

NSW Department of State and Regional Development's submission to the House of Representative's Standing Committee on Communication, Information Technology and the Arts inquiry into:

The Future Opportunities for Australia's Film, Animation, Special Effects and Electronic Games Industries

Australian companies in the film, animation, special effects and electronic games industries are relatively small players in a global market that is growing rapidly. However, Australian companies have in recent years made an impact on the global market by taking advantage of the combination of local creative talent and relatively low production costs.

Companies in these Australian industries are mostly still in the development stage and are mainly new firms, which have the potential to grow quickly. Some companies have already established themselves in the post-production, computer games and animation industries and are recognised internationally.

These industries and the tools that they develop and use will have far reaching impacts on all industries including retail, education, medicine, defence and financial services industries. For example, simulation programs using tools developed for computer games are increasingly being used by defence forces for training purposes.

The key factors that the Committee may wish to consider in its inquiry include:

- ***Education and training initiatives.***
 - a) **Activities to encourage higher levels of collaboration between education providers and employers.** Co-operation between post-secondary institutions and employers to devise a more appropriate curriculum and better training programs will lead to a better skills-based workforce for the industry. A closer involvement could also lead to more practical on the job training being incorporated into the teaching process.
 - b) **A structure for developing and nurturing talent, including the development of interdisciplinary teams should also be encouraged.** Success in these industries is dependent upon the ability to access and successfully combine a broad range of skills and capabilities ranging from technical, creative and business management. The education system will also have to be responsive to these requirements.
 - c) **Australian studio executives need to develop the business and production management experience and skills to go with their technical skills.** Some business development training is needed in the courses. Areas such as business planning and basic marketing should be covered.
 - d) **Further support for script development.** While a number of existing programs are in place, the Committee may wish to investigate ways these programs could be augmented.
- ***A pro-growth and development legal and regulatory environment.***

The long term future of the entertainment and related services sector is dependent upon an environment which continues to provide opportunities for Australian businesses, especially small

and medium sized businesses, to gain experience operating in all communication platforms. The global competitiveness of the Australian industry would be adversely affected if Government regulations were to restrict the development of skills, intellectual property and social capital in some platforms.

The Committee may wish to consider specific programs in niche areas to enable Australian industry to gain relevant skills where restrictions apply.

- ***Access to advanced infrastructure at competitive prices.***

Broadband is essential infrastructure for this industry. Cost effective broadband access in regional and metropolitan areas is necessary to enable the industry to reach its full potential.

- ***Improving access to finance***

While the rewards of a successful game, innovation or production are high, the difficulty of achieving the initial, and then consistent success can make access to finance difficult. While there are significant Government programs to assist the feature film industry, assistance for the computer game, special effect and animation industries are not as prominent.

The Committee may wish to investigate a variety of programs and activities to support these industries, including the potential for the establishment of finance opportunities along the line of the Film Finance Corporation Australia and extending the 12.5 percent refundable tax offset.

There are a small number of Business Angels and VCs in Australia willing to invest but the pool is limited. The Commonwealth Government's Venture Capital Limited Partnerships reform will assist the industry by deepening the available funding pool for developers.

- ***Increasing international exposure***

Competition in this sector occurs on a global basis. Interaction with foreign customers will continue to be vital to the ongoing development of the Australian industry. The demands of the large US, European and Asian markets are a catalyst for continual industry innovation. These need to be met to aid the growth of Australian firms. Activities that promote international recognition of the strengths of the Australian industry will facilitate access to these global markets.

The Committee should be aware of the differing operating conditions of the various industries under review. For example, trade fairs are very important to the gaming industry as a way of generating sales and gaining new clients. Events, conventions and conferences that allow networking are very important. The Committee should consider means of helping Australian firms to gain access to such forums.