



**GAME DEVELOPERS®
ASSOCIATION OF
AUSTRALIA**

Film Inquiry Submission No. 99

7 October 2003

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

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

Further to our submission to the above Inquiry and subsequent meetings with the Committee, the Game Developers' Association of Australia (GDA) is pleased to provide our recently completed report, *Game Industry Development Strategy: Proposal for Government Action*.

As members are aware, the Australian electronic game industry is a significant, but poorly understood, contributor to the Australian economy. It is also part of a larger global entertainment industry (now bigger than film box office) and a major export industry. Our industry's export earnings are already impressive compared with other software and media content sectors and the industry believes there is strong potential for delivering exponential growth in the next 3-5 years.

In our recent submission to the House of Representatives Inquiry, the GDA argued that there is now a window of opportunity to aggressively grow the industry and increase Australia's share of the global pie: more investment, more export dollars, more jobs.

Key challenges and opportunities

The game industry is based on the creation, publication and distribution of intellectual property (IP) products. It relies on the effective combination of high end IT and creative design skills. As is the case with other creative industries, the development, ownership and financing IP is a central issue for the game industry.

The game industry must be seen in the context of convergence in the digital content environment. Sectors that were treated as separate are converging and drawing upon a common stock of skills and techniques.

The game industry in Australia is currently a niche player within the rapidly expanding global game industry. The Australian game industry is characterised by its high export orientation, the high-value added nature of employment within the industry and by its synergies with other creative industries such as filmed entertainment and software development.

The Australian game industry possesses important strengths, namely the quality and cost effectiveness of Australian programming and creative talent. However, despite these strengths, the industry currently faces an uncertain future as the global industry undergoes significant structural change.

The rising complexity and cost associated with game development in general, and console game development in particular, is driving the need for developers to achieve greater scale in their operations. Critical mass is needed in the Australian industry if it is to be able to carve out a sustainable growth position within the global market.

Access to an optimally functioning private capital market for game investment is necessary if the Australian game industry is to develop to its full potential.

The Game Industry Development Strategy presented in the attached report addresses five core questions:

1. What does the local game industry look like today?
2. What would an attractive investment environment look like?
3. What current market failures are preventing this environment?
4. What interventions would deliver a functioning private investment market?
5. What impact would this have on future industry performance?

The Australian game industry to date has largely self funded investment and growth and there are many areas that the industry will continue to accept responsibility for in the future. However, for the industry to grow to the next level and continue to compete globally, the GDAА believes that implementation of a well designed, targeted and integrated set of policy initiatives, as proposed in our Game Industry Development Strategy, would address current market failures, facilitating rapid expansion of the local industry over the next decade.

If current market failures are addressed, we believe an industry vision for 2010 would include:

- industry investment driven by the private sector (locally and globally);
- industry ownership of a considerable IP portfolio and increased royalty streams;
- industry is able to buy rights to existing franchise licenses;
- recognition of Australia as a centre of game development excellence;
- game exports exceeding \$A500 million per annum;
- direct employment exceeding 2000; and
- significant flow-on growth across a range of converging digital content sectors (eg post, animation and special effects).

A strategic partnership between the public and private sector can deliver this outcome.

We are happy to provide this report as an exhibit to the Inquiry and for it to be a public document. An electronic version will be forwarded to the Secretariat.

We would be pleased to discuss our proposal in more detail. If you require further information, please contact me on 0407 303 646 or email: evelynrichardson@gdaa.com.au.

Yours sincerely



Evelyn Richardson
Executive Director, GDAА



Adam Lancman
President, GDAА

Encl.