IGEA

interactive games & entertainment association

Policy and Advocacy Ledger

Foreword

The Interactive Games & Entertainment Association (IGEA) is pleased to publish our policy and advocacy ledger — a compendium of our briefs on key policy issues important to our industry.

As the peak industry association representing video games companies in Australia and New Zealand, we strive to further the business and public policy interests of our members, who are part of the world's largest creative industry and supply the games, devices and accessories that are loved by the two-thirds of Australians and New Zealanders who regularly play games.

One of our key roles is to foster understanding across federal, state and even local governments about video games, the people who play games, and the people and companies that make and bring games to our consumers. Importantly, we advocate for government policies that can help our industry to grow and succeed.

This ledger compiles our policy briefs on 15 key issues across three overarching themes: 1) promoting a safe and responsible industry, 2) fighting for support for game development, and 3) driving continued industry growth and innovation. While this ledger does not cover every single one of our advocacy activities, it does highlight our positions and perspectives on key policy issues.

Our policy briefs and this ledger have two main purposes. First, they help to provide our government stakeholders with our insights and articulate the reasons and evidence behind our advocacy. Second, they provide transparency not only to government, but to our members and the wider industry and public about the policy work that we do and why we do it.

This is a living document. As our industry grows and evolves, and governments and government policies change, so too will the issues that we advocate on. We will endeavour to continually keep this policy and advocacy ledger up to date.

For more information about this ledger or IGEA's advocacy activities, please reach out to us.

Ron Curry
CEO
ron@igea.net

Ben Au
Director of Policy & Government Affairs
ben@igea.net

Table of Contents

Promoting a safe and responsible industry

A modern classification scheme for video games

We recognise the vital role that Australia and New Zealand's classification schemes play to help game players and parents make informed choices about what to play. Our industry supports these schemes through strict compliance and dialogue with regulators. However, as these classification laws and policies were design in a pre-digital age, we encourage reforms to modernise how games are classified, including the expanded use of classification tools and a greater role for industry.

How are video games classified?

Classification in Australian and New Zealand involves the assigning of an age rating and often a further consumer advice or descriptive note to video games which are displayed on the game's box or at the point of download. In both countries, the government is responsible for classifying video games (as well as films, home media and publications). This function is performed by the Classification Board in Australia, and by the Office of Film & Literature Classification in New Zealand, with the cost of classification largely funded through fees from game publishers.

Does the industry still support classification?

Absolutely. We believe classification plays an important role in the community and is particularly vital for children and their parents and carers by helping them to choose the right video games to buy or play, and to avoid content that may not be age-appropriate. We also know that many adults, who comprise around four out of every five game players in Australia and New Zealand, also find classification information useful. Our industry also uses trained assessors to support the Australian Classification Board's decision-making, a scheme that we strongly support.

Why does the classification system need to change?

The legislation that underpins Australia's classification system is 25 years old, while the equivalent legislation in New Zealand is 27 years old. These classification laws were drafted for a pre-internet era and use community standards from the 1990s that do not necessarily reflect society's views today. For example, the Australian classification guidelines treat video games more harshly than film for the exact same content. Australia and New Zealand are also among the only advanced economies that still use government-run classification systems and still rely on legal restrictions and enforcement. This kind of regulation is becoming less useful and effective in our digital age.

What should classification look like in the future?

We urge reforms to modernise these classification systems and we particularly support a co-regulatory model that allows video games to be classified quickly, flexibly, and cost-effectively. We support greater self-classification by industry, under government oversight, including by trained assessors and through the International Age Rating Coalition (IARC) classification tool. We support the ongoing and increasing use of this tool, which was built by our industry and is successfully being used in Australia, and recommend that it be adopted for use in New Zealand.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

1.1

Supporting and promoting online safety in video games

Our industry has a track record of making games that are played in a fun and safe way. Game companies offer a range of controls and settings that empower players and give parents the ability to control what games their children play, when and how they play games, and whether they communicate with others. We support sensible and appropriate online safety laws, and we will continue to collaborate with Australia's eSafety Commissioner and New Zealand's Netsafe on community awareness-raising.

Are online video games a safe place for children?

Online video games are some of the safest places for children to be connected to the internet, and video gaming is among the safest online activities that children can participate in. Unlike many popular online platforms, social media services and messaging services, most video games allow little to no interactivity outside of the gameplay experience, have limited and filtered chat functionality, and provide a wide range of family tools and settings that prioritise online safety.

How does the video games industry help to protect children from harm?

Of the whole digital sector, video game companies have arguably implemented the broadest and most proactive range of safety features to provide a safe and fun online environment. Our industry takes a multi-level and multi-pronged approach to online safety that span all consoles and devices, as well as within games themselves. Key safety features include online safety companion apps, activity monitoring tools, account restrictions, privacy settings, age limits, internet filters, chat filters, and options for reporting, muting, blocking others. Many video game companies also have behaviour-focused codes of conduct which are actively enforced through warnings, suspensions, and bans. Our industry is constantly improving on these tools, and provides information and resources to educate players as well as parents and guardians on their use.

How can governments most effectively support online safety in gaming?

We believe that the most effective way that governments can support our industry's action on online safety is to focus on community awareness-raising, particularly among children and their parents and carers, and to improve knowledge of safe digital practices and on the usage of family settings, tools, and functionalities that already exist that help to make gaming safe. Our research tells us that while only around 11 per cent of Australian and New Zealand parents were unfamiliar with family controls, around a third had only limited familiarity. We would love to do more work with Australia's eSafety Commissioner and New Zealand's Netsafe to help reach those parents.

While we believe awareness-raising should always be at the centrepiece of Australia and New Zealand's online safety policies, we support other policies if they are well-designed and evidence-based. However, we urge caution against regulatory interventions, especially if they take a 'one-size-fits-all' approach that treat games like social media and messaging services, which have different challenges, or impose the same expectations on companies regardless of size or scale.

1.2

Ben Au, Director of Policy & Government Affairs, ben@igea.net

Constructive engagement on digital health issues

We engage positively in policy and academic dialogue around screen time and digital health. We believe that video games should be enjoyed as part of a balanced lifestyle. Of the two-thirds of Australians and New Zealanders who play video games, the overwhelming majority do so in a healthy and responsible way. To support this goal, our industry has a longstanding history of providing tools that allow game players and their parents and guardians to monitor and manage screen time more effectively.

Is there a problem of excessive video gaming?

According to community research that Bond University has undertaken for us for over a decade, the answer is a resounding no for the vast majority of the population. Australian and New Zealand game players respectively spend on average 81 and 88 minutes a day playing games, a figure that has remained steady in recent years. This is a less than half the time people in both countries spend watching TV. In contrast to common stereotypes, our data shows us that Australian and New Zealand game players enjoy a rich and balanced lifestyle filled with other interests, and very few only play alone. Our research also tells us that parents regularly monitor their children's game play, and routinely discuss and set rules around when, and for how long, they can play.

Is there such a thing as video game addiction?

Our industry follows the academic discussion in this space carefully, and the reality is that there is currently no conclusive evidence behind the existence of video game addiction or disorder. While the World Health Organization (WHO) recently included 'gaming disorder' in the 11th edition of its International Classification of Diseases (ICD-11), it did so without undertaking research or citing evidence, and without consensus from the medical and academic community. In fact, dozens of health experts and social scientists from leading research centres like Oxford University, Johns Hopkins University, and The University of Sydney opposed the WHO's process and decision.

The risks of formalising a disorder that is not real doesn't just stigmatise video game players, but it creates a risk of harm from misdiagnoses that ignore underlying health issues, with some researchers arguing that some people may be using video games as a coping mechanism.

How does the industry help people to manage their game play?

Like any activity or hobby, from watching TV to playing sport, video gaming can be taken to an extreme. Our industry has a role to play in mitigating this risk and takes this responsibility very seriously. This is why our industry actively encourages people to play in moderation, and has provided a range of ways to help people balance their time playing games. Many video games and game platforms provide regular reminders for players to take breaks, and some developers design their games deliberately in a way that discourage extended gaming sessions. Many game platforms also provide tools and controls for parents and guardians to monitor their children's play time, and to limit when during the week, and for how long, their children can play games.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

1.3

Continuing to fight the stigma around violence

During the 1990s, video games were stigmatised by some politicians and parts of the media as a cause for real-world violence. Unfortunately, this still happens even today. The overwhelming scientific consensus over decades of research is that there is no link between games and real-world violence or aggression. Regardless, we continue to support the role of the Australian and New Zealand classification schemes so that children are not exposed to content that is not age appropriate.

What does the science say about the links between video games and violence?

Whether there is a link between video games and real world violence has been one of the most studied areas in media, and decades of research show there isn't one. One of the most definitive studies ever done on this topic was published by the Oxford Internet Institute, within the University of Oxford, in 2019. This study interviewed over 1,000 British adolescent participants, and an equal number of their carers, and found no relationship between the amount of time spent playing video games and aggressive behaviour in teenagers. Research undertaken by the Australian Government in 2017 found that interactivity in video games even seemed to reduce the impact of violence compared to film, possibly because of player agency and empathy for the character.

Are attitudes finally changing around violence in the media?

Thankfully, things do seem to be improving. While we still see some politicians and commentators talk about the unproven link between violence and video games, discussion of this topic has encouragingly become better, potentially because so many parents, politicians, and members of the community today have grown up with games and are much more informed about them. One of the most striking examples of this shift in attitudes is the Australian Government's views on *Mortal Kombat*, which once set up an inquiry about the original game in the early 1990's, to investing in and celebrating the filming in South Australia of a movie adaptation in 2019.

Is classification still effective in helping children to avoid violent content?

That's one of the things it's designed to do, and it works well. The classification systems in both Australia and New Zealand ensure that the level of violence in video games is assessed as a part of the ratings process. Violence is similar assessed for video games that are classified through the International Age Rating Coalition (IARC) classification tool. To support age ratings on video games, all major gaming consoles and devices have family controls, settings and tools that enable parents and carers to set upper age limits for the kinds of games that their children can play.

Finally, while there has traditionally been a misconception about games being gory, this simply is not true. Of the 392 games that were classified by the Australian Classification Board in 2018-9, over half were classified G or PG and just over a quarter were classified M. Fewer than a fifth were classified MA15+, and only seven video games were classified R18+. The fact is that video games are an incredibly diverse and multi-genre artform and there are games to suit everyone.

1.4

Ben Au, Director of Policy & Government Affairs, ben@igea.net

De-mystifying in-game spending and loot boxes

Video games use diverse and innovative revenue models to meet the different preferences and budgets of players. Some games, including many successful Australian games, use in-game spending. All gaming platforms provide controls for players and parents to manage in-game spending. Loot boxes (which contain randomised digital items) were reviewed by an Australian Senate Committee in 2018 that found that they were adequately regulated. Regardless, our industry continues to listen and implement new measures to increase the transparency of loot boxes.

Why do some games have in-game spending?

Some games are supported by in-game advertising, subscription models, seasonal or downloadable content, or in-game spending, which is where players buy digital items that can be used within a game. Players support the vast majority of games that use in-game spending because they help to keep the cost of games low, with many of the most popular games that use it able to be played for free, while giving players the option to directly support the games they love. In-game spending also provides a vital way for developers to meet players' expectations that games should be an ongoing service, by funding server costs and new content. Players who purchase in-game items are protected under consumer law, just like with any other product.

What about the comparisons of loot boxes to gambling?

Loot boxes are a kind of in-game spending where the items that the player receives is randomised. While loot boxes have received some media attention, we believe that this is largely a result of misunderstandings about what they are. Loot boxes are a prize mechanic for in-game virtual items with no external monetary value. Players are guaranteed to win items from loot boxes, and while there is an element of chance, this characteristic is shared with many other products like card game packs, surprise toys and blind boxes that, unlike loot boxes, contain resalable items with monetary value. Loot boxes are always optional and are not needed to play the game, and often only provide purely cosmetic items that provide no competitive advantage.

How has industry responded to criticism around in-game spending and loot boxes?

Our industry is committed to providing transparency around in-game spending and empowering consumers that do not want them to be able to turn them off. Our industry's International Age Rating Coalition (IARC) classification tool provides consumer guidance of 'in-game spending', and all major gaming devices enable parents and guardians to easily restrict or turn off in-game spending. Our industry has also committed to disclosing the probabilities, or 'drop rates', of loot box items, and some platforms have formalised principles around how loot boxes should be used. The ratings bodies for the US and Europe provide consumer guidance of 'includes random items' for games with loot boxes, and we support dialogue with the Australian and New Zealand governments around ways to strengthen guidance here. Finally, IGEA collects and publishes research on community views on loot boxes, and our industry will continue to listen and learn.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

1.5

Fighting for support for game development

Building recognition of our high potential sector

Few Australian industries have the potential to create IP with long term value, bring up a generation of futureproofed technology workers, access billions of global consumers, and attract high foreign investment – while also adding to the wealth of Australian culture. In fact, we believe video game development is the only one. Despite this, our game development sector and the opportunities that can be reaped if it is supported still lacks the governmental and wider industry recognition it deserves. We are fighting to change the perception of game development and raise awareness of its potential.

Is video game development a real industry?

Not only is game development a real industry, it is the largest creative industry in the world, worth almost AUD $250 billion. For comparison, the world easily spends more on video games each year than it spends on films, streaming services and music combined. This is the global consumer market that Australian game developers can export to, and most of the ingredients for our success are there. Australian game developers already earn 83% of their revenues from overseas, and Australian video games are already among Australia's most successful creative exports ever.

Why is Australia's game development sector so small?

Australia's game development sector only employed 1,275 fulltime workers and earned just $144 million in revenue in 2018-9, or just 5 cents in every $100 generated by the global games industry. The reason for our small scale is that unlike most advanced economies, Australia has no federal policies, incentives or funding programs to support video game development, making Australia one of the most expensive places in the world to make games and a far less attractive place for the global industry to invest in compared to countries like Canada and the UK.

Doesn't the federal government have arts and screen policies?

While video game development is a part of the screen production industry, Australian game developers have been excluded from accessing any of the federal funding and tax incentives that are widely available to the rest of the screen industry, including the local and international film, TV and streaming sectors, as well as Australia's animation, post-production and VFX sectors. While some states and territories do provide limited funding and incentives for game development, which have been crucial to the survival of our industry, they can't do it alone because in Australia, support for screen production is predominantly a federal policy responsibility.

What would federal government support help to achieve?

If the two key support levers already available to the rest of the screen industry, being a tax incentive and direct funding, are extended to video game development, we believe that Australia can build a game development industry that by 2030 will employ 10,000 fulltime workers with 21st century technology skills, and generate $1 billion a year, with 90% of that in export revenue. We are sure games can become Australia's fastest growing and most futureproofed industry.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

2.1

Advocating for grants and tax incentives for game development

Despite being part of the screen industry, our sector is excluded from the half a billion dollars of support the Australian Government provides to film and TV annually. To transform and elevate our industry, we are fighting for common-sense policies like making games eligible for Screen Australia funding and a 30 per cent tax offset, like the PDV offset for Australia's VFX industry. These are proven policies that have been implemented in the US, Canada, UK, Singapore and across the EU. We also lobby for continued and strengthened state and territory support for game developers.

How would federal games funding support the sector?

The Government provides substantial funding across Australian screen sector, from film and TV producers to content creators on YouTube, through funding programs administered by Screen Australia. Despite being screen content, video games are excluded from this funding. Game developers need funding for the same reasons as film and TV producers. It helps emerging talent to secure seed funding to get their projects off the ground, which helps them to obtain financing and investment, which helps them to hire the talent they need, which helps them complete their games – often leading to critical and commercial success. Australia's previous Interactive Games Fund, which was cut short after just one year into its four year term, showed genuine results in its short life, and helped to establish studios that are still successful today.

How would a federal tax offset support the sector?

Under the Australian Screen Production Incentive, the Government provides various tax offsets to incentivise the production of Australian films and TV programs, encourage international producers to bring foreign productions to Australia, or make Post-Production, Digital and Visual (PDV) effects companies in Australia more competitive in the global market. There is currently no tax incentive for video game development, unlike in Canada and the UK, but if there was one, it would achieve the combined benefits of these other offsets. It would incentivise the production of ambitious Australian games, encourage global games companies to build permanent studios in Australia, and make Australian game developers internationally competitive in exporting their talent and skills. With a games offset, the scale of investment into Australia over the coming years could be in the billions, creating thousands of highly-skilled and futureproofed full-time jobs.

What role do the states and territories play in supporting our sector?

Many jurisdictions support game development through their screen agencies and funds. While they can never replace the federal support we need, they provide vital funding. We work with the states and territories so that our sector is incorporated into their creative industries and screen strategies, and to help ensure that their games programs are effectively designed. We also advocate for the extension of state and territory screen production rebates to games, just like how South Australia has showed leadership in doing with its PDV rebate. Finally, we will continue to lobby the jurisdictions that have yet to support their game developers – including notably NSW.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

2.2

Building a skilled workforce for our industry and Australia

Video game workers are highly trained technology-based creatives with transferable skills: exactly the kind of worker that not only our industry but future Australia needs. We support policies that promote STEM in schools and enable tertiary institutions with games course to provide the best possible education. Further, we support migration policies that enable our industry to fill skills gaps and, most importantly, bring in the experienced managers we need to train up our next generation.

What kind of workers are created through making video games?

Games workers are highly skilled, creative, and versatile digital workers who are transferrable across many other sectors. Video games sits at the junction of the arts and high-tech sectors, and our workforce's unique skills reflects this. The people involved in developing and designing games includes software engineers and computer programmers, digital artists and animators, producers and project managers, story and dialogue writers, graphics and audio engineers, and quality analysts. Making games also creates work for the broader arts sector, like actors and musicians. The people who publish, sell, and maintain games are just as skilled, such as product managers, marketing specialists, community managers, data analysts, and network engineers.

How does building a game development workforce support the broader economy?

Workers trained in game development are among the most in-demand talent in the economy. While game programmers and engineers can easily find work across the broader ICT sector, workers trained in games are especially sought-after. They are creating animation and VFX for film and TV, revolutionising the advertising sector by making content without need for filming, creating AR/VR/MR simulations used in sectors from logistics to defence, using physics engines to design ships and planes, and creating digital programs, platforms and apps for businesses and governments. Finally, there is evidence that the prospect of a career in video games is a key driver of young people choosing to study STEM, so our sector is also playing a unique role in that regard.

What are the best ways for governments to help us create this workforce?

If Australia builds a strong game development sector, this workforce will be built with it. That is why we advocate so strongly for the funding and tax incentives that will rapidly trigger investment and growth in our industry. To create this workforce, we also need migration policies that make it easier for studios to bring in overseas talent where it is not available here, with the biggest need being experienced managers who will play a key role in training and nurturing young Australian talent. We also support policies that enable game studios to take on risks by bringing on more staff, such as hiring incentives and payroll tax exemptions. To build the next generation of games workers, governments must continue to actively encourage Australians into STEM, including by ensuring STEM receives priority focus in schools, and by supporting and funding tertiary education, including not only universities but private creative design and technology colleges.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

2.3

Enhancing opportunities in digital trade and exports

Video games are the perfect export for Australia: weightless, high-tech, green, and IP-based. We support export policies that strengthen the opportunities for Australian game developers to grow their existing export markets and to create new ones. We also advocate for international trade agreements and arrangements that encourage foreign investment, promote the open trade of digital goods and services, support the free flow of data, and take practical approaches to IP and privacy.

What makes video games different from other exports?

Video games are a born global industry. As a mostly digital industry, Australian game developers can export their games instantaneously to any person on Earth with internet access. Games can easily be localised for different export markets, and given that over a third of the world's population play them, our market is massive and diversified, with games among the most widely exported of any Australian-made product. Video games create IP, generate ongoing revenue that can last years, tell Australian stories, and have evergreen demand, even during economic downturns or global disruptions like COVID. Video games are not only exported as a good, but also a service, with many Australian game developers exporting their skills and expertise internationally, similar to how our VFX companies undertake work for Hollywood.

What export policies provide the best support to video game developers?

Our industry needs and benefits from the same policies as other export-orientated industries. We advocate for the continuation of Australia's Export Market Development Grants Scheme, which is actively helping Australian game developers to sell their games overseas and to find publishers, investors, and markets. We are working closely with, and lobby for, our industry's continued prioritisation by Austrade and its equivalent state and territory agencies. These trade and investment support agencies provide crucial assistance to ambitious Australian game developers by providing market insights, landing pads, and financial support for trade missions. They also work at attracting global games companies to invest in, or to build studios in Australia.

How can Australia's foreign trade agreements support the video games sector?

Free and open digital trade flows are vital to Australia's future economy. An Australian games industry that is closely integrated with the world strongly benefits Australia. Not only do Australian games studios benefit from accessing the massive global games market, but the inflow of games into Australia, which are played by two-thirds of the population, fuels our own near $4 billion market and generates hundreds of millions of dollars in tax. Gamers and the local industry are further advantaged because Australia and New Zealand are regarded as ideal markets for testing new games and technologies. We advocate for trade agreements that minimise barriers to digital trade like tariffs and data localisation rules, reduced barriers to investment, and treat issues like copyright and privacy pragmatically and in ways that do not create a burden for businesses.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

2.4

Creating opportunities for serious games in government

Video games are no longer just being used for enjoyment and entertainment. Serious games and gamified technologies are finding diverse uses in education, health, policing, defence, and social services, as well as in the corporate and community sectors. While the serious games sector remains a small part of our industry, many Australian developers have significant experience, and we remind governments about how games can be used innovatively to deliver policies, programs, and projects.

How are serious games different from regular games?

While traditional video games are played for many reasons, including to entertain players and help them to relax, challenge themselves, or connect with others, serious games (or 'gamification') refers to the specific application of games for non-entertainment purposes. Serious games are the use or adaptation of video games, gaming technology, or aspects of traditional game design by government, non-government organisations, and industry for public or commercial purposes. One of the reasons why serious games are rising in prominence and use is because they are interactive and immersive, making them a highly dynamic way to teach, reach communities, convey a message, create behaviour change, or to engage with their audience or users.

What are some examples of how serious games are being used in Australia?

Some of the best uses of serious games by government anywhere in the world are found in Australia. One of the earliest government adopters of serious games was Melbourne Metro Trains, which included games in its viral *Dumb Ways to Die* safety campaign. The eSafety Commissioner also developed a game, *The Lost Summer*, to educate teens about online safety and resilience. Video games and gaming technology have been used by governments to create simulations for law enforcement and defence, training programs for frontline workers, immersive experiences for schools and museums, and even a public recruitment tool for an intelligence agency. Even many traditional digital apps created by governments and companies use design and user interface features first developed in games. The use of serious games outside of government are just as diverse. Prominent examples include two games related to ear health: *Sound Scouts*, which checks children's hearing and has received federal funding for a nationwide rollout, and *Bring Back the Beat*, which support the rehabilitation process for Cochlear implants recipients.

How can governments think about how to adopt serious games?

Developing and implementing serious games is probably easier, cheaper, and faster than what many agencies may think. We encourage anyone in government with a message, service, project, or program to deliver to ask themselves whether an interactive platform, service or game could potentially help them to achieve outcomes even more effectively. If the answer is yes or even maybe, please reach out to us, because Australia has some of the best developers of serious games and gamification technology in the world, and many are members we proudly represent.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

2.5

Driving continued industry growth and recognition

Constructive and consultative approach to intellectual property

Video games constitute some of the most renowned, innovative, valuable, and complex IP in the world. Locally-made video game IP helps to bring in export revenue that can last years. At the same time, games remain vulnerable to copyright infringement and IP theft. Noting the breadth of issues and diversity of views across the creative sector on IP policy, particularly copyright, where there is a need for reform we support an approach that is considered, constructive and consultative.

How important is intellectual property in video games?

Video games comprise some of the most economically and culturally important IP in the world. Collectively, more creative effort goes into making video games than likely any other cultural product, with the development of some titles involving thousands of workers. Under Australia and New Zealand's copyright frameworks, while video games are not a specific category of copyright 'work' like a film, book or song may be, practically all elements of a video game, from the game's code to everything that you see and hear within a game, are protected under copyright. Strong IP and copyright laws are critical to fostering creativity and innovation in game development and encourages our industry to keep investing in making, releasing, and sustaining games locally.

Does video game piracy still occur?

Unfortunately, yes. According to the latest research from the Australian Government, a fifth of all video game players said that they engaged in illegal copyright infringement to play some, or all of their games. Our industry continues to proactively address copyright infringement and its drivers. Video games are already one of the most affordable forms of leisure, with a single game able to provide hundreds of hours of entertainment (or more). AAA games have largely stayed the same price over the past decade, while many popular games are now free or accessible via a subscription model. Our industry also relies on Technological Protection Measures (TPMs) as a crucial and effective tool to fight copyright infringement. We support copyright laws that give content creators and owners the ability to protect their copyright effectively and pragmatically.

What is IGEA's approach to copyright reform?

We are a key stakeholder of copyright policy and engage with the Australian and New Zealand governments closely. Recognising that there are a range of views between stakeholders on this topic, we encourage all reform processes to be evidence-driven and consultation-heavy. Even within our own membership there can be diverse views, so we consider reform thoughtfully, and with an open mind, on a case-by-case basis. Existing copyright policies that we support as being effective include: the current lengthy copyright terms that reflects the long-term value of games, protections around the usage of TPMs as a key tool for fighting infringement (and protecting players from interference and hacking), and the freedom to contract out of copyright exceptions, a practice that encourages developers to open up their IP for a wider range of third party uses.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

3.1

Supporting a strong, accessible and neutral internet

One of the most important pieces of infrastructure to support a futureproofed economy and connected society is strong and reliable internet, both fixed and wireless. Specifically, we support continued government investment into broadband and wireless networks and a competitive market of service providers to ensure that internet is accessible and affordable for all. It is also essential that wholesale and retail service providers should not and cannot discriminate against gaming content.

How important is high quality internet infrastructure to video games?

