

13 March 2024

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: ec.sen@aph.gov.au

Dear Committee Secretary,

Inquiry into National Cultural Policy

The Interactive Games & Entertainment Association (IGEA) is pleased to provide a supplementary submission to the Committee's inquiry into the National Cultural Policy.

Since our initial submission to the inquiry, we are grateful to have seen significant policy and funding progress as part of the National Cultural Policy, including the passage of the Digital Games Tax Offset ('DGTO') and the announcement of Screen Australia funding options in 2023. We would like to use this opportunity to highlight these significant steps and call for even more support to ensure Australia fosters a thriving video games industry in the longer term.

In summary, building on our previous submission, we would like to recommend the following:

- We recommend that the Committee consider that the \$12 million funding committed for Australian video game development over four years be increased to \$25 million in recognition of the critical need for 'catch-up' investment in the sector.
- We recommend that the Committee consider funding support to resource the ABS through Screen Australia to publish statistics on digital games in Australia annually, to help inform the impact of government programs for supporting the video games industry, the size of the industry's workforce, talent demands and skills shortages.

Digital Games Tax Offset

The DGTO is essential to a thriving and sustainable Australian video game development industry. Recognition and support for our sector has been long awaited, and we strongly believe the DGTO is key to propelling the Australian video game development industry into a new era of innovation, economic activity, digital exports, creativity and modern Australian stories. The DGTO will also lead to vast investment from the global video games industry through the establishment and growth of new game development studios across the country.

Since commencing, the DGTO is drawing attention to Australia, and has already resulted in investment opportunities for local developers. We would like to highlight a message from one of our members who wanted to share their first-hand account of the impact that the DGTO is already having:

"I'm the CEO of Ardacious Pty Ltd, a games studio in Brisbane. Due to the tax benefits introduced by this legislation, my company has been able to secure a significant contract from a Singapore firm. This contract not only signifies a milestone for my organisation but also contributes to strengthening our local economy and positioning us as a globally competitive market player. I've already been able to increase the size of my team, and will be scaling up further over the coming year. This is a great testament to the benefits of this policy."

Dr Ralf Muhlberger, CEO, Ardacious Pty Ltd

We are continuing to work with the Office for the Arts to ensure the industry is well supported to take advantage of the DGTO, including by providing education about its eligibility and requirements.

Screen Australia Funding

During IGEA's Game Connect Asia Pacific in October last year, Screen Australia announced new funding opportunities for Australian gamemakers, with the federal government committing \$12 million over four years as part of the National Cultural Policy.

Through this announcement, Screen Australia is supporting the following funding opportunities:

- **Games Production Fund**, which provides grants of up to \$100,000 towards the development of independent games with up to a \$500,000 budget, to support a significant milestone such as release.
- **Emerging Gamemakers Fund**, which provides grants of up to \$30,000 to support the creation of a prototype or completion of a micro-scale game, and is aimed at emerging creators, diverse voices, or established creators looking to experiment.
- **Future Leaders Delegation**, which provides up to \$8,000 to support five individuals to attend the 2024 Game Developers Conference in San Francisco.

In addition to the DGTO, these funding options encourage a range of video game development and innovation that will allow the digital delivery of Australian stories and culture. We extend our gratitude to the Government for these funding commitments, providing critical support to this growing industry, as acknowledged in our recent 2024-25 Pre-Budget submission to the Treasury.¹

¹ <https://igea.net/2024/02/igea-submission-to-2024-25-pre-budget-submissions/>

Next phase of funding support

Nonetheless, there is still more to be done to ensure the Australian video games industry can continue to grow and be sustainable in the longer term, which should be the next phase of industry support. The \$12 million over four years unfortunately falls short of what is required, following almost a decade of limited support at a federal level.

As per our March 2023 response,² it is critical that support is boosted to \$25 million, matching the Australian Labor Party's 2019 election commitment. This is still considerably less than support received by film and TV production and will ensure Screen Australia can provide even more funding streams such as enterprise funding.

We recommend that the Committee consider that the \$12 million funding committed for Australian video game development over four years be increased to \$25 million in recognition of the critical need for 'catch-up' investment in the sector.

Complementary support to program funding commitments

As we outlined in our Pre-Budget 2024-25 submission,³ if well-utilised, the funding commitments position Australia as having one of the world's most generous gaming incentives, fostering project delivery by highly creative digital businesses and enticing multinational games studios to establish a presence in Australia.

To this end, it is critical that these commitments continue for the long term. Ensuring they are built and measured for success would also be valuable. Therefore, it is important that the government has access to up-to-date, timely, and accurate information over a reasonable period to help better inform it about the effectiveness of its industry programs.

For instance, we note that the ABS has undertaken consultation on its comprehensive review of the Australian and New Zealand Standard Classification of Occupations (ANZSCO).⁴ As part of the series of consultation rounds, IGEA has advocated for reforms to ANZSCO to reflect the modern video games development industry and workforce. This would not only properly inform the impact of government programs, but also other indicators such as the size of the industry's workforce, talent demands and skills shortages.

Complementing this, through Screen Australia, the ABS publishes statistics on film, television, and digital games in Australia every 3-5 years.⁵ The most recent dataset was produced for the 2021-22 financial year and published in June 2023. Given the ever-evolving state of the emerging video games industry, we recommend that this occurs annually. Therefore, sufficient funding should be allocated to resource this work accordingly.

² <https://igea.net/2023/03/igea-submission-to-the-senate-inquiry-into-the-national-cultural-policy/>

³ <https://igea.net/wp-content/uploads/2024/02/IGEA-Submission-Federal-Pre-Budget-2024-25.pdf>

⁴ <https://consult.abs.gov.au/standards-and-classifications/anzsco-comprehensive-review-round-3/>

⁵ <https://www.abs.gov.au/statistics/industry/technology-and-innovation/film-television-and-digital-games-australia>

We recommend that the Committee consider funding support to resource the ABS through Screen Australia to publish statistics on digital games in Australia annually, to help inform the impact of government programs for supporting the video games industry, the size of the industry's workforce, talent demands and skills shortages.

Ultimately, the National Cultural Policy has been the catalyst for significant Government support to the Australian video games industry. We welcome any questions in relation to any current funding opportunities or the DGTO and thank you for the opportunity to further contribute to the Inquiry.

Should you wish to further discuss our recommendations, please contact us at policy@igea.net.

Warmest regards,

Ron Curry
CEO