equipment and supplies	19,429	20,370	20,651	17,774	(941)	(4.6)
Leasing	1,427	1,286	1,276	1,252	140	10.9
Miscellaneous expenses	(736)	(828)	(637)	435	92	(11.1)
	<u>52,172</u>	<u>50,799</u>	<u>54,285</u>	<u>46,437</u>	<u>1,373</u>	2.7
<b>Total</b>	<u>243,267</u>	<u>224,517</u>	<u>230,694</u>	<u>215,478</u>	<u>18,750</u>	8.4

## MÉTRO NETWORK

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Regular hours</b> (in thousands of hours)						
<b>Managers</b>	55	55	57	54		
Non-unionized professionals and office employees	2	2	2	3		
Unionized professionals	23	25	26	23	(3)	(10.5)
Unionized office employees	119	109	111	101	9	8.7
Top-level managers – transit	388	391	397	351	(3)	(0.8)
Divisional clerks and others	31	31	31	28		
Top-level managers – maintenance	178	162	168	150	17	10.2
Drivers, operators and others	1,555	1,506	1,480	1,444	48	3.2
Maintenance employees	2,379	2,222	2,249	2,019	157	7.1
<b>Total</b>	<b>4,730</b>	<b>4,504</b>	<b>4,521</b>	<b>4,172</b>	<b>226</b>	<b>5.0</b>
<b>Overtime</b> (in hours)						
Unionized professionals	355	355	355	466		
Unionized office employees	5,554	4,463	4,463	6,806	1,091	24.5
Top-level managers – transit	35,664	35,311	35,311	48,715	353	1.0
Divisional clerks and others	4,600	4,600	4,600	4,273		
Top-level managers – maintenance	11,841	9,803	9,803	19,785	2,038	20.8
Drivers, operators and others	116,155	98,170	98,170	114,993	17,986	18.3
Maintenance employees	47,585	44,540	44,472	131,010	3,045	6.8
<b>Total</b>	<b>221,754</b>	<b>197,242</b>	<b>197,174</b>	<b>326,049</b>	<b>24,513</b>	<b>12.4</b>
<b>Staff</b> (in person-years)						
Managers	27	26	27	25		
Non-unionized professionals and office employees	1	1	1	2		
Unionized professionals	12	13	14	12	(1)	(10.8)
Unionized office employees	65	60	61	55	5	8.2
Top-level managers – transit	185	187	191	168	(2)	(1.0)
Divisional clerks and others	15	15	15	13		
Top-level managers – maintenance	85	78	81	72	8	9.8
Drivers, operators and others	744	723	710	692	21	2.9
Maintenance employees	1,139	1,068	1,081	980	71	6.6
<b>Total</b>	<b>2,273</b>	<b>2,172</b>	<b>2,181</b>	<b>2,019</b>	<b>101</b>	<b>4.6</b>

Major upgrades to the métro workshops in time for the 2014 delivery of new métro cars will call for the implementation of transitional measures to avoid compromising service to passengers. These measures will entail a temporary increase in staff and in overtime in the métro's maintenance and operations sectors.

Moreover, the addition of one million kilometres to the service offer, a 1.3% increase, along with the continued use of older vehicles, will require additional resources.

**MÉTRO NETWORK****Actions of the 2020 Strategic Plan**

Priority 2	Actions
Improve the customer experience and marketing efforts	<ul style="list-style-type: none"><li data-bbox="586 365 1446 443">➤ Continue with efforts to improve equipment availability and service reliability</li><li data-bbox="586 443 1446 485">➤ Continue with efforts to improve service punctuality</li><li data-bbox="586 485 1446 527">➤ Improve cleanliness</li><li data-bbox="586 527 1446 569">➤ Improve courtesy and customer relations</li><li data-bbox="586 569 1446 611">➤ Improve safety</li></ul>

## MÉTRO NETWORK

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Service offer <i>(in millions of kilometres)</i>	76.6	77.0	78.1	97.2
Métro passengers arrive at destination on time (%)	97.9	97.7	97.6	98.1
Out-of-service rate (%)	13.5	14.3	14.3	12.0

## OPERATIONAL SUPPORT SERVICES

### Infrastructure maintenance

Oversee the safety, reliability, appearance and adaptation of the building inventory at the lowest possible cost in order to ensure service delivery.

### Engineering

Provide technical leadership and support throughout the entire equipment, infrastructure and operating process life cycle.

### Security and Control

Provide industrial security support to the entire organization. Enforce the laws and regulations in effect at the STM and, more specifically, in the area of fare control. Through its inspectors, provide a reassuring presence among passengers and employees, and contribute to prevention by keeping them informed and sensitizing them to safety and security issues.

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	52,093	51,171	47,816	40,302	921	1.8
Overtime	2,111	2,039	2,039	2,536	73	3.6
Miscellaneous bonuses and payments	2,056	2,035	1,895	2,152	21	1.1
Employee benefits	9,730	8,235	7,754	8,813	1,495	18.2
Contributions to public pension plans	6,004	5,622	5,219	5,411	382	6.8
CSST	455	436	436	157	19	4.4
	<u>72,450</u>	<u>69,538</u>	<u>65,159</u>	<u>59,371</u>	<u>2,911</u>	<u>4.2</u>
<b>Goods and services</b>						
Major expenses	1,293	643	1,330	1,463	650	101.1
Taxes and permits	240	240	240	2		
Professional fees	7,925	2,807	2,863	2,417	5,118	182.3
Technical and other service fees	17,109	16,217	15,565	15,309	891	5.5
Equipment and supplies	9,204	8,676	8,626	7,960	528	6.1
Leasing	341	341	351	260		
Miscellaneous expenses	6,113	4,790	4,390	773	1,324	27.6
	<u>42,225</u>	<u>33,713</u>	<u>33,364</u>	<u>28,184</u>	<u>8,512</u>	<u>25.2</u>
<b>Total</b>	<u>114,675</u>	<u>103,252</u>	<u>98,523</u>	<u>87,555</u>	<u>11,423</u>	<u>11.1</u>

## OPERATIONAL SUPPORT SERVICES

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference(%)
<b>Regular hours</b> (in thousands of hours)						
Managers	86	83	82	90	2	2.9
Non-unionized professionals and office employees	15	15	15	11		
Unionized professionals	300	266	245	199	34	13.0
Unionized office employees	303	302	303	259	1	0.3
Top-level managers – transit	29	29	29	31		
Top-level managers – maintenance	46	45	45	41		
Inspectors	354	352	291	246	2	0.5
Maintenance employees	579	567	548	473	12	2.1
<b>Total</b>	<b>1,711</b>	<b>1,659</b>	<b>1,559</b>	<b>1,351</b>	<b>52</b>	<b>3.1</b>
<b>Overtime</b> (in hours)						
Non-unionized professionals and office employees	400	400	400	1,104		
Unionized professionals	1,353	1,353	1,353	2,946		
Unionized office employees	3,020	3,295	3,295	9,438	(275)	(8.3)
Top-level managers – transit	1,300	1,300	1,300	882		
Top-level managers – maintenance	2,474	2,474	2,474	3,973		
Inspectors	11,995	11,995	11,995	2,369		
Maintenance employees	26,434	26,154	26,154	39,346	280	1.1
<b>Total</b>	<b>46,976</b>	<b>46,971</b>	<b>46,971</b>	<b>60,057</b>	<b>5,</b>	<b>0.0</b>
<b>Staff</b> (in person-years)						
Managers	41	40	40	42	1	2.5
Non-unionized professionals and office employees	7	7	7	5		
Unionized professionals	160	142	131	106	18	12.5
Unionized office employees	166	166	166	142		
Top-level managers – transit	14	14	14	14		
Top-level managers – maintenance	22	22	22	20		
Inspectors	169	169	140	117		
Maintenance employees	277	273	264	230	5	1.7
<b>Total</b>	<b>856</b>	<b>832</b>	<b>783</b>	<b>677</b>	<b>24</b>	<b>2.8</b>

The increase in the number of maintenance employees can be attributed to aging infrastructures. Moreover, the commissioning of the new centralized métro control system and the technological evolutions that will follow in the wake of major projects to be implemented will increase operational needs in engineering and technical support.

## OPERATIONAL SUPPORT SERVICES

### Actions of the 2020 Strategic Plan

Priority 6	Actions
Place sustainable development at the centre of all our decisions	<ul style="list-style-type: none"><li>➤ Gradually phase out diesel buses</li><li>➤ Conduct demonstration projects for electric buses</li><li>➤ Study the creation of a trolleybus network</li><li>➤ Reduce emissions of greenhouse gases and key atmospheric pollutants</li><li>➤ Manage contaminated soil</li></ul>

**OPERATIONAL SUPPORT SERVICES****2020 Strategic Plan indicators**

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Intensity of greenhouse gas emissions per passenger-kilometre ( <i>gCO<sub>2</sub>eq.</i> )	49.0	50.8	45.7	39.0

## HUMAN RESOURCES AND SHARED SERVICES

Provide daily support to all areas of the business as they fulfill their respective mandates, play an active role in the STM's growth and see to the application of good practices in the areas of functional responsibility under its purview.

### Logistics Chain

Ensure the availability of rolling stock, supplies, services and equipment required to operate the transportation networks at optimum efficiency, at the lowest possible cost, when and where they are required, and at the expected quality level.

### Diversity and Personal Respect

Foster the development of harmonious workplace relations through prevention and the promotion of respect for people in all their diversity.

### Retirement Plans

Provide benefits to all retired employees, while ensuring that a pension will be available to current employees when they retire.

### Human Resources

Recruit the best resources, develop and maintain their skills, and foster a stimulating and motivating work environment.

### Information Technology

Oversee strategic IT planning and development and ensure the reliability, performance, security and optimum use of IT resources.

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
<i>(in thousands of dollars)</i>					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	35,225	34,130	34,822	30,748	1,095	3.2
Overtime	795	778	778	1,436	17	2.2
Miscellaneous bonuses and payments	1,036	1,020	1,020	1,105	15	1.5
Employee benefits	6,272	5,528	5,526	5,605	744	13.5
Contributions to public pension plans	3,783	3,585	3,583	3,280	198	5.5
CSST	26	25	25	100	1	3.7
	<u>47,136</u>	<u>45,065</u>	<u>45,753</u>	<u>42,275</u>	<u>2,070</u>	<u>4.6</u>
<b>Goods and services</b>						
Major expenses	2,502	2,592	3,549	111	(90)	(3.5)
Professional fees	3,535	2,954	3,679	4,960	581	19.7
Technical and other service fees	7,569	7,172	7,971	7,942	397	5.5
Equipment and supplies	929	908	124	375	21	2.3
Leasing	490	301	301	284	189	63.0
Miscellaneous expenses	5,220	4,080	3,759	3,437	1,140	27.9
	<u>20,245</u>	<u>18,007</u>	<u>19,383</u>	<u>17,108</u>	<u>2,238</u>	<u>12.4</u>
<b>Total</b>	<u>67,380</u>	<u>63,072</u>	<u>65,135</u>	<u>59,383</u>	<u>4,308</u>	<u>6.8</u>

## HUMAN RESOURCES AND SHARED SERVICES

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Regular hours</b> (in thousands of hours)						
Managers	106	100	102	95	7	6.7
Non-unionized professionals and office employees	152	144	143	125	8	5.6
Unionized professionals	47	45	46	48	2	4.8
Unionized office employees	484	477	473	436	6	1.3
Maintenance employees	222	215	215	193	7	3.3
<b>Total</b>	<b>1,011</b>	<b>980</b>	<b>979</b>	<b>896</b>	<b>31</b>	<b>3.1</b>
<b>Overtime</b> (in hours)						
Non-unionized professionals and office employees	100	100	100			
Unionized professionals	59	59	59	630		
Unionized office employees	4,987	4,987	4,987	10,178		
Maintenance employees	12,340	12,340	12,340	22,467		
<b>Total</b>	<b>17,486</b>	<b>17,486</b>	<b>17,486</b>	<b>33,275</b>		
<b>Staff</b> (in person-years)						
Managers	51	48	49	46	3	6.3
Non-unionized professionals and office employees	73	69	69	60	4	5.2
Unionized professionals	25	24	25	26	1	4.4
Unionized office employees	265	262	260	238	3	1.0
Maintenance employees	106	103	103	92	3	3.0
<b>Total</b>	<b>520</b>	<b>507</b>	<b>506</b>	<b>461</b>	<b>13</b>	<b>2.6</b>

The STM's technological evolution, particularly with respect to operations systems, calls for the addition of maintenance resources. Moreover, the métro network's transitional measures require the hiring of temporary staff for the Logistics Chain department.

## HUMAN RESOURCES AND SHARED SERVICES

### Actions of the 2020 Strategic Plan

Priority 3	Actions
Attract, develop and mobilize talent	<ul style="list-style-type: none"> <li>➤ Develop a visibility plan positioning the STM as an employer of choice</li> <li>➤ Review the selection strategies</li> <li>➤ Optimize the new employee intake and integration process</li> <li>➤ Develop and implement skills development and maintenance strategies</li> <li>➤ Implement a new bus maintenance training strategy</li> <li>➤ Promote the use of online learning resources</li> <li>➤ Use compensation plans to attract and retain employees</li> <li>➤ Improve learning strategies and performance support strategies</li> <li>➤ Optimize organizational performance by developing the skills of managers and professionals</li> <li>➤ Enhance the management style</li> <li>➤ Improve employee recognition</li> <li>➤ Improve communication with employees</li> <li>➤ Design and implement mobilization action plans for each business sector</li> <li>➤ Promote cooperation and collective problem-solving</li> <li>➤ Foster the stability of collective agreements</li> <li>➤ Institute gainsharing programs based on performance improvements</li> <li>➤ Develop a workplace health and safety culture</li> <li>➤ Manage with attention to diversity</li> <li>➤ Continue with efforts to manage diversity, co-development and mentoring</li> <li>➤ Continue with and improve employee assistance services</li> <li>➤ Maintain personal protection efforts</li> </ul>

## HUMAN RESOURCES AND SHARED SERVICES

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Absentee rate (%)	7.3	6.9	6.8	6.0
Training, per employee ( <i>in hours</i> )	29.8	28.0	28.5	30.0
Number of workplace accidents – frequency with time loss	7.0	6.8	6.7	5.5
Number of workplace accidents – severe	254.5	250.0	245.0	205.0

## PLANNING, MARKETING AND COMMUNICATIONS

Develop, carry out and measure strategies, action plans and tools to increase ridership while improving passenger satisfaction and the company's image. Increase employee motivation and recognition.

### Communications and Customer Service

Develop and implement a set of communication strategies, programs and actions for the STM in order to inform and motivate employees, keep passengers informed, promote public transit to the people of Greater Montréal, and provide a point of contact in order to give passengers information on STM routes and services, receive comments and complaints, and help passengers use the OPUS card.

### Marketing

Foster customer loyalty and acquire new customers by developing marketing plans, fare strategies and new products and services, while placing greater emphasis on promoting public transit.

### Network Planning and Development

Develop successful public transit services by providing direction, products and solutions that meet passenger and sector needs, while providing service planning support to its partners in the operations sector.

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	13,497	13,380	13,792	12,336	117	0.9
Overtime	205	198	198	325	7	3.5
Miscellaneous bonuses and payments	668	682	643	657	(14)	(2.1)
Employee benefits	2,366	2,141	2,124	2,182	225	10.5
Contributions to public pension plans	1,475	1,405	1,391	1,219	69	4.9
CSST	21	21	21	46	1	2.9
	<u>18,232</u>	<u>17,828</u>	<u>18,169</u>	<u>16,764</u>	<u>405</u>	<u>2.3</u>
<b>Goods and services</b>						
Major expenses	600	1,050	709	468	(450)	(42.9)
Professional fees	5,134	4,624	4,685	2,358	510	11.0
Technical and other service fees	2,570	2,087	2,087	4,111	482	23.1
Equipment and supplies	301	273	273	359	28	10.4
Leasing	30	30	30	118		
Miscellaneous expenses	6,974	5,019	5,795	2,311	1,955	39.0
	<u>15,609</u>	<u>13,083</u>	<u>13,579</u>	<u>9,726</u>	<u>2,526</u>	<u>19.3</u>
<b>Total</b>	<u>33,841</u>	<u>30,911</u>	<u>31,749</u>	<u>26,490</u>	<u>2,930</u>	<u>9.5</u>

## PLANNING, MARKETING AND COMMUNICATIONS

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference(%)
<b>Regular hours</b> <i>(in thousands of hours)</i>						
Managers	40	41	43	34	(1)	(1.3)
Non-unionized professionals and office employees	8	10	10	7	(2)	(19.7)
Unionized professionals	104	99	100	91	5	5.1
Unionized office employees	141	129	131	125	11	8.9
Top-level managers – transit Drivers, operators and others	8	8	8	8		
	95	99	88	87	(4)	(3.9)
<b>Total</b>	<b>397</b>	<b>387</b>	<b>381</b>	<b>353</b>	<b>10</b>	<b>2.6</b>
<b>Overtime</b> <i>(in hours)</i>						
Unionized office employees	2,836	2,836	2,836	4,966		
Drivers, operators and others	1,500	1,500	1,500	2,416		
<b>Total</b>	<b>4,336</b>	<b>4,336</b>	<b>4,336</b>	<b>7,382</b>		
<b>Staff</b> <i>(in person-years)</i>						
Managers	19	20	21	16		
Non-unionized professionals and office employees	4	5	5	3	(1)	(20.0)
Unionized professionals	56	53	54	48	3	4.7
Unionized office employees	77	71	72	69	6	8.4
Top-level managers – transit Drivers, operators and others	4	4	4	4		
	45	47	42	42	(2)	(4.2)
<b>Total</b>	<b>205</b>	<b>200</b>	<b>197</b>	<b>182</b>	<b>5</b>	<b>2.6</b>

The staff increase was made necessary by the STM's drive to rebrand itself, boost the number of partnerships it is involved in, diversify its fare products, and improve customer service.

