

"The first problem is a coverage problem. It involves bringing television within reach of the 310,000 homes which lies beyond the "C" contours of existing stations. For the most part, the 1,240,000 Canadians concerned live in areas of relatively small population and usually somewhat distant from the microwave television facilities presently available. These areas are scattered, often remote, and for these reasons, television service is the more urgently required and demanded. The problem is one of economics. There is no disagreement either within or without the CBC as to the desirability or need for television service in these areas.

"The economic problem involved is one for the public purse as most of these areas can provide little or no commercial return from any television service which might be provided. Where economically feasible, privately-owned stations are filling the gaps through the establishment of satellite stations. But in most areas, because of economics, Canadians are looking to the Corporation for service.

"The Corporation maintains a continuing review of the remaining unserved areas and is embarked on a program of providing service as available funds permit. Priorities are established on the basis of providing service to the most people at the lowest cost per home. The Corporation has found it impossible to maintain a fixed priorities list because of changes due to applications for private station satellites or stations, changes in the population factor, availability of program transmission facilities, network versus television recording factors and other related matters. Consequently, the priorities on places to be served remain under constant study.

"Because these areas can provide little or no commercial return, the Corporation must keep in mind that the operation of stations and the provision of program service represent a recurring annual cost to the public purse. In the larger centres CBC overall local operations are self-sustaining.

"The Corporation forecast several years ago that the greatest coverage problems would develop in attempting to bring service to the final 10 percent of the population. Canada has arrived at that stage. Nearly 17,000,000 Canadians now live within the A, B and C contours of at least one Canadian television station, representing about 94 percent of all homes. It is estimated that more than 80 percent of all Canadian homes have television.