

23 June 2021

Senate Select Committee on Australia as a
Technology and Financial Centre
Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee

Submission in response to Issues Paper 3

The Interactive Games & Entertainment Association (IGEA) represents the video games industry in Australia and New Zealand, including the developers, publishers, and distributors of video games, as well as the creators of the most popular gaming platforms, consoles, and devices. IGEA also manage The Arcade in South Melbourne, Australia's first, not-for-profit, collaborative workspace created for game developers and creative companies that use game design and technologies.

Introduction

We welcome the expansion of the scope of the Senate Select Committee on Australia as a Technology and Financial Centre (the Committee). The first of the revised terms of reference ('the size and scope of the opportunity for Australian consumers and business from Australia growing into a stronger technology and finance centre') is particularly close to our industry, which is comprised of valuable, digital, and technology-based businesses. Australian video game development in particular is an incredibly high-potential digital export sector, and one that we believe can play a key role in transforming Australia into a technology powerhouse over the coming decade and beyond.

We also welcome the release of Issues Paper 3, which focuses on removing additional barriers to Australia's growth as a technology and finance centre. The purpose of this short submission is to provide brief responses to two of the five key topics raised in this Issues Paper that will be the focus of the Committee during this last phase of its Inquiry: Australia as a technology and financial centre, and cryptocurrency and digital assets.

Australia as a technology and financial centre

Our main contribution to the Inquiry on this topic is to simply underscore the significant role that the Digital Games Tax Offset (DGTO), which was announced by the Government as a part of its Digital Economy Strategy and 2021-22 Budget, will play to trigger significant investment and growth in Australia's video game development industry, and in doing so, help to boost Australia's standing as a global technology centre. Given that a tax offset for game development has previously enjoyed unanimous recommendations from several Parliamentary Committees, we know it will have support across Parliament.

Tokyo, San Francisco, London, Toronto, Paris, Los Angeles, Austin, Vancouver, Seoul, Montreal, and Helsinki are all commonly-cited as being among the world's great

technology cities. While it is not the only similarity between these cities, a key commonality that all of these cities share is that they are all home to large video game development industries and communities. In fact, most of these cities are likely to each have a game development workforce measured in the thousands and a cluster of game development studios that generate billions of dollars of economic activity each year.

This is not a coincidence. Video games is a technology industry, as well as an export, services, and creative industry. Globally, video game companies invest billions of dollars into making high-quality games, and train and support jobs across a range of technology-based workers, from software developers and engineers to digital artists and animators. We also know that the unique 'aura' of video games provides a compelling lure for young people to study STEM, so cities with thriving game development industries typically also have the deepest talent pool of technology workers. Game studios are 'bricks and mortar' establishments that often gravitate together, alongside related businesses, and can turn entire regions of cities into technology hubs. Finally, video game-based technology is innovative and always-improving, and are also being incorporated for use in diverse sectors, from health sciences and defence to the manufacturing and film industries.

This is the impact that the DGTO will start to have on Australia when it commences on 1 July 2022. We therefore believe work on designing and implementing the DGTO should be treated as a priority, and we look forward to contributing to this process.

Cryptocurrency and digital assets

On this topic, we note only that like many other industries, while there is currently only limited activity in our sector around blockchain, cryptocurrency, and digital assets, there is interest and excitement around potential future applications. We agree with evidence that has been previously provided to the Committee that there could be great economic benefit to Australia in building our country's capacity in this space, and that greater regulatory clarity may help to ensure Australia is seen as an attