Explaining Television Stations' Preferences for Imported Drama Programs*

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ABSTRACT *The article attempts to explain the apparent discrepancy between strong opposition to the minimum quota for Australian domestic drama and the regular supply of domestic drama in excess of the quota. The article examines the relative profitability of domestic and imported television drama programs in the Australian market. It finds that, although successful domestic drama series are popular with audiences and are profitable to broadcasters, the high risk associated with production of new series acts as a powerful disincentive. Consequently, it is likely that without regulation fewer domestic drama programs would be produced in Australia.*

Keywords: television audiences, television drama production, television program choice, television program costs, television program quotas.

Introduction

Programs are the primary means by which commercial broadcasters attract audiences for the air-time they sell to advertisers. When faced with a choice between two substitute programs to fill a given time slot, a rational broadcaster would be expected to select the one likely to generate the larger profit. In making the choice, the broadcaster takes account of benefits that may accrue to viewers, or to the community at large, only in so far as those benefits directly or indirectly contribute to profit. It may well be the case, therefore, that the broadcaster may not select some programs that are highly valued by viewers. Under such circumstances, it is likely that at least some of the programming choices of broadcasters do not maximise social welfare. This is the argument that underlies the use of programming regulation by many countries to ensure delivery of domestic programming that is deemed to be desirable to society. The Australian provisions for the broadcast of first-release domestic drama is an example of such regulation.

Given that regulation is intended to induce broadcasters to exhibit drama programs that they would not otherwise choose to, there would be an expectation that no more than the minimum amount required for compliance with the regulation would be broadcast. Consistent with such an expectation, broadcasters have regularly opposed the requirements and the widely held view is that, without regulation, domestic adult drama

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levels on commercial television would decline. Yet, paradoxically, compliance data indicate that stations regularly exceed the mandated levels suggesting that incentives other than the regulation may be at play. This paper seeks to illustrate the incentives that may motivate such paradoxical behaviour by examining the relative profitability of domestic and imported drama programs.

Audiences of Domestic and Imported Programs

One of the main elements of Australia's regulation of television programming sets a minimum quota for first-run domestic drama to be broadcast during prime time. Unlike other programs such as sports, news and current affairs that enjoy a substantial level of natural protection from imports, domestic drama is readily substitutable with similar imported programs. From a broadcaster's point of view, domestic drama also suffers a cost disadvantage as broadcast rights to imported programs may be acquired for much less than the cost of producing a domestic program. Domestic drama, on the other hand, tends to be popular with audiences and, on occasions, outperforms imported substitutes. However, unless the audiences attracted by domestic drama are capable of generating sufficient advertising revenue to outweigh the cost disadvantage, there would be a disincentive for television operators to broadcast such programs without some form of regulation. Consequently, evidence that stations broadcast domestic drama in excess of requirements suggests that the audiences generated by it may be sufficient to more than outweigh the cost disadvantage.

The extent to which domestic drama programs attract audiences capable of outweighing their cost disadvantages relative to imported substitutes may be gauged from audience data. For the purpose of this exercise, audience data were obtained for all prime time drama broadcast by Sydney commercial stations during 5 selected four-week periods in 1994 and 1995 (a total of 20 weekly observations).[1] The number of drama programs included in the sample varied from week to week and ranged from a low of 18 to a high of 24 in any one week (median 21 per week). The highest number of imported programs broadcast in any one week was 21 and the lowest was 14 (the median was 16 per week). For Australian drama, the number of programs broadcast ranged from a high of seven to a low of three (median was four). Details are provided in Table 1.

The data in Table 1 indicate similar average audience levels for both domestic and imported drama programs. However, it should be noted that, in each of the weeks under review, substantially more imported than domestic programs were broadcast (two to seven times more) and that their audiences displayed a greater variance than the audiences of domestic programs. In most weeks, the best performing imported program attracted a substantially larger audience than that of the best performing domestic program. On only three occasions was the difference in their audiences less than 70 000. Weekly rankings of the programs on the basis of audience size, indicate an average likelihood that the best performing Australian program would be ranked fourth. The rank for the best performing Australian drama program ranged from second (three occasions) to seventh (two occasions). In almost all of the weeks reviewed the worst performing drama program was imported.

Program Choice

In the absence of regulation, a broadcaster seeking to maximise profits will select programs in order of their expected contribution to gross profits. For any given program slot, the choice would be limited to highly substitutable programs aimed at an audience

Table 1. Number and audiences of prime time drama programs[2]

Period (week commencing)	No. of drama programs (no. Australian)	Audience best imported ('000)	Audience best Australian ('000)	Difference (best imported—best Australian) ('000)	Rank best Australian Australian
6 Feb 1994	20 (3)	476	399	77	7
13 Feb 1994	18 (3)	480	406	74	3
20 Feb 1994	19 (3)	558	414	144	5
27 Feb 1994	19 (4)	519	434	85	5
10 July 1994	21 (6)	507	497	10	2
17 July 1994	21 (5)	698	453	245	5
24 July 1994	22 (5)	633	437	196	7
31 July 1994	19 (5)	557	404	153	6
30 Oct 1994	21 (6)	498	353	145	5
6 Nov 1994	22 (7)	443	368	75	3
13 Nov 1994	20 (6)	415	414	1	2
20 Nov 1994	19 (5)	476	385	91	4
12 Feb 1995	19 (3)	600	508	92	3
19 Feb 1995	22 (4)	698	518	180	3
26 Feb 1995	21 (4)	552	529	23	3
5 Mar 1995	20 (4)	625	485	140	4
16 July 1995	20 (3)	626	538	88	4
23 July 1995	21 (3)	643	550	93	3
30 July 1995	24 (3)	678	520	158	4
6 Aug 1995	20 (3)	757	570	187	2
median	21 (4)	558	453	105	na

na = not applicable.

with a given set of demographic characteristics. In such a situation, a broadcaster's choice parameters will be simplified to considerations of audience size (the primary determinant of advertising revenue) and program costs.

A broadcaster's gross profit from a single program would be equal to the amount of advertising revenue earned in the timeslot in which the program is broadcast less the cost of acquiring the program. The gross profit (Π) may be expressed as follows:

$$\Pi = \mathrm{rTA} - \mathrm{C}$$

where: Π = gross profit generated by a program;
r = the market rate (\$) per unit of advertising;
A = expected audience generated by the program;
C = program cost per hour;
T = regulated quantity of advertising per hour.

For a broadcaster to be indifferent between a domestic and a close substitute imported program[3] both programs would need to generate the same gross profit. The condition of indifference may be expressed as:

$$\Pi_f = \Pi_d$$

or

$$\mathrm{rTA_f} - \mathrm{C_f} = \mathrm{rTA_d} - \mathrm{C_d},$$

where the subscripts $_f$ and $_d$ are used to denote respectively the foreign or domestic origin of the program. This identity, together with audience and program cost data may then be used to estimate the relative attractiveness to broadcasters of substitutable domestic and imported programs.

Program cost data are not readily available. Indicative estimates may be derived from published and industry sources. The available information indicates that imported drama entertainment programs that are substitutable with domestic series/serial drama cost between AU$30 000 and AU$60 000 ph for nationwide broadcasting rights.[4] Similarly, the estimated cost of the national broadcast rights for domestic drama programs is between AU$100 000 and AU$150 000 ph. Because the analysis is based on audience data for the Sydney market, only the programming costs attributable to that market are relevant. Data published by the Australian Broadcasting Authority[5] indicate that Sydney stations account for approximately 33% of the total national expenditure on domestic and imported programs by commercial television stations. Using that proportion of national programming costs to estimate program costs for the Sydney market gives estimated hourly programs costs of between AU$10 000 and AU$20 000 for imported programs and between AU$33 000 and AU$50 000 for domestic programs.