## PLANNING, MARKETING AND COMMUNICATIONS

### Actions of the 2020 Strategic Plan

Priority 1	Actions
Expand services	<ul style="list-style-type: none"> <li>➤ Create direct, rapid links to downtown</li> <li>➤ Roll out new Transit Priority Measures (TPM) for buses</li> <li>➤ Introduce new families of services</li> <li>➤ Roll out the Rapid Bus Service on Pie-IX and Henri-Bourassa boulevards</li> <li>➤ Set new service standards</li> <li>➤ Redesign the nighttime network</li> <li>➤ Develop the neighbourhood shuttle network</li> <li>➤ Improve intermodality and promote the transportation cocktail</li> <li>➤ Launch a first tram line linking downtown to Côte-des-Neiges Road</li> <li>➤ Take part in all public and active transit improvement and development projects</li> <li>➤ Develop intermodality to meet the needs of certain customers</li> </ul>
Priority 2	Actions
Improve the customer experience and marketing efforts	<ul style="list-style-type: none"> <li>➤ Continue with motivational campaigns promoting the use of public transit</li> <li>➤ Increase recognition of the STM as an environmental leader</li> <li>➤ Establish direct contact with target clientele</li> <li>➤ Rally partners and the populace around the Society in Motion campaign</li> <li>➤ Monitor the deployment of Phase 1 of the service quality program</li> <li>➤ Publish the results</li> <li>➤ Continue with the service quality program</li> <li>➤ Improve and develop the delivery of real-time passenger information</li> <li>➤ Develop mobile apps for smartphones</li> <li>➤ Increase the STM's social media presence</li> <li>➤ Launch a new Web site</li> </ul>

## PLANNING, MARKETING AND COMMUNICATIONS

### Actions of the 2020 Strategic Plan

Priority 2	Actions
Improve the customer experience and marketing efforts	➤ Improve signage
	➤ Install new bus shelters
	➤ Improve accessibility as a public transit service provider
	➤ Improve accessibility as an employer
	➤ Improve accessibility as a social player
	➤ Introduce new flexible and customized fare products
	➤ Develop a loyalty program
	➤ Promote and enhance the OPUS subscription program
	➤ Introduce a CAMPUS-style universal fare system for universities
	➤ Use new technologies as transactional mediums and for reloading
Priority 5	Actions
Further improve performance	➤ Develop a fare strategy for paratransit trips within the metropolitan area

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Ridership ( <i>in millions of trips</i> )	388.6	405.0	410.0	540.0
Overall satisfaction with the STM (%)	87.0	87.0	87.0	90.0
Overall bus passenger satisfaction (%)	78.0	78.0	80.0	85.0
Overall métro passenger satisfaction (%)	84.0	85.0	85.0	88.0

## FINANCE AND CONTROL

Help optimize management and allocation of the STM's financial resources by improving performance, supporting decision-making, planning for the future and being proactive while continuing to oversee the company's day-to-day financial operations.

### Budget and Expenditures

Concerned primarily with budgetary management, project budget monitoring and treasury operations, the Budget and Expenditures department team is in charge of producing major deliverables, such as the budget, three-year capital expenditures programs and monthly budget monitoring reports. The funding of expenditures and the management of investments and financial risks also fall under its purview. The team also provides daily support to the STM's executive and managers.

### Project Portfolio Monitoring and Management

Ensure that internal financial, budgetary and compliance controls at the STM are appropriate and reliable by implementing an internal control certification program. Moreover, this department is in charge of establishing and maintaining a project portfolio that is optimized in light of the STM's strategic objectives and the available human and financial resources.

### Financial Management and Systems Framework

Produce the STM's financial statements in accordance with public sector accounting standards, manage payments to suppliers and the collection of accounts receivable, and oversee employee time recording and the production of weekly pay, while ensuring that the financial systems in place are able to support the company's financial operations.

### Fare Sales & Collection and Passenger Revenue

The Fare Sales & Collection and Passenger Revenue department is responsible for managing and developing the OPUS card and its underlying system. Moreover, the department coordinates interactions between the STM and other transit organizations. It also makes available the equipment and funds needed to support the internal and external transit fare sales network, and processes the resulting cash receipts.

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
<i>(in thousands of dollars)</i>					Difference	Difference(%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	13,401	13,523	13,660	11,531	(122)	(0.9)
Overtime	319	256	256	553	63	24.7
Miscellaneous bonuses and payments	496	495	493	543	1	0.3
Employee benefits	2,334	2,172	2,135	2,328	162	7.4
Contributions to public pension plans	1,414	1,388	1,363	1,227	26	1.9
CSST				21		
	<u>17,964</u>	<u>17,834</u>	<u>17,908</u>	<u>16,203</u>	<u>131</u>	<u>0.7</u>
<b>Goods and services</b>						
Major expenses			761	10		
Professional fees	1,158	558	104	482	600	107.5
Technical and other service fees	1,531	1,766	1,766	1,278	(235)	(13.3)
Equipment and supplies	650	650	803	661		
Miscellaneous expenses	3,583	3,756	2,956	2,323	(174)	(4.6)
	<u>6,922</u>	<u>6,730</u>	<u>6,390</u>	<u>4,756</u>	<u>191</u>	<u>2.8</u>
<b>Total</b>	<u>24,886</u>	<u>24,564</u>	<u>24,298</u>	<u>20,959</u>	<u>322</u>	<u>1.3</u>

## FINANCE AND CONTROL

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Regular hours</b> <i>(in thousands of hours)</i>						
Managers	59	57	56	51	2	4.0
Non-unionized professionals and office employees	2	6	4	4	(4)	(66.5)
Unionized professionals	41	41	37	26		
Unionized office employees	225	215	224	195	10	4.8
Divisional clerks and others	56	55	55	57	1	2.2
<b>Total</b>	<b>383</b>	<b>374</b>	<b>375</b>	<b>334</b>	<b>10</b>	<b>2.5</b>
<b>Overtime</b> <i>(in hours)</i>						
Unionized professionals	135	135	135	229		
Unionized office employees	4,962	4,067	4,067	8,909	895	22.0
Divisional clerks and others	1,300	1,300	1,300	2,937		
<b>Total</b>	<b>6,397</b>	<b>5,502</b>	<b>5,502</b>	<b>12,075</b>	<b>895</b>	<b>16.3</b>
<b>Staff</b> <i>(in person-years)</i>						
Managers	28	27	27	25	1	3.6
Non-unionized professionals and office employees	1	3	2	2	(2)	(66.7)
Unionized professionals	22	22	20	14		
Unionized office employees	123	118	123	107	5	4.4
Divisional clerks and others	27	26	26	27	1	1.9
<b>Total</b>	<b>201</b>	<b>197</b>	<b>197</b>	<b>175</b>	<b>5</b>	<b>2.3</b>

The sheer size of the capital projects and the replacement of IT applications called for additional resources.

## FINANCE AND CONTROL

### Actions of the 2020 Strategic Plan

Priority 4	Actions
Optimize investment management	➤ Bolster the project portfolio management mechanisms
Priority 5	Actions
Further improve performance	➤ Maintain passengers' contribution at its current level
	➤ Propose a new government funding model for paratransit
	➤ Increase the Agglomeration's contribution and subsidies from the Government of Québec
	➤ Minimize operating expenses

## FINANCE AND CONTROL

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Operating cost per trip ( <i>in dollars</i> )	2.28	2.39	2.49	2.83
Operating cost per kilometre ( <i>in dollars</i> )	5.62	5.97	6.13	7.30
Self-funding rate (%)	58.2	58.6	58.9	58.2
Share of passenger revenues (%)	45.9	46.1	46.1	47.7

## CORPORATE SERVICES

### Public Affairs

Promote public transit and project a positive and dynamic image of the STM through the media and our partners by means of strategies, programs and positions on key issues.

### Senior Management

Manage all STM activities, establish the company's objectives, and ensure that these objectives are met.

### Office of the Assistant Director General

Support the 2020 Strategic Plan by implementing strategies aimed at rallying governments and other stakeholders, while forging strategic business partnerships.

### Major Projects Management

Planning, organizing and carrying out major projects in the areas of infrastructures, rolling stock, equipment and operations-support systems.

### Secretariat General and Legal Affairs

Provide counsel to the executive and represent the STM in all legal matters, negotiations and the drafting of contracts, regulations and legal opinions, while ensuring that the company's decision-making process runs smoothly.

### Auditor General

Provide independent opinions to members of the Board of Directors and the executive confirming that the STM's activities are being carried out in accordance with the laws, regulations and frameworks in effect, while abiding by all principles of good management and generally accepted auditing standards.

<i>(in thousands of dollars)</i>	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget Difference	2011 vs. 2012 budget Difference (%)
<b>Cost of operations</b>						
<b>Compensation</b>						
Base salaries	9,767	9,231	8,862	5,494	536	5.8
Overtime	25	22	22	(4)	3	12.5
Miscellaneous bonuses and payments	196	179	167	379	17	9.5
Employee benefits	1,609	1,401	1,296	1,994	208	14.8
Contributions to public pension plans	927	871	805	1,094	56	6.4
	<u>12,523</u>	<u>11,704</u>	<u>11,153</u>	<u>8,958</u>	<u>819</u>	<u>7.0</u>
<b>Goods and services</b>						
Major expenses			2,871			
Professional fees	2,953	3,109	1,668	1,260	(156)	(5.0)
Technical and other service fees	102	342	469	59	(240)	(70.2)
Equipment and supplies	126	117	117	109	10	8.4
Leasing	130	130	130	112		
Miscellaneous expenses	2,026	1,191	1,342	1,364	835	70.1
	<u>5,337</u>	<u>4,889</u>	<u>6,596</u>	<u>2,904</u>	<u>449</u>	<u>9.2</u>
<b>Total</b>	<u>17,860</u>	<u>16,592</u>	<u>17,749</u>	<u>11,862</u>	<u>1,268</u>	<u>7.6</u>

## CORPORATE SERVICES

	Budget 2012	Budget 2011	Forecast 2011	Actual 2010	2011 vs. 2012 budget	
					Difference	Difference(%)
<b>Regular hours</b> <i>(in thousands of hours)</i>						
Managers	54	52	47	41	2	4.4
Non-unionized professionals and office employees	52	52	48	41		
Unionized professionals	66	58	50	31	8	13.3
Unionized office employees	51	48	50	42	3	5.4
<b>Total</b>	<b>223</b>	<b>210</b>	<b>195</b>	<b>155</b>	<b>13</b>	<b>6.1</b>
<b>Overtime</b> <i>(in hours)</i>						
Unionized professionals	300	300	300	270		
Unionized office employees	35	35	35	244		
<b>Total</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>514</b>		
<b>Staff</b> <i>(in person-years)</i>						
Managers	26	25	23	23	1	4.0
Non-unionized professionals and office employees	25	25	23	20		
Unionized professionals	35	31	27	17	4	12.9
Unionized office employees	28	27	27	23	1	5.0
<b>Total</b>	<b>114</b>	<b>108</b>	<b>100</b>	<b>82</b>	<b>6</b>	<b>5.9</b>

The increase in staff was made necessary primarily by the creation of a department to coordinate strategic files and achieve continuous improvement.

## CORPORATE SERVICES

### Actions of the 2020 Strategic Plan

Priority 1	Actions
Expand services	<ul style="list-style-type: none"> <li>➤ Replace métro cars and increase overall passenger capacity</li> <li>➤ Extend the métro</li> </ul>
Priority 2	Actions
Improve the customer experience and marketing efforts	<ul style="list-style-type: none"> <li>➤ Install a cellular communications network throughout the métro network</li> <li>➤ Implement the iBus system and continue developing the passenger information systems</li> </ul>
Priority 4	Actions
Optimize investment management	<ul style="list-style-type: none"> <li>➤ Improve knowledge of assets in need of replacement and design a capital program</li> <li>➤ Maintain and develop property assets</li> <li>➤ Carry out métro, bus, paratransit and tramway projects</li> </ul>
Priority 5	Actions
Further improve performance	<ul style="list-style-type: none"> <li>➤ Increase net commercial revenue</li> <li>➤ Improve productivity and institute a culture of continuous improvement</li> <li>➤ Optimize the organization's administrative and decision-making processes</li> <li>➤ Continuously raise employee awareness about ethical issues</li> <li>➤ Improve performance monitoring in all areas of activity</li> <li>➤ Manage risks</li> </ul>
Priority 6	Actions
Place sustainable development at the centre of all our decisions	<ul style="list-style-type: none"> <li>➤ Improve the company's environmental management practices</li> <li>➤ Increase waste matter recycling</li> <li>➤ Carry out sustainable projects</li> <li>➤ Raise employee awareness about sustainable development</li> <li>➤ Position the STM as a responsible and committed organization</li> </ul>

## CORPORATE SERVICES

### 2020 Strategic Plan indicators

	2010 Actual	2011 Forecast	2012 Target	2020 Target
Net commercial revenue <i>(in millions of dollars)</i>	17.2	21.0	24.4	35.0
Investment spending realization rate (%)	63.0	86.9	68.0	70.0
Non-hazardous waste recycling rate (%)	59.0	60.0	60.0	80.0
Proportion of projects subject to a sustainability assessment (%)	30.0	50.0	75.0	100.0

## COMPARATIVE STATEMENT – BUS & MÉTRO NETWORKS AND OPERATIONAL SUPPORT SERVICES<sup>1</sup>

	2012 Budget		
	Bus	Métro	Operational Support Services
<i>(in thousands of dollars)</i>			
<b>Cost of operations</b>			
<b>Compensation</b>			
Base salaries	247,964	128,794	52,093
Overtime	25,514	9,606	2,111
Miscellaneous bonuses and payments	30,566	11,726	2,056
Employee benefits	43,850	23,711	9,730
Contributions to public pension plans	30,566	15,680	6,004
CSST	3,442	1,578	455
	<u>381,902</u>	<u>191,095</u>	<u>72,450</u>
<b>Goods and services</b>			
Major expenses	2,888	3,739	1,293
Energy, taxes and permits	54,222	23,924	240
Professional fees	408	190	7,925
Technical and other service fees	571	4,198	17,109
Equipment and supplies	23,999	19,429	9,204
Leasing	19	1,427	341
Miscellaneous expenses	492	(736)	6,113
	<u>82,598</u>	<u>52,172</u>	<u>42,225</u>
<b>Total</b>	<u>464,501</u>	<u>243,267</u>	<u>114,675</u>

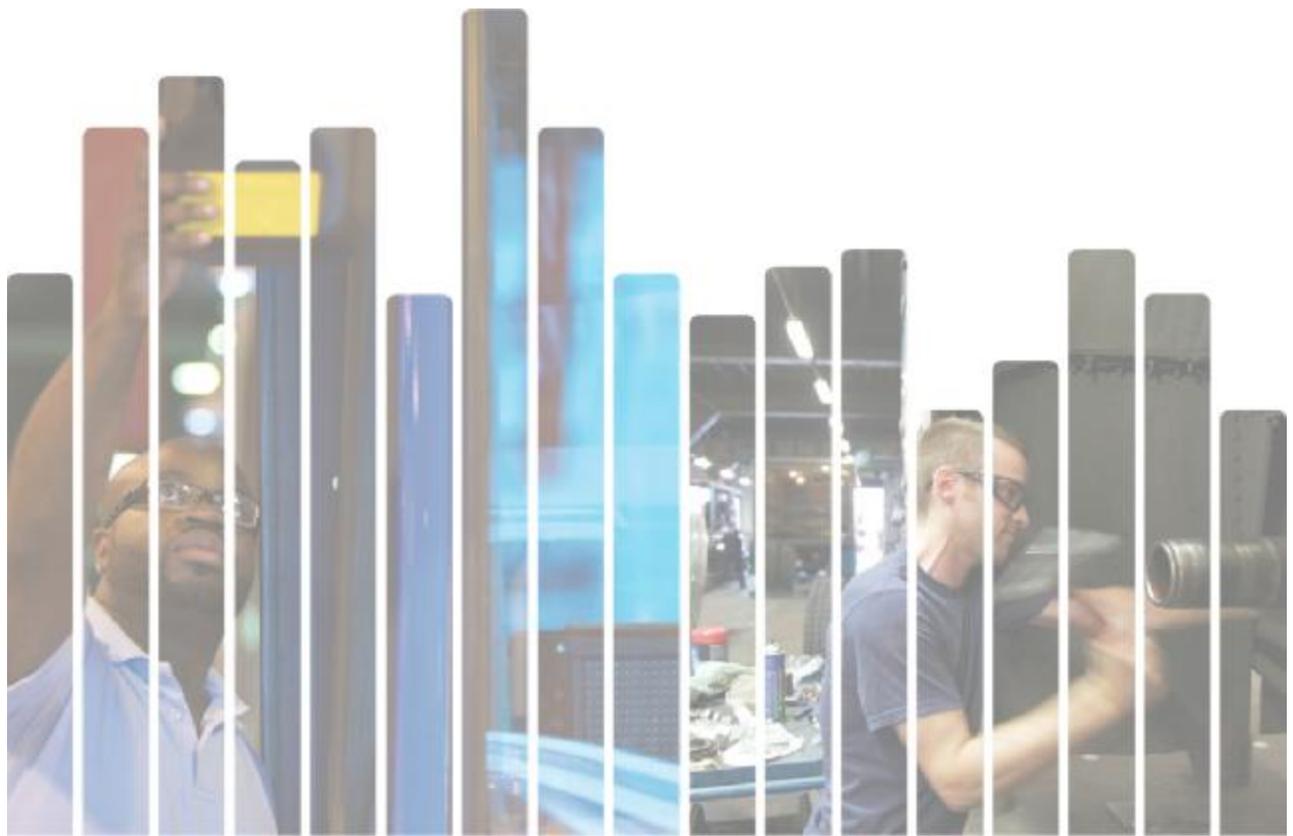
<sup>1</sup> Operational Support Services include the Infrastructure Maintenance, Engineering and Security and Control departments

