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**MEDIA STATEMENTS BY THE HONOURABLE DATUK DR NORAINI
AHMAD, CHAIRPERSON OF PUBLIC ACCOUNTS COMMITTEE (PAC)
CUM MEMBER OF PARLIAMENT FOR PARIT SULONG REGARDING THE
FILM IN MALAYSIA INCENTIVE (FIMI) PROGRAMME, THE NATIONAL
FILM DEVELOPMENT CORPORATION (FINAS)**

1. The Public Accounts Committee (PAC) tabled the PAC Report on the Film in Malaysia Incentive (FIMI) Programme, the National Film Development Corporation (FINAS) under the Ministry of Communications and Multimedia (MCMC) in the Auditor General's Report 2018 Series 1 today.
2. PAC called for proceedings on this issue on 20 August 2019 by calling Datuk Suriani Ahmad, the Secretary-General of MCMC; Datuk Hans Isaac, Chairman of FINAS and Ahmad Idham Ahmad Nadzri, Chief Executive Officer (CEO) of FINAS.
3. In the proceedings, PAC members raised the following issues:
 - i. The target of at least 50% of FIMI's funds to be utilised by local filmmakers was unsuccessful as only five (5) local project applications worth RM12.42 million (10%) were approved from 2016 to the date of auditing in August 2018;

- ii. FINAS has not conducted any outcome assessment related to the FIMI programme;
- iii. Payment of RM1.21 million was approved despite the application did not meet the requirements;
- iv. The FIMI unit did not keep proper financial records, expenditure ledger and receipts, and bills from checked company applicants which has been reviewed and approved by the audit firm with regards to rebate claims and auditing;
- v. FINAS did not prepare a contract agreement for the audit firm services, instead, accepted the terms of service submitted by the audit firm as a contract document to clarify the terms of audit service; and
- vi. There were no checklist and physical examination report for 15 projects from 2013 till June 2018.

4. Based on the proceedings, PAC summarises that:

- i. Overall, PAC is satisfied with the feedback provided by the top management of FINAS as they are part of the country's film industry players and know the difficulty to get funds to produce films;
- ii. PAC is also satisfied that the new top management of FINAS understands their role in expanding the soft power/soft export and creative industry internationally;

iii. However, PAC found that there are no scope and details of the claims as well as the weaknesses in the rebate claim procedure resulted in leakage and overspending; and

iv. PAC found that this FIMI project, which has spent RM244.17 million from 2013 to 2018, did not achieve its main goal of helping to expand and develop the local content industry while promoting Malaysia as an attractive destination for foreign film production filming in Malaysia.

5. Following that, PAC recommends the following to the Government:

i) FINAS needs to carry out an outcome assessment to measure the performance and achievements of the programme to encourage the development of the local content industry while promoting Malaysia as an attractive destination for foreign film production filming in Malaysia;

ii) FINAS needs to ensure a creative and high quality film production as well as producing local talents to attract international market;

iii) FINAS needs to conduct a detailed study on whether rebates or grants are the best payment mechanism to achieve FIMI's main objective;

iv) FINAS should provide scope and detail of the claim and improve the rebate claim and payment procedure at the PC and FC level in particular and improve the rebate payment process in general to avoid leakage and overspending;

v) FINAS should monitor and keep the audit reports and papers done by the audit firm properly;

vi) FINAS should take into account the needs to gain profit through every investment especially in terms of promotion and marketing; and

vii) The formal contract agreement between FINAS and the audit firm must be prepared in detail as well as to safeguard the Government's interest.

6. For those who like to read further on the PAC Report on the Film in Malaysia Incentives (FIMI) Programme, National Film Development Corporation (FINAS) under the Ministry of Communications and Multimedia (MCMC) and the hansard of the proceedings, it is available for download at www.parlimen.gov.my/pac.

Thank you.

Hon. Datuk Dr. Noraini Ahmad
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Parliament of Malaysia