

CHAPTER 5

AN OVERVIEW OF THE MALAYSIAN FILM PRODUCTION INDUSTRY

The aim of this chapter is to provide a brief review and historical profile of the case study. It highlights the existence of the indigenous film industry in response to global phenomena. It traces the changes and development of the film production industry in Malaysia. According to Earl (1999) quoted by Mashayekhi (2002) the development of the industry is related to the level of development of the country, which includes the growth of per capita income, urbanisation, literacy rate and government restrictions. Thus, the development of the Malaysian economy marked the development of its film industry. The sectoral development of a country is the interplay between factors that are internal as well as external to it. Thus, this chapter traces the development of the Malaysian film industry and its interactions in a globalised economy being influenced by external global factors. This chapter is a background chapter and serves as a preliminary investigation that leads to the selection of the study area. This chapter is also a basis for the following analysis of the effects of the changing process of globalisation on the Malaysian film production industry.

5.1 BACKGROUND OF THE CASE STUDY

Malaysia was known as Malaya at the time of independence and its name was changed to Malaysia in 1963. Malaysia was formed by the Federation of Malaya, Singapore, Sabah and Sarawak in 1963. However, Singapore became an independent country in 1965. The Federation of Malaysia includes West (Peninsular Malaysia) and East Malaysia. Malaysia consists of thirteen states and three Federal territories. Of these, eleven of the states and two Federal territories are located in West Malaysia, i.e. Perlis,

Kedah, Perak, Selangor, Johor, Pahang, Terengganu, Kelantan, Pulau Pinang, Melaka and Negeri Sembilan. West Malaysia is better known in South East Asia as Semenanjung (Peninsular) Malaysia and is located in the Malay Peninsula to the south of Thailand. Malaysia's capital city, Kuala Lumpur is located in West Malaysia. The states of Sabah, Sarawak and Federal Territory of Labuan are situated in East Malaysia. The estimated area of West Malaysia is 51,000 square miles and the estimated area of East Malaysia is 76,775 square miles. Both share the same equatorial climate of warm and humid temperature throughout the year.

Malaysia is a multiracial country and, demographically, the estimated Malaysian total population in 2009 was 28.16 million, consisting of different races dominated by the majority Malay ethnic group of 16.06 million (65.9%) followed by Chinese 6.15 million (25.2%) Indian 1.82 million (7.5%) and other races 0.33 million (1.4%)¹¹. The term 'Bumiputera' (indigenous people or literally 'sons of the soil') has long been used in reference to the ethnic Malay and native tribes. The term is used to distinguish the Malays from the Chinese and Indians.

Historically, prior to colonisation, the Malaya Peninsula was populated with small village communities whose main activity was subsistence agriculture. Paddy, vegetables and fruits were the main crops. They relied on their own production of consumer and capital goods. Malacca, one of the states in Peninsular Malaya, was then a strategic and thriving seaport connecting the East and West trade routes and became the target interest of colonialist control. From the fifteenth century Malaya was under the colonial rule of the Portuguese, Dutch and British. It was first captured and occupied by the Portuguese and later by the Dutch. However, it was not until the occupation of the

¹¹ Department of Statistics Malaysia, *Census of Population and Housing Malaysia 2009*.

British in the first half of the nineteenth century that there was a significant impact on the economic and social life of the village communities. Between 1786-1874 the British acquired Malaya's strategic ports – Malacca, Singapore and Penang. By 1900, the British fully established colonial rule and were in control of the major states. British colonisation changed the social and economic landscape of Malaya. Economically, the British expanded the primary export sector of tin and rubber with massive inflows of foreign investment both in tin mining and rubber planting. Tin mining was the principle source of growth in the Malayan economy prior to the introduction of rubber by the British in 1905. The tin industry was dominated by Chinese miners using Chinese immigrant labour. However, the British were able to take control of the mining industry through a more productive dredge. This era marked the influx of Chinese and Indian immigrant labour to man the mines and the rubber estates that changed the ethnic composition of Malaya's population.

It was under British colonialism that Malaya was fully integrated into the world market system. However, the economy was under foreign control as the major industries of rubber and tin were under Western and European control. The expansion of the rubber and tin industries between 1900-1932, led to a deeper integration of Malaya's economy into the world market economy, and Malaya became a major exporter of these two commodities and an importer of consumer and capital goods. During the pre-independence period before 1957, the manufacturing sector was insignificant, contributing only 8 percent of GDP in 1955 (Alavi, 1996). These manufacturing industries existed in support of the main sectors of the economy, rubber and tin mines, providing forward and backward linkages. Other industries were established to cater to the growing national income and increasing population including food processing, beverages, tobacco, soap, furniture, printed materials, metal containers and other metal

products, and glass bottles (Alavi, 1996). Beginning in the 1950s, there were unfavourable circumstances in the international market for the demand of tin and rubber. This was mainly due to the technological advancements and innovation of substitute commodities for primary products such as synthetic rubber. In addition, the declining primary commodities prices and the depletion of tin deposits worsened the economy, which was highly dependent on these two commodities for its growth.

Moving towards political independence, the dependency on rubber and tin for growth was rationalised as being unreliable commodities. As a result, in 1955 the World Bank mission, commissioned by the government, recommended an industrialisation strategy, which, among other things, developed the manufacturing industry by attracting foreign capital through the provision of generous incentives.

5.2 BACKDROP OF GLOBALISATION IN MALAYSIA AND FREE TRADE

The Industrial Revolution that first took place in Britain towards the end of the eighteenth century made it superior in technological advancement. Further, its policies towards a trade-free market and the benefits associated with laissez-faire economies increased Britain's superiority. The new liberal policies were perfected by the Smithian theory of comparative advantage. On laissez-faire ground, Britain's accumulation and expansion of capital spread all over the world. Britain's superiority enabled it to have hegemony over a new liberal world order. The politics of hegemony is the form of economic globalisation that took place during this era. This period was characterised the era of imperialism.

The discussion of the era of British colonial rule is imperative as this era marked the integration of Malaysia's economy into the world economy. Although there are extensive discussions on the events leading to the British control of Malaya, which are beyond the scope of the present study, one salient point meriting attention is the First Industrial Revolution in Britain leading to the spread of capitalist expansion. The importance of raw material for industrialisation required the British to impose its imperial expansion on a global scale that led to the British rule in Malaya. The abundance of raw materials and the threat from other imperialist powers strengthened British control on Malaya's politics and economy to defend its interests. "This new epoch, characterised by rapid industrialisation in North-west Europe, heralded the emergence of a world market and a system of trade in which the needs of capitalist interests in the industrialising 'centre' were met through a 'periphery' which serve both as a supplier of raw materials for its industry, and a market for its manufactured goods" (Jomo, 1985, p. 138).

During the industrial revolution, there was a growing tin demand for manufacturing consumption. Malaya was a tin-rich country that became the target interest of the imperial power. Between 1851-1860, Malaya exported 23 percent of total British tin consumption averaging six thousand tonnes per annum (SarDesai, 1970). The growing importance of the tin industry pressured the British to control their interest in the Western Malay States. This was materialised through the Pangkor Treaty in January 1874, where the British gained direct control of the four states of Perak, Selangor, Pahang, and Negeri Sembilan, which were the tin-rich states of Western Malaya.

The impact of the first era of globalisation on today's developing countries, which was formerly under colonial rule, was obvious. There were limited growth opportunities

with economies highly dependent on raw material exports. These exports often dominated by food products constituted the least dynamic and most volatile sector of world trade. At the same time, these countries were also the market for manufactured products from the industrial core. Although relative to the world standard the market was small, the imports prevented the emergence of domestic industries.

Theoretically, the benefit of freetrade, as preached by the West, leads to economic efficiency that is good for a country. Although, it was later proven that the adoption of laissez-faire economics contributed to growth (based on the theory of comparative advantage) it contributed little if at all to the development of the indigenous people, benefiting instead the foreign producers. This is because the adoption was far from voluntary but only to serve the interests of colonial dominance. The practice of freetrade is, however, only imposed on the Third World while the West imposed protection whenever necessary. For example, the European states slid back to protectionism after 1879. Even the United States adopted the highly protectionist Smooth-Hawley tariff after the stock market crash in 1929.

In between the first (1870-1914) and second (beginning 1950) epoch of globalisation was the era (1914-1950) of economic recession and war associated with slow growth (Williamson, 1997). It is also known as the retreat from economic globalisation where the economic turbulence between the inter-war years led to widespread protectionism. The trend towards protectionism and increased tariff barriers to curtail imports and subsidise exports strengthened after the inter-war years as national governments strived to restore their shattered economies. The Marxist vision against capitalism gained influence during this period. In developing countries, this prompted an alternative to the laissez-faire industrial policies with the emergence of various theories supporting

interventionist approaches such as the infant industry argument, Latin American structuralism, and other interventionist theories based on Marxism. However, the adoption of the new approach caused poor performance in most countries. It is a common belief that the economic collapse of the 1930s was caused by protectionism, which was re-adopted mostly by the European states after the 1880s.

It was argued that the second wave of globalisation based on *laissez-faire* industrial policies emerged as a result of the failure of alternative interventionist policies and the conservative macro-economic management mentioned earlier. Many see the trend moving towards the historical trend of globalisation, which is based on *laissez-faire* industrial policies. Indeed, the current debate between the *laissez-faire* and interventionist approach proved the superiority of the free-market and free-trade policies in bringing about global prosperity. The success of developed countries and developing ones is much attributed to their success in adopting these superior policies.

However, missing in the discussion of the advantage of the *laissez-faire* approach are the consequences of early globalisation on developing countries. According to Chang (2006) globalisation accrued little benefit to developing countries as most of them were under subjugation with their economies determined to serve the interests of the colonial power. As a matter of fact, Chang (2006) argues that developed countries, which were formerly the imperialists, did not as a whole practice *laissez-faire* industrial policies. This was only practiced after they attained industrial development through protectionism. Britain, for example, prior to its industrial nation status, was actively supporting the 'infant industry' argument by protecting its wool industry (its leading industry at that time). Chang (2006, p. 208) reported how the Tudor monarchs, especially Henry VII (1485-1509) and Elizabeth I (1558-1603), transformed England

from a country that was heavily reliant on wool exports to the Low Countries (now Netherlands and Belgium) into the most formidable wool manufacturing nation in the world through deliberate state intervention. Furthermore, Britain was the most interventionist country in the world in terms of its trade and industrial policies prior to the repeal of the Corn Law in 1846.

5.3 POST-INDEPENDENCE PERIOD

The formation of the Federation of Malaya was dominated by issues pertaining to the diverse ethnic groups. To satisfy the diverse ethnic interests during the early formation of Malaysia, a coalition of three communal-based parties was formed known as the Alliance. The Alliance consisted of three major ethnic groups where Malays were represented by the United Malays National Organisation (UMNO), while the Malayan Chinese Association (MCA) represented the Chinese and the Indians were represented by the Malayan Indian Congress (MIC). The Alliance won the first national election in 1955 and gained independence from the British in 1957. The Federation of Malaya in 1957 inherited a democratic parliamentary system and legal system from the British model. It is a constitutional monarchy with a Parliament modelled on the British example. The economy was built on the *laissez-faire* principle championed by the British. The result of bloody social unrest on 13 May 1969 marked the future direction of Malaysian politics and socio-economies. The National Economic Policy (NEP) was introduced in 1971, the main objectives of which were to reduce poverty and eradicate the identification of economic function with race. The two basic objectives were to run parallel with the economic goal of achieving high economic growth over the next two decades. Despite strong criticism of the policies that favoured the Malays (indigenous people known as *Bumiputera*), the implementation of the NEP resulted in the dramatic

growth of the Malaysian economy between 1971 and 1990. Per capita income moved from \$380 to \$2,200 (in current US\$) and growth of GNP was at an annual average of 6.8 percent. From 1957 to 2005, the real gross domestic product (GDP) grew by an average of 6.5% per year.

Through the industrialisation policy, the government targeted developing certain industries to become the catalysts of economic growth. Above all, the government successfully developed and transformed the manufacturing sector into the leading growth sector of the economy. It is the second largest source of employment after the services sector. In 2005, the manufacturing sector employed 3.1 million workers, an increase to 28.7 percent in 2005 from 26.2 percent in 1996. It also contributed to 31.4 percent of GDP in 2005 (IMP3, 2006). Foreign direct investment was instrumental in the development of the Malaysian manufacturing industry. Particularly, the contribution of multinational corporations in development is evidenced through direct and indirect contributions to the economy. With the significance of the manufacturing sector in the economy, the development of other sectors has not been given much emphasis by the government.

However, recently, with increased global competition and the realisation that the economy is highly dependent on a particular sector for economic growth, the government has emphasised the development of other sectors. In the Industrial Master Plan III, 2006-2020 the government recognises the importance of the services sector and is committed that the sector will assume a greater role in generating growth, broadening the economic base and contributing to exports. The agriculture sector is also being developed to revitalise its contribution to exports and economic growth. The commitment by the government shows that there is a need to diversify the economy in

the wake of greater uncertainties in the global economic and business scenario with global competition becoming more intense than before.

5.4 NATIONAL CULTURAL POLICY

Since film products are categorised under cultural products, it is thus important to review national cultural policy. Malaysia became a member of UNESCO on 16 June 1958. The United Nations Educational, Scientific and Cultural Organisation (UNESCO), is an international organisation that promotes international cooperation among its member states in the field of education, science, culture and communication. It helps to disseminate and share knowledge in these diverse fields to assist member states in developing their human and institutional capabilities. Recognising the importance of culture in nation building, in 1971 the National Cultural Policy was formulated with the aim of preserving the Malaysian cultural identity through programmes directed towards the enhancement of cultural identity, promoting national integration and unity as well as maintaining racial harmony. The cultural industries identified for development include the performing arts, book publishing, press, broadcasting, the sound recording industry, cinema and film.

The commitment of the government to the development of cultural programmes can be seen in the budget allocated by the Federal Government under the Malaysian Five Year Development Plan, which is used as a part of the financial assistance to develop cultural industries. The Malaysian Government Expenditure, as a percentage of total expenditure, can be seen in the following table, beginning with the Fourth Malaysia Plan 1976-1980 until the Ninth Malaysia Plan 2000-2005.

Table 5.1
The Malaysian Government Expenditure on Culture as a Percentage of Total Expenditure

Year	Total Government Expenditure (RM) ¹²	Expenditure on Culture (RM)	Share (%)
1980	20,724,348,256	47,732,806	0.23
1985	29,191,096,194	58,860,149	0.20
1990	33,405,637,300	137,284,450	0.41
1995	48,797,932,300	554,721,130	1.14
2000	97,989,000,000	404,000,000	0.41
2005	116,730,000,000	650,000,000	0.56

Source: *Malaysia. Belanjawan Persekutuan. Anggaran hasil dan perbelanjaan bagi tahun 1980, 1985, 1990, 1995. 2000, 2005, Kuala Lumpur: Percetakan Nasional Malaysia Bhd.*

Table 5.1 shows that over the years an increasing amount has been allocated for culture in terms of value and percentage of total government expenditure. However, overall, less than one percent was allocated for cultural development. In the recent Malaysian 2010 Budget, the government allocated RM200 million that was specifically directed towards the development of film, animation, music and advertising. The announcement was seen positively by industry players.¹³

Through the Ministry of Culture, Arts and Heritage (now known as the Ministry of Unity, Culture and Heritage) the fund is channelled in terms of financial aid to cultural and arts organisations at different levels, from federal to state and district, institutions of higher learning, as well as private companies and working committees established by the government and individuals related to culture and arts. The purpose of this financial aid is to encourage these organisations and institutions to organise activities and programmes related to enhancing and preserving Malaysian culture and arts. This financial aid is provided for the purpose of encouraging cultural organisations to organise activities and programmes related to culture and arts.

¹² The approximate value of the Ringgit Malaysia to U.S. dollars is RM3.63 = \$1.00 as at May 2009.

¹³ *November 10, 2009, 'Budget 2010 Katalis Industry Perfileman Negara?'*

5.5 THE HISTORY OF THE MALAYSIAN FILM INDUSTRY: AN OVERVIEW¹⁴

The early form of entertainment practised in Malaya was Wayang Kulit, a shadow puppet plays. It carries the influence of different cultures, including Hinduism, Siamese and Islamic influences. This was a popular form of theatrical art performance, especially among the rural folk, prior to the emergence of cinema, radio and television. The history of the Malaysian film industry dates back to the colonial period. Like most colonised nations, cinema reached the Third World countries during the period of colonialism. The first feature film was introduced to Malaya during the colonial period of the British in 1898. It was a documentary titled “Diamond Anniversary of Queen Victoria”. However, the first cinema was built by an Englishman named Willis in 1907 in Singapore. The history of Malay films revolves around activities set in Singapore as it was the centre for the entertainment industry prior to its separation from Malaya in 1965.

The first Malay film titled *Laila Majnun* was produced by Malaya/Singapore in 1933. The film was directed by B.S. Rajhans and produced by S.M. Christy. However, it was only in the 1950s that the growth of Malay language films could be witnessed with the setting up of two studio houses by Shaw Brothers and Cathay Keris. Similar to the Hollywood studio system, Malaya’s studio system provided the institutional background for the golden days of the Malaya film industry. In 1947 Shaw Brothers set up Malay Film Production Ltd followed by Cathay’s Studio Merdeka in 1960 (Lent, 1991, p. 153). On average, each studio produced one new film every month. As the Malay language film could reach audiences from a similar culture, Indonesia became an export market and many of the films produced were exported to Indonesia. Due to a

¹⁴ For further details of the history of Malay film see, for example, Ahmad (2000), Uhde and Uhde (2000) and Lent (1991).

small number of productions, the proportion of Malay film exports was one for every ten Indonesian film imports (Armes, 1987).

The golden days of Studio Jalan Ampas ended with the closure of Shaw Brothers in 1967, which was followed by the closure of Cathay Keris in 1972. According to Lent (1991), many factors contributed to the fall of the Malaysian (then Singapore) film industry, including economic and political pressure. One of the most cited factors is the advent of the television industry. However, political and economic reasons were also important factors including the confrontation between Malaysia and Indonesia, problems in social adjustment, and the lack of government support, which led to the closure of the studios and eventually that of the film industry (Lent, 1991).

Since the collapse of the studio system during the era of Studio Jalan Ampas in Singapore, there has been no studio concept in the production of Malaysian programmes. The production structure of the industry in Malaysia is mostly run by small independents players. Further, the small domestic market is not sufficient to support the operation of a studio system. The establishment of a studio requires large capital with huge fixed costs. The studio system owns not only land and buildings but keeps their technical and creative staff on long-term contracts. It has to keep all this capacity on full-time use. The operation of a studio system is similar to that of the factory principle. To ensure its sustainability, there must be a sustainable market to support their production capacity.

Historically, national film production was initiated by foreign talent and foreign capital. It was reported that the first directors to direct local films in the 1940s were from China. Among the local films made and produced by Shanghai directors between 1938 to 1941

were *Bermadu* (Unloved), *Ibu Tiri* (The Stepmother) and *Topeng Shaitan* (Satan's Mask). Later in the 1950s Indian directors were synonymous with local film production (Ahmad, 2000: p. 51). As categorised by Ahmad (2000), this was the first generation of film director.

The second-generation of Malay directors emerged in the 1960's. Of the second-generation directors, P. Ramlee was regarded as the most talented person ever in Malaysian film and music history. Along with P. Ramlee were other directors like Roomai Noor, Hussein Haniff, Jamil Sulong and M. Amin (Ahmad, 2000) all of who contributed to the development of the local film industry. Later in the 1970s, the migration of a small number of filmmakers from Singapore further livened up the local industry. Among those from Singapore who started acting, directing and producing films were Aziz Satar, Mat Sentul and Jins Shamsuddin (Ahmad, 2000). It was observed that local talent who were only previously involved in acting and the work behind the screen, became directly involved in the film industry. Most of these local people involved in the film industry lacked formal education but were passionate enough to make things work for the film industry. Their motivation coupled with hands-on experience in filmmaking enabled them to shape the industry.

Malay political leaders in the 1970s began to realise the importance of developing the local film industry. This resulted in government support of the industry through the formation of FINAS, which was given the responsibility to develop and regulate the local film industry. Through FINAS, the government provided incentives and grants to help local producers in film¹⁵ production. Government support was one of the reasons behind the development of the industry, which has seen the mushrooming of the third-

¹⁵ The term 'film' is used as a generic term covering all forms of moving images.

generation of Malay directors who have turned it into a more lively industry. Among the third-generation players were Rahim Razali and Othman Hafsham.

In the 1990s, the fourth-generation of industry players contributed to further development of the industry. Directors like Aziz M. Osman, Shuhaimi Baba, Yusof Haslam, U. Wei Saari and many others have contributed to the increase in the number of films produced over the years. These industry players also created films for television and cinema.

The films made-for-television were only produced after the establishment of the first Malaysian television station in 1963. Radio Television Malaysia or RTM is the first television station in Malaysia. In the initial development of the television broadcasting industry, television content was mostly imported programmes. As reported by Nordenstreng and Varis (1974) the ratio of imported versus domestically produced programmes in 1970 was 71:29. Malaysia, together with other Asian countries, as reported by them, imported nearly three quarters of their television programmes.

At the outset, the introduction of television broadcasting was regarded as one of the reasons that reduced the popularity of theatrical films. Later, it was realised that since the first private television station began its operation in 1985, the local production industry began to experience changes. These changes included the mushrooming of local production houses producing local programmes for local television stations (Pawanteh, 2006; Ahmad, 2000). Indeed, as emphasised by Ahmad (2000: p. 80) “other production efforts, made-for-TV films, TV dramas, serials, documentaries, musicals are more viable commercially. These are the ones that will determine to a larger extent the success of the film industry in Malaysia”. Since then, the government has continued to

issue more licences for the operation of more free-to-air private television, namely, NTV7, 8TV and Channel 9.

Because of the increasing number of households with television sets over the years, the prospects for the television broadcast industry and thus local production industry looks promising. As shown in Table 2.2 below, the available statistics until 2004 evidenced that the majority of the households have access to television.

Table 5.2
Percentage of Households with Access to Television

2000	2002	2004
84.3	93.8	95.2

Source: Adapted from Q4, 2008 Communication and Multimedia Selected Facts and Figures, p. 39.

5.6 TELEVISION BROADCASTING

As mentioned earlier, to a certain extent, the importance of films-made-for-television and other types of television programmes have contributed to the development of the film production industry. Thus, the importance of local television stations in the development of local production companies make it inevitable to review the role played by these television stations.

In 1996 the Ministry of Information estimated that there were approximately 9,876,000 adults living in a house with a TV set and about 10,017,000 TV viewers in Peninsular Malaysia (MOI, 2001). The development of the television industry is instrumental to the development of the indigenous film production industry. Currently, made-for-television films are directed at fulfilling the domestic market, which makes television stations instrumental in the production of local programmes. Until the 1990s, of the total

programmes broadcast in Malaysia, most were imported programmes, especially from Western countries (from the FINAS official website). Like most countries, challenges faced by the Malaysian film industry are due to the international domination of programme content.

One unique challenge to the local film production industry is its unique ethnic diversity. The diverse ethnic groups are a ready-made audience for overseas materials or programmes. Ethnic Malays provide a ready market for Indonesian materials as they share a similar language, i.e. *Bahasa Melayu*. The Chinese population is a ready market for materials from Hong Kong, China, Singapore and Taiwan. For the Malaysian Indian community, they are a ready market for materials especially from India. In general ‘cultural proximity’ is one of the factors for the influx of foreign materials into Malaysia.

In 2003 the government concerned with the excessive importation of foreign programmes, especially Latin America’s ‘telenovela’, made an effort to promote local producers to produce local ‘telenovela’. The concern was more on the influence of foreign culture or lifestyle that was deemed not suitable or ‘healthy’ for local audiences.¹⁶ Despite the concern over ‘unhealthy’ cultural influence, Malaysia does not intend to ban the importation of the ‘telenovela’ as Malaysia practices an ‘open skies’ broadcasting policy, which makes an outright ban of foreign materials not a feasible option.

Currently, there are six free television station operators, namely, RTM1, RTM2, TV3, NTV7, 8TV and Channel 9, and one subscription-based television operator ASTRO.

¹⁶ *New Straits Times*, 13 December 2003, ‘Local Telenovela Plans to Promote Healthy Values’.

5.6.1 Radio Television Malaysia

Film was prevalent prior to the emergence of the new technology in the television broadcasting industry. Although the introduction of television broadcasting was much earlier in Western countries, officially, Malaysia only introduced television on 28 December 1963. The industry was pioneered by the government with the establishment of Radio Television Malaysia (RTM), which is a state-owned company. It was a black and white television broadcast with a single network called Rangkaian Pertama (The First Channel). Six years later the station introduced a second channel named Rangkaian Dua (The Second Channel). The government retained control over broadcasting services, which include radio services belonging to the state. The industry was used as a tool to realise the government objective of nation building. According to the Ministry of Information Malaysia (1997) the two channels developed in RTM were to achieve government objectives of propagating government policies, to promote Malaysian art and culture and to provide education, general information and entertainment. These two channels serve different purposes. Channel One or TV1 caters for the dissemination of information and government ideology while Channel Two (TV2) is dedicated to a mixture of entertainment and information. As stated in the mission statement of the Ministry of Information Malaysia, the establishment of the television broadcast was not profit-oriented but rather as a government arm to spread the ruling government's ideology.

Later, in 2000, the government intended to corporatise the station to reduce the government burden and increase the efficiency of the station. However, until now it has not materialised. Despite government funding, RTM also earns through advertising.

5.6.2 Media Prima Berhad

RTM was a monopoly in the Malaysian television broadcasting industry until 1984. The establishment of TV3 was a result of the Privatisation Policy introduced by the government in 1984. Therefore, in 1985, TV3 became the first privately-owned television station established in Malaysia. However, according to Gomez (1994) despite the status of a privately-owned company, TV3 was a joint-venture company that was associated with the ruling political party. Therefore, to a certain extent, the government still influences the operation of the station.

At present, Media Prima, which initially only owned TV3, is the largest media corporation in Malaysia. Later, Media Prima held an 80% stake in Metropolitan TV Sendirian Berhad, which also means that it has majority control of 8TV. 8TV was owned by Metropolitan TV Sendirian Berhad, which commenced operations on 8 January 2004. Media Prima also acquired a 98% (equivalent to RM49 million) stake in Ch-9 Sendirian Berhad, which owned Channel 9 television. In the case of NTV7, Media Prima acquired 100% of Nat Seven TV for RM90 million in October 2006. The acquisitions exercise means that all private free televisions in Malaysia are under the control of Media Prima Berhad, the largest media conglomerate in Malaysia.

5.6.3 ASTRO

The first Malaysian satellite television was ASTRO (All Asia Television and Radio Company), which was established in 1996. The project was made possible with the launch of MEASAT (Malaysian East Satellite System) I and II. ASTRO is a subscription-based television network, which offers more than 50 channels and radio stations. Its majority stake is held by Ananda Krishnan, a successful Malaysian businessman who owns Binariang Sendirian Berhad (85%) and Khazanah Berhad, an

investment arm of the Ministry of Finance (15%). ASTRO subscribers have access to more than 50 channels and pay-per-view channels running 24 hours a day.

5.6.4 Other Privately-owned Television Stations

A few stations were established after the establishment of TV3. Metro Vision was established on 1 July 1995. It was in operation for only a few years before it ceased its operation due to serious financial problems. This station was owned by shareholders that were also closely associated with the ruling party of UMNO.

Unlike TV3 and Metro Vision, which was a free television, Mega TV was introduced in late 1995 and became Malaysia's first cable television. It was a subscription-based television network offering nine channels that included CNN, Discovery, ESPN Cartoon Network. The highest number of subscribers Mega TV managed to achieve was 166,000 subscribers. Like Metro Vision, Mega TV ceased its operation after only a few years, mainly due to serious financial problems. Many factors contributed to its failure and it was claimed that Mega TV offered unattractive packages to subscribers and suffered from poor transmission. Another factor contributing to the failure was the economic downturn in 1998; the problems multiplied and the number of subscribers declined to only 7,557 towards the end of its operation. Mega TV ceased operation in 2001 after operating for only 6 years.¹⁷

With regard to free television, three more television stations were established, namely, NTV7, Channel 9 and 8TV. Each station claimed to cater to a different audience and target market. NTV7 was launched on 7 April 1998 and was owned by Dato' Sri Affendi Nawawi, a business entrepreneur and former minister. The tagline of 'I feel good' for the channel was to signify fresh and enlightened programmes served by the

¹⁷ *Utusan Malaysia*, 3 October 2001, 'Mega TV Tamatkan Operasi'.

station. The station also claimed that it intended to promote nation-building by closing the gap between West and East Malaysia as the owner of the station was from East Malaysia. However, according to Hartati (1998) quoted in Abdul Wahab (2006) the programming schedule seemed to deviate from its mission statement where local programmes constituted only 20% of its content and the rest were imported programmes.

The third private free television station established was Channel 9 that commenced transmission on 9 September 2003. It was owned by Tan Sri Rashid Manaf (holding a 51% share) and Datuk Muhammad Mustafa (the remaining 49% share). It claimed to target a young audience, specifically those between 15-30 years of age. The station ceased operation in early 2005 but was re-launched on 22 April 2006.

The fourth free private television station to exist was 8TV. For a relatively small market, the establishment of a new station was put into question. However, the government responded that (former Deputy Minister of Ministry of Information in *Ekonomi*, 25 October 2003) the approval of a new television station is based on upholding free market competition.

The Malaysian television industry is currently an oligopolistic industry with only three major players, namely, RTM a state-owned government station, Media Prima controlling all private free-to-air television stations and ASTRO a subscription based television station. Basically Media Prima is the largest media conglomerate that owns all the four free-to-air television stations in Malaysia.

There were several attempts to expand the Malaysian television broadcasting industry. As a competitor to the only subscription-based TV in Malaysia (ASTRO), MITV came into the picture in mid 2005. It is an Internet protocol television operation that offers more than 40 channels for subscribers. MITV however, was not as successful as ASTRO and it ceased operation prior to its official commencement. MITV ceased its operation mainly due to capital constraints and a small market base.

Another attempt to expand the local television industry was made by Eurofine (M) Sdn. Bhd. FineTV, which introduced the concept of interactive TV and began its trial operation covering the Klang Valley area in 2004, offering 20 channels with a subscription fee of RM28 per month. Fine TV suffers lukewarm support from its audience; currently there are about two thousand subscribers, most of whom are from local universities and colleges.¹⁸ It can be observed that the television broadcasting industry is actually shrinking rather than expanding.

In a recent development, the Malaysian public television station RTM is planning to introduce digital television. This is made possible by the advent of digital television broadcasting technology. Digital television is similar to ASTRO in terms of the channel offerings but is expected to provide better service in terms of transmission and variety of channels, and unlike ASTRO, will be unaffected by the frequent interruptions caused by heavy rain. The significance and the expansion of the television industry is instrumental in the development of the local film and television production industry.

¹⁸ *Utusan Online*, 9 October 2008, 'Eurofine pernah buang 90 pekerja'.

5.7 INDUSTRY PLAYERS IN MALAYSIA

As mentioned earlier, since the collapse of the studio system (Shaw Brothers and Keris Cathay) the Malaysian film and television production industry is currently dominated by mostly small independent¹⁹ producers. According to data published by Sinema Malaysia, a portal provided by FINAS to disseminate data and information pertaining to the Malaysian film industry, there are currently 500 companies related to the film industry registered under FINAS, employing 3,903 production crews as at year 2009. Besides local production houses, television stations are also active in producing their own in-house programmes. ASTRO Production Sdn. Bhd., Media Prima's Grand Brilliance (currently Primeworks Studio) and RTM have their own in-house production facilities. However, television broadcasters still demand television content and thus programmes are procured from these independent local producers. To avoid financial risks to their return on investment, most independent producers enter into production upon commission by the respective television station. This could avoid the risk of producing programmes that are difficult to be marketed.

Local production houses are actively producing programmes mainly targeted at local audiences with various programme genres. Most programmes are locally produced, capitalising on local creativity. In terms of content, there is an increasing trend towards the adaptation of foreign programmes in terms of franchised or copied programmes. This trend is to fulfil the local audiences' palate for foreign programmes like the 'telenovela'. The adaptation of programmes is done by copying foreign popular genres and genre format into the local languages.

¹⁹ Non-studio system.

Beginning with the new millennium, the new Malaysian independent film producers known as ‘indie film producers’²⁰ are making their way in the Malaysian film industry (Raju, 2008; Loo, 2007). According to Khoo (2006, p. 123) ‘indie’ films are “considered independent because the directors ignore the multiple barriers for inclusion into Malay cinema, opting instead to reproduce, self-funded, low budget, avant-garde, or at least artistic films that may not be shown in local cinemas (and they, therefore, need not undergo censorship from the national censorship board)”. Loo (2007) further maintains that these independent film producers have the intention to present a narrative outside of Malaysian mainstream cinematic representation and narrative.

The advancement of digital video technology is one of the factors contributing to the development of ‘indie’ film producers. As according to Raju (2008, p. 71), the digital format, self-funded and independent Malaysian cinema started to develop within the changing national conditions and global mediascape of the 1990s and 2000s. This low-budget, multi-language, and artisanal independent cinema developed in Malaysia largely because of the availability of high-resolution digital video cameras and user-friendly digital editing facilities.

There is a progressive development of the film production industry judging from the number of local films produced annually. Statistics show that there is a marked increase in the number of local films produced over the years as shown in the following tables 5.3 and 5.4 for the period of 2003-2007.

²⁰ Here the term ‘independent’ refers to non-mainstream (in terms of film narrative) film producers.

Table 5.3
Number of Productions Based on Category, 2003-2008

Category\Year	2003	2004	2005	2006	2007	2008
Feature Cinema	27	33	30	38	45	38
Feature VCD	53	27	8	13	5	8
Feature TV	84	146	90	88	106	124
Drama TV	80	137	196	160	182	212
Musical	45	45	58	92	43	35
Documentary	47	77	82	109	91	67
Education & Others	39	63	63	115	54	56
Animation	0	0	0	0	1	10
TOTAL	375	528	527	615	527	550

Source: FINAS official website, <http://www.finas.gov.my>, retrieved, September 21, 2009.

Table 5.4
Film Cost (RM) Based on Filming Authentication Certificate, 2003-2008

CATEGORY \ YEAR	2003	2004	2005	2006	2007	2008
Feature Cinema	28.19	37.90	37.18	39.93	45.22	44.31
Feature VCD	5.65	2.17	0.38	0.83	0.53	0.64
Feature TV	6.33	11.20	7.80	7.48	11.83	14.45
Drama TV	25.56	37.02	40.21	45.35	54.72	69.98
Musical	6.80	8.79	16.52	16.33	6.96	4.50
Documentary	14.64	18.91	13.60	21.57	17.26	9.99
Education & Others	3.73	8.26	12.82	25.46	9.02	12.05
Animation	0.00	0.00	0.00	0.00	0.57	11.71
TOTAL (RM Mil)	90.90	124.25	128.51	156.95	146.11	167.73

Source: FINAS official website, <http://www.finas.gov.my> retrieved, September 21, 2009.

5.8 THE NATIONAL FILM DEVELOPMENT CORPORATION MALAYSIA (FINAS)

By the 1970s, Malay political leaders had begun to realise the importance of nurturing the local film industry (Ahmad, 2000). In 1981, the government formed an agency to develop and regulate the industry known as the National Film Development Corporation Malaysia or FINAS. This was the time where a more formal film industry started to emerge based on several factors important to an industry (Ahmad, 2000, p. 55).

