Submission No 7

Inquiry into Australia's Relationship with Malaysia

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Joint Standing Committee on Foreign Affairs, Defence and Trade
Foreign Affairs Sub-Committee

Australian Government

Department of Communications,
Information Technology and the Arts

Secretary

our reference

Helen Williams AO

Dr Margaret Kerley
The Secretary
Joint Standing Committee on
Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600

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Dear Dr Kerley

Inquiry into Australia's Relations with Malaysia

I am pleased to be able to offer the attached departmental submission for the information of the Committee. The submission provides an overview of bilateral relations with Malaysia in the Department's areas of interest.

A first point of contact in the Department is Mr Trevor Wykes, Manager, Coordination Unit (6271 1921, Trevor.Wykes@dcita.gov.au).

Yours sincerely

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Department of Communications, Information Technology and the Arts

Submission to
Joint Standing Committee of Foreign Affairs, Defence and Trade
Inquiry into Australia's Relationship with Malaysia

The following is submitted by the Department of Communications, Information Technology and the Arts (DCITA), providing an overview of bilateral relations with Malaysia in the Department's areas of interest.

INTRODUCTION

DCITA has strong links with the Malaysian Government through trade negotiations, APEC, Asia Pacific Telecommunity (APT) and the International Telecommunication Union (ITU).

Malaysia is Australia's ninth largest trading partner, with computers and telecommunications equipment amongst Malaysia's top exports to Australia. Australian telecommunications companies also have a keen interest in the Malaysian telecommunications market.

DCITA is involved in trade negotiations with Malaysia through the Malaysia-Australia Free Trade Agreement (MAFTA), the ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA) and the World Trade Organisation (WTO).

DCITA's role is to provide expert advice in support of trade negotiations to:

- ensure market access and regulatory certainty for Australian telecommunications companies in foreign markets;
- promote the use of electronic commerce (e-commerce) to enhance overall trade; and
- safeguard Australia's cultural and social policy objectives, including those related to audio-visual media.

DCITA's Malaysian counterpart agency for communications policy is the Ministry of Energy, Water and Communications (MEWC). MEWC provides policy advice on all aspects of communications policy, including telecommunications. The Ministry of Science, Technology and Innovation (MOSTI) is responsible for information and communications (ICT) including, ICT policy, research, development and commercialisation of ICT and the development of ICT industries.

In addition to its participation in trade negotiations and international fora, DCITA is discussing a possible Memorandum of Understanding (MOU) on information and communications technology (ICT) cooperation with the Malaysian Ministry of Science, Technology and Innovation (MOSTI). The objective of the MOU would be to complement the free trade agreement negotiations between Australia and Malaysia by advancing the growth of investment, joint ventures, joint initiatives in R&D and technology development in the ICT sector.

Malaysian Telecommunications Market

Malaysia is aiming to reach developed country status by 2020. The Government of Malaysia has recognised the importance of the ICT sector and its further liberalisation in achieving this goal. MEWC recently released ambitious plans to upgrade, improve access to and manage the introduction of new ICT technologies for the period 2006-2010 in the Malaysian Information, Communications and Multimedia Services 886 Strategy (MYICMS 886).

The Malaysian telecommunications market is changing rapidly. As a result the statistics regarding market penetration of various technologies are also changing rapidly. Those presented here represent the most recent figures currently available.

Malaysia's incumbent telecommunications company, Telekom Malaysia (TM), was privatised in 1990. The Malaysian Government retains a 45% stake in the company. TM is Malaysia's dominant telecommunications carrier providing fixed-line, mobile and data (internet) services.

Malaysia's fixed-line services are dominated by TM which covers around 99.5%[1] of the market. However, the penetration of fixed-lines is declining from a high of 19.7 lines per 100 inhabitants in 2000 to its current level of 16.4 lines per hundred inhabitants[2] and is expected to drop below 15% by 2010[3]. In comparison, at the end of 2004 Australia's fixed-line penetration rate was 55.8 lines per 100 inhabitants[4].

Mobile penetration in Malaysia is around 77.7%[5] and continues to grow rapidly – mobile phone penetration grew by over 30% in 2004 and 2005. The dominant carriers are Maxis Communications, with 40.2%[6] of the market share, Celcom (fully owned by TM), 35.2%[7], and DiGi Telecommunications, 24.6%[8]. Maxis Communications and Celcom both hold 3G (third-generation mobile) licences. Both companies have 3G networks which they are continuing to expand. MiTV Corporation, a pay-TV operator, and TT dotCom were granted 3G licences in March 2006 while DiGi was refused a licence. Both MiTV and TT dotCom plan to build their own 3G networks.

At the end of 1995, Malaysia had around 55,000[9] 3G subscribers. The Malaysian Government views the growth of 3G services as critical to its ICT strategy as a means of providing voice, video and high-speed data services. Its recently released ICT goals for the period 2006-2010 included the objective of 300,000 3G subscribers by the end of 2006 growing to 5 million subscribers by 2010[10].

[1] Business Monitor International Malaysia Telecommunications Report Q1 2006
[2] Malaysian Communications and Media Authority website
[3] Business Monitor International Malaysia Telecommunications Report Q1 2006
[4] Business Monitor International Australia Telecommunications Report Q1 2006
[5] Malaysian Communications and Media Authority website
[6] Business Monitor International Malaysia Telecommunications Report Q1 2006
[7] Ibid
[8] Ibid
[9] Ibid
[10] Malaysian Information, Communications and Multimedia Services 886 Strategy (MYICMS 886)

Malaysia currently has a dial-up internet penetration rate of around 13.9% and a broadband penetration rate of 2.17%[11]. Around 94% of broadband subscribers use ADSL services. Dial-up and broadband penetration rates have both been growing steadily, but take up will ultimately be limited by the low fixed-line penetration rates in Malaysia as both services are delivered through the fixed-line network. Malaysia has released ambitious plans to increase take up of wireless and optical fibre-based internet services. It is currently considering the inclusion of broadband services in its Universal Services regime and the introduction of a Fibre-To-The-Home network with a goal of 75% broadband penetration to households by 2010[12].

Multimedia Super Corridor

In 1996 Malaysia established the Multimedia Super Corridor (MSC). The MSC is designed to be an ICT centre covering 5 'cyber cities'. Companies which meet a specified set of criteria, including establishment in the MSC zone, are given 'MSC Malaysia Status' and are covered by a Bill of Guarantees which includes: ICT infrastructure level guarantees, no limitations on the number of foreign knowledge workers, no foreign equity limitations, tax and other financial incentives, greater IP protection and uncensored internet access. The MSC is designed to attract foreign and local capital and provides an area for the Malaysian Government to trial new ICT policy. Around 1200 Malaysian and foreign companies currently have MSC Malaysia Status. The MSC is managed by the Multimedia Development Corporation.

Multimedia Super Corridor: Creative Multimedia Content Initiative (Digital Content)

In launching the Multimedia Super Corridor (MSC) Malaysia: Creative Multimedia Content Initiative on 7 April 2006, the Prime Minister of Malaysia, Yab Dato' Seri Abdullah Bin Haji Ahmad Badawi, announced:

> *"In the 9th Malaysia Plan (providing the vision for development to 2020), the creative multimedia content industry, which includes creative computer animation, digital games, mobile applications and services, interactive tv, edutainment, digital production and digital archives, has been earmarked to be developed as a new engine of growth.*
>
> *The main objective of this initiative is to further develop the creative multimedia industry and create a content cluster that contributes to economic growth and spearhead the use of technology. With this, content that is created can be adopted to absorb local flavours. Some of the examples include: increasing content in bahasa malaysia and other local languages and dialects as well as increasing content that is relevant to our society."*[13]

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[11] Malaysian Communications and Media Authority website

[12] Malaysian Information, Communications and Multimedia Services 886 Strategy (MYICMS 886)

[13] Refer: http://www.msc.com.my/xtras/misc/msc10/docs/2006%2004%2017%20Translation%20MDEC%20Speech%20Edit.doc

This high level commitment by Malaysia highlights potential opportunities for further exchange on digital content issues, particularly given the complementary policy commitment to the creative digital content sector by the Australian Government.

The Multimedia Development Corporation has outlined the 'way forward in the Next Leap is the MSC Malaysia Creative Multimedia Content Initiative, which aims at:

- 'Utilising MSC designated areas as hubs for the creative multimedia industry through the establishment of Digital Media Zones
- Strategic alliances with content distributors locally and globally
- Focusing on funding IP in creative content creation
- Providing comprehensive skills development programmes for the creative content industry
- Providing accessible content creation infrastructure for local developers and entrepreneurs.'[14]

The Australian Coalition Government 2004 IT Election Policy notes that the Government is committed to developing a comprehensive Digital Content Strategy supported by the Digital Content Industry Action Agenda in order to accelerate the production of digital content.

The Digital Content Industry Action Agenda Report was released by the Minister for Communications, Information Technology and the Arts and the Minister for Industry, Tourism and Resources on 13 March 2006. A copy of the media release and link to the Report is available at:
<http://www.minister.dcita.gov.au/media/media_releases/unlocking_the_potential__an_action_agenda_for_australias_digital_content_industry>.

Background details on the Action Agenda are at Attachment A. Opportunities for further exchange on digital content and related issues may be progressed as part of the Digital Content Industry Action Agenda Report priorities.

Research

With a significant commitment by Malaysia to the development of the creative digital content industry, opportunities may also be scoped to take account of shared research priorities, particularly in areas where there are complementary interests.

For example, in March 2006 AIMIA facilitated input to the Worldwide Mobile Data Survey consortium researching how people in different parts of the world use mobile phone services in their everyday life. In Australia, the survey was coordinated by m.Net Corporation and the University of Melbourne, the project was undertaken with shared priorities to explore customer behaviours, trends and the market environment for the mobile data services business. Other countries involved included Malaysia,

[14] Refer: http://www.msc.com.my/xtras/misc/msc10/docs/media%20info%20-%20creative%20multimedia%20industry.doc

Hong Kong, Taiwan, China, Greece, Denmark, Finland, United States, Japan and Korea.

TELECOMMUNICATIONS TRADE NEGOTIATIONS

Australia's aim in telecommunications services negotiations is to improve opportunities for Australian telecommunications companies through:

- gaining market access for Australian controlled companies in foreign markets; and
- ensuring that the regulatory environment is fair, transparent and conducive to competition.

There are significant market access barriers imposed on foreign entrants into the Malaysian telecommunications market, including the prohibition of wholly foreign owned companies in the market.

In line with Australia's general FTA aims DCITA contributes specialist advice to support negotiations seeking market access and regulatory commitments that go beyond the partner country's WTO commitments. The extent to which Australia seeks commitments beyond those made in the WTO varies depending on the state of development of competition in the FTA partner country.

WORLD TRADE ORGANISATION (WTO)

DCITA's interests in the WTO cover the following sub-sectors of the services negotiations:

- telecommunications;
- computer and related services;
- postal and courier services; and
- audio-visual services.

DCITA actively participates in delegations to WTO negotiations in these sectors. Malaysia made limited commitments in telecommunications, computer and related services and audio-visual services in the Uruguay round of the WTO. These commitments permit foreign investment on specific services within these sectors through joint ventures with a foreign equity limit of 30%. Malaysia has also made limited commitments on the WTO Telecommunications Reference Paper. The Reference Paper sets out a selection of pro-competitive regulatory principles that are regarded as the minimum needed to encourage a competitive telecommunications sector.

Malaysia's position on extending its existing commitments in these sectors in the current Doha round of negotiations is not yet public. However, it is hoped that Malaysia will be able to further liberalise these important sectors.

BILATERAL TRADE

Telecommunications

In addition to market access gains for Australian telecommunications companies through FTA negotiations, DCITA assists with technical advice on the development of telecommunications specific provisions which outline the competition and regulatory policies that companies are subject to upon entering a market. Such provisions are designed to provide regulatory certainty and ensure an equitable and transparent environment for telecommunications companies.

<u>Malaysian Telecommunications Regulatory Framework</u>

Malaysia's legislative framework for regulation of the telecommunications sector is based on Australia's regime. While there are some differences the regimes are very similar.

The Malaysian Communications and Multimedia Commission (MCMC) is the regulator for the communications and multimedia industries. Its powers relating to telecommunications, broadcasting and the on-line environment are outlined in the Malaysian Communications and Multimedia Commission Act 1998 and the Communications and Multimedia Act 1998 (CMA). In 2001 MCMC's powers were increased to cover postal services and it became the Certifying Agency under the Digital Signatures Act. Its key roles in the telecommunications sector are:

- economic regulation, including regulation of competition in the telecommunications sector and telecommunications licensing;
- technical regulation, including allocation of frequency spectrum, telephone numbers and electronic addresses;
- consumer protection; and
- social regulation including content development and regulation.

The Minister for Energy, Water and Communications grants telecommunications licences on the recommendation of MCMC. There are four types of licences:

- Network Facilities Provider (NFP) licences cover all facilities operated by a telecommunications company including: earth stations, fixed links and cables, public payphone facilities, radio-communications transmitters and links, satellite hubs and control stations, space station, submarine cable landing centres, switching centres, towers, poles, ducts and pits used in conjunction with other facilities;
- Network Service Provider (NSP) licences cover bandwidth, broadcasting distributions, cellular mobile, access applications and space services;
- Application Service Provider (ASP) licences cover public switched telephone network (PSTN) services, public cellular services, voice over internet protocol (VoIP), public payphone services and public switched data services; and
- Content Applications Service Provider (CASP) licences cover broadcasting services.

The inclusion of broadcasting under the telecommunications licensing scheme reflects Malaysia's view that it operates in a technologically convergent environment.

Each licence type, except CASP, has two categories: individual and class licences. Individual licences are granted for activities which are considered to have a major impact on the public requiring a high level of regulation and/or involve high levels of investment. Applicants are subject to a rigorous assessment process. Class licences are issued for niche activities and are subject to registration and a light regulatory regime.

As in Australia, holders of telecommunications licences are required to contribute a proportion of their income towards the provision of universal services. This is used to provide telecommunications services to underserved areas. Currently the Universal Service Provisions (USP) cover only the PSTN (standard telephone) services. In Malaysia, an area is considered underserved if the penetration rate is more than 20% below the national average.

In addition to a telecommunications licence, providers who wish to provide services using their own facilities must obtain an Apparatus Assignment Licence which allows the transmission of radio-frequency signals on a specified frequency band. Apparatus Assignment Licences are available for different purposes, including operating mobile phone transmitters. Other types of spectrum licences are also available. Providers who do not have a spectrum licence may operate as mobile virtual network operators (MVNO); that is, they provide a service using another companies' infrastructure and spectrum allocation. This has the effect of increasing the number of operators, and hence competition, by allowing telecommunications companies to operate without the cost of building an infrastructure network.

MCMC regulates the conduct of telecommunications suppliers which could 'substantially lessen competition'. Malaysia does not have a general competition law at present. However, telecommunications specific competition law is set out in the CMA and is implemented by MCMC. A key area not covered by the current legislation is mergers and acquisitions of companies.

Malaysia's access regime ensures that telecommunications network and service providers can gain access to critical telecommunications infrastructure owned by other providers. MCMC determines facilities and services which are to be placed on an Access List. These services and facilities are then covered by the access obligations under the CMA which entitles them to be available to all users. This is similar to the Australian system under which the Australian Competition and Consumer and Commission (ACCC) can 'declare' a service which must then be made available to all providers. In Malaysia all companies which hold a telecommunications licence are required to register an Access Reference Document which lists their wholesale prices for all items on the Access List with the MCMC.

Market Access Limitations for Australian Telecommunications Companies

Similar to Australia's policy with regard to Telstra, the Malaysian Government imposes foreign equity limits on Telekom Malaysia. Foreign equity in TM is limited to 30% of the share holdings with a maximum of 5% equity held in any one country outside Malaysia.

In practice, foreign investment in other telecommunications companies is less restricted than might be evident from Malaysia's WTO commitments. The Communications and Multimedia (Licensing) Regulations 2000 prevent a foreign company (as defined in the Companies Act 1965) from applying for a telecommunications licence. As stated above, Malaysia's WTO commitments restrict foreign ownership of telecommunications companies to 30%. In practice, higher equity limits are permitted for certain types of licences. This is in line with the recommendations in the Malaysian Government's 1999 White Paper: Status of the Malaysian Economy which proposed that foreign equity limits for telecommunications companies be raised to 61% with a requirement that foreign holdings be reduced to 49% over five years.

Malaysia imposes stringent guidelines on foreign investment with the Foreign Investment Committee required to approve any acquisition over RM 10 million (around AUD$3.6 million) where the foreign company holds over 15% of the voting share, or the total foreign investment is greater than 30%.

There is also a standard requirement that all companies listed on the Bursa Malaysia (formerly the Kuala Lumpur Stock Exchange) be at least 30% Bumiputera[15] owned. Further restrictions on market access for foreign telecommunications companies are imposed through the licensing regime.

Network Facilities Provider (NFP) Individual Licences carry a foreign equity limit of 30%. Applicants for a Network Services Provider (NSP) Individual Licence can apply for a 61% foreign equity cap; although the foreign equity must be reduced to 49% within 5 years of incorporation. Norwegian telecommunications company Telenor ASA currently holds a 61% stake in DiGi and is due to divest by December 2006. Telenor will be the first company required to divest under this scheme.

The disparity between the foreign investment limitations for NFP and NSP licences may impede the entry of Australian suppliers into the Malaysian market as, typically, a company will enter a market by reselling another company's services (using a NSP licence)., However to expand the business it may later wish to invest in its own facilities, such as transmitters or cables, which require an NFP licence and hence divestment.

These extensive foreign ownership restrictions mean that Australian telecommunications companies are less likely to invest in Malaysia because they would be unable to hold a controlling interest in the long-term. Reduction of market access restrictions is therefore an important issue.

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[15] Bumiputera –Malays and people belonging to several other indigenous ethnic groups – are afforded specific rights in the Malaysian constitution.

ICT Trade with Malaysia

The commercial trading relationship between Malaysia and Australia is strong. Malaysia is a significant exporter of manufactured products, especially electrical and electronic components. In 2002, Malaysia was the world's fifth largest exporter of semi-conductors. Malaysian ICT exports to Australia—such as computers, laptops, telecommunications equipment and electronic components—were valued at around $1.5 billion in 2005[16].

Australia's ICT goods exports to Malaysia were valued at $45 million in 2003-04, and were dominated by parts for computers, telecommunications and electronic components.

Bilateral ICT Investment and Trade Opportunities

Malaysia's economic development presents good prospects for robust trade and investment growth with Australia in the medium to long term. Malaysia manufactures a wide range of computer components and accessories through direct foreign investment or original equipment manufacturer partnerships with local investors. Many are based in the Penang Free Trade Zone, popularly referred to as the 'Silicon Valley of South East Asia'.

The Malaysian IT industry is still largely import-oriented and reliant on foreign-based technologies. This creates opportunities for Australian companies.

Austrade has identified the key growth areas for Australian supply of hardware, software and services in the Malaysian IT industry to include:

- e-commerce and secure online payments;
- banking and e-security;
- systems integration and consultancy services;
- electronic services delivery;
- out-sourcing services, ie. application service providers;
- customer relationship management and computer telephony integration;
- smart card technologies and ticketing; and
- IT education and training.

As part of the MSC Flagship Applications, there are several projects which provide opportunities for Australian companies in the short and long-term, such as the Government Multi-Purpose Card (a single multi-purpose card including national identity cards, driving licences and an electronic purse), the Smart Schools Project, Electronic Government and Telemedicine. The Malaysian government is still developing a national e-commerce framework to cover security, taxation, and online payment issues.

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[16] Malaysia Country Fact Sheet – DFAT, 2006

Ministerial Meetings

On 7 April 2005, Senator the Hon Helen Coonan, Minister for Communications, Information Technology and the Arts and the Malaysian Minister of Science, Technology and Innovation, Dato' Sri Dr Jamaludin B Dato' Mohd Jarjis, signed a "Statement of Intent" to conclude a Memorandum of Understanding (MOU) on cooperation in ICT with Malaysia. The object of the MOU is to complement the free trade agreement negotiations between Malaysia and Australia by advancing the growth of investment, joint ventures, joint initiatives in research and technology development in the ICT sector.

The two Ministers met again in May 2006 at the *World Congress on Information Technology 2006*, in Texas, USA.

Electronic Commerce

DCITA coordinates specialist advice in support of trade negotiations on electronic commerce (e-commerce) with input from other agencies including the Australian Government Information Management Office (AGIMO), the Attorney-General's Department, the Treasury and the Australian Customs Service.

In the trade agreement context, e-commerce commitments set out an over-arching framework of principles which facilitate trade through the use and promotion of e-commerce. These principles cover areas such as recognition of e-commerce users (authentication) and electronic signatures, consumer protection, data protection (privacy) and paperless trading (the use of electronic versions of government issued import/export paperwork).

More broadly, Australia encourages the harmonisation of relevant legislation between countries through the use of international standards such as the United Nations Committee on International Trade Law (UNCITRAL) Model Law on Electronic Commerce 1996 as the basis for domestic legislation.

DCITA, supported by the Malaysian Government, recently commissioned a study to examine Malaysia's e-commerce legal infrastructure and compare it to Australia's in order to assist with this process. This work built on previous ASEAN work in which the potential for harmonisation of e-commerce legislation across the ASEAN region was examined.

Malaysia's Electronic Commerce Bill is currently passing through Parliament and is likely to come into effect in 2007. This law will apply to all commercial activities and aims to reaffirm the validity and legal effect of electronic transactions, including contracts, and remove legal obstacles to e-commerce. It is expected that this Bill will be similar in effect to Australia's Electronic Transactions Act. An Electronic Government Activities Bill is also under development which will contain similar principles for government, rather than commercial, transactions. These laws will join the Digital Signatures Act 1997, which establishes electronic signatures as legally valid and equivalent to traditional signatures, and the Computer Crimes Act 1997 as Malaysia's e-commerce-specific legislation.

Unlike Australia, Malaysia currently lacks data protection (privacy) legislation and its current consumer protection legislation does not extend to electronic transactions. We understand that work is underway in Malaysia to review and possibly create legislation in both of these areas.

As a member of ASEAN, Malaysia has been active in promoting the use of e-commerce through the e-ASEAN initiative which seeks to promote the use of ICT throughout ASEAN.

Digital Content

In relation to trade and export priorities, the Digital Content Industry Action Agenda Report sets out the next steps which aim to take account of established trade development initiatives. Trade opportunities with Malaysia may factor in this process.

For example, one of the key industry associations that will be progressing the Digital Content Industry Action Agenda Implementation Plan, the Australian Interactive Media Industry Association (AIMIA) has led trade missions to Malaysia over the past year in association with Austrade, including:

- CommunicAsia (Singapore) & visit to Malaysia, June 2005; and
- Australian eLearning Showcase, Kuala Lumpur, 21 – 30 November 2005

OTHER COOPERATION

International Telecommunication Union (ITU)

The ITU is an international organization within the United Nations System in which governments and the private sector coordinate global telecom networks and services.

Both Australia and Malaysia are members of the ITU Council, which manages the operation of the ITU between the four-yearly Plenipotentiary Conferences.

Asia-Pacific Telecommunity (APT)

The APT is a regional organisation of governments, telecommunications service providers, manufactures of communication equipment, research and development organisations. It serves as a focal organisation for communication and information technology in the Asia Pacific.

Both Malaysia and Australia are very active members of the APT and are currently working very closely to increase the APT's efficiency and effectiveness.

APEC TEL

Malaysia is active in the APEC Telecommunications and Information Working Group and provides the chair of the Security and Prosperity Steering Group which deals with a wide range cyber-security, infrastructure and e-commerce issues.

Regulatory Skills Training

Funded jointly by the APEC TEL, five workshops have been held in Indonesia, Thailand, Vietnam, the Philippines and Malaysia.

The fourth Regulatory Skills Training Workshop was held at the premises of the Malaysian Communications and Multimedia Commission (MCMC), Kuala Lumpur, in February 2006. The aim of the workshop was to provide training to assist staff in newly formed regulators to develop competent skills in key areas for effective regulation of telecommunications. The presenters included two former ACA officials. Thirty seven delegates from three countries attended the workshop. Key issues for participants included interconnection, balanced decision making, anti-competitive conduct, enforcement clarity, content issues, standards and security.

ATTACHMENT A

Digital Content Industry Action Agenda

The Digital Content Industry Action Agenda Report was released by the Minister for Communications, Information Technology and the Arts and the Minister for Industry, Tourism and Resources on 13 March 2006. A copy of the media release and link to the Report is available at:
<http://www.minister.dcita.gov.au/media/media_releases/unlocking_the_potential__an_action_agenda_for_australias_digital_content_industry>.

The Action Agenda is a framework for building a cohesive voice for industry to advance commercial industry development and build a broad industry relationship with Government. Key recommendations for industry action contained in the Report which form the basis of a 12-24 month industry-led strategic plan are to:

- establish an industry-based Investment Scoping Forum;
- develop a cohesive trade strategy and investigate an industry-based market intelligence network;
- extend industry-based training models;
- work on priority-setting and commercialisation issues with publicly funded research institutions; and
- progress longer-term issues relating to intellectual property, statistics and standards, in consultation with relevant stakeholders.

The Government has supported the Digital Content Industry Action Agenda Report's key recommendations for industry action.

The Report identifies the following priorities to boost Australia's industry competitiveness:

- improving the level of private sector investment and seed funding;
- building a stronger international trade profile;
- extending industry-based training initiatives as part of an overall skills accreditation framework aimed at filling industry skills gaps; and
- establishing better linkages between industry and research and development institutions.

The Government will be developing a comprehensive Digital Content Strategy now that the Action Agenda report has been released. The Strategy will be significantly informed by the Digital Content Industry Action Agenda Report and the next steps which involve an industry implementation plan which has been profiled at industry awareness forums held nationally during June and July 2006.