## COMPARATIVE STATEMENT – BUS & MÉTRO NETWORKS AND OPERATIONAL SUPPORT SERVICES<sup>1</sup>

	2012 Budget		
	Bus	Métro	Operational Support Services
<b>Regular hours</b> (in thousands of hours)			
Managers	98	55	86
Non-unionized professionals and office employees	6	2	15
Unionized professionals	42	23	300
Unionized office employees	94	119	303
Top-level managers – transit	374	388	29
Divisional clerks and others	198	31	
Top-level managers – maintenance	161	178	46
Inspectors			354
Drivers, operators and others	6,543	1,555	
Maintenance employees	1,928	2,379	579
<b>Total</b>	<b>9,443</b>	<b>4,730</b>	<b>1,711</b>
<b>Overtime</b> (in hours)			
Non-unionized professionals and office employees			400
Unionized professionals		355	1,353
Unionized office employees	394	5,554	3,020
Top-level managers – transit	18,724	35,664	1,300
Divisional clerks and others	28,503	4,600	
Top-level managers – maintenance	5,811	11,841	2,474
Inspectors			11,995
Drivers, operators and others	474,018	116,155	
Maintenance employees	119,121	47,585	26,434
<b>Total</b>	<b>646,570</b>	<b>221,754</b>	<b>46,976</b>
<b>Staff</b> (in person-years)			
Managers	47	27	41
Non-unionized professionals and office employees	3	1	7
Unionized professionals	22	12	160
Unionized office employees	51	65	166
Top-level managers – transit	179	185	14
Divisional clerks and others	94	15	
Top-level managers – maintenance	77	85	22
Inspectors			169
Drivers, operators and others	3,130	744	
Maintenance employees	923	1,139	277
<b>Total</b>	<b>4,527</b>	<b>2,273</b>	<b>856</b>

<sup>1</sup> Operational Support Services include the Infrastructure Maintenance, Engineering and Security and Control departments





**FINANCIAL OUTLOOK WITH RESPECT TO EXPENDITURES**

## SUMMARY OF THE 2012–2014 CAPITAL EXPENDITURES PROGRAM

Expenditures within the scope of the 2012–2014 Capital Expenditures Program are divided among 71 projects. However, eight of these projects between them account for 92% of expenditures, for a total of over \$1.6 billion. These key projects will serve to meet many objectives, which include improving service reliability, on-time performance, the quality of information provided to the riding public and overall accessibility, all the while providing a safe, pleasant and user-friendly environment for passengers. The projects are as follows:

<i>(in thousands of dollars)</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
➤ Purchase of MPM-10 métro cars	190,647	189,930	332,397	712,974
➤ <i>Réno-Systèmes</i> program – Phases II and III	128,762	94,140	95,526	318,428
➤ Replacement of operations-related systems (iBus)	26,485	62,272	60,328	149,085
➤ Acquisition of buses	33,592	33,882	65,576	133,051
➤ Bus network infrastructures – Phase II	77,848	52,746	0	130,593
➤ <i>Réno-Infrastructures métro</i> program – Phase I	24,537	33,000	43,543	101,080
➤ Priority Measures for Buses (PMB) Program – Phases I and II	23,929	13,876	29,414	67,219
➤ Berri-UQAM station: Major renovations – Phase I	3,300	14,500	17,100	34,900
	<b>509,100</b>	<b>494,346</b>	<b>643,884</b>	<b>1,647,330</b>
<b>Total</b>	<b>586,225</b>	<b>538,672</b>	<b>666,542</b>	<b>1,791,439</b>
<b>Percentage</b>	<b>87%</b>	<b>92%</b>	<b>97%</b>	<b>92%</b>

**Acquisition of MPM-10 métro cars (\$713 million):** This project seeks to replace 342 MR-63 métro cars and acquire 63 new métro cars to meet the ridership objectives outlined in the STM's 2020 Strategic Plan, along with a further 63 métro cars to meet demand generated by métro line extensions. These expenditures also include the funds required to upgrade infrastructures and stationary equipment affected by the commissioning of the new métro cars.

**Impact:** The expected benefits are to be found primarily in lower maintenance costs and energy consumption. Moreover, this project will improve passenger capacity, service, security and accessibility.

***Réno-Systèmes* program – Phases II and III (\$318.4 million):** This program will target the replacement or reconditioning of stationary métro equipment linked directly to operations. The objective is to improve the reliability, availability and safety of métro equipment. Moreover, certain initiatives will lead to improved communication with passengers, a heightened sense of security, faster response time in case of equipment failure, and greater accessibility for people with limited mobility.

**Financial impact:** Replacing equipment at the end of its useful lifespan will help stabilize maintenance costs. This program will also reduce the spending deficit.

**Replacement of (iBus) operations-related systems (\$149.1 million):** This project involves installing a communication system and an integrated product that uses IT tools to dispatch communications, regulate service, announce the next stop and provide passengers with real-time information. This project will enable the STM to better meet passenger expectations by making service improvements in the areas of punctuality, regularity of service and real-time information.

**Impact:** This project will have a number of impacts on bus network operations. It will reduce bus entry/exit time by 5%, optimize overall service in terms of driver resources, and increase ridership and passenger revenues.

**Acquisition of buses (\$133.1 million):** Nearly 91% (\$120.8 million) of these expenditures will be used to add buses, while 9% (\$12.3 million) will be used to replace buses. During the 2012 to 2014 period, 32 buses will be purchased as part of road work mitigation measures such as those to be implemented during the Turcot interchange project. As stipulated in the 2020 Strategic Plan, the STM places sustainable development at the heart of its priorities and decisions. Consequently, it aims to lighten its carbon footprint by purchasing 60 hybrid buses in 2013 and 2014.

**Impact:** The impact on operating costs is evaluated with regard to additional service provided. The goal of replacing buses is to keep the average age of the fleet at an ideal level with respect to acquisition and maintenance costs. Moreover, the STM is committed to multiplying the efforts required to meet the challenge posed by the diversification of the bus network, the goal being to adapt it in such a way as to optimize bus route profitability.

**Bus network infrastructures – Phase II (\$130.6 million):** This project consists in constructing a bus garage that will be needed to accommodate the additional buses and personnel called for in the Governmental Assistance Program for the Improvement of Public Transit Services (PAGASTC) and in the STM's 2020 Strategic Plan. The new garage is set to open in fall 2013 and will accommodate a total of 300 buses, 200 conventional and 100 articulated. This additional garage will improve the distribution of buses throughout the network, create the overall capacity required to operate the bus fleet, and manage garages whose capacity is deemed more appropriate.

**Impact:** This new garage will have LEED Gold (Leadership in Energy and Environmental Design) certification, which will save on energy costs and promote sustainable development. In fact, all new STM buildings in future will meet the following criteria: environment-friendly site layout, efficient management of water, energy and atmosphere, materials and resources, and the quality of the indoor environment.

**Réno-Infrastructures métro program – Phase I (\$101.1 million):** This project aims to replace, repair or renovate métro infrastructures nearing the end of their useful lifespan in order to maintain their continued use, reliability, maintainability and availability. Work to replace or repair structural, architectural, electrical and mechanical components will be carried out both on the auxiliary structures and on the tunnels at a few stations, including McGill.

**Impact:** The replacement of equipment at the end of its useful lifespan will help stabilize maintenance costs.

**Transit Priority Measures (TPM) program for buses – Phases II and II (\$67.2 million):** The Network Development Plan (PDR) established by the STM clearly identifies the need to reduce passenger travel time. The effectiveness of public transit by bus depends entirely on overall traffic conditions. As such, to increase ridership and position public transit as a better option than cars, public transit must be given distinct advantages through the implementation of priority measures. Such measures include creating dedicated bus lanes, improving signage and traffic signals, installing a bus detection system and reconfiguring road geometry and surfaces. By creating such reserved lanes, trip length can be shortened by between 15% and 30%. As a result, service improves without requiring an increase in the number of vehicles.

**Impact:** The application of various priority measures will generate a 12% reduction in service hours, yielding average annual savings of \$7 million. These savings will be reinvested in customer service improvements.

**Berri-UQAM station: Major repairs and renovations – Phase I (\$34.9 million):** This project will initially be aimed at establishing the safety of the station. Thereafter, permanent repair, renovation and upgrade work will be done on the station's architectural, structural and electromechanical components.

**Impact:** The repair and renovation of this station will extend its useful lifespan and stabilize maintenance costs.

## INVESTMENT FUNDING

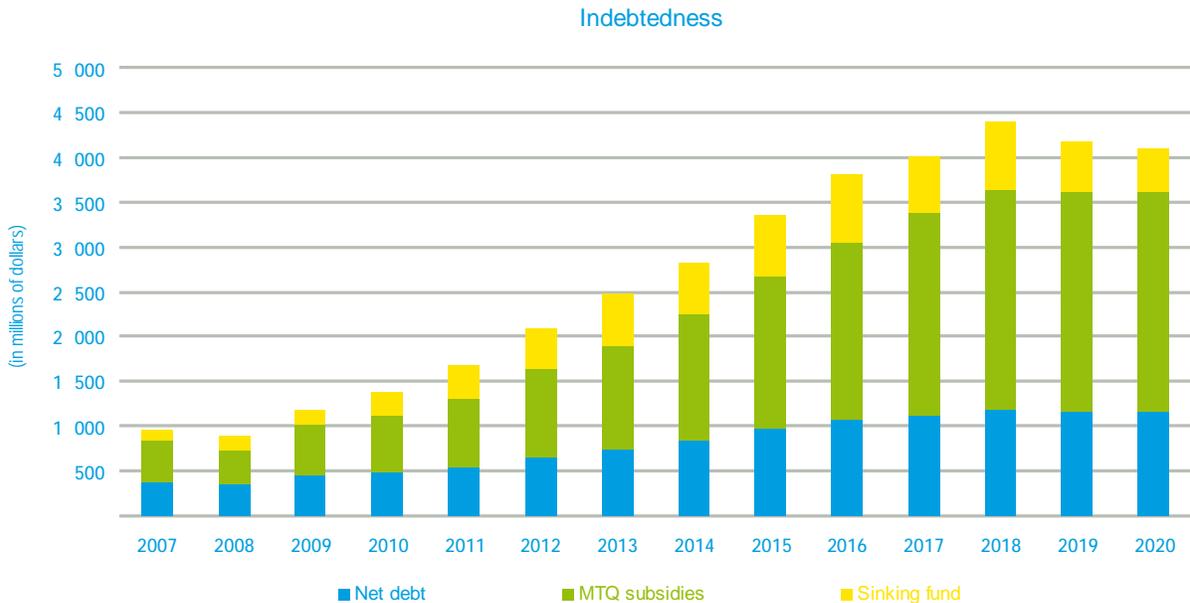
<i>(in thousands of dollars)</i>	2012	2013	2014	Total
<b>Cash funding</b>				
➤ Non-capital expenditures				
Operating budget	11,422	12,029	9,776	33,226
➤ Capital				
Working capital	3,750	1,086	1,000	5,836
Provincial government – cash subsidies	51,147	27,711	40,790	119,648
Federal government – cash subsidies	56,915	67,080	84,148	208,143
Agglomeration – cash subsidies	10,310	16,791	21,759	48,860
<b>Subtotal</b>	<b>133,544</b>	<b>124,697</b>	<b>157,473</b>	<b>415,714</b>
<b>Debt funding</b>				
➤ Non-subsidized	28,635	99,883	123,367	351,885
➤ Subsidized	324,046	314,092	385,702	1,023,840
<b>Subtotal</b>	<b>452,681</b>	<b>413,975</b>	<b>509,069</b>	<b>1,375,725</b>
<b>Total funding</b>	<b>586,225</b>	<b>538,672</b>	<b>666,542</b>	<b>1,791,439</b>
<b>Funding through long-term debt</b>	<b>480,000</b>	<b>430,000</b>	<b>520,000</b>	<b>1,430,000</b>

With an eye to diversifying and optimizing its funding situation, the STM determines its annual long-term debt funding needs by adding two thirds of the current year's expenditures for all projects combined (except for those expenditures related to the purchase of métro cars, 100% of which are included) to the balance of the previous year's unfunded expenditures.

## IMPACT OF INVESTMENT SPENDING ON INDEBTEDNESS

From 2007 to 2011, the STM's gross debt burden grew at an annual average rate of 19.6%. For the 2011 to 2014 period, debt will increase to 23.5%. Cash funding through provincial and municipal subsidy programs will mitigate this increase.

According to forecasts, the gross outstanding debt will total \$1.7 billion (before subsidies) as at December 31, 2011, and \$2.8 billion as at December 31, 2014. This growth in the debt and its allocation are illustrated in the table below.



(in millions of dollars)	Forecast													
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sinking fund*	117.4	158.8	169.2	261.1	378.1	447.9	574.8	560.1	685.3	765.9	640.3	751.2	580.7	490.7
MTQ subsidies	464.5	377.4	558.4	629.0	780.2	985.6	1,151.5	1,421.0	1,708.2	1,967.7	2,266.8	2,469.8	2,437.3	2,443.1
Net debt	369.3	351.1	454.3	484.4	526.1	651.2	748.7	836.3	963.1	1,069.7	1,109.1	1,173.6	1,163.2	1,161.8
<b>Gross debt</b>	<b>951.2</b>	<b>887.3</b>	<b>1,181.8</b>	<b>1,374.5</b>	<b>1,684.4</b>	<b>2,084.7</b>	<b>2,475.0</b>	<b>2,817.4</b>	<b>3,356.5</b>	<b>3,803.3</b>	<b>4,016.2</b>	<b>4,394.7</b>	<b>4,181.2</b>	<b>4,095.6</b>

\* This is used to accumulate funds that can then be used to reduce funded (long-term) debt.

## IMPACT OF INVESTMENT SPENDING ON DEBT SERVICE

As a result of increased indebtedness, total debt service should amount to \$200.7 million in 2011 and reach \$294.8 million in 2014. This represents an average annual growth rate of 15.6%, compared with 21.7% for the 2007–2010 period. However, this increase is mitigated by the continuity of cash subsidy programs. These programs reimburse the STM for certain eligible investment expenditures, which prevents the STM from having to incur debt in order to fund its expenditures.

The debt service portion eligible for a subsidy will increase from 56.8% for the 2007–2010 period to 69.2% for 2012–2014.

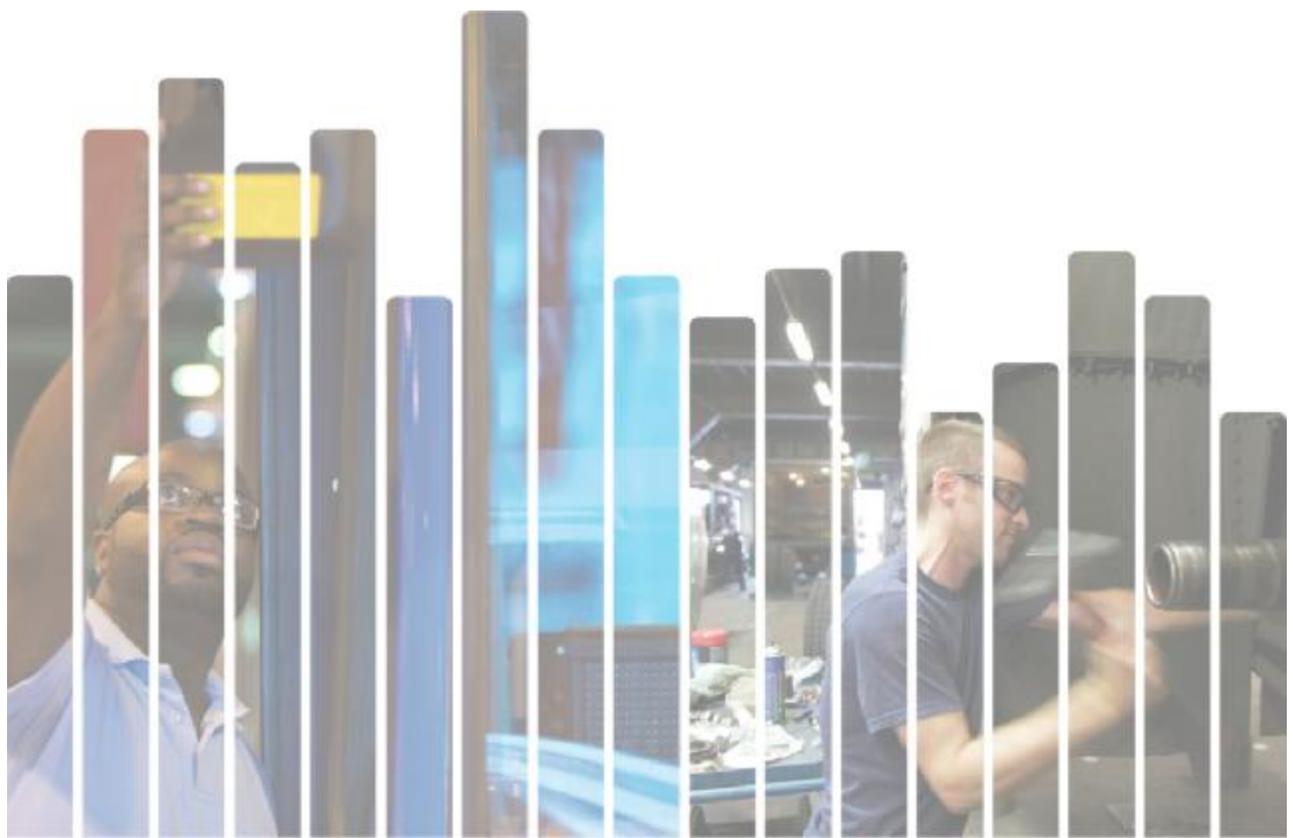
In 2012, net debt service will reach \$70.1 million, an increase of \$700,000 over the 2011 forecast. Thereafter, the new net debt service will be \$81.2 million in 2013 and \$86.5 million in 2014, a 24.6% increase over the 2011 figure. For the 2007–2010 period, net debt service increased by 33.7%. This increase stems from the sharp rise in spending required to maintain our assets.



(in millions of dollars)	Forecast													
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross debt service	107.6	131.2	153.7	172.4	200.7	219.8	260.2	294.8	334.4	377.3	416.7	429.7	457.0	428.6
MTQ subsidies	55.7	75.2	81.3	99.2	131.3	149.7	179.0	208.2	239.2	276.7	310.6	320.5	345.4	317.5
<b>Net debt service</b>	<u>51.9</u>	<u>56.1</u>	<u>72.4</u>	<u>73.2</u>	<u>69.4</u>	<u>70.1</u>	<u>81.2</u>	<u>86.5</u>	<u>95.2</u>	<u>100.6</u>	<u>106.2</u>	<u>109.2</u>	<u>111.5</u>	<u>111.1</u>

The STM ensures that it meets its self-imposed debt-ratio target through its long-term debt management policy, as represented by the portion of operating expenses earmarked for debt service. This target is set at between 6% and 10%, and the critical threshold is 16%. For 2012, the forecast ratio is 5.9%, whereas the 2020 ratio is forecast at 9.8%.





## PERFORMANCE INDICATORS



## INTRODUCTION

This section describes certain aspects of the evolution of the STM's financial situation from 2003 to 2012. When monetary values are discussed, they are described in current dollars and in constant 2003 dollars. Presenting such information in constant dollars makes it possible to assess the situation's actual evolution, as the effects of inflation are eliminated.

Results expressed in constant dollars have been calculated using the consumer price index (CPI) for the Montréal area. The CPI for the 2003–2012 period is presented below. The 2011 and 2012 inflation rates shown are forecasts.

The Transportation CPI is one of the five criteria used to devise our fare strategy.

<b>Montréal CPI</b>	2003	2004	2005	2006	2007	2008	2009	2010	<b>Forecast</b> 2011	<b>Forecast</b> 2012
	1.000	1.019	1.042	1.061	1.078	1.101	1.110	1.123	1.151	1.180
<b>Variation (%)</b>		1.94	2.24	1.78	1.57	2.09	0.80	1.15	2.50	2.50

<b>Transportation CPI</b>	2003	2004	2005	2006	2007	2008	2009	2010	<b>Forecast</b> 2011	<b>Forecast</b> 2012
	1.000	1.029	1.074	1.104	1.117	1.146	1.070	1.115	1.195	1.281
<b>Variation (%)</b>		2.86	4.36	2.75	1.21	2.56	- 6.60	4.19	7.20	7.20

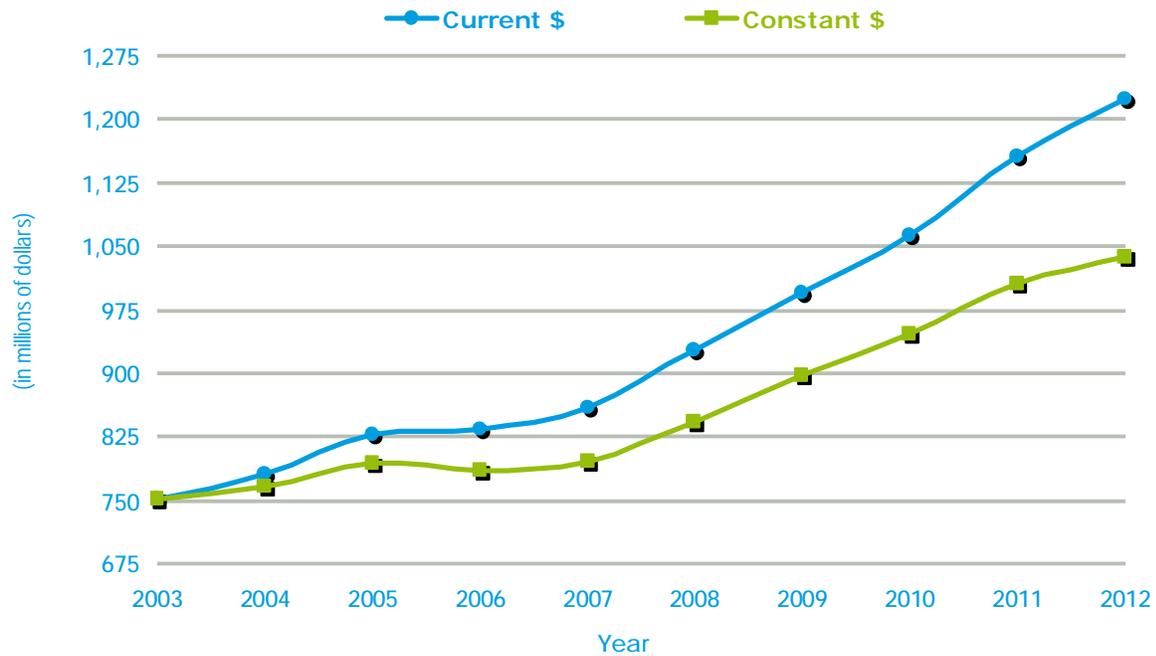
Source: Statistics Canada for the years 2003 to 2010

### GREATER PRODUCTIVITY ACCORDING TO IMPERIAL COLLEGE LONDON

For the third year in a row, the Montréal métro was named the world's most productive. This was one of the conclusions of the latest international benchmarking carried out by Imperial College London, which examined 27 metro systems worldwide. More specifically, the STM labour force's productivity rate was the highest in relation to car-kilometres, and even though our subway system is among the world's oldest, our operating costs are among the lowest.

## TOTAL REVENUES

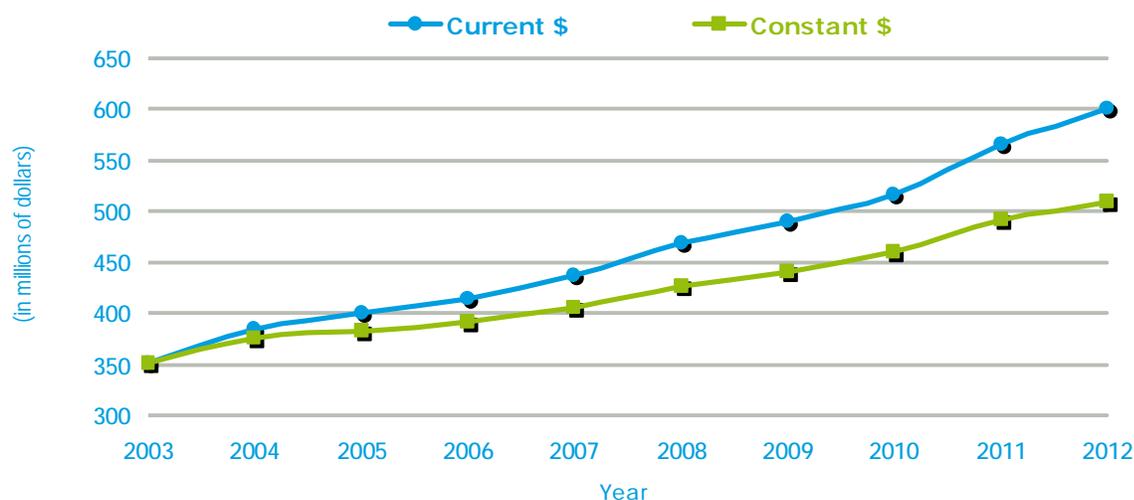
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	751.5	780.5	827.5	833.2	858.7	927.2	995.7	1,062.6	1,156.7	1,223.3	62.8 %
Constant \$	751.5	765.9	794.1	785.3	796.6	842.1	897.1	946.2	1,005.0	1,036.9	38.0 %



Note: Total revenues exclude new revenue sources and the surplus carried forward.

## OPERATING REVENUES – BUS AND MÉTRO

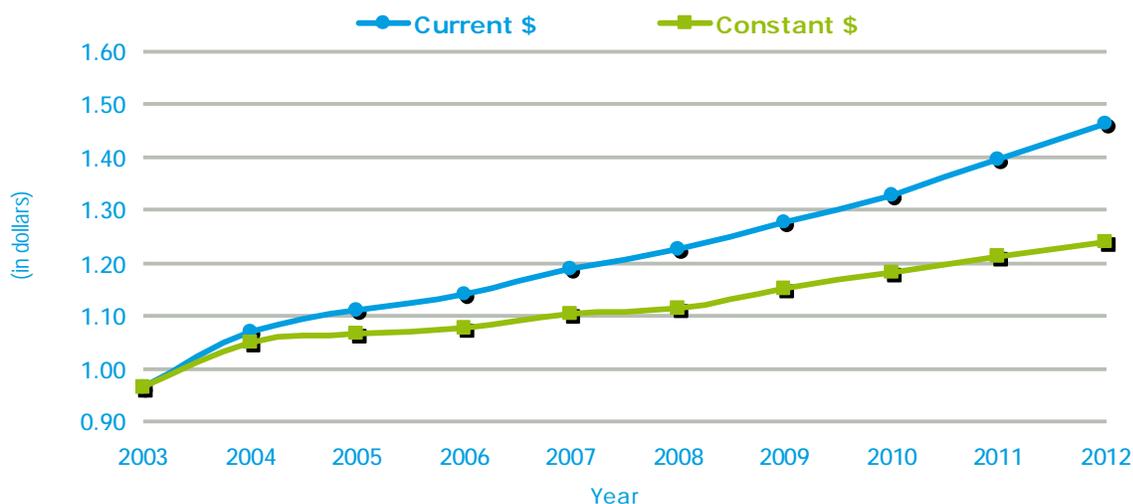
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	350.2	383.6	399.4	414.5	437.0	468.8	489.3	516.4	566.0	600.1	71.4 %
Constant \$	350.2	376.5	383.3	390.6	405.4	425.8	440.8	459.8	491.7	508.7	45.3 %



Note: Includes passenger revenues (STM fares and metropolitan receipts) and other operating revenues.

## OPERATING REVENUES – BUS AND MÉTRO, PER TRIP

(in dollars)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	0.96	1.07	1.11	1.14	1.19	1.23	1.28	1.33	1.40	1.46	51.8 %
Constant \$	0.96	1.05	1.07	1.08	1.10	1.11	1.15	1.18	1.21	1.24	28.7 %



Note: Operating revenues – Bus and métro/Ridership – Bus and métro

**RIDERSHIP – BUS AND MÉTRO**

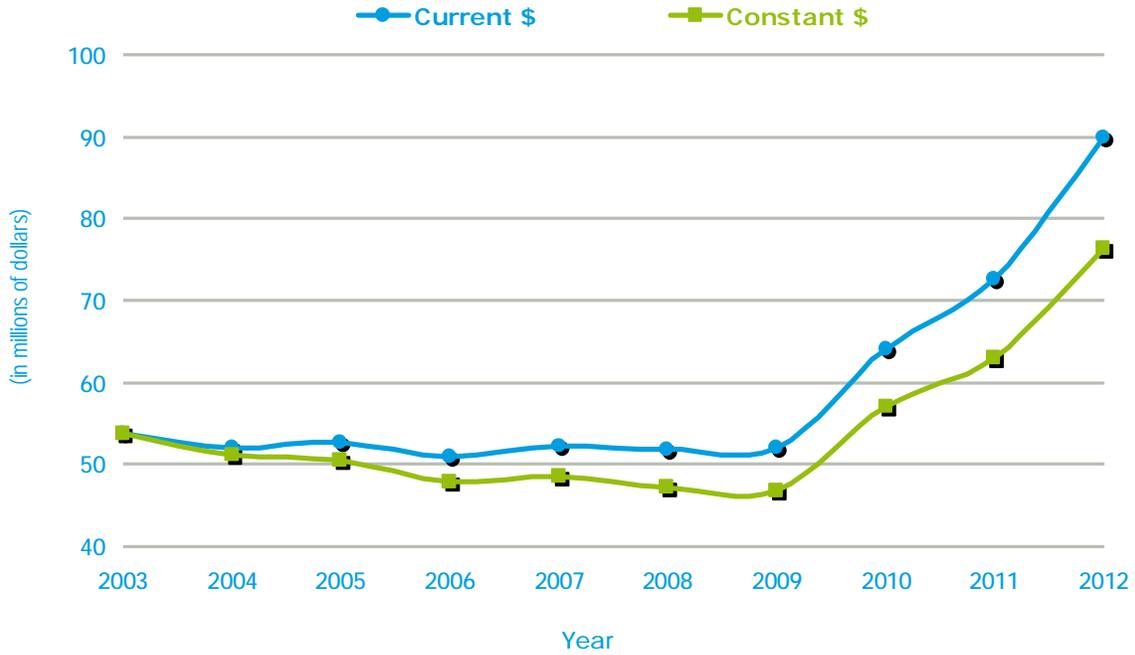
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Ridership	363.2	358.4	359.3	363.3	367.5	382.5	382.8	388.6	405.0	410.0	12.9 %



Note: The increase in ridership since 2006 is due to service improvements, marketing efforts, the STM's corporate image and economic conditions.

### REGIONAL CONTRIBUTIONS

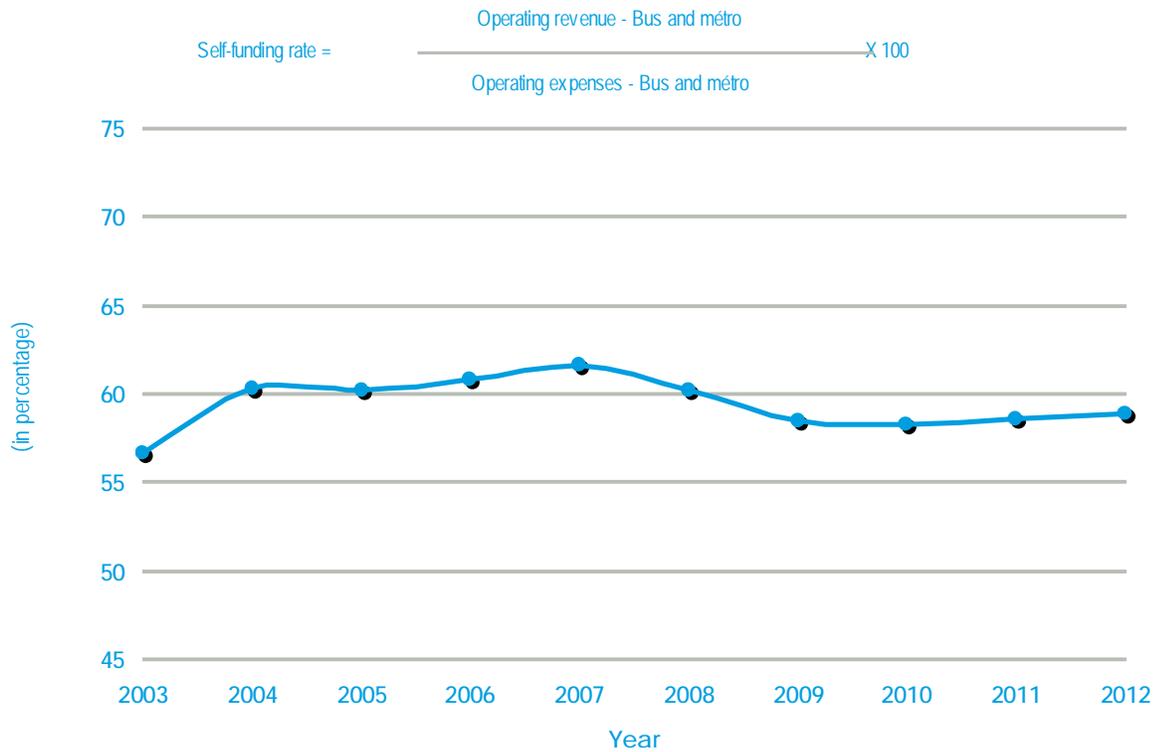
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	53.8	52.1	52.7	50.9	52.4	51.9	52.0	64.0	72.5	90.0	67.3 %
Constant \$	53.8	51.1	50.6	48.0	48.6	47.2	46.9	57.0	63.0	76.3	41.8 %



Note: Since 2010, regional contributions have included items linked to metropolitan equipment and to paratransit.

## OPERATING EXPENSE SELF-FINANCING RATE – BUS AND MÉTRO

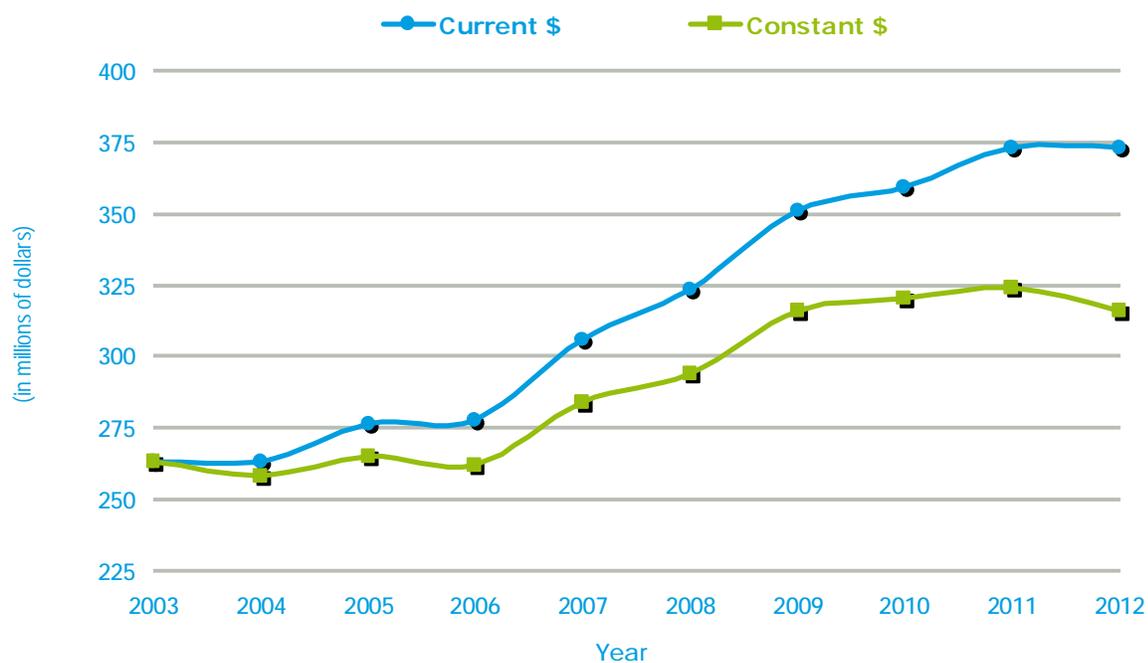
(in percentage)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Rate	56.65	60.31	60.25	60.82	61.57	60.21	58.53	58.23	58.57	58.90	4.0 %



Note: For the 2003–2012 period, operating revenues increased by 71.4%, while expenditures grew by 64.8%. This is explained by the increase in costs related to service improvements funded by the Government of Québec and the Agglomeration.

