

Film Inquiry Submission No. 40

**Submission to the
INQUIRY INTO THE FUTURE OPPORTUNITIES
FOR AUSTRALIA'S FILM, ANIMATION,
SPECIAL EFFECTS AND ELECTRONIC GAMES
INDUSTRIES**

**HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS**

BY

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June 2003

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I would like to thank the committee for the opportunity to make this submission.

I have been in the Australian electronic games development industry for over 20 years, and during this time I have had the opportunity to make a contribution to the industry by founding and establishing three key industry organisations that play a pivotal role in the Australian industry. These are Academy of Interactive Entertainment Ltd (AIE), The Australian Game Developers Conference (AGDC), and the Game Developers Association of Australia (GDAA). I also run one of Australia's leading game development companies, Micro Forte.

Aside from my passion about making great computer games, my other passion has been to help foster the national growth of the games development industry without prejudice to any particular State or Territory, and to help individual state governments, companies and educational institutions who have sought and asked for my assistance. I believe I am a strong advocate for the electronic games industry. It's a clean, export based industry that is "high tech", capital intensive, a strong employer and creates fun and entertaining content.

My submission both supports and amplifies the excellent submissions made by the Game Developers Association of Australia and the joint AIE/Canberra Institute of Technology submission.

I will not cover the background of the industry as the GDAA submission covers this topic very well. I would like to focus on what I personally believe is the heart of the issue.

The electronic games industry has largely grown over the last 20 years without significant federal government assistance. Only in the last few years has the federal government taken an active interest in our industry. I welcome this interest. It has taken a lot of effort by quite a number of dedicated industry and government representatives to build the industry to such a point where we would have a united voice.

However, I can personally say that behind some of the most successful game development companies in Australia, there is the trail of quite government assistance. Its this sort of assistance that has been the key in accelerating our growth, and that is what I wish to focus on.

In my opinion, the most powerful single element of assistance has been the R&D Start Program. It has greatly helped companies such as Auran, Beam (now Atari - Melbourne House) and Micro Forte to build unique products and technologies, some of which have attracted the attention of the global industry. While these are my personal observations only, I can say that I believe these companies have used this assistance well and have propelled their technology and themselves onto the world stage. Today these three companies alone account for over 1/3 of the entire game industry workforce.

In terms of getting to the international marketplace, I remember how, in the mid 90's Austrade assisted a fledgling Micro Forte and a very small Adelaide based company named Ratbag to gain international exposure by assisting them in attending the Electronic Entertainment Expo in Los Angeles. Without this assistance I would argue, that at least for Micro Forte, we would not be where we are today.

The Victorian Government through Multimedia Victoria (MMV) is doing a fantastic job in helping their local companies. One indirect way that they have done this is by providing assistance to the non-profit AIE in running its popular Australian Game Developers Conference in Melbourne.

This state government assistance, now in its fourth year, has allowed the AGDC to become our industry's premier conference attracting the majority of Australian game developers as well as international sponsors and speakers. The AGDC has helped to give our industry international legitimacy making it a little bit easier for game companies to secure that next export game development deal.

Multimedia Victoria has helped its local pool of talented companies attend the E3 tradeshow. In particular I have observed that Torus Games has been a close partner of MMV and has at times greatly benefited from this assistance. I understand they are one of the larger employers in our industry, with some 70 staff.

There are many other companies like Torus and Ratbag. Many do not talk publicly about their successes. Many government officials quietly help behind the scenes in creating and executing their states initiatives to help their local companies. There is a lot of effort going on.

The ACT Government for its size has possibly made one of the largest contributions of all, by allowing the AIE to establish itself in one of Canberra Institute of Technology old campuses. Through this help via a 10 year lease, the AIE has created the Canberra Technology Park which is seeking to help incubate start-up game development companies, in an effort to further grow the industry.

I feel that I need to make these observations so that your committee can appreciate that without such contributions primarily at the State level, our industry would not be where it is today.

We stand at a cross road. Our industry needs federal government help to win on its game plan.

The Australian games industry is at a point where it can take off to new heights and become a major international game development hub or slowly stagnate into steady state and eventually die, because other nations and their governments have helped their citizens take the lead.

We have some very strong game development companies with very dedicated and talented people behind them. Some companies boast world leading technologies. Others have developed games that have sold over a million units to international acclaim. While some other companies have created cross platform software game development engines that enable their staff to create games for all console platforms such as the PlayStation 2, Game Cube, Xbox and PC. These companies are the envy of any game development start-up, and they compete quite comfortably with any of the leading game development studios in the world.

We have an ever growing number of educational institutions that have finally recognised the opportunity that the electronic entertainment industry presents them and have written game courses with varying degrees of success and funding. These produce some great, but inexperienced talent, eager for their first job opportunity and a shot at game development greatness.

We have an opportunity to create an industry that could be much larger than what we can imagine.

I believe that our industry requires the federal government to help us help ourselves. We need the ability to raise capital. We need a way to fund our own IP, to finance our own games and to grow our industry so that eager young fresh Australian talent can enter our industry, remain and build the industry in Australia.

Game companies are primarily content companies. They cannot be funded through the traditional IT model of venture capital. They could sell their company's shares to fund their game project, but this is not the best way one funds a game development project. This is the path to madness and ultimately to self-destruction.

The games industry develops an expensive mass-market consumer oriented entertainment product. The closest product in terms of scope and similarity is a feature film.

Like our cousin, the film industry, our industry needs a way to attract investment capital. We need your assistance in removing the impediments that prevent investors from considering our industry due to the investment advantages that other industries, such as the film industry, have over our own. After all, we create high end expensive content for an export market in the entertainment industry. Content that mainly employs local talent, and is mainly commissioned by overseas publishers with Hollywood licenses.

We need a way that allows us to seek local investment capital for our projects and not be rejected because the investment cannot be written off in the same tax year.

What we need is a level playing field where we too can participate and continue to expand in generating export wealth for our nation. All we ask is for our day in the sun, so that we can build a national industry that Australia will boast about.

Through this investment path, Australian companies will be able to develop their own intellectual property and be better placed to exploit this IP to the benefit of all Australia, as opposed to develop intellectual property that is ultimately sold to an overseas company that exploits it for the benefit of that nation. Our companies will then grow and take up the emerging young talent that is now flowing from Universities, TAFE's and private institutions that run game courses.

The GDAA has made a strong case about what the industry as a whole believes needs to be done. I would urge you to consider the arguments made and not to say "impossible", but to say "how can I help to make this possible?"

You have the influence that can make a significant difference to the Australian electronic games industry and I would urge you to use your influence to create the very means to help fellow Australians help themselves.