

well below the present prices, which have been ranging in the United States from \$850 to \$1,000. The thinking of the Corporation about colour has been that it would have to be at least prepared to proceed with colour television when manufacturers in Canada could produce sets of assured performance at prices at which a large number of Canadians would buy them. It is likely that at some time in the not distant future colour television will start to move rapidly in the United States when the production difficulties are overcome. Then the usual pressures will develop in Canada. Canadians in a number of areas will start buying colour sets and watching American television exclusively. There will be heavy public pressure for colour television broadcasting in Canada. When colour television is widely developed in the United States and Canadian manufacturers can turn out sets at reasonable prices, the Corporation believes it will be impossible to withstand the demand for some colour television broadcasting in Canada. Colour telecasting in Canada will mean additional equipment for transmitters and control facilities (proposed network contracts already cover colour), and considerably heavier expenditures for some colour production facilities. The big extra expense in colour television comes in the much higher costs for technical operations in production.

FINANCING

1. The plan of the CBC for the development of a national system was on a basis of \$15.00 per television home, per year, together with commercial activities.
2. Today, after less than 2½ years of operation, we are at a stage of development in our operations which we had anticipated would come about only in 5 years. The interest in television and the size of the audience has been much faster than anticipated, and the development of the system has had to proceed at a correspondingly accelerated rate.
3. Net television expenditures for the current fiscal year are estimated at \$17,300,000. At the present moment, toward the close of the year, the estimated rate is approximately \$23,000,000. Proceeds of the excise tax on receiving sets are estimated for this fiscal year at \$16,000,000. This amount, together with net commercial income of \$3,800,000. would allow an operating surplus, before depreciation, for the current year. Next year, however, the situation begins to change radically.
4. In respect to television in Canada it is not possible, as it is in some fields, to make accurate forward estimates. Nearly all figures are subject to demands, developments and decisions still to come. We have, however, endeavoured to make projections of various ranges of development as accurately as possible: