

newspapers, this declining unit-cost curve is characteristic of natural monopolies. In the newspaper business, the natural tendency is for larger units to drive the smaller ones out of business. This is much less true in broadcasting, though, for several reasons. For one thing, the C.R.T.C. won't grant licences unless it feels the station has a good chance of survival. For another, the cost structure of the industry is such – especially in radio – that a number of competing stations can survive by appealing to different segments of the total available audience.

Now let's look briefly at this cost structure, and see what happens to costs as the station's circulation increases. Table 18 shows what TV stations of various sizes spend their money on. The figures are expressed as a proportion of total costs. We're assuming here that the larger a station's revenues, the larger its audience, although there are probably exceptions to this rule. The figures are taken from D.B.S., which lumps the stations into revenue categories that are rather broader than we wish they were. The figures, then, should be regarded as educated estimates, rather than hard fact.

TABLE 18. PRIVATE TELEVISION: DISTRIBUTION OF PRODUCTION COSTS PER VIEWER\* CIRCULATION BY REVENUE GROUPS

Revenue Group	\$1,500,000 +	\$1,000,000– 1,499,999	\$500,000– 999,999	\$250,000– 499,999
Number of Stations.....	16	9	13	15
Total Circulation.....	8,106,600	1,551,800	1,558,400	1,119,900
Representative Commission.....	\$0.355	\$0.207	\$0.248	\$0.119
Rent, Repairs, etc.....	0.421	0.413	0.362	0.421
Fuel, Electricity.....	0.059	0.083	0.084	0.109
Salaries, Wages.....	2.203	2.091	1.976	1.994
Staff Benefits.....	0.128	0.095	0.089	0.087
Performing Rights.....	0.168	0.117	0.095	0.099
Telephone, Telegraph.....	0.067	0.061	0.071	0.082
Micro-Wave, Wire Line.....	0.067	0.021	0.014	0.067
Films, Tapes.....	1.667	0.675	0.618	0.454
Advertising Promotions.....	0.292	0.199	0.167	0.157
Office Supplies, Other Expenses....	0.054	0.050	0.043	0.061
Artist and Other Talent Fees.....	0.421	0.064	0.067	0.042
Total Production Costs.....	5.902	4.076	3.834	3.692
Total Operating Expenses.....	7.241	5.332	4.841	4.968
Total Operating Revenue.....	9.101	5.804	5.806	5.156
Net Operating Revenue.....	1.860	0.472	0.966	0.188

\*Average night-time circulation, 6 p.m. to 1 a.m.

SOURCE: D.B.S. 56–204.