1. The creation of FINAS gave members of the local film community an authoritative venue to which they could bring their problems. Finally, here was a chance to get away from the grip of influential private companies with biased commercial interests. This new structure led to the formulation of guidelines for revenue and cost sharing among producers, distributors and exhibitors.
2. Filming activities were regulated. Beginning from 1984, film production and exhibition were licensed. A similar requirement was imposed on distribution activities the following year. The purpose of licensing film activities was to monitor and guide the growth of the industry so that its economic profile could be clearly seen within the context of the overall economic growth of the country. There was then no entry barrier imposed on any individual or film outfit seeking a licence, reflecting a free-market approach. In addition, in 1991, for the first time in Malaysia, a regulation was issued ensuring the exhibition of local films in cinemas. Its implementation mechanism included a joint committee with representatives from the producers, distributors, exhibitors, and government officials.
3. There was a clear commitment from the government to support activities that would contribute to the development of the film industry. An important element of this support was the national film series, where films and members of the film community were recognised and feted for their outstanding contributions and for excellence.

FINAS is under the purview of the Ministry of Unity, Culture, Art and Heritage, which was established in 1981 under the Malaysian Film Development Act 1981 (Act 244). As

the Malaysian film regulatory authority, FINAS is responsible for encouraging, protecting and consolidating the local film industry. In developing the film industry, the government passed the National Film Policy in 1997 in order to raise the standard of Malaysian films in terms of quality and aesthetics, and to achieve international standards. Subsequently, Malaysia passed the National Film Development Policy on 23 February 2003, the main objectives of which are to develop the Malaysian film industry to be competitive at the international level and to turn Malaysia into a regional hub for the film industry.

Initially the government body that is responsible in the development and policy formulation of the entertainment industry was the Ministry of Information. Malaysia has been a member of UNESCO since 1958. Under the convention of 2005, the entertainment industry is regarded as a cultural industry and, thus, matters related to policies and regulations are under Malaysia's Ministry of Unity, Culture, Arts and Heritage. The establishment of the National Film Development Corporation Malaysia (FINAS) was under the Ministry of Information on 26 July 1980. FINAS was then under the purview of the Ministry of Information but beginning March 2004 it was put under the Ministry of Unity, Culture, Arts and Heritage (KeKWa). FINAS was established to address the challenges faced by local film producers with a mission to develop the local film industry into achieving international standards. Its mission statement includes:

- Plan and implement training activities for the Malaysian film industry players
- Provide financial assistance in the form of loans and grants to industry players
- Provide equipment rental and other items to assist film makers such as studio and post production facilities
- Licensing

- Enforcement

FINAS also provides funds and loans in the form of:

- Entertainment Duty where producers are entitled to receive entertainment duty for the sale of tickets at local cinemas.
- Film Art and Multimedia Fund (RM20,000 or less for a short video production of less than 30 minutes duration and RM50,000 or less for the production of documentary or animation of not more than 60 minutes duration).
- Feature Film Loan Scheme (a maximum of RM1.5 million or 90% of estimated cost of production).

Other schemes include the Production Facilitation Scheme where film stock, production equipment and post-production facilities are made available to local film producers. FINAS also provides assistance in terms of grants, or any other financial assistance to organisations, associations and individuals that directly or indirectly contribute to the development of the Malaysian film industry under the Incentive Assistance Scheme. So far, this scheme has been able to assist associations like the Malaysian Film Producer Associations and Malaysian Film Journalist Association to participate in film festivals, seminars and film workshops in order to upgrade professionalism and exposure to the film industry. Under the scheme, scholarships are also offered to students who are studying film related areas at Institutes of Higher Learning.

A total fund of RM50 million has been allocated every year for among other things, training of producers, technicians, cameramen, audiovisual engineers and also credit purchase of equipment and facilities. All this is done in an effort to develop and upgrade local films in Malaysia.

5.9 E-VILLAGE

Malaysia Vision 2020 was formulated to drive the country to become a developed nation by 2020. Where the global economy is moving towards a new emerging knowledge economy, Malaysia needs to keep abreast of current trends and, thus, it developed and launched the Multimedia Super Corridor (MSC), which is envisaged to be Asia's Silicon Valley. It is intended to attract information technology (IT) and communication companies (like Microsoft) from around the globe with foreign investment from developed countries. In the area of the indigenous film production industry, MSC is developed to become a world-class entertainment village to be known as 'E-Village'. The original plan was to build a film studio and entertainment village complex, which could attract world class expertise in the film industry to base their operations in Malaysia and ultimately benefit the industry from the spillover of foreign operations.

To attract global filmmakers, the planned infrastructure was to include special-effects studios and to build one of Asia's biggest soundstages. However, the development of E-Village was stunted due to the failure of the appointed contractor to develop the infrastructure. As reported by *Asia Times*²¹ "the plan fell through when the company that was given the contract to develop the project ran out of cash, forcing the MDC to issue US\$7 million in loan stocks to raise funds. The project was called off and the MDC is currently in negotiation with another company to develop the E-village site. Even if development restarts, it is certain to be much more modest." Although the plan failed prior to its commencement, it indicates that the government recognised the potential of the film production industry and has made an attempt to develop the sector to reach international standards.

²¹ *AsiaTimes*, 29 October 2003 'Malaysia's MSC Shows Signs of Life'.

5.10 MALAYSIAN FILM FESTIVALS

Malaysia organises its own National Film Festival on an annual basis. The first film festival was organised in 1980 by the Entertainment Journalists Association (EJA) to honour and appreciate Malaysian film products and artists. The event indirectly serves as a benchmark in the evaluation and adjudication of films produced in Malaysia in numerous genres, which include short documentaries, animations and advertisements. Since 2003, the government, through FINAS has provided financial aid in line with the endorsement of the National Film Development Policy, 2003 (Act 244), which is 'to partake in organisation bodies related to the filming industries and to host, organise and participate in film festivals, exhibitions and seminars or similar activities locally and globally'. The 2009 Malaysian Film Festival (FFM) carries a theme of 'Filem Malaysia ke Persada Dunia' an ambitious theme that reflects the commitment towards achieving international standards by international market penetrations.

The Kuala Lumpur International Film Festival (KLIFF) is a film festival organised by a consortium of entertainment companies in Malaysia with support from FINAS to organise an international standard film festival with the purpose of benefiting filmmakers, producers, creative and technical talents, film students, sponsors, business entities related to the industry and film enthusiasts throughout the world. In KLIFF 2007 the competition from five continents, namely, Asia, Africa, Europe, North America and South Africa featured 22 films, while 50 films from 18 countries were screened.

The Mission and Vision of KLIFF states "Our vision is to become the most prestigious international film festival and the most successful film marketing hub in the Asian region concurrently promoting and sharing rich cultural filmed entertainment content

amongst film industry practitioners and enthusiasts throughout the world. This will be achieved through synergistic long term partnerships with the Malaysian government, foreign embassies in Malaysia, corporate sponsors, local and international media so as to provide a world class platform for co-production, film marketing and distribution for filmmakers around the world”.

International film festivals provide platforms to promote local productions to the international market (Grunwell and Ha, 2008). As reported by the British Council (2006), there are about 600 film and media festivals and among the popular ones is the ten-year old Pusan Film Festival.²² These film festivals could provide an alternative platform for small productions, especially to make their products available to the public. Further, Malaysian participation in prestigious international film festivals like the Cannes film festival and the like, and the nomination for film awards boost the position of the nation in the international market. Cunningham, Keane and Ryan (2005) noted that the presence of the Latin American film industry is evident at the 2004 Cannes Film Festivals. The Latin American film industry has established itself in the international arena. Indeed, their films were reported as being among the most sought after in the premieres. Hence, the importance of film festivals in providing opportunities for international audiences, networking opportunities as well as partnerships and financial deals far exceed the need for merely marketing Malaysia’s film products.

²² <http://www.piff.org/>, retrieved, 12 December 2008.

5.11 EDUCATION

In further supporting the development of cultural industries, at the education level, the government provides courses up to tertiary education for students who want to specialise in culture and arts. Concerning courses related to films and filming, public universities such as the Universiti Sains Malaysia (USM), Universiti Kebangsaan Malaysia (UKM), and Universiti Teknologi MARA (UiTM) have introduced related courses. There are a number of institutions that offer short courses for artists and those involved in cultural activities that want to improve their professionalism. Institution like the National Arts Academy (ASWARA) offers training and conducts various courses to develop professionalism in the fields of theatre, creative writing, dance and music. The Tun Abdul Razak Broadcasting Institute (IPTAR) provides training and short courses in video editing and postproduction. LimKokWing University, Multimedia University and Institute Media Integratif Malaysia (MIIM) are all private universities in Malaysia that offer courses related to the media industry.

In supporting and nurturing young talent, the government, through FINAS and local universities has been organising film festivals dedicated to giving recognition to young creative talent from the local public and private universities in the making of short films and videos. It is called Anugerah Festival Filem & Video Pelajar Malaysia (FFVPM) or Student Film Festival Malaysia. The most recent festival, which was the sixth festival organised by Universiti Putra Malaysia (UPM) and FINAS, was held at UPM. Among local public and private universities participating in the event were Akademi Seni Budaya dan Warisan Kebangsaan (ASWARA), Universiti Putra Malaysia (UPM), Universiti Teknologi MARA (UiTM), Universiti Lim Kok Wing, Universiti Malaysia Sabah (UMS), Institut Media Integratif Malaysia (MIIM), Universiti Kebangsaan

Malaysia (UKM), Universiti Sains Malaysia (USM), Kolej Yayasan Melaka and University of Malaya (UM).

The number of local public, as well as private universities, offering courses related to filming and multimedia studies has increased over the years. According to Dr. Mahadi J. Murat, President of Institut Kesenian dan Kajian Media Malaysia, every year, there are about one thousand graduates, graduating from courses related to filming, broadcasting and media studies.²³ The perplexing question is whether there are jobs available in the market to support the increasing number of graduate students each year. Therefore, it is timely that the film industry needs to grow simultaneously with the growing number of film graduates.

5.12 FILM ASSOCIATIONS

Like any other country, there are a number of associations established within the industry. These associations are to promote the interest of members and to raise the standards of the profession. The Film Producers Association Malaysia (PFM), Film Directors Association, Artists Association of Malaysia, Majlis Perundingan Industri Hiburan dan Kesenian Tanah Air (MAHKOTA) are among the frequently mentioned associations.

Table 5.5
Padu Citra Membership Report (1st Quarter)

No	Association	Dec 2003	Jan-May 2004
1	SENIMAN	1,861	1,904
2	PPFM	5,167	5,167
3	FDAM	250	250
4	KARYAWAN	1,264	1,264
	TOTAL	8,542	8,585

Source: FINAS, available online at www.finas.gov.my/, retrieved 2 March 2005.

²³ *Utusan Online*, 30 June 2009, 'Kepentingan Pembangunan Filem'.

The newly established association that seems to actively promote the interests of its members is *Persatuan Penerbit Television Malaysia* (PTVM) or the Malaysian Television Producers Association, which was formed on 14 February 2008. Like any other association, PTVM's main objective is dedicated to the future of local television producers. So far, PTVM has had discussions with local television stations and government agencies like the Malaysian Ministry of Information and FINAS. The main agenda is to lobby these agencies to support and give preference to local production houses, especially in the midst of economic uncertainty. One of the main issues discussed pertains to the influx of foreign programmes broadcast by local television stations. It is the view of PTVM that the influx of foreign products is reducing the slots for local programmes in local television stations and eventually affecting the capabilities of local producers who are not ready to compete with cheaper foreign programmes.

5.13 SUMMARY AND CONCLUSION

This chapter provided an overview of the Malaysian film production industry through the initial review of printed materials from many government websites, newspapers and official reports. The government through FINAS has made necessary efforts to assist the development of the industry. Through the formulation of the National Film Policy (NFP), which was endorsed by the Cabinet in 1996, the proposal included the expansion of not only feature films but encompasses the development of the television production segment as it holds huge potential for the film industry to prosper in the future.

The early inception of the film industry seems to be attributed to the local talent which was passionate about filmmaking. Although very much lacking in terms of resources and formal education in film production these people were very much motivated by the desire to produce local films. They made production successful, at least to the local audience.

In light of the above discussion, the local film industry is fully open to foreign influence. It was foreign producers who initiated the industry with the domination of foreign directors during the early days of the Malaysian film industry. With the introduction of television stations, foreign content has dominated the airtime as reported by Nordenstrend and Varis (1974).

It can be observed that 'film' as an industry was recognised when the government took an effort to support the development of the local film industry through incentives to local producers as well as regulation governing the film sector. Since then, the function of government has been instrumental in shaping the direction of the industry.