The advertising rate per unit of audience in the Sydney market was estimated by Sutton and Anderson[6] to be approximately 0.8 cents per person for a standard 30s advertisement in prime time. The amount of advertising time per broadcast hour during prime time is limited by regulation to 13 min and is generally fully used up. Thus the value to a station of a unit of audience per broadcast hour (rT) is approximately 21 cents (i.e. 26 × 0.8 cents).

The audience size that would have to be attracted by a domestic program to justify the replacement of an imported program depends on the difference in the cost of the two programs. The boundaries of the program cost ranges noted above may be used to estimate the maximum and minimum additional audiences that domestic programs would need to generate to compete effectively with imported substitutes. Four different combinations are possible, namely, a low cost domestic program replacing either a high or low cost imported program, and a high cost domestic program replacing either a high or low cost imported program. The size of additional audience ($A_d - A_f$) required to make a broadcaster indifferent between a domestic and an imported drama program may then be estimated for each. After transposition, the identity for indifference developed above is:

$$rT(A_d - A_f) = C_d - C_f$$

For example, for the high cost imported, low cost domestic combination the audience difference is:

$$\begin{aligned} 0.21(A_d - A_f) &= (33\,000 - 20\,000) \\ A_d - A_f &= 13\,000/0.21 \\ &= 62\,000 \text{ approx.} \end{aligned}$$

Details of the approximate audience differences for the other combinations are provided in Table 2.

The estimates in Table 2 suggest that without regulation, a domestic drama program unable to generate an audience of at least 62 000 more than that of an imported substitute would never be chosen by a rational broadcaster. Similarly, one capable of generating at least 190 000 more than an imported substitute program would always be chosen. Between those boundaries, the broadcaster's preference depends on the relative cost of the substitutes.

Table 2. Audience equivalents of program cost differentials

Program replacement combination	Cost of imported AU$	Cost of domestic AU$	Additional audience required
1. High cost imported by high cost domestic	20 000	50 000	143 000
2. Low cost imported by high cost domestic	10 000	50 000	190 000
3. High cost imported by low cost domestic	20 000	33 000	62 000
4. Low cost imported by low cost domestic	10 000	33 000	110 000

Profitability of Domestic and Imported Drama

In the period under review, the best performing domestic drama programs were always outdone in terms of audience size by at least one imported substitute. As indicated above, only on three occasions (in twenty) the best performing imported program had an audience advantage of less than 70 000 over the best performing domestic program. Thus, it is not unusual for best performing imported programs to have a substantial audience advantage equivalent to a revenue advantage of at least $14 700 ph, in addition to their cost advantage. It is no wonder then, that popular imported programs are keenly sought and attract top prices from Australian television stations.

Popular imported programs, however, are scarce and broadcast schedules are necessarily filled with programs that attract smaller audiences. Australian programs, therefore, may be able to compete effectively against less popular imported programs. What additional audience needs to be generated by a low cost domestic program[7] to ensure that broadcasters would prefer it to an average cost, average audience imported program?

The additional audience needed by an Australian drama program for it to be preferred to an average imported program is given by:

$$A_d - A_f = (33\,000 - 15\,000)/0.21$$
$$A_d - A_f = 86\,000 \text{ approximately.}^{8}$$

For high cost Australian drama, the additional audience required would be 167 000.

Table 3 presents details of the audiences generated in the Sydney market by the best performing Australian programs compared with the average audience of imported substitutes. Assuming that all Australian drama was of a low cost,[9] the best performing Australian programs generated sufficient audience to outweigh the cost advantage of an average imported program in half of the cases examined. These results indicate that, while domestic programs are not competitive with imported programs generally, they are reasonably competitive with average and low performing imported programs.

If Australian drama performs well financially why is it not sought more keenly for inclusion on broadcasting schedules? As already noted, profit maximising broadcasters would normally select programs for inclusion in their broadcasting schedule on the basis of the programs' marginal contributions to gross profit. In any one period (a day, a week), the number of programs included in the broadcast schedule is fixed. The inclusion

Table 3. Audience advantage of domestic drama programs

Period	Best Australian ('000)	Average imported ('000)	Audience difference ('000)	Australian advantage
6 Feb 1994	399	358	41	no
13 Feb 1994	406	339	67	no
20 Feb 1994	414	335	79	no
27 Feb 1994	434	354	80	no
10 July 1994	497	375	122	yes
17 July 1994	453	403	50	no
24 July 1994	437	397	40	no
31 July 1994	404	387	17	no
30 Oct 1994	353	292	61	no
6 Nov 1994	368	288	80	no
13 Nov 1994	414	315	99	yes
20 Nov 1994	385	309	76	no
12 Feb 1995	508	360	148	yes
19 Feb 1995	518	356	162	yes
26 Feb 1995	529	349	180	yes[a]
5 Mar 1995	485	358	127	yes
16 July 1995	538	385	153	yes
23 July 1995	550	360	190	yes[a]
30 July 1995	520	359	161	yes
6 Aug 1995	570	356	214	yes[a]

[a] = Advantage also for high price Australian drama.
Source: See Notes and References [2].

of a 'new' program in the schedule would be attractive only if it generates a gross profit at least equal to that of the worst performing program already in the schedule.

In the analysis, the average performance of Australian drama was compared with the average performance of the lowest rating quartile of the imported programs in each week of the review period. For the comparison, the average audience of the imported programs was adjusted upwards to account for the associated cost advantage *vis à vis* domestic programs. The differences in average audiences were then converted to revenue differences by multiplying the audience differences by the advertising dollar value of each unit of prime time audience. The results are detailed in Table 4 and suggest that on average an Australian drama program is broadly competitive with the average lower rating imported substitute.

However, care should be exercised in interpreting these results. Because the analysis is based on audiences achieved by programs shown on prime time television, it largely ignores the risk associated with program choice. Programs failing to secure sufficiently large audiences are unlikely to be retained in prime time schedules for more than short periods of time. Thus because the sample of domestic programs used in the analysis is largely made up of 'successful' programs, rather than being representative of domestic programs in general, it is likely that the results are biased. To avoid or limit the impact of any such bias, it is necessary to take account of the risk associated with investing in a program before its success is tested in the market. When risk is taken into account, a broadcaster would have an incentive to invest in domestic programming only if the risk-adjusted expected returns are greater than those associated with the available imported substitutes.

Table 4. Revenue advantage of average domestic drama programs

Period (week beginning)	Average Australian[a] ('000)	Average 'qbottom' imported[a] ('000)	Average 'qbottom + d' imported ('000)	Relative Australian advantage (AU$000)
6 Feb 1994	291.00	248.75	334.75	(9.2)
13 Feb 1994	338.33	231.75	317.75	4.3
20 Feb 1994	340.33	216.50	302.50	7.9
27 Feb 1994	376.25	248.00	334.00	8.9
10 July 1994	378.50	262.00	348.00	6.4
17 July 1994	338.00	310.00	396.00	(12.2)
24 July 1994	348.60	280.25	366.25	(3.7)
31 July 1994	324.00	280.75	366.75	(9.0)
30 Oct 1994	288.67	194.75	280.75	1.7
6 Nov 1994	268.00	199.25	285.25	(3.6)
13 Nov 1994	296.67	240.75	326.75	(6.3)
20 Nov 1994	305.40	220.25	306.25	(0.2)
12 Feb 1995	354.67	240.25	326.25	6.0
19 Feb 1995	373.25	243.40	329.40	9.2
26 Feb 1995	387.50	259.25	345.25	8.9
5 Mar 1995	362.50	222.00	308.00	11.4
16 July 1995	421.00	240.75	326.75	19.8
23 July 1995	415.33	231.40	317.40	20.6
30 July 1995	418.00	200.20	286.20	27.7
6 Aug 1995	432.67	224.75	310.75	25.6

'qbottom' = lowest rating quartile.
'qbottom + d' = cost adjusted lowest rating quartile.
figures in brackets are negative.
[a] = source of audience data: See Notes and References [2].