## CONTRIBUTION FROM THE MONTRÉAL URBAN AGGLOMERATION

(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	263.0	263.0	276.2	278.0	306.0	323.7	350.9	359.4	372.9	372.9	41.8 %
Constant \$	263.0	258.1	265.1	262.0	283.9	294.0	316.2	320.0	324.0	316.1	20.2 %



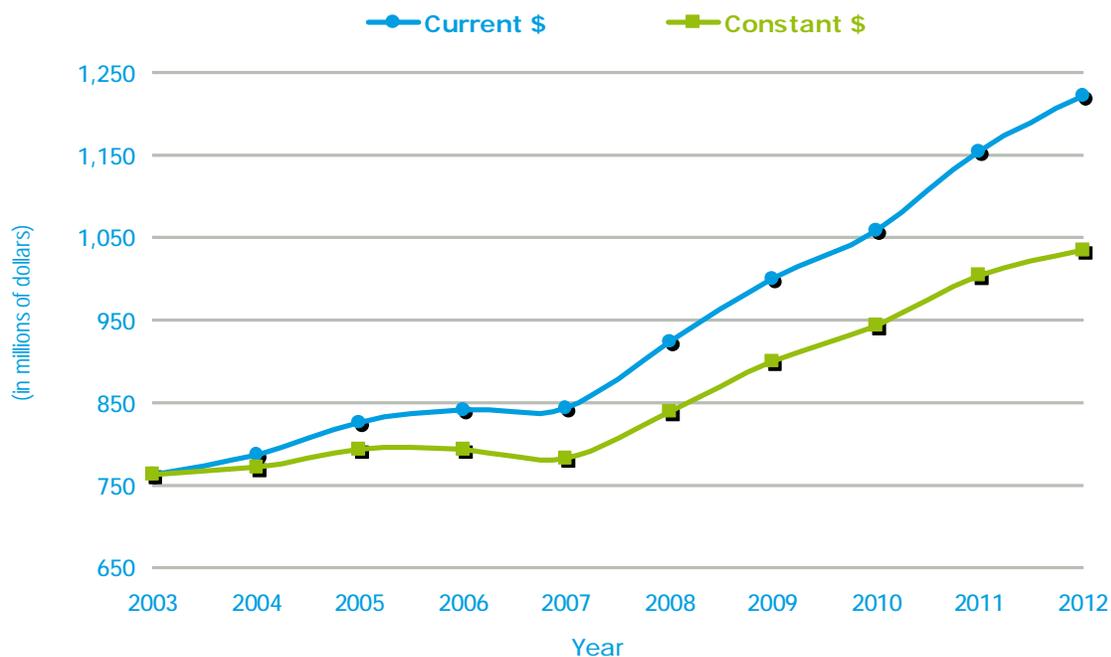
Note: To support service increases, the Agglomeration's contribution to the STM has been on the rise since 2006. However, this excludes the portion related to subsidies from SOFIL.

Special contribution from the Agglomeration (non-recurring):

2005	\$8.2 million
2007	\$29.0 million
2008	\$22.0 million
2009	\$18.9 million

## TOTAL EXPENDITURES

(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	764.0	787.1	826.5	841.5	843.5	925.0	1,000.1	1,059.6	1,155.4	1,221.7	59.9 %
Constant \$	764.0	772.4	793.2	793.1	782.5	840.1	901.0	943.5	1003.8	1035.5	35.5 %

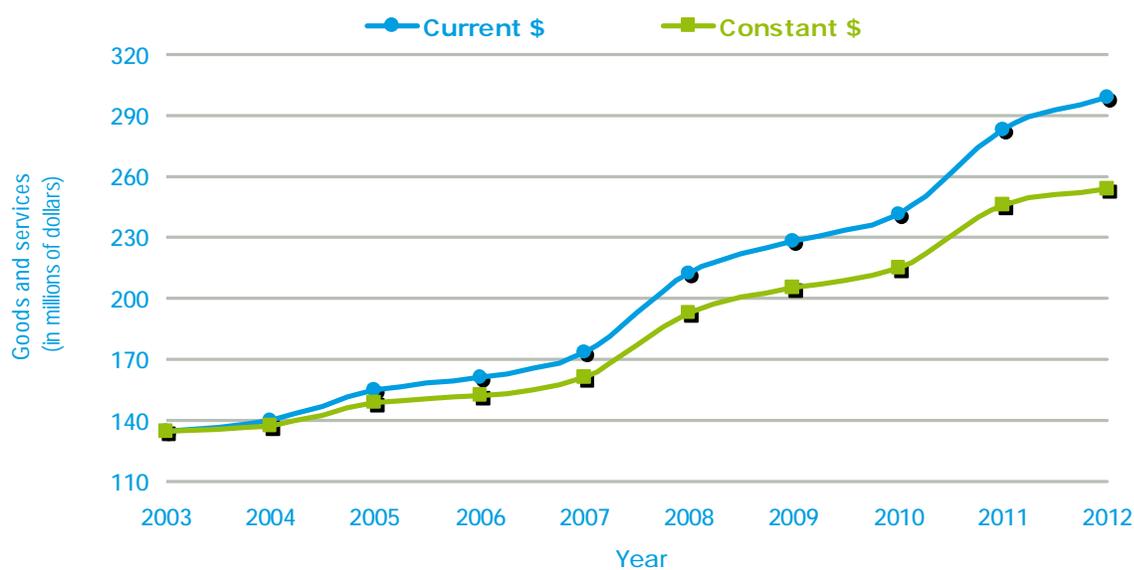
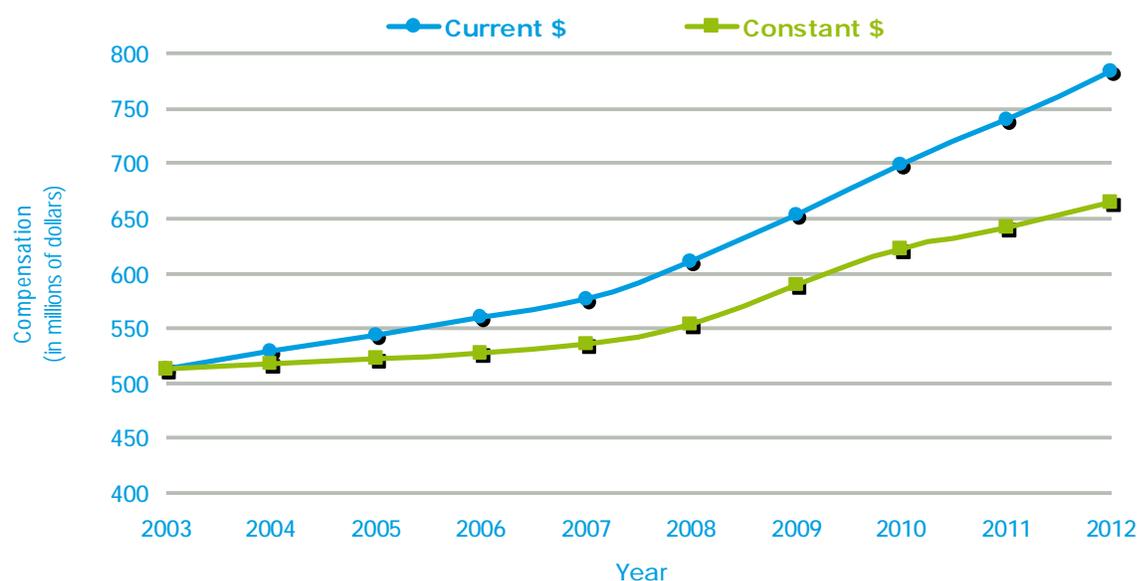


Note: Total expenditures exclude incidental expenses and the deficit carried forward.

For the 2007–2012 period, expenditures grew in parallel with the service offer and customer service improvements. Other expenses are limited, on average, to inflation and reflect the STM's commitment to control them.

## TOTAL COMPENSATION AND GOODS AND SERVICES EXPENSES

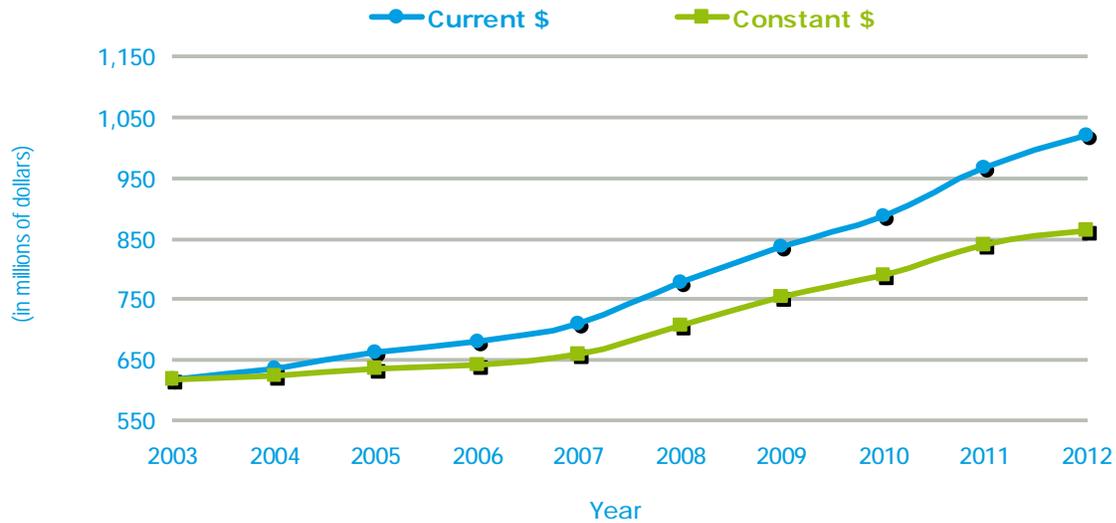
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
<b>Total cost of compensation</b>											
Current \$	512.0	528.2	544.3	559.6	577.0	610.0	653.7	698.0	739.3	783.5	53.0 %
Constant \$	512.0	518.3	522.4	527.5	535.3	554.0	588.9	621.6	642.3	664.1	29.7 %
<b>Total cost of goods and services</b>											
Current \$	134.6	139.8	154.9	161.4	173.8	212.6	228.2	241.8	282.8	299.3	122.3 %
Constant \$	134.6	137.2	148.7	152.1	161.2	193.1	205.6	215.3	245.7	253.7	88.5 %



Note: Expenditures on goods and services exclude operations financing costs, investment expenditures, incidental expenses, the deficit carried forward, and the costs of administering the STM's retirement plans.

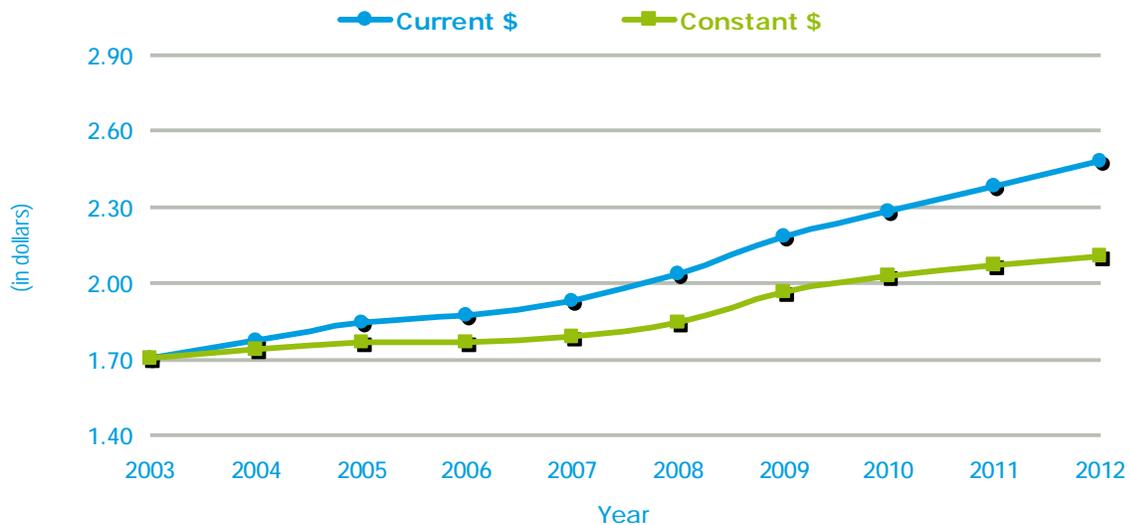
## COST OF OPERATIONS – BUS AND MÉTRO

(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	618.1	636.1	662.9	681.4	709.7	778.6	836.0	886.8	966.3	1018.9	64.8 %
Constant \$	618.1	624.2	636.2	642.2	658.3	707.2	753.2	789.6	839.5	863.6	39.7 %



## COST OF OPERATIONS – BUS AND MÉTRO, BY TRIP

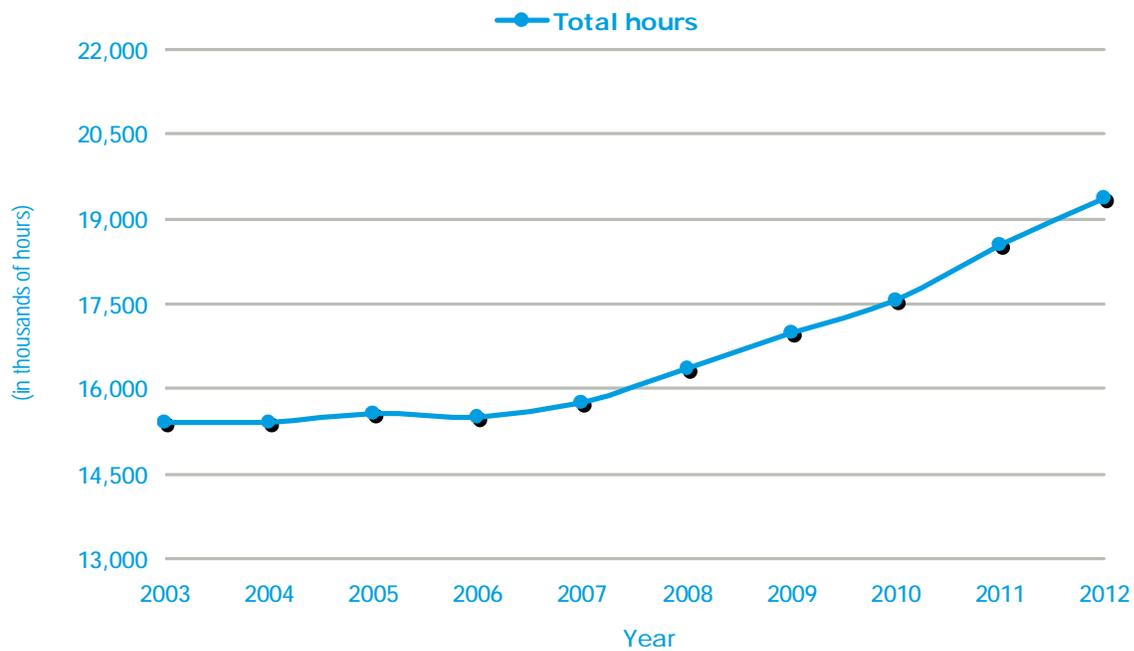
(in dollars)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	1.70	1.77	1.84	1.88	1.93	2.04	2.18	2.28	2.39	2.49	46.0 %
Constant \$	1.70	1.74	1.77	1.77	1.79	1.85	1.97	2.03	2.07	2.11	23.8 %



Note: Cost of operations – Bus and métro/Ridership – Bus and métro

## REGULAR HOURS AND OVERTIME

(in thousands)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Regular hours	14,536	14,434	14,568	14,412	14,622	15,097	15,766	16,407	17,612	18,408	26.6 %
Overtime hours	867	972	1,005	1,083	1,149	1,273	1,212	1,162	934	973	12.2 %
Total hours	15,403	15,406	15,573	15,495	15,770	16,370	16,977	17,569	18,545	19,381	25.8 %



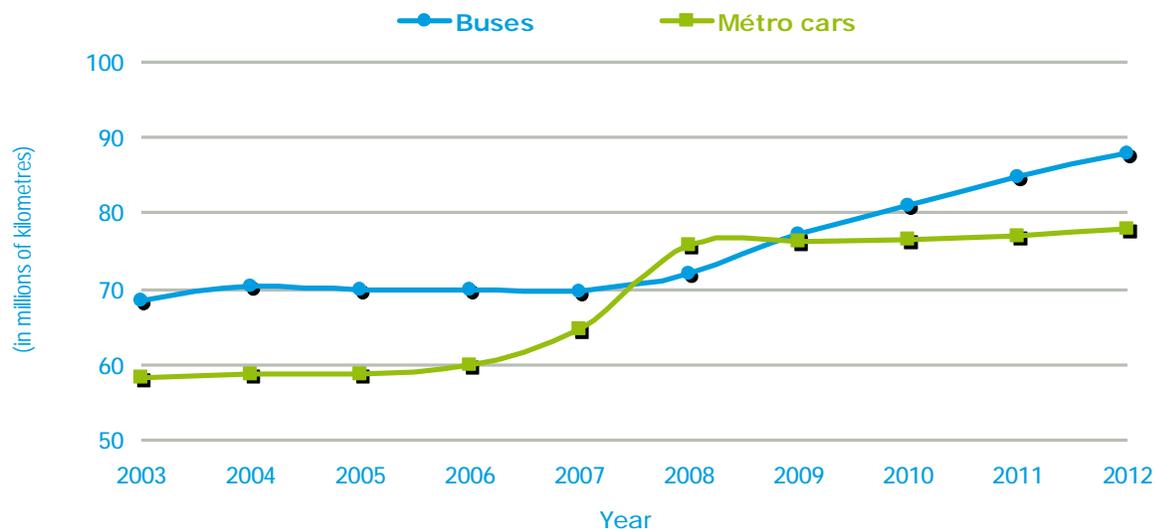
## HOURS OF SERVICE – BUS

(in thousands)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	2012	Budget Variation (%) 2003-2012
Hours of service	4,135.4	4,210.4	4,226.7	4,217.0	4,182.1	4,313.1	4,606.3	4,758.5	5,006.7	5,233.8	26.6 %



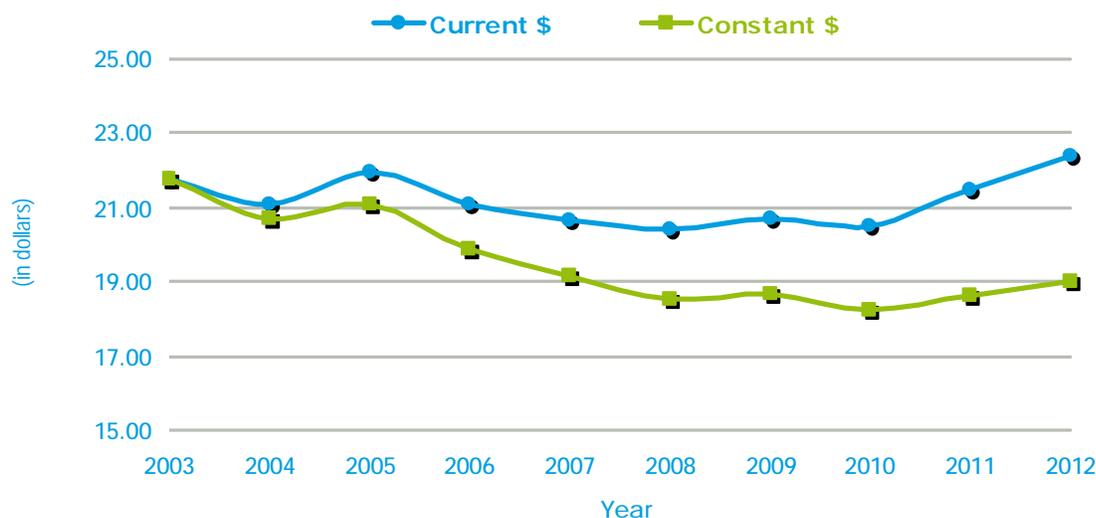
## KILOMETRES TRAVELLED – BUS AND MÉTRO CARS

(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	2012	Budget Variation (%) 2003-2012
Buses	68.5	70.3	70.0	69.8	69.7	72.1	77.3	81.1	84.8	88.0	28.5 %
Métro cars	58.4	58.8	58.8	59.8	64.8	75.7	76.3	76.6	77.0	78.1	33.7 %



## EXPENSES LINKED TO PARATRANSIT, BY TRIP

(in dollars)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	21.77	21.09	21.95	21.07	20.63	20.41	20.72	20.48	21.45	22.41	2.9 %
Constant \$	21.77	20.69	21.07	19.86	19.14	18.54	18.67	18.24	18.64	18.99	-12.8 %



Note: Expenditures for the paratransit sector/Trips by minibus and taxi – Paratransit

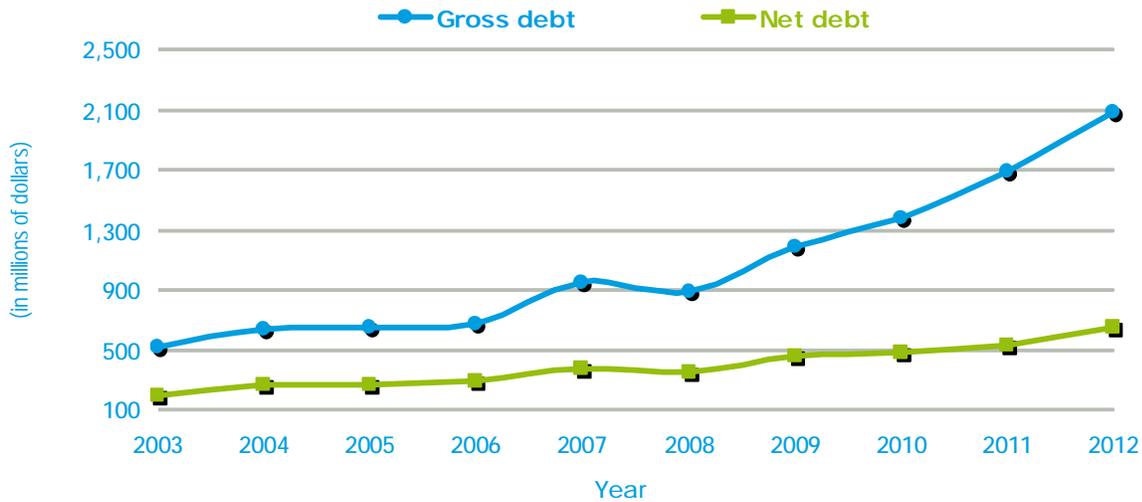
## TRIPS BY MINIBUSES AND TAXIS – PARATRANSIT

(in thousands)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Minibuses	450	451	397	403	394	400	415	412	402	415	-7.7 %
Regular taxi	892	975	1,144	1,322	1,389	1,475	1,574	1,735	1,784	1,941	117.6 %
Accessible taxis	89	97	158	215	302	382	423	537	614	681	665.2 %
Total	1,431	1,524	1,699	1,940	2,085	2,257	2,411	2,685	2,800	3,037	112.3 %



## STM'S GROSS AND NET DEBT (EXCLUDING COMMUTER TRAINS)

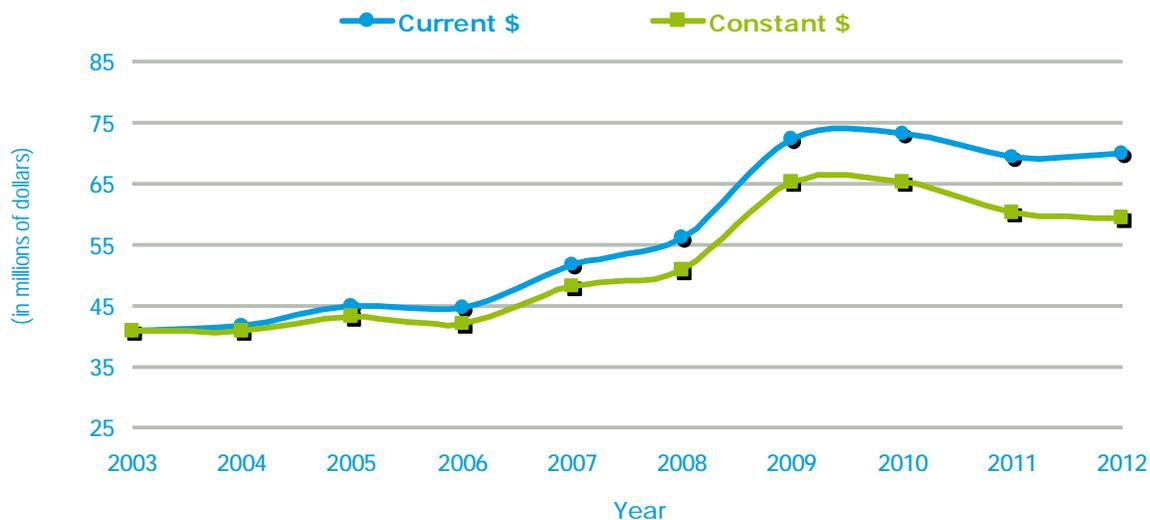
(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Gross debt	519.9	642.4	647.6	672.5	951.2	887.3	1,181.8	1,374.5	1,684.4	2,084.7	301.0 %
Net debt	200.1	266.4	267.5	296.4	369.3	351.1	454.3	484.4	526.1	651.2	225.4 %

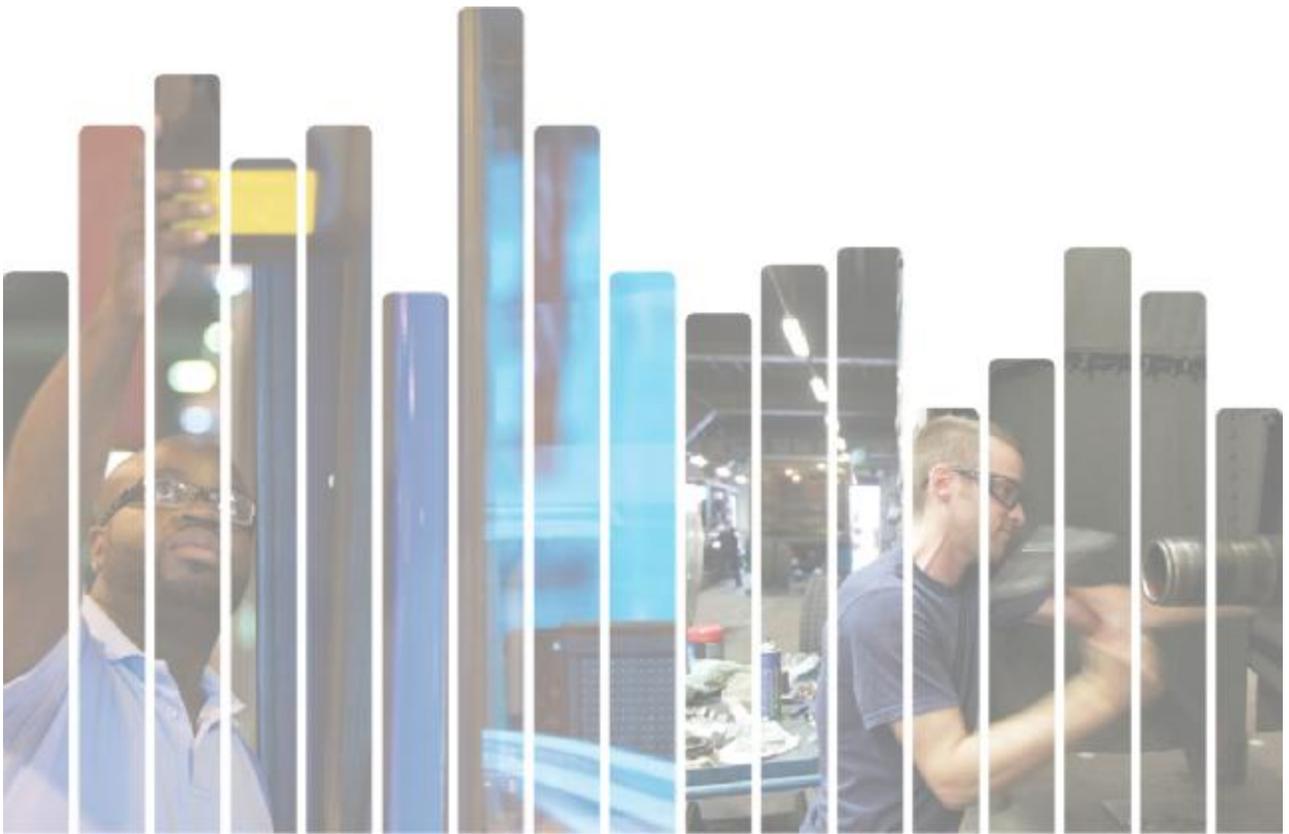


Note: Excluding commuter trains, for which funding ended in 2007.

## NET DEBT SERVICE – BUS AND MÉTRO

(in millions)	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget Variation (%) 2012	2003-2012
Current \$	40.8	41.8	45.0	44.8	51.9	56.1	72.4	73.2	69.4	70.1	71.9 %
Constant \$	40.8	41.0	43.2	42.2	48.1	51.0	65.2	65.2	60.3	59.4	45.7 %





**APPENDIX**



## MAIN BUDGET PRACTICES

The STM is subject to the public sector accounting standards of the Canadian Institute of Chartered Accountants (CICA). In accordance with these standards, financial statements are prepared using the accrual method.

The *Act respecting public transit authorities* (RSQ, C S-30.01), under which the STM is legally constituted, requires that the corporation also produce its financial statements and budget in accordance with the standards established by the *ministère des Affaires municipales, des Régions et de l'Occupation du territoire* (MAMROT). These financial statements differ from those prepared in accordance with the accounting standards described in the CICA Public Sector Accounting Handbook, including with respect to the accounting treatment of capital assets, long-term debt and future employee benefits (retirement plans).

Hence, the statement of operating activities for tax purposes, which is prepared according to public sector accounting standards, is adjusted so as to replace the depreciation of capital assets with the capital repayment of long-term debt and to transfer to the "Provision for future amounts" account certain depreciation payments to the pension plans called for by the actuarial valuation for accounting purposes. The result obtained from these adjustments is presented in the statement of operating activities for tax purposes. The STM's 2012 budget was prepared using the same standards as those used to prepare the statement of operating activities for tax purposes, as presented on page 130. However, the presentation used to prepare the budget on page 13 differs from that used on page 130.

Hence, the STM's budget base is comparable to its accounting base. It includes and is based on the following accounting principles:

### Reporting entity

Budget data is presented on a consolidated basis. It includes budget forecasts for all organizations under the STM's control. Inter-organizational operations and balances are eliminated during the consolidation process.

### Accounting method

Transactions in the corporation's books are recognized using the accrual method. With this method, revenues and expenditures are accrued in the fiscal year to which they pertain.

### Foreign currency translation

The STM uses the temporal method to convert its accounts expressed in foreign currencies.

Revenues and expenses resulting from operations conducted in foreign funds are converted into Canadian dollars at the exchange rate in effect on the date of the transactions. Foreign exchange gains and losses are included in the earnings for the fiscal year. Cash assets and liabilities are converted at the rate of exchange in effect on the balance sheet date.

### Derivative financial instruments

On occasion, the STM enters into exchange and interest rate swap agreements, as well as merchandise swap agreements, with major financial institutions in order to hedge against fluctuations in exchange rates, interest rates and the cost of certain purchases. The STM does not use financial instruments for speculative purposes.

As part of its efforts to manage the exchange and interest rate risk on long-term debt, the STM documents, in the appropriate manner, its objective and the risk management strategy on which the corporation's hedging activities are based, as well as the relationship between the hedging instruments and the hedged items. This process consists in linking these derivative financial instruments to specific assets and liabilities, to firm commitments or to specific planned operations.

The STM uses a variety of derivatives to transform the cash flow of a foreign currency debt at a variable interest rate into cash flow of a fixed-rate Canadian-dollar debt, thus creating a synthetic financial instrument. Synthetic instrument accounting is used to recognize the assets and liabilities comprising the synthetic instrument; however, the STM records them as though they were in fact the debt to be reproduced.

The corporation occasionally uses merchandise swap agreements to hedge against fluctuations in the price of certain items it plans to purchase. The resulting gains and losses are recorded in the income statement for the period in which they occur and are presented together with the expense relating to the hedged item.

### **Future employee benefits**

The STM's future employee benefits plans are all defined-benefit pension plans.

The liability associated with these plans reflects the gap, at the end of the fiscal year, between the value of the obligations regarding the accrued benefits and the value of the plans' assets, free of non-amortized actuarial gains and losses and the provision for loss in value. The actuarial valuation of this liability is determined according to the method of division of pension benefits prorated by years of service with projection of salaries. It is also based on actuarial hypotheses that incorporate management's best estimate of, among other factors, the discount rate, the expected rate of return of assets held in the pension plan, and the growth rate of salaries and healthcare costs.

Pension plan assets are evaluated according to a market value established over a period of no more than five years.

The cost of past services, related to modifications to the pension plans, is recorded in the fiscal year in which the modifications were made.

Actuarial gains and losses resulting from the gap between the actual and forecast performance of assets held in the pension plans, or from modifications to the actuarial hypotheses, are carried forward and amortized over the average remaining term of service of active employees. The average remaining term of service ranges from 4 to 16 years.

### **Revenue recognition**

Passenger revenues are recognized either the moment cash payments take place or when (1-, 2- or 10-trip) fare products are used by passengers. Revenues from weekly and monthly passes are recognized in the passes' validity period.

Governmental and municipal contributions and subsidies are recognized once the conditions governing them have been met. Essentially, other revenues include advertising fees, leasing income and revenues from investment income from the sinking fund, which is used to repay long-term debt. They are recorded when earned.

## OPERATING ACTIVITIES FOR TAX PURPOSES

(in thousands of dollars)

### Revenues

Revenues from local sources	603,590
Assessed contribution of the Montréal Urban Agglomeration	372,900
Transfers from the provincial and federal governments	236,814
New regional contribution from the MMC	10,000
Investment income	16,195
	<u>1,239,499</u>

### Expenses

Transportation	1,309,454
Finance charges	90,684
	<u>1,400,138</u>

**Unreconciled operating deficit for tax purposes** (160,639)

### RECONCILIATION FOR TAX PURPOSES

**Depreciation of capital assets** 174,043

### Funding

Repayment of long-term debt	(79,708)
Long-term debt subsidies and contribution to the sinking fund	95,146
	<u>15,438</u>

### Allocations

Capital activities	4,250
Sinking fund	(69,816)
Working capital	(984)
Non-allocated operating surplus	4,300
Provision for future amounts	33,408
	<u>(28,842)</u>

**Operating surplus (deficit) for tax purposes**                     

The STM's unreconciled operating activities for tax purposes are presented and prepared according to the Canadian Generally Accepted Accounting Principles (GAAP) for public-sector enterprises, after which tax concessions are made in order to obtain an operating deficit for tax purposes, as per MAMROT.

## ANALYSIS OF ALLOCATIONS

### Sinking fund

The sinking fund comprises amounts accumulated for the repayment of long-term debt and the interest revenues generated by these amounts.

(in thousands of dollars)	2012	2011	2010
Balance at the start of the fiscal year	378,076	261,054	169,177
Contribution of operating activities	119,922	117,022	91,877
Repayment of long-term debt	(37,130)	-	-
<b>Balance at the end of the fiscal year</b>	<b>460,868</b>	<b>378,076</b>	<b>261,054</b>

Funding needs follow the expenditure curve. The repayment follows a long-term due date.

### Working capital

Working capital consist of non-committed capital set aside for the acquisition of certain capital assets.

(in thousands of dollars)	2012	2011	2010
Balance at the start of the fiscal year	4,592	3,266	4,791
Contribution of capital activities	(5,576)	-	(2,376)
Contribution of operating activities	984	1,326	851
<b>Balance at the end of the fiscal year</b>	<b>-</b>	<b>4,592</b>	<b>3,266</b>

Maximum use of the working capital for capital purchases.

### Provision for future amounts

The provision for future amounts refers to the net balance of expenses recognized in the financial statements, which will be transferred to the operating surplus statement for tax purposes in future. The provision for future amounts stems from the following items:

#### ➤ Salary liabilities

Application of transitional measures related to the switch to accrual accounting on January 1, 2000 (sick leave and vacation leave amortized over a maximum of 20 years).

#### ➤ Future employee benefits

Application of relief measures linked to future employee benefits (depreciation over an estimated period extending to 2023).

(in thousands of dollars)	2012	2011	2010
Balance at the start of the fiscal year			
Salary liabilities	-	(7,053)	10,856
Future employee benefits	245,103	310,775	2,604
	<b>245,103</b>	<b>303,722</b>	<b>13,460</b>
Abatement for the fiscal year			
Salary liabilities	-	7,053	3,803
Future employee benefits	(33,408)	(65,672)	313,379
	<b>(33,408)</b>	<b>(58,619)</b>	<b>317,182</b>
<b>Balance at the end of the fiscal year</b>			
Salary liabilities	-	-	(7,053)
Future employee benefits	211,695	245,103	310,775
	<b>211,695</b>	<b>245,103</b>	<b>303,722</b>

## FINANCIAL MANAGEMENT PRACTICES

### The STM's financial management practices

At the STM, the application of good financial and budgetary management practices is paramount. In fact, these practices serve as decision-making guidelines and help all managers reach a higher degree of mastery in their management of public funds.

Below, we have outlined the main management principles currently being applied. These principles are or will be backed by a policy, sector guideline or guide.

### MANAGEMENT FOCUSING ON BUDGETARY BALANCE

#### Annual budgetary equilibrium

Article 119 of the *Act respecting Public transit authorities* states that the budget may not call for expenditures that exceed the corporation's revenues. It is fundamental that all public transit authorities achieve a balanced budget.

To do so, the STM implemented a process and created tools to achieve and maintain this balance on an annual and multi-year basis.

- a. One regulation governing budget control and monitoring (R-091, adopted July 3, 2008) establishes the means used to guarantee the availability of credit before any decision authorizing an expense can be made. This regulation serves to ensure that financial resources are managed responsibly.
- b. Process for the development of a multi-year financial framework in order to provide for a balanced budget in the medium and long terms.
- c. Rigorous and well-documented annual budget process fostering effective decision-making. Again in accordance with the *Act respecting Public transit authorities*, the budget must allow for a surplus of at least 1.5% of expenditures in order to cover incidental administrative and operating expenses.
- d. Four-month forecast process to ensure that the STM's budget situation remains healthy throughout the year.
- e. Monthly budget monitoring process used by the STM to gain precise knowledge of the situation; managers can use this information to better plan and control the financial evolution of their respective area of activity.

#### Long-term planning

Article 130 of the *Act respecting Public transit authorities* states that a transit authority must produce a strategic development plan for public transit on its territory, which specifies the authority's objectives, the priorities it has established and the results it expects.

The plan must present a roadmap for the development of public transit, including services for people with limited mobility, over a 10-year period for all transit modes, and for all equipment and infrastructures. It must be adjusted yearly and reviewed every five years.

The STM's 2020 Strategic Plan sets a service offer development objective that will enable the corporation to reach 540 million trips in 2020, representing an increase of 40% over current ridership levels.

For the period covered by the 2020 Strategic Plan, the STM plans to invest \$11.5 billion—\$6.2 billion to safeguard network longevity and \$5.3 billion to develop new services. These expenditures will put a heavy strain on the STM's finances and generate a shortfall in future years. The STM is currently analyzing various scenarios that would enable it to balance its budget while ensuring its longevity and reaching its operational goals.

## MANAGEMENT OF BUSINESS EXPENDITURES

The STM constantly has to deal with renovating and replacing its equipment and infrastructures, which entails significant investment spending. This trend will only gain strength in the years to come. To be able to manage its affairs effectively, the STM has given itself the following mandate:

- Improve its knowledge about the state of its assets
- Establish and maintain the investment plan
- Conduct strategic planning activities

By adopting a portfolio management approach, the STM will be able to prioritize projects that generate value, while taking financial and human constraints into account. Through portfolio management, the STM is able to implement management mechanisms that are both rigorous and innovative. Managing project portfolios has the following advantages:

- Clear indications that projects are remaining in line with the strategic orientations
- Optimized allocation of resources
- Better coordination and improved synergy between projects
- Standardization of the manner in which projects are presented

All projects are subject to a three-step process: alignment, balanced choices and portfolio monitoring. This process was inspired by the industry's best practices and improved over the years in order to better correspond to the STM's reality. The fruit of these efforts include the Canadian Society of Value Analysis (CSVA)<sup>1</sup> Award of Merit for the STM's outstanding contribution to the promotion and use of Value Methodologies in the Public Sector – Municipal category.

Hence, by bolstering its project portfolio management, the STM can prioritize its projects and optimize revenue forecasts.

The implementation of project portfolio management was greatly facilitated by the Project Portfolio Management (PPM) Committee. The committee, comprised of members of the STM executive, meets 10 to 12 times a year to study the projects presented to it and choose the best ones. The involvement and support of the members of the PPM Committee allowed the STM to position the choice of projects strategically, while improving governance of project authorizations.

In September 2011, the PPM Committee approved the Project Management Companion Guide, which was created for projects (other than major projects) contained in the STM's portfolio and is intended primarily for project sponsors and leaders. The guide features basic information on carrying out projects and using tools.

These actions resulted in the annual production of the 2012–2014 Capital Expenditures Program, which presents three-year investment spending forecasts. The plan is a requirement of the *Act respecting Public transit authorities*.

<sup>1</sup> The CSVA is a national organization that champions the promotion of value analysis in Canada. One of its mandates is to recognize leaders in the area of value analysis, be they organizations or individuals.

### **Capital asset management (Sector Guideline DS FIN 001, adopted October 20, 2003)**

This sector guideline defines and specifies the capitalization criteria needed to ensure that the STM's capital assets are properly accounted for. The guideline's main objectives are to:

- Guide the STM in identifying and properly accounting for its fixed assets
- Standardize the STM's capital asset capitalization approach by means of clear rules
- Identify the fixed asset categories and useful life for depreciation purposes

This sector guideline is inspired by the standards of good accounting practices and, more specifically, the Generally Accepted Accounting Principles (GAAP) as they apply to municipal accounting in Québec, which are described in the municipal financial reporting handbook published by MAMROT.

### **REVENUE MANAGEMENT**

To achieve financial equilibrium, the STM must optimize all its revenue sources—clients, commercial activities and municipal and governmental partners.

#### **Revenue diversification: increasing net commercial revenues**

In 2003, the STM created Transgesco s.e.c., tasking it with developing the STM's commercial potential (advertising in métro stations, buses and bus shelters, free newspapers, electronic displays on the platforms, mobile phone and WIFI, promotional partnerships and sustainable development).

Transgesco s.e.c. plans to pursue its partnerships with the private sector in order to maximize the spin-offs of new development projects with an eye to doubling net revenues by 2020.

#### **Fares: maintain passengers' contribution**

As the STM's primary source of income, passenger revenues, which have risen steadily and, after weighting, account for 46% of total revenues in 2012. To increase revenues, the STM will develop a long-term fare strategy based on the following criteria:

- General and petroleum-linked indices
- Fare product rebates and improvements to the service offer
- Expenditures
- The impact on ridership

These revenues, included in net commercial revenues, should amount to 50% of total revenues.

Thanks to the implementation of a fare sales and collection system and the launch of the OPUS card, the STM is much better poised to control fare collection and reduce the incidence of fraud.

#### **Develop a fare strategy for paratransit trips within the Montréal area**

In terms of paratransit, the STM will establish a new fare schedule for all metropolitan trips originating on the Island of Montréal. To do so, the corporation will enter into discussions with the region's other public transit authorities over the coming years.

## EXPENDITURES POLICY

### Cash operations management (Corporate Policy PC 3.07, adopted May 4, 2011)

The Executive Branch – Finance and Control developed a corporate policy on cash operations management. The policy's goal is to define a framework for cash operations, establish clear principles in order to develop an appropriate management strategy, and specify the responsibilities of the various stakeholders. This policy has three components:

a. Debt management (Sector Guideline DS FIN 004, adopted May 4, 2011)

Short- and long-term funding strategies by means of which the STM funds current operations and expenditures to maintain, develop and replace its infrastructures. The STM ensures that it meets its self-imposed debt-ratio target, which is represented by the portion of operating expenses earmarked for debt service. This target is set at between 6% and 10%, and the critical threshold is 16%. For 2012, the ratio is assessed at 5.9%.

Here is the list of ratios<sup>1</sup> used, along with their target and critical threshold<sup>2</sup>:

	Target	Critical threshold
Cash assets		
Net current assets – inventories/Net current liabilities	Between 1.1 and 1.5	1.0
Indebtedness		
Net debt service/Net operating expenses	Between 6% and 10%	16%
Net debt/Net annual revenue	Between 50% and 75%	100%
Financial structure		
Net debt/Net assets	Between 50% and 75%	100%

<sup>1</sup> The term "net" means that the impact of subsidies was excluded from the various items in order to represent only those items that are the sole responsibility of the STM.

<sup>2</sup> The critical thresholds were established via an international benchmarking of best recognized practices.

b. Investment management (Sector Guideline DS FIN 005, adopted May 4, 2011)

Short- and long-term investments made by the STM to optimize the return of its cash surplus and to ensure that the corporation has the funds it needs to repay its debts (sinking fund).

c. Management of financial risk (Sector Guideline DS FIN 006, adopted May 4, 2011)

Strategies implemented to mitigate the primary financial risks generally associated with the STM's supply management process and the corporation's cash transactions.

### Sound management of operating expenditures

a. Minimize operating expenses

The STM will continue to strictly control its operating costs. To bolster these efforts, the corporation has chosen to give priority to improving its financial performance and optimizing the management of each of its areas of activity. For example, when the corporation acquires goods and services, it calls on supply and industry purchase consolidation groups in order to obtain substantial savings.

With the goal of continuous improvement, the STM recently established a new control function that created an internal control certification program to ensure that internal financial, budgetary and compliance controls at the STM are appropriate and reliable.

b. Optimize the organization's administrative and decision-making processes

The STM also decided to streamline its decision-making process in order to shorten administrative delays. By reassessing its processes, activities and way of doing business, the corporation expects to optimize the management of each of its business units by mobilizing employees around issues such as planning for future labour needs, management information and equipment availability.

c. Contract management (Corporate Guideline PC 4.09, November 3, 2011)

The contract management policy applies the measures called for under article 103.2 of the *Act respecting Public transit authorities* and seeks to provide for a high degree of transparency and sound management of contracts with the corporation. With this policy, the STM applies a series of measures aimed at:

- Ensuring that no tenderer, or its representative, has communicated or attempted to communicate with a member of the selection committee with the aim of influencing the member with respect to the call for tenders to which the tenderer is responding
- Fostering compliance with the applicable laws aimed at combating bid rigging
- Enforcing compliance with the *Lobbying Transparency Act* (RSQ, c T-11.011) and the *Code of conduct for Lobbyists* (RRQ, c T-11.011, r 2), which was adopted under the aegis of the Act
- Prevent acts of intimidation, influence peddling and corruption
- Prevent conflicts of interest
- Prevent any situation likely to compromise the impartiality and objectivity of the tendering process and the management of any ensuing contract
- Create a framework for any decisions that may lead to changes in a contract

This policy applies to all STM contracts regardless of the amount of the expenditure and regardless of the applicable acquisition process.

This policy is binding to members of the STM Board of Directors, the members of its committees, STM personnel and all internal and external stakeholders involved in a procurement process at the STM.

d. Procurement Guide (2011)

The STM's procurement process may sometimes seem complicated. It is important to understand that this complexity is justified by the fact that the STM is a public corporation that operates within a rigorous legal framework. Our procurement processes are established by:

- Québec's Legislative Assembly: in the *Act respecting Public transit authorities* (RSQ, c. S-30.01) which constitutes the STM and sets out all of its rights and powers, and the provisions for the procurement of goods and services;
- The STM Board of Directors: in the bylaw (R-062, adopted July 8, 2009) establishing the rules on internal government and the parameters governing the decision-making process; in the bylaw authorizing the signature by managers of certain STM statutes, documents or written matters (R-009, adopted February 17, 2011), which determines the person authorized to sign written agreements with suppliers; in the STM's regulation on budget control and monitoring (R-091-1 as modified), which establishes the rules to follow prior to committing to a contractual expenditure; in the corporate policy on contract management (PC 4.09);

- The STM's Chief Executive Officer: in the general policy (PG 1.02, adopted July 21, 2011) establishing the rules regarding the delegation to managers the power to authorize expenditures.

These six documents aim to ensure equity, integrity, transparency and market accessibility; to increase competition in the contract awarding process; and to obtain goods and services at the lowest possible cost. Employees involved in this kind of process must also abide by the standards prescribed by the STM's code of ethics. Any STM employee or member of its Board of Directors who knowingly awards a contract to a supplier without abiding with the regulations may be held personally responsible.

- e. Code of ethics (adopted April 6, 2011)

The STM has developed a code of ethics containing new measures designed to strengthen certain provisions. These modifications will help better equip employees and establish with them an ongoing dialogue regarding ethical issues.

- f. Improve performance monitoring in all areas of activity

In order to track their performance and facilitate decision-making, the STM will persist in its request to equip all business lines with management tools, such as dashboards and indicators.

- g. Manage risks

To meet the objectives of its 2020 Strategic Plan, the STM created a new department tasked primarily with sensitizing and securing the commitment of the corporation's various business units regarding managing risk and boosting performance in order to reach the targets set for the coming years.

#### **INFORMATION MANAGEMENT (CORPORATE POLICY PC 5.02, ADOPTED JULY 6, 1989)**

The STM places as much value on its information resources as it does on the human, financial and materials resources which it has the responsibility of managing in the pursuit of its activities. Consequently, the corporation recognizes the merit of rules regarding the creation, acquisition, use, storage, protection and publication of information in its possession, regardless of the media used to contain it. The principles are:

- Information is public, notwithstanding restrictions provided by the *Act respecting access to documents held by public bodies and the Protection of personal information* (RSQ, c A-2.1)
- The STM considers information to be a resource with administrative and legal value to be used to make decisions
- Information must be managed in such a way as to be easily accessed by STM employees performing their duties, as well as to any other person entitled to said information
- Essential information and confidential information must be identifiable as such and subject to specific processing measures
- The STM would like the creation, handling and storage of information to be subject to cost controls

#### **PROMOTING SUSTAINABLE DEVELOPMENT (CORPORATE POLICY PC 1.13, ADOPTED MAY 5, 2010)**

By promoting sustainable development, the STM reinforces its leadership position in this area and encourages its employees, passengers and the public at large to adopt increasingly responsible behaviours on the environmental, social and economic fronts.

#### **OTHER PRACTICES AFFECTING FINANCIAL MANAGEMENT**

Although they do not deal specifically with financial management, a number of policies, directives and guides help provide a framework for decision-making at the STM, thereby contributing to the sound management of the corporation's resources and the attainment of its objectives. They include, among others, the Guide to Best Practices in Infrastructures Maintenance and the STM's environmental protection policy.

Moreover, a range of policies and directives govern the repayment of expenditures, human resources management, use of the STM's goods, IT security and salary management.

## DEFINITION OF REVENUE TYPES

### Other revenues

Own-source revenue, such as the value of visibility at special events in which the STM participates, sales of OPUS cards, privilege fees for reduced fares, fines, and rental or service income.

### Contribution from the Montréal Urban Agglomeration

Amount received from Agglomeration municipalities, which represents their contribution to public transit.

### Contributions from non-Agglomeration municipalities

Amount received from non-Agglomeration municipalities, which represents their proportionate share of the métro deficit as per the 2007–2011 deficit-sharing agreement.

### Regional contribution – metropolitan assistance – buses

Compensation of 50¢ per passenger paid by the AMT to cover metropolitan bus network operating costs. An additional 50¢ per passenger is paid for buses whose route includes a commuter train station.

### Regional contribution – metropolitan assistance – fare integration

Amount paid by the AMT to cover a portion of the fare discount given to purchasers of monthly TRAM passes.

### Regional contribution – metropolitan assistance – métro

Compensation of 20¢ per passenger paid by the AMT to cover métro operating costs.

### Regional contributions – regional contribution from the MMC

Amount related to the agreement between the municipalities of the MMC for the funding of metropolitan transportation. However, in order for it to have effect from a wider accounting perspective, a change to the act governing the AMT will be required and is expected in 2012. For the time being, this amount represents the STM's proportionate share of cash inflow linked to the new 1.5¢ motor fuel tax that went into effect in the region on May 1, 2010.

### Regional contributions – metropolitan equipment

Amount paid by the AMT for the repayment of costs stated in the management delegation agreements regarding metropolitan equipment: the Henri-Bourassa, Radisson, Angrignon and Côte-Vertu bus terminals, as well as the reserved bus lanes on Park Avenue, René-Lévesque Boulevard, Côte-des-Neiges Road, Newman Boulevard, Sherbrooke Street East and Henri-Bourassa Boulevard.

### Regional contributions – paratransit

The subsidy is established on the basis of the terms of the AMT's metropolitan assistance program and of the Government of Québec's assistance program for the 2009–2012 period.

### Proportionate ownership – Transgesco s.e.c.

Advertising revenues resulting from the proportionate ownership of Transgesco s.e.c., a wholly owned subsidiary of the STM.

**Passenger revenues – metropolitan fare revenues**

Share of the revenues obtained from the sale of metropolitan transit passes (TRAM), which is paid by the AMT. The amount to be shared consists of metropolitan fare revenues, as well as a portion of the fare discounts given to purchasers of intermediate and reduced fares, minus printing costs, commissions, public opinion survey costs and other related costs.

The fare products excluded from the revenues are: metropolitan fare products used within or toward areas outside the AMT's territory, metropolitan fare products used by passengers who use paratransit services, and metropolitan fare products used as local fares.

Sharing method for 2012: the initial amount of \$21.50 (\$21 in 2011) per fare product is paid in proportion to the number of trips on each network for each fare zone. The balance of the amount to be shared for each zone is then divided in proportion to the passenger-kilometres travelled on each network.

**Passenger revenues – STM fares**

Revenues derived from the sale of monthly, weekly, daily 1-, 2- or 10-trip and special passes, as well as special event cards.

**Passenger revenues – paratransit**

Revenues collected from passengers using paratransit services.

**Government of Québec service improvement subsidy**

Financial assistance provided by the Government of Québec and established according to specific criteria set out in the Governmental assistance program for the improvement of public transit services (PAGASTC) in order to cover a share of the operating costs of certain initiatives aimed at increasing the service offer. This assistance also serves as repayment for the mitigation measures implemented during the Turcot interchange project.

**Government of Québec paratransit subsidy**

Financial assistance provided by the Government of Québec and established according to specific criteria set out in the Paratransit assistance program. Includes an annually indexed envelope and an amount allocated to an increase in the number of trips.

**Government of Québec debt service interest subsidy**

Assistance for debt-funded capital expenditures projects, calculated according to assistance program parameters and in accordance with expenditures deemed eligible by the MTQ.

**Surplus carried forward**

Amount resulting from a revenue surplus on expenditures in the previous fiscal year.

## DEFINITION OF EXPENDITURE TYPES

### Employee benefits

**Government-regulated:** Employer's contribution to the various employee benefit programs for STM employees: the various insurance programs covering dental care, medical costs and salary replacement in case of illness, as well as annual payments to the sick leave and personal leave banks, and contributions to the retirement plans.

**Future:** Employer's contribution to the various complementary retirement and post-employment benefit programs for STM employees: various health insurance plans, a plan providing temporary salary continuance in cases of employee disability, plans that complement the benefits paid by the *Commission de la santé et de la sécurité au travail* (CSST), a contribution to maternity and parental leave benefits, and the maintenance of insurance during specific extended leaves.

### Contributions to public pension plans

The employer's contributions to the various government plans, such as Employment Insurance (EI), the Québec health services fund, the Québec Pension Plan (QPP) and Québec's parental leave insurance plan.

### Cost of the CSST

Annual contribution paid to the *Commission de la santé et de la sécurité au travail*. Also includes the reimbursement of net salaries paid to employees on workplace accident or disability leave. For administrative units, the cost of the CSST is the net salary paid to an employee on workplace accident leave.

### Miscellaneous expenses

Costs such as those incurred for communications, fare sales commissions, advertising and training.

### Incidental expenses

A surplus, in accordance with the *Act respecting Public transit authorities*, used to cover incidental administrative and operating expenses.

### Major expenses

Capital expenditures whose useful lifespan is under 10 years and whose cost is between \$10,000 and \$50,000. Also includes the cost of bus, métro and assorted vehicle tires.

### Energy, taxes and permits

Drive energy (vehicle fuel and electricity), non-vehicle energy costs, registration fees, municipal taxes and liability insurance.

### Funding of operations

Interest charges on short-term loans and banking fees used to fund current operations.

### Overtime

Salaries (regular rate plus bonus) paid for time worked above and beyond the regular number of working hours.

**Leasing**

Costs related to the leasing of vehicles, equipment, office and other space, and underground conduits.

**Equipment and supplies**

Cost of materials used in repairing and maintaining vehicles and buildings, and in purchasing small tools, equipment and office furniture.

**Miscellaneous bonuses and payments**

Various bonuses paid by the employer (nights, evenings, Sundays, paid statutory holidays, length of workday, etc.).

**Special projects**

Non-capital expenditures related to the completion of various projects.

**Base salaries**

Base salary paid to all employees. Includes expenses linked to certain costs for non-worked hours, such as vacation days, non-worked statutory holidays and sick days.

**Debt service – bus and métro**

Cost, in principal and interest, of repaying the long-term debt incurred to fund capital projects. This amount includes the payment to the sinking fund, but excludes the subsidized portion of the principal.

**Professional fees**

Fees paid to external research firms for their specialized expertise in the following areas: administrative, legal, information technology, health, engineering, human resources, advertising and information.

**Technical and other services**

Cost of services outsourced to external firms for the execution of certain repair contracts. Also includes costs related to: taxi contracts for regular transit and paratransit; armoured car service; police surveillance assumed by Montréal police (SPVM); and guard services contracts for STM properties.

**Transfer to working capital**

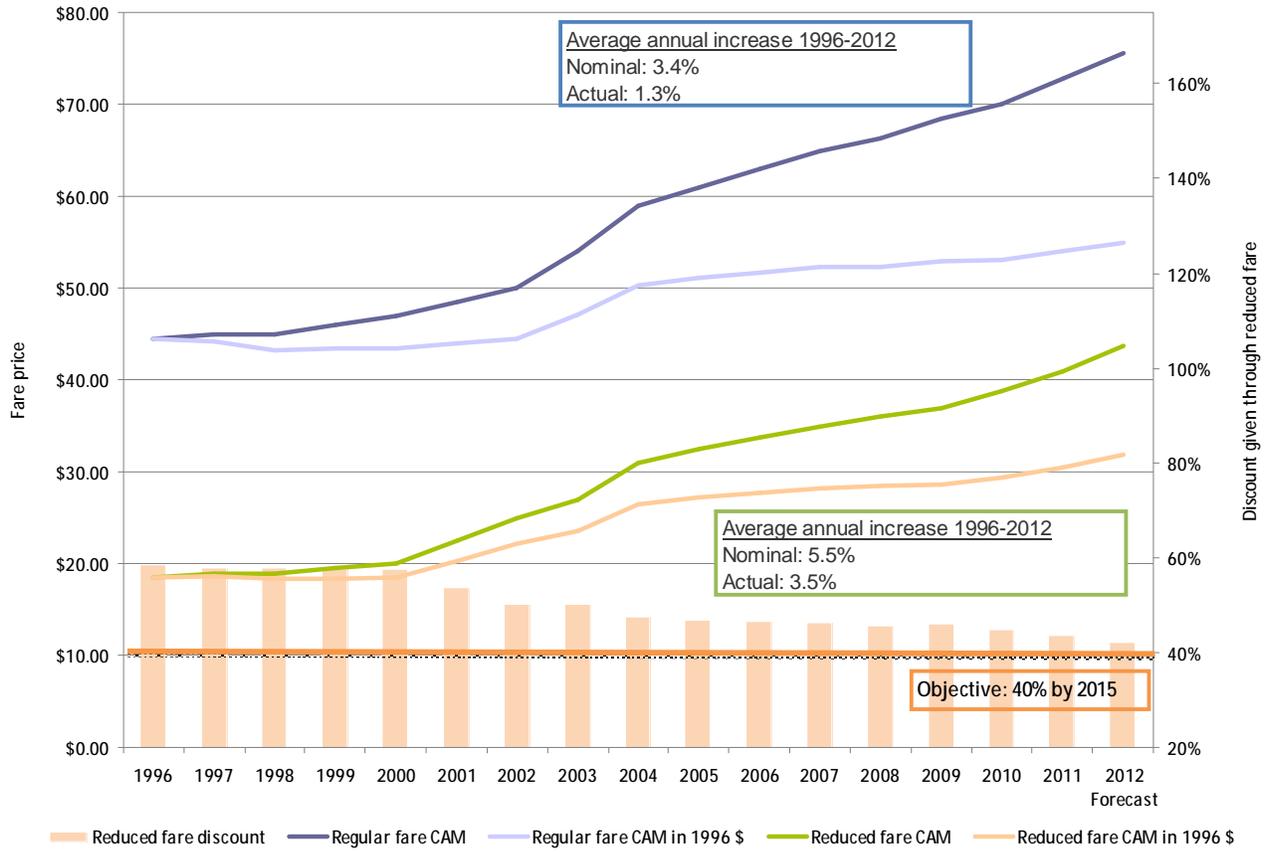
Amount posted to the expense for capital acquisitions funded directly from the working capital. Cost must be amortized over a maximum period of five years as of the year following the year of acquisition.

## TRANSIT FARES – REGULAR AND REDUCED FARES

<i>(in dollars)</i>	January 2003	July 2003	2004	2005	2006	2007	2008	2009	2010	2011	Budget 2012	Variation (%) 2003–2012
<b>Monthly CAM</b>												
Regular fare	52.00	54.00	59.00	61.00	63.00	65.00	66.25	68.50	70.00	72.75	75.50	39.81
Reduced fare	26.00	27.00	31.00	32.50	33.75	35.00	36.00	37.00	38.75	41.00	43.75	62.04
<b>Weekly CAM</b>												
Regular fare	15.00	16.00	18.00	18.00	18.50	19.00	19.25	20.00	20.50	22.00	23.50	46.88
Reduced fare	7.50	8.00	9.50	9.75	10.25	10.75	11.00	11.25	11.50	12.75	13.75	71.88
<b>Longueuil CAM</b>												
Regular fare										82.00		
Reduced fare										49.00		
<b>4-month CAM</b>												
Reduced fare									148.00	155.00	164.00	
<b>10 trips</b>												
Regular fare								2.00	2.10	2.25	2.40	
Reduced fare								1.08	1.20	1.30	1.43	
<b>6 trips</b>												
Regular fare	1.58	1.67	1.83	1.88	1.92	1.96	2.00	2.13	2.21	2.38		
Reduced fare	0.79	0.83	0.92	0.96	1.00	1.04	1.08	1.13	1.25	1.42		
<b>2 trips</b>												
Regular fare										2.75	2.75	
Reduced fare										1.75	1.75	
<b>1 trip, cash<sup>1</sup></b>												
Regular fare	2.25	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	3.00	3.00	20.00
Reduced fare	1.25	1.25	1.25	1.25	1.50	1.75	1.75	1.75	1.75	2.00	2.00	60.00
<b>Daily fares<sup>1</sup></b>												
1 day (24 hours)	7.00	7.00	8.00	8.00	9.00	9.00	9.00	9.00	7.00	8.00	8.00	14.29
3 days (consecutive)	14.00	14.00	16.00	16.00	17.00	17.00	17.00	17.00	14.00	16.00	16.00	14.29
Montréal-Trudeau Airport (747)									7.00	8.00	8.00	
<b>Special fare<sup>1</sup></b>												
Group fare (1 regular fare + up to 10 children aged 6 to 13)									12.00	13.00	14.25	
Unlimited Evening										4.00	4.00	

<sup>1</sup> Only these fare types are accepted at métro stations off the Island of Montréal (Cartier, De la Concorde, Montmorency and Longueuil–Université-de-Sherbrooke).

### MONTHLY TRANSIT FARES IN CURRENT AND CONSTANT DOLLARS (1996–2012)



## FARE SALES

<i>(in millions of fares)</i>	2003	2004	2005	2006	2007	2008	2009	2010	Forecast 2011	Budget 2012	Variation (%) 2003-2012
<b>Monthly CAM</b>											
Regular fare	2.07	2.11	2.15	2.22	2.29	2.43	2.50	2.48	2.50	2.50	20.95
Reduced fare	1.72	1.65	1.62	1.63	1.64	1.61	1.58	1.55	1.50	1.50	-12.96
<b>Total</b>	<b>3.79</b>	<b>3.76</b>	<b>3.78</b>	<b>3.84</b>	<b>3.93</b>	<b>4.04</b>	<b>4.09</b>	<b>4.04</b>	<b>4.00</b>	<b>4.00</b>	<b>5.54</b>
<b>Weekly CAM</b>											
Regular fare	2.10	1.65	1.58	1.54	1.43	1.49	1.40	1.46	1.49	1.52	-27.32
Reduced fare	0.29	0.27	0.27	0.25	0.23	0.23	0.23	0.13	0.14	0.14	-52.70
<b>Total</b>	<b>2.39</b>	<b>1.92</b>	<b>1.85</b>	<b>1.79</b>	<b>1.66</b>	<b>1.71</b>	<b>1.62</b>	<b>1.60</b>	<b>1.63</b>	<b>1.66</b>	<b>-30.41</b>
<b>Longueuil CAM (in thousands of fares)</b>											
Regular fare									50.89		
Reduced fare									13.12		
<b>Total</b>									<b>64.02</b>		
<b>4-month CAM (in thousands of fares)</b>											
Reduced fare								42.31	89.16	101.82	
<b>Total</b>								<b>42.31</b>	<b>89.16</b>	<b>101.82</b>	
<b>10 trips</b>											
Regular fare							12.36	19.04	18.18	25.65	
Reduced fare							3.96	7.14	7.25	8.75	
<b>Total</b>							<b>16.32</b>	<b>26.18</b>	<b>25.43</b>	<b>34.40</b>	
<b>6 trips</b>											
Regular fare	37.65	36.50	35.55	34.91	36.70	36.50	22.47	14.89	12.13		
Reduced fare	12.96	13.26	13.32	13.59	13.43	13.67	5.78	2.24	1.77		
<b>Total</b>	<b>50.61</b>	<b>49.76</b>	<b>48.87</b>	<b>48.50</b>	<b>50.14</b>	<b>50.17</b>	<b>28.24</b>	<b>17.13</b>	<b>13.90</b>		
<b>2 trips</b>											
Regular fare									6.57	17.39	
Reduced fare									0.37	1.07	
<b>Total</b>									<b>6.93</b>	<b>18.46</b>	
<b>1 trip, cash</b>											
Regular fare	18.90	19.23	20.14	20.45	17.29	18.14	21.40	27.50	23.67	17.77	-5.98
Reduced fare	2.36	2.45	2.64	2.56	1.96	1.97	1.42	1.48	1.40	1.32	-43.88
<b>Total</b>	<b>21.26</b>	<b>21.68</b>	<b>22.78</b>	<b>23.01</b>	<b>19.25</b>	<b>20.12</b>	<b>22.82</b>	<b>28.98</b>	<b>25.07</b>	<b>19.09</b>	<b>-10.18</b>
<b>Daily fares (in thousands of fares)</b>											
1 day (24 hours)	55.36	59.09	58.49	49.57	50.98	64.22	87.88	581.80	987.28	1,058.75	1,812.66
3 days (consecutive)	46.52	51.38	52.00	51.50	52.54	65.08	81.36	258.55	364.23	399.77	759.30
Montréal-Trudeau Airport (747)								92.10	98.57	97.17	
<b>Special fares (in thousands of fares)</b>											
Group fare (1 regular fare + up to 10 children aged 6 to 13)								9.48	13.20	12.97	
Unlimited Evening									330.00	1,540.00	

## FARE SCHEDULE – NORTH AMERICAN CITIES

### Regular fares (2011)

<i>(in Canadian dollars)</i>	Cash	Ticket	Monthly card
<b>Canada</b>			
Montréal	3.00	2.25	72.75
Longueuil	3.10	2.79	82.50
Laval	2.80	2.38	79.00
Québec City	2.75	2.55	74.75
Ottawa	3.25	2.60	94.00
Toronto	3.00	2.50	121.00
Winnipeg	2.40	2.10	75.35
Calgary	2.75	2.40	90.00
Vancouver	2.50	2.10	81.00
<b>United States</b>			
Boston	2.04	1.73	60.12
New York	2.55	2.14	105.98
Chicago	2.29	2.29	87.64
Atlanta	2.04	1.73	69.30
Philadelphia	2.04	1.58	84.58
Los Angeles	1.89	1.89	76.43

*The exchange rate used is the Bank of Canada rate for September 27, 2011 (US\$1 = C\$1.019)*

## INDEX OF INITIALISMS, ACRONYMS AND OTHER ABBREVIATIONS

AMT	Agence métropolitaine de transport
CAM	Bus & métro card ( <i>Carte autobus – métro</i> )
CEP	Three-year Capital Expenditures Program
CICA	Canadian Institute of Chartered Accountants
CPI	Consumer price index
CSST	Workplace health and safety board ( <i>Commission de la santé et de la sécurité au travail</i> )
CSVA	Canadian Society of Value Analysis
DS	Sector guideline ( <i>Directive sectorielle</i> )
FAÉCUM	Fédération des associations étudiantes du campus de l'Université de Montréal
FIN	Executive Branch – Finance and Control
GAAP	Generally accepted accounting principles
GFOA	Government Finance Officers Association
KM	Kilometre
MAMROT	Ministère des Affaires municipales, des Régions et de l'Occupation du territoire
MCR	Metropolitan census region ( <i>Région métropolitaine de recensement</i> )
MMC	Montréal Metropolitan Community
MPM-10	Montréal's 2010 rubber-wheeled métro cars ( <i>Matériel pneumatique Montréal 2010</i> )
MR-63	1963 bus model ( <i>Matériel roulant</i> )
MR-73	1973 bus model ( <i>Matériel roulant</i> )
MTQ	Québec Department of Transportation ( <i>Ministère des Transports du Québec</i> )
OPUS	STM's public transit smart card, a registered trademark
PAGASTC	Governmental program for the improvement of public transit services ( <i>Programme d'aide gouvernementale à l'amélioration des services de transport en commun</i> )
PASTECC	Public transit service improvement program ( <i>Programme d'amélioration de service en transport collectif</i> )
PC	Corporate policy ( <i>Politique corporative</i> )
PG	General policy ( <i>Politique générale</i> )
PPM Committee	Project Portfolio Management Committee
SOFIL	Québec local infrastructure financing corporation ( <i>Société de financement des infrastructures locales du Québec</i> )
SPVM	City of Montréal police department ( <i>Service de police de la Ville de Montréal</i> )
STM	<i>Société de transport de Montréal</i> , Montréal's public transit corporation
TRAM	Regional bus/métro pass ( <i>Titre régional autobus – métro</i> )