The community's love for video gaming, like most aspects of modern digital life as well as the digital economy, needs fast and stable internet. Our local game development studios have also told us how access to an effective and reliable internet connection is essential for their work. For these reasons, we support continued investment by governments into building, maintaining, and improving internet infrastructure, such as Australia's NBN Network and New Zealand's Ultra-Fast Broadband initiative, as well as support for the fast rollout of 5G in both countries. We also believe access to high quality internet should be affordable, and support policies that ensure consumers have access to high quality internet connections, and choice of service providers and plans.

Does video gaming put a heavy load on internet infrastructure?

One of the myths around video games is that they take/use up a lot of internet bandwidth to play. Aside from the many games that can be played offline, most games that are played online use minimal data, even when playing with friends and family. In fact, most online games only take up a fraction of the bandwidth needed for even standard definition video streaming, even when the game's graphics look cinematic, as many modern games do. While many Australians and New Zealanders still buy boxed games, many also download games and while some game and update files can be large, our industry takes care to deliver downloads as efficiently as possible. Games companies use a range of technologies and practices to minimise the impact on bandwidth, including pre-loading data prior to release, using Content Delivery Networks to shorten the distance that data has to travel, managing bandwidth capacity, and scheduling releases for off-peak periods. Our industry also works with Australia's NBN Co to help them manage bandwidth.

What is IGEA's position on net neutrality?

We believe that the internet should be open and free from unreasonable traffic discrimination, such as blocking, metering, or throttling internet traffic, or charging different costs for different kinds or sources of internet traffic. Any such discrimination of online content is detrimental to competition, harms consumers and stifles innovation. Thankfully, unlike elsewhere in the world, net neutrality is largely a consensus issue here, and we are appreciative that support for an open and neutral internet is generally widely shared by Australian and New Zealand governments, by industry, including wholesale broadband and retail internet service providers, and by consumers.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

3.2

Practical and common-sense competition and consumer policy

The video games sector is an ecosystem of many consoles, platforms, storefronts, publishers and developers all operating under significant competitive tension. There is fierce competition for players, as evidenced by game prices remaining steady over the decades, even as inflation and development costs balloon. Video game companies are committed to building trust, loyalty and consumer satisfaction, with gamers having greater choice than ever. We advocate for competition and consumer laws that are modern, practical, sensible and compatible with the digital economy.

How does competition in our sector benefit consumers?

The video games industry is one of the most competitive consumer markets, locally and around the world. With three major consoles, mobile devices, and multiple digital storefronts available on PC, consumers are spoiled for choice in terms of how they play games and what games they play. Altogether, Australian and New Zealand video game players have hundreds of thousands of titles that they can choose to play. Gaming consoles and devices compete aggressively with each other to attract game developers and publishers to use their platforms, who in turn compete with each other for players. The end result is sustained downwards pressure on the prices of consoles and games, and the creation of innovative and diverse business models that allow many video games to be made available for free, for a nominal cost, or through subscription models.

How does competition in our sector benefit game developers?

Of all of Australia and New Zealand's cultural products, quality gaming content is arguably the most sought after and rewarded. Creatives in our sector, including even very small studios, have some of the most direct and accessible opportunities to find audiences. Whereas many other creative sectors may have multiple gatekeepers, talented video game developers can easily publish their games across a range of platforms, giving them an immediate worldwide market. To encourage game creation, gaming platforms provide significant support and provide competitive terms for content creators, who also retain all of their IP. There are many examples of early-stage Australian and New Zealand developers who have made games that found global success.

Does consumer law apply to digital games?

Consumer law in Australia and New Zealand applies to digital products, such as online and downloadable games and in-game purchases, just like they do to physical products. However, uncertainty or confusion can sometimes arise because aspects of these laws, including consumer guarantees and remedies, have been written with only physical goods in mind and may be impractical or inappropriate when applied to digital goods like video games, which are some of the most complex forms of digital content available. One critical difference between physical and digital goods is the fact that issues in digital games can almost always be fixed promptly through patches. We support reforms to consumer law that recognise the unique nature of digital games, such as bespoke schemes, consumer guarantees, and remedies appropriate for digital goods.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

3.3

Advocating for a fair tax system that encourages innovation

Our industry, like all sectors, should rightly pay its fair share of taxes. In addition to corporate income and other taxes, GST in both Australia and New Zealand is collected on digital sales including in-game purchases, unlike in many other countries. Australia's export-focused game developers have also brought in significant tax receipts and possibly the highest of all Australian creatives. We advocate for tax policies that support SMEs and incentives that drive innovation (like the R&D tax offset). Dialogue around tax reform and digital industries should be based on seeking global consensus.

Does the video games industry pay its fair share of tax?

We strongly believe that we do. While games are a digital sector, unlike many other parts of the digital economy our industry still has a traditional business model. The games market continues to revolve heavily around the transactional sales of consoles and physical and digital games, all of which are taxed locally. Like the physical market, all digital sales in both Australia and New Zealand, from the purchase of AAA games to small in-game purchases, are subject to GST. Also, while our industry is globally-focused, it is at the same time a very local one. Our members, who represent the overwhelming majority of the industry, all have physical offices and teams of staff in Australia and/or New Zealand, and many operate infrastructure like warehousing. Finally, our local game developers are undoubtedly among the most successful exporters across all creative industries, and likely generate tens of millions of dollars or more each year in tax revenue.

What is the industry's view on the debate around digital taxes?

There has been discussion in Australia, New Zealand, and other countries around taxation of the digital economy, including the idea of a 'digital tax'. This debate is of limited relevance for our industry as games companies overwhelmingly generate revenue from selling consoles, physical and digital games, and game content, rather than through user-generated value. All parts of our sector, from gaming consoles and platforms, to developers, publishers and distributors, pay tax. We believe that the reforms last decade to extend GST to digital goods in both Australia and New Zealand, which we supported, have comprehensively dealt with the issue of tax in our sector. Nevertheless, as a digital industry we are stakeholders in the broader tax debate, and believe that reforms to the taxation of the digital economy can only be achieved effectively by reforming the international tax system, such as through the OECD, a process that we know is already underway.

What tax reforms are needed to strengthen the video games sector?

In addition to extending existing screen tax offsets to game development, we support the strengthening of R&D tax incentives that encourage games companies to invest in new technologies. We support expanded payroll tax exemptions in Australia (noting that New Zealand has no payroll tax), particularly for small to medium sized businesses. Finally, we support reform of corporate income tax to make our tax systems more competitive, with OECD data showing that Australia and New Zealand have among the highest business tax rates of advanced economies.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

3.4

Developing a vibrant and innovative esports scene

Australia and New Zealand have developed burgeoning esports scenes that are rapidly growing and attracting significant investment from traditional sports. To support this growth sustainably and responsibly, we seek to ensure that esports is enjoyed fairly, safely and positively. We encourage federal, state and local government attention on esports as contemporary levers for boosting tourism activity and infrastructure investment as well as opportunities for youth engagement and community cohesion, such as through school-based and grassroots esports programs.

What is esports and how popular is it?

Esports is the competitive playing of video games among individuals or teams for ranking, prize money, or for fun. While esports is clearly a part of the video games industry, it also shares similarities with traditional sports – hence its name. Like sports, esports has broad grassroots popularity, features competitive and often team-based play, has passionate fans, and attracts audiences at live events as well as spectators on screens. Esports is incredibly popular and rapidly growing, and according to our research, over a third of Australian and New Zealand adult video game players also watched esports online or attended an esports event. Today there are many professional esports tournaments being held in Australia and New Zealand. Most of the traditional sporting codes have also now added official esports competitions, and many sporting teams also have esports teams. While esports is often streamed online, it is increasingly broadcast on TV too.

What is the role of our industry in esports?

As the creators and owners of all the games that are played across esports, video game companies are at the centre of the sector and either run esports competitions themselves, or authorise third parties to run tournaments. Given the popularity of esports in the community and its likely continued growth and influence, the video games industry has a strong interest in supporting a strong, positive, and responsible esports sector. For example, IGEA and our counterparts across Europe and North America in 2019 released the Universal Esports Principles for Fun & Fair Play, providing a set of key values applicable in all aspects of esports: safety and well-being, integrity and fair play, respect and diversity, and positive and enriching game play.

Why should governments take an interest in esports?

Governments should invest in esports for the same reasons it invests in traditional sports. Government investment in capacity-building, such as the NSW Government's support for the Esports High Performance Centre at the Sydney Cricket Ground, will help strengthen the local sector's grassroots growth. Making new public venues and stadiums esports-enabled will futureproof them, while supporting esports tournaments like the Victorian Government's sponsorship of the Melbourne eSports Open can boost tourism. Esports programs have also been introduced into scores of high schools across Australia and New Zealand, which educators are saying are helping to develop valuable skills relevant for the classroom and the wider world.

Ben Au, Director of Policy & Government Affairs, ben@igea.net

3.5