

# Building recognition of our high potential industry

**Few Australian industries have the potential to create goods with long term value, bring up a generation of versatile tech workers, access billions of consumers, and attract high foreign investment, while also exporting our culture to the world. In fact, we believe video games is the only one. Ours is an advanced, export-based, digital manufacturing sector. With the Federal Government set to introduce a refundable 30% Digital Games Tax Offset (DGTO) from 1 July 2022, we are ushering in a new golden age of Australian game development.**

## Is video game development a real industry?

Not only is game development a real industry, but it is also the largest creative industry in the world. Having generated global revenues of almost \$250 billion in 2020, the global sector not only grew during COVID, but grew even faster. The world's 2-3 billion game players spend far more on video games each year than they spend on films, streaming services, and music - combined. As games are mostly distributed digitally, Australian game developers can access this export market directly, immediately, and in its entirety. In fact, Australian developers already earn almost all of their sales revenues from overseas, and Australian-made games are already among the country's most successful creative exports ever. The question is how much bigger we can go.

## Why is Australia's game development sector so small?

Australia's game development sector employed just 1,245 fulltime workers and earned just \$185 million in revenue in 2019-20, or barely 7 cents in every \$100 generated by the global games industry. With Australia's enviable standard of living, and highly-trained and English-speaking games workers who are globally renowned for their creativity, our sector should be far larger. The reason for our small scale is that unlike most advanced economies, there has been little to no federal support for game development, which allowed us to be outstripped by countries like Canada and the UK. However, with the coming DGTO, and state and territory support, Australia is on a path to become arguably the best place in the world to make games.

## Why has game development lacked recognition in the past?

Traditionally, at both the federal and state and territory levels, Australian game development has been considered the poor cousin of the film and TV sectors, and treated differently even to our adjacent animation, post-production, and VFX sectors. For example, game development had never been supported by tax incentives and only very briefly received federal screen funding. This likely stemmed from a lack of understanding of video games among policy-makers, and a failure to appreciate the potential magnitude of our sector. This has slowly changed at the state and territory level, where most states now, led by South Australia, Queensland, and particularly Victoria, have increased their investment into our sector. Significantly, with a federal DGTO set to be introduced on 1 July 2022, a line has been drawn between the years past, where the Australian game development sector struggled to find consistent growth, to an era where we believe strategic and cohesive national policies can lead to almost limitless export and investment growth.

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