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<td><strong>Citation</strong></td>
<td>Ahmad, Khalid. (1994). Privatisation and the broadcast media.</td>
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Privatisation And The Broadcast Media

By

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TELEVISION DEVELOPMENT IN THE ASIA-PACIFIC REGION

JAKARTA, INDONESIA

8 - 9 DECEMBER 1994

PRIVATISATION AND THE BROADCAST MEDIA

BY

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1. INTRODUCTION

Privatisation in Malaysia in the broadcast media has not seen a complete transformation from public to private entity except for a sectional privatisation. What has happened in this industry has been the granting of licences to operate broadcast stations to private entities. The Government still operates its own broadcast station.

2. PRIVATISATION

Malaysia's privatisation policy was first announced by the Government in Mid-1993. The policy is aimed at relieving the financial and administrative burden of the government, improving efficiency and productivity in facilitating growth and at the same time reduce the size and presence of the public sector and helping to meet the National Economic Policy and the National Development Policy targets.

Privatisation, as one would understand it, is to transfer the undertaking and operation of a service from the public sector to the private sector. This means that a service would have already been undertaken by the Government. And then, for various reasons economic or otherwise, this is wholly transferred to a private entity or entities. In Malaysia, this has happened to telephone services, electricity supply and various infrastructure development.

However, in the broadcast media there has been no such privatisation. What has actually happened was broadcast licences were granted to private entities. For television it was done way back in 1984 but for radio it was only recently in 1994. In addition another couple of licences have been granted to private entities for the operation of another free television station and a cable television network.

Some argue that this is still privatisation as it involves the undertaking of a service which is traditionally with the public sector, whilst others feel otherwise as the Government still retains its broadcast operations. There is no transfer of the undertaking of the Government station to the private sector. We shall look at this as a privatisation as the private sector is now undertaking a service which has previously been with the public sector exclusively.
3. BACKGROUND OF MALAYSIAN BROADCAST MEDIA

Radio and television are the two main broadcast media in Malaysia. Television was inaugurated on December 28, 1963 with radio being around very much earlier. Television has grown in leaps and bounds since inauguration and today when reference is made to them much focus would be on television rather than radio.

Television began with the Government station broadcasting in black and white over a single channel. The Government station is known as Radio Television Malaysia (RTM). As the name describes the station broadcasts both radio and television. Television broadcast covered initially only the nation's capital, Kuala Lumpur and its neighbouring Petaling Jaya. In November 1969, RTM added another channel known as TV2, thus, referring to the initial channel as TV1. For about 21 years there was only TV1 and TV2 providing news and entertainment until 1984 when a private company was granted a licence to operate another tv station, called TV3.

The initial shareholding of TV3 saw the Fleet Group owning a substantial 40% stake with Syed Kechik Foundation, Utusan Melayu Sdn Bhd, Maika Holdings Sdn Bhd and another holding the rest. Fleet Group is an investment holding company with little operations manpower. Thus, the task force for the setting-up of the operations of TV3 was comprised of personnel from its other established media company, The New Straits Times Press (Malaysia) Berhad. With this background TV3 has established itself in news and information based programmes and till today TV3's programming has this emphasis.

The development of television after this was rapid. Coverage was extended very quickly to spread to almost every part of the country carried by a series of micro wave links in Peninsular Malaysia and by satellite to East Malaysia. Malaysian television can be seen as far as Papua New Guinea and Fiji and the Indochinese countries besides of course spillovers to neighbouring countries Thailand, Singapore, The Phillipines, Brunei and, here, Indonesia.
The industry is set to grow further and will soon see increase in the number of broadcasters. By early 1995, a City TV, another free television operator (yet to be named) is expected to commence broadcast and by Mid-1995 the cable network, with a project name called Satellite Network Services, is expected to be operational. Both will be operated by private entities though the Government is retaining some equity interest in the cable network.

For radio, a private station recently commenced broadcast. Known as "Time Highway Radio" it is primarily to cater for travellers on the country's new highway from the North through to the South of Peninsular Malaysia.

4. CIRCUMSTANCES LEADING TO FORMATION OF THE FIRST PRIVATE STATION

Sometime in early 1983 a survey of the Kuala Lumpur population showed that 40% of the population did not watch TV at all. A sizeable portion of this percentage is attributed to watching video tapes arising out of the hunger for entertainment material other than that provided by the Government station. Obviously, RTM's programmes are not attractive to them. At that time it is estimated that the ratio of video cassette players to television sets is 1:2 i.e. for every 2 television sets there was one video cassette player. This ratio was one of the highest in the Asia Pacific region.

This statistics aroused the concern of the Government over viewing of undesirable video tapes. The main problem here is the content of those tapes and the proliferation of undesirable tapes. Malaysia's policy on broadcast matter is easily violated by the VHS cassettes readily available in video rental shops. Therefore, efforts must be made to provide the population with more attractive viewing material, controlled rather than uncontrolled.
On the economic front, the Government was also advocating the policy of privatisation of Government controlled or owned industries to generate growth. Rather than privatise RTM which is an important Government media whose objective is to serve the Government and the country in educating the people and promoting our Rukunegara and also in building a caring society and a united Malaysian nation, a private station was looked at.

Based on these two basic reasons the Government decided that the establishment of a private commercial television network outside RTM was the best alternative. The next concern was to find an operator who shares the Government's goal and aspirations. And in order to prevent the operator being bought over by another with incongruent goals the structure of the company is also determined by the Government. No single person or corporate body or parties in consort can own more than 50% stake in the company operating the station.

5. IMPACT OF PRIVATISATION

From the Malaysian Government's point of view the launch of TV3 in 1984 was timely. It came at a time when the public was hungry for more choices of programmes and the country's economy was poised for growth. The Government's decision proved to be a correct one as within a short time TV3 charted an impressive growth in audience and consequently manage to draw substantial revenue. Unwittingly, by obtaining substantial revenue, TV3 had aroused and awakened a rather sleepy giant in RTM.

In 1988 RTM responded by taking on a more commercially friendly attitude. Adapting from the philosophies and strategies of Malaysia incorporated propagated by the Government, RTM privatised its commercial operations (i.e. privatising the selling of airtime) whilst retaining control over its programming.
Being a new player and considering the public's desire for something different, TV3 had to be creative and innovative. Being a private station TV3 is constantly confronted with challenges in its drive towards profitability, expansion and growth. This is demonstrated right from its first few months of operations creating a tremendous impact on the viewer and bringing new dimensions to television viewing. This was achieved by bringing the viewers extensive "Live" coverage of the L.A. Olympics. Before that RTM had only highlights of big events like that.

TV3 also brought in selected highly rated programmes from abroad. Some, especially soap operas, had such an impact that people changed their routines and lifestyles just to stay "tuned" to these programmes. Today, world events are brought into Malaysian homes every now and then, many of them "live".

Though these foreign programmes had an impact on viewers local programmes, too, had a fair share. News and informative programmes, especially of matters pertaining to the local environment has managed to attract high viewership. One such programme, Majalah 3, has even won awards. Local news programmes has consistently outrated foreign news programmes on viewership. Over the years local programmes have been viewers' choice. Currently, over 60% of TV3's programmes are local.

The growth in the advertising industry has also fueled growth in other related industries, namely the production and film industries. With this growth and nurtured by Government policy production companies mushroomed to satisfy the production needs both in the production of television commercials and also in the production of local programmes, especially drama and entertainment.

However, due to budget contraints only dramas are continued to be undertaken by local production companies. Entertainment programmes, normally musical, are then left for the stations to undertake as it requires higher budgets. Growth in the production houses has also created growth in the post-production outfits locally. Today, there are many good professional production and post-production outfits of very high standards available in the country.
For movie makers, television becomes an added market. Higher budgets can then be allocated to improve the quality of the movie production as now they have additional income from television rights sale. With better prospects more producers get into the industry and it grows. And with more television stations and a cable network the industry is set to grow further.

The growth in the television industry has somewhat also encouraged growth in the radio business. Radio broadcast has been monopolised by the Government with its many stations to cater for the diversified cultural heritage of the country. There are broadcasts in Malay, the national language, and English, Chinese and Tamil languages on top of stations broadcasting on FM emphasising on music and also for regional broadcast. With commercial attributes spilling over to radio, it seems to create viability in operating radio stations privately. Appropriately, two licences were granted recently for the operation of private radio stations. Radio, certainly, has its own appeal.

6. GOVERNMENT REGULATION

Supervision over broadcasting and broadcast matter in general is through the Broadcasting Act which was enacted 1988. Basically the act empowers the minister responsible for broadcasting to determine terms and conditions of a broadcast licence. A broadcasting licence is a pre-requisite for broadcast. Further, the minister is empowered to vary revoke and impose further conditions pertaining to the licence and also to provide directions from time to time on the broadcast matter. The act also covers overall administration of broadcasting including installation of equipment and dealing with contraventions of the act. However, in the 10 years of operations of the private station there has not been any instance where the minister has enforced any provision of the Act.
The other form of supervision is through the censorship board. All movies, dramas, serials and materials for broadcast have to go through censorship.

With these tools of supervision the Government has managed to steer the privatisation of the broadcast media towards growth and promotion of moral values.

7. CONCLUSION

Television in Malaysia has grown tremendously over the 30 years since its inception. It is expected to grow further as the country develops. Introduction of new and advanced technology will be an important factor in its growth. However, experience, both locally and foreign, has indicated that local programming especially on news and informative programmes, is a key factor for growth.