

Paramount, CBS looking to invest in Australia's Nine Network

Meanwhile, NBC has pulled out of its stake in New Zealand's TV3 after new network went into receivership

The Pacific Basin is on the boil and American media interests are in the midst of the heatup.

Paramount and CBS last week acknowledged they have talked with troubled Australian firm Bond Media, reportedly about taking an equity position and infusing cash into its Nine Network TV operations.

The two join a number of media companies, including NBC, that have been drawn to Australian broadcasting, where all three TV networks are in virtual bankruptcy.

Meanwhile, in a case of getting burned in the region, NBC has withdrawn from its equity position in New Zealand's new private TV network TV3 as that network was placed in receivership this month less than six months after launch.

The TV3 debacle follows by some months NBC's involvement with Australian Christopher Skase and his media company, Qintex, which subsequently collapsed in a bid for MGM/UA.

NBC firmly maintains, however, that despite the region's troubled media economy, it earned substantial amounts supplying programs to Qintex's Seven Network and

expects as well to recoup its investment in New Zealand.

Paramount, whose only official statement was that the company is "considering an investment in Bond Media," already has a long-standing program supplier relationship with Bond's Nine (it has also sold extensively to rival Seven Network, as well as the third-place Ten Network) and has coproduced television series with the network. At one point in the 1970's, under previous ownership, Paramount held a 5% stake in Nine.

CBS was similarly tight-lipped, confirming only that there had been "preliminary conversations about a variety of things" with Bond Media.

Australian press reports quoted Bond Media directors returning from a U.S. tour as saying there were four or five U.S. investors keen for involvement with the company, whose holdings include not just the network and its three TV stations, but a satellite TV service and radio stations.

Named in the press accounts along with CBS and Paramount were NBC and Australia-born Paramount International TV Distribution President Bruce Gordon (traveling in Europe last week and unavailable for comment), along with commercial broadcaster Television New Zealand.

NBC executives Tom Rogers, president,

NBC cable and business development, and J.B. Holston III, head of NBC International, said NBC had been approached by each of the networks and that the company remained involved in discussions of financial opportunities with Bond.

Bond's Nine, while remaining the highest rated of Australia's three TV networks, is operating at just about breakeven, primarily because of burdensome debt taken on when entrepreneur Alan Bond bought the company from former owner Kerry Packer for more than \$750 million. Nine was valued in a recent independent evaluation at between \$160 million and \$240 million, with a debt burden of at least \$380 million.

Television New Zealand Chief Executive Julian Mounter last week confirmed TVNZ is also part of preliminary discussions with Bond Media to become part of a consortium, involving U.S. companies, to invest in the network. He declined to name the potential U.S. partners. Said Mounter: "Everyone recognizes Nine has a heck of a good business if it can get rid of the debt."

Of troubles at rival network TV3, Mounter said he thought the company had made some mistakes, but he believed in the long term there would be a third commercial channel in New Zealand, although one would struggle for revenue. —AAG

Differing opinion on Fox waiver

"Bart Simpson is happy," said Fox Broadcasting senior vice president, affiliates, Preston Padden upon hearing the news that the FCC had granted Fox a waiver of the financial interest and syndication rules.

And it wasn't just Fox's bug-eyed star who was cheering the grant, which will allow the network to roll out all 18½ hours of its planned fall schedule. So were the Fox affiliates who joined network executives in lobbying Congress and the FCC for the waiver.

"We're extremely elated," said Joe Young, vice president and general manager, wxin(tv) Indianapolis. "You've got to let the child get up and walk before you call it an adult. We expect the addition of the Wednesday night movie on a weekly basis and the Friday night series to be accepted just as Monday, Saturday and Sunday nights have been, and we expect the full seven nights by 1991 to be accepted as well," he said.

But Fox's gain was causing others pain elsewhere. The big three networks decried what they considered the special treatment Fox was getting at the FCC. But none was preparing to challenge the waiver either at the FCC or in court.

The networks also complained that the waiver might undercut the ongoing negotiations between Hollywood and the big-three networks aimed at relaxing the fin-syn rules to give the networks some interest in the syndication of network programming. The waiver "removes the immediate pressure on Fox and the other studios to reach a settlement," said Joe Rutledge, vice president, corporate communications.

Those talks resumed in New York last Monday. Although no substantive progress was made, both sides pledged to return to the next meetings in Los Angeles at the end of the month with new proposals for consideration. The two-day session is the last chance for the parties.

On June 4, they are to report to the FCC on their progress.

If they don't have a deal, the FCC intends to push ahead with a rulemaking in which it will revise the rules in whatever way it deems fit.

Will NBC find a silver lining. The action "indicates a willingness to remove anticompetitive regulatory barriers and may signal the first step toward more fundamental change," said Rutledge. "And the time frame suggests that the commission is committed to acting expeditiously if the current round of negotiations fails."

Jon Nesvig, senior vice president, advertising sales, Fox Broadcasting, said that he does not anticipate the waiver hurting the other networks. "It allows us to expand on our announced schedule," he said. "It gives the buyers another alternative, but it's also returning ratings to the network marketplace. We're almost complementary to the networks."

The Hollywood community also resented Fox's unique license to be both network and syndicator. "If you're Fox, you go out and buy yourself a cake, because the FCC has said to Fox, 'You can have your cake and eat it too,'" said one major studio executive. "This is fantastic if you're Fox," he said. "Whoever their lawyers were, that's a damn good firm. I was shocked, to tell you the truth. [With this ruling] they've told them you can dress like a network and act like a network, but you don't have to follow the rules of a network."

For the industry at large, the waiver was not being seen as quite as big a deal. Media buyers contacted last week did not think it would have any dramatic impact on the upfront advertising market which starts in about two weeks.

"We expected them to get it," said Paul Isacson, executive vice president, director, broadcast programming and purchasing, Young & Rubicam Inc. He added, however, that Fox's rates will be higher than they have been and that in its core audience (adults 18-34) its CPM's (cost-per-thousands) may be equal to or higher than those of the networks. —SC, JF