Rate of Success of New Programs

Domestic drama series, typically the lowest cost form of domestic drama programs, are best placed to compete with imported programs. For a broadcaster to have an incentive to invest in a new series, its expected audience would have to be large enough to generate adequate advertising revenue to recover all the associated costs, as well as the opportunity cost of forgoing the alternative imported programming.

To be competitive with imported programming and attract the necessary investment from a broadcaster, a domestic drama series would need to generate an audience of at least 430 000 in the Sydney market. This is 190 000 more than the audience likely to be generated by the typical imported substitute that would be displaced by the local program. The additional audience is necessary to compensate a broadcaster for the cost differential between the domestic and imported program. The likely existence of such a threshold for the viability of domestic drama is supported by available data on audiences of domestic drama series that failed to attract continuing investment by broadcasters after their first or second production run (maximum of 26 episodes). For example, none of domestic drama series (including situational comedy) that commenced broadcasting in Sydney in the four years to the end of 1995 generated an average audience in excess of that threshold during the exhibition of their initial production run. Details of the audiences generated by those programs[10] are shown in Table 5.

Overall, four of the series listed in Table 5 were withdrawn from prime time before the completion of the first run of 13 weeks. Only three of the programs listed (*My Two*

Table 5. Programs discontinued after a short-term in prime time[11]

Program	Network	No. of weeks broadcast	Average audience overall (initial run)[a]	Last 5 weeks ('000)
Bingles	TEN10	9	187	140
Bligh Diaries	ATN7	11	268	189
Late for School	TEN10	16	227	254
Bony	ATN7	14	315	320
My Two Wives	TCN9	18	(430) 379	267
Over The Hill	ATN7	5	302	302
Wedlocked	ATN7	7	345	308
Bob Morrison Show	TCN9	26	(424) 430	476
Echo Point[b]	TEN10	15	153	160

[a] = Applies only to the two series *My Two Wives* and *Bob Morrison Show*.
[b] = Data relate to prime time broadcasts only. The program was also broadcast on Saturday and Sundays outside prime time (4.00pm) concurrently with either prime time or late evening broadcasts for 25 weeks.

Wives, *The Bob Morrison Show* and *Echo Point*) continued to be produced beyond the initial production run. The continued production of *Echo Point* is unusual in terms of audience size (the smallest of any of the programs in the table) and may have been due to exogenous factors such as the need by the broadcaster to comply with the domestic drama quota. The initial production run of *The Bob Morrison Show* attracted an average audience of 424 000 (range 291 000–460 000) and that of *My Two Wives* 430 000 (range 344 000–508 000). *My Two Wives* failed to maintain its initial success with the second production run. Only six episodes of the second run were broadcast and generated an average audience of only 277 000 (range 196 000–356 000). *The Bob Morrison Show* was broadcast for a full 26-week period but did not continue beyond that. In the second 13 week run it improved slightly on its performance during the first run and achieved an average audience of 459 000 (range 392 000–503 000).

The best performer among the series that did not progress to a second production run was *Wedlocked.* It achieved an average audience of 345 000 in the 7 weeks it was broadcast. Two other series, *Bony* and *Over The Hill*, achieved average audiences of more than 300 000. In all three cases, their audiences appear to have been insufficient to warrant further production. Although these data do not necessarily support a firm conclusion, they do suggest that an average audience of around 350 000 to 420 000 may have been used as a benchmark for commitment to a second or further production run.

Risk and Prediction of Audience Appeal

A program's appeal to audiences is difficult to pre-test or predict with any certainty. For new series, the risk of failure may be reduced, but not eliminated, with measures such as the use of previously successful formats and themes, and employment of popular actors, successful scriptwriters and experienced directors. The success of ongoing series is less difficult to predict. The local appeal of imported programs is also reasonably predictable from their performance in their home market.

Not only is the risk associated with a new domestic series greater than that of an imported substitute, but also the level of financial commitment by a broadcaster is greater for a new domestic series. Typically, a broadcaster's exposure to an imported series is limited to one year's programming (usually 26 hrs) at a cost for national broadcast rights of between AU$780 000 and AU$1.56 million. For a new domestic series, broadcasters are usually required to provide the set up costs to produce the initial run of the series (up to AU$700 000), as well as purchase the program rights. The initial commitment is around AU$150 000 ph of a series (including the set up costs), plus an additional AU$36 000 ph as equity investment in return for a portion of overseas sales if the series is successful.[12] For the typical commitment of 13 hrs of programming this is equivalent to an initial exposure of approximately AU$2 500 000.

An indication of the average level of risk associated with the ability of a series to secure multi-run success may be derived from the proportion of drama series that actually do so. Comprehensive data on the production intentions and audience performance of series, however, are not available. The limited available data suggest that around 50% of the domestic drama series are discontinued after their initial production run.[13] Overseas experience is similar. Phillips[14] examined 500 popular prime time series (both imported and domestic) screened in the UK and found that a little more than halt of those screened on independent television progressed to a second production run. Similarly, an earlier study in the US reported that less than 36% of new series, on average, went into a second production run.[15]

Broadcasters face a substantially lower risk, and lower up-front investment, when committing to exhibit an imported program. Continued production of imported programs is primarily determined by demand conditions prevailing in a program's country of origin and usually provides a good indicator of potential success in other markets. Also, if a program does not appeal sufficiently to local prime time audiences, it can be shifted to a non-prime time slot for the duration of the associated purchase obligations without incurring a substantial penalty. A replacement imported program for prime time is likely to be available at similar cost. In contrast, a similar shift for a domestic series would incur a substantial penalty. In the latter case, because only first-release drama complies with the regulation, the disincentives to the broadcaster would be compounded since the replacement series would have cost and risk disadvantages similar to those of the program being replaced.

The risk of failure to secure a commercially attractive audience is likely to enter the programming decision process as a discount factor that devalues the size of the expected audience. The discount rate used has a major influence on the relative attractiveness of domestic and imported drama programs. A discount rate approximating the average rate of failure of new drama series would substantially reduce the appeal of domestic programs and would be likely to make even the best performers unattractive. Indeed, a more moderate discount rate of 25% would be sufficient to erode most of the advantage of average performing domestic drama *vis à vis* low rating imported programs (see Table 4).

The rate of failure for new domestic series means that domestic drama in general would not be appealing to broadcasters unless they are able to derive sufficient extra benefits from successful series to offset the loss from those that fail. That there is little capacity for them to do so is highlighted by the above analysis. The regulation, therefore, seems to be having the effect of forcing broadcasters to take greater risk in investing in new drama programs than they would otherwise be prepared to take.

The occasional supply of domestic drama in excess of regulated levels is not necessarily inconsistent with risk aversion. Most of the risk faced by broadcasters dissipates once a series has proven its audience appeal with its initial production run. Beyond that point, a broadcaster would have an incentive to utilise a proven series to the maximum extent possible. Although stockpiling of successful series to ensure regulatory compliance at some future date would be possible, it may not be a realistic option because audience tastes can change rapidly. Thus, overcompliance with the regulation seems to be a rational response to the incentives offered by domestic series that generate commercially attractive audiences. At the same time, broadcasters achieving a less than average success rate with their domestic drama are forced to continue to produce sufficient programs to ensure at least minimum compliance with the regulation. Consequently, the only possible outcome is that the aggregate performance of stations will tend to exceed the minimum quota levels. Available data on regulatory compliance is consistent with such an outcome.[16]

