



**27<sup>th</sup> June 2003**

The Secretary  
House of Representatives  
Standing Committee on Communications,  
Information Technology and the Arts  
Parliament House  
Canberra, ACT 2600

**Inquiry into the Future Opportunities for Australia's Film,  
Animation, Special Effects and Electronic Games Industries**

**Introduction**

IT Skills Hub (refer Appendix) was formed in 2001 by the IT&T industry in Australia and the Commonwealth Government to address IT training needs of employers, educators and IT professionals. The charter of IT Skills Hub includes the anticipation of IT training needs and the facilitation of training arrangements to meet these expected needs. It is in this context that the IT Skills Hub makes the following submission to the Standing Committee, specifically with the aim of alerting the Standing Committee to:

- emerging industry opportunities in Interactive Television arising from the convergence of TV content production, IT and telecommunications
- the need to address Australia's education and training requirements to fully realise the potential of these emerging opportunities

**Background**

Digital television and interactive television (iTV) have been in operation overseas for some time with the UK leading the world in this field. There is a high penetration of iTV capable homes in the UK, with over 9 million homes having this service representing 37% penetration of households. This is forecast to grow to 58% of UK households by 2007, a penetration of 14 million homes. The worldwide growth in iTV has been somewhat subdued to date, but there are signs of a resurgence with the downward trend in the cost of subscriber set top boxes, a worldwide trend to standardisation of iTV operating systems, the increasing consumer acceptance of on-line transactions and consumer desire for the iTV

experience.

There has been some iTV activity in Australia with mixed success. For example, Optus has run a trial and chose not to proceed with a service, while Austar actually provides some iTV services. The Free to Air broadcasters have been investigating terrestrially broadcast iTV for some time, individually and through their industry association Commercial Television Australia (CTVA, formerly FACTS) and amongst other issues, are wrestling with issues of standards and platforms to be adopted.

A major influence in the push for digital iTV services is likely to come from Foxtel's plans to digitalise its service from early 2004. Foxtel has announced that it plans to adopt systems and standards used by BSkyB and this will enable it to rapidly climb the iTV learning curve and import content from the UK. This development is significant and may well act as a catalyst to greater general interest in the television industry in iTV.

### **A New Way to View Opportunities in Content Production**

The significance of iTV for the development of visual content industries is that the medium is multi faceted and draws on industries that today are addressed at a policy and operational level in a silo fashion. The thrust of this submission is to alert the Standing Committee to the emerging world of convergence of IT and telecommunications with content production to produce a multi media television experience, interactive television. Interactive television essentially employs visual content embedded with interactive prompts, links to web sites and the ability to view visual content referred by the original programme being viewed. The iTV experience incorporates:

- All forms of TV transmission, ie cable, satellite and terrestrial broadcast
- Various forms of telecommunications such modem connections (narrowband and broadband) and mobile connections (eg SMS, 3G services)
- Broadband capabilities for services such as downloaded Video on Demand
- Access to the Internet for access to web sites and e - mail
- On-line commerce ("t Commerce") transactions

This multi dimensional nature of iTV necessitates a new way of addressing national policy for the development of this emerging field and also presents an exciting new range of opportunities for the industries comprising the new service. Our view is that it is essential to view the new iTV opportunity in a holistic and integrated manner, bringing together at the policy and operational level IT, telecommunications, television operations and content production.

## **New Industry Opportunities**

We consider the realisation of the commercial potential of iTV will only be possible if the integrated approach discussed above is adopted in the development of national policy for the industry. Our view is that this approach has the best chance of delivering appropriate commercial incentives to all stakeholders such as TV network operators (all forms), telecommunications operators and IT service providers and service and utility incentives for viewers to embrace the service.

Examples of the opportunities that could flow and some of the related issues are:

- **Interactive TV Content Production**

We should aim to develop an Australian iTV content production industry producing content applicable to Australian conditions providing iTV services Australian viewers will want to use. Furthermore, unlike traditional television content, iTV content will not always be directly usable in Australia without some re-purposing work done on it. This arises for two principal reasons:

- Interactive prompts may need to be adapted to apply to access points (such as web sites or merchants) that are Australian based
- Content may need to be re-purposed to operate with Australian iTV software standards and there may be more than one standard or variant of a standard operating in Australia. Interactive TV standards are still evolving and it is reality that this issue is likely to be with us for several years.

- **Development of New iTV Applications**

A whole new software development industry can be grown around iTV for the development of new iTV services or applications. This could, for example, be the development of a new type of interactive, viewer participation programme. These applications and the packaging of content purposed for particular countries could also provide export opportunities

- **Broadband Drivers**

Certain forms of iTV can provide drivers for the uptake of broadband services by consumers. Examples include Video on Demand or the downloading of broadband content arising from access to web sites from an interactive prompt in TV content.

- **iTV Advertising and On Line Commerce**

Interactive TV advertising promises to be a major application of iTV and potentially a major new source of revenue for network operators. This form of advertising enables the viewer to seek more detailed information on advertised products using iTV prompts and would also enable on line purchase of products.

- **iTV Education**

The iTV medium will enable the education sector to devise new forms of television education content with student interaction as a new dimension in the education process. This is another example of the new forms of iTV applications that can be developed by the new industry to benefit isolated communities or students unable to attend education institutions.

- **iTV Games**

Television based games can be significantly enhanced through on line interactivity. This application would provide another avenue for the Australian games industry to develop new applications for local and export use.

## **Education and Training**

Australia is well served in education and training in content production, IT and telecommunications disciplines, but currently there are very few people who have the capability to author interactive content or to develop new iTV applications. There is no formal education and training in the disciplines necessary for the integration of content production, software, telecommunications and applications development. A critical priority for Australia, for the development of an iTV industry, is the development of formal education and training in this field and the support and resourcing of organisations to provide such education and training. We are strongly of the view that without the development and provision of this formal education and training the iTV industry will struggle to get traction and will not reach anywhere near its full potential.

## **Conclusion**

Interactive television has been talked about and tried in the field in Australia without much progress, but circumstances seem to be aligning such that iTV's time is rapidly arriving. The integration of IT and telecommunications with content production will be necessary to deliver an iTV industry that has the potential to provide new revenue opportunities locally and off-shore. A new multi industry integrated approach will be required in national policy development for iTV including the development of formal education and training to support this integrated approach.

Yours sincerely

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**APPENDIX**

***About IT Skills Hub***