Conclusions

Although minimum quotas for domestic drama are opposed by broadcasters, the amount of domestic drama in their programming schedules is often well in excess of the quota. Such behaviour seems to be paradoxical and suggests that the stations may be responding to incentives other than the regulation in scheduling domestic drama. It may also indicate that domestic drama is competitive with imported substitutes and may not be a substantial cost burden on stations. If that were the case, however, the opposition of broadcasters to the regulatory requirements would not be expected to be strong.

To a broadcaster, the commissioning of domestic drama represents a much higher risk than the purchase of imported substitutes whose market appeal has already been tested in overseas markets. Thus, while broadcasters have an incentive to schedule domestic drama after it has proven its audience appeal, the high initial risk of commissioning the drama is a disincentive to production. Consequently, without the regulatory requirements, it is likely that the level of domestic drama production would decline below the regulated levels. In addition, broadcasters would also be opposed to the drama quotas because of their loss of flexibility in selecting programs on the basis of audience performance. The relative level of audience appeal for domestic drama evidenced in the analysis above will not necessarily remain constant over time. It is possible that the audience appeal of domestic drama may decline over time or that the appeal of imported programs in general may increase. Any such development is likely to lead to a change in the relative profitability of domestic and imported drama and broadcasters, obviously, would prefer to have the flexibility to alter their programming schedules accordingly.

Notes and References

1. The periods were 6 February–5 March, 10 July–6 July and 30 October–26 November 1994 and 12 February–11 March and 16 July–12 August 1995.
2. Data supplied by A.C. Nielsen.
3. This implies that although the audiences of the two programs differ in size, they have the same demographic characteristics.
4. Television Business International, *TBI Yearbook 95*, Television Business International, London, 1995 reports program prices in the range between US$20 000 and US$100 000 ph. The upper price is likely to be associated with special high rating programs. *Variety*, 2–8 October 1995, p. M30 lists a price of US$16 000 for 'hour dramas' and US$9500 for 'half-hour sitcoms'. Local industry sources suggest a price range between AU$30 000 and AU$60 000 ph for regularly broadcast drama.
5. Australian Broadcasting Authority, *Broadcasting Financial Results: 1993–94*, Australian Broadcasting Authority, Sydney, 1995.

6. J. Sutton and W. Anderson, Television advertising revenue and the supply of advertising time'. Paper presented at the Communications Research Forum, Sydney, 19–20 October 1995.
7. Most of the Australian drama during the period under review is estimated to have been at the low end of the cost range.
8. AU$45 000 (middle of the range quoted above) was used as the average cost (i.e. equivalent to AU$15 000 for the Sydney market).
9. This is the case for most Australian drama programs.
10. The data include all readily identifiable prime time-drama programs shown for the first time in the Sydney market in the four years to the end of 1995. However, because of the difficulty in identifying all the relevant programs, the list may not be comprehensive.
11. Program details were supplied by Australian Film Commission and audience data were supplied by A.C. Nielsen.
12. M. Woods, 'Overseas sales, quality boosts TV drama costs, *Variety*, 1–7 May 1995, pp. OZ18–OZ20.
13. It was only possible to determine the production status of 14 such adult drama series in the period. The number of domestic drama series screened for the first time in the period may have been slightly larger (at most two more series).
14. W. Phillips, 'Second thoughts', *Broadcast*, 15 July 1994, p. 24.
15. B.M. Owen and S.S. Wildman, *Video Economics*, Harvard University Press, Cambridge, Massachusetts, 1992).
16. F. Papandrea, 'Television stations compliance with Australian content regulation', *Agenda*, *2*, 4, 1995, pp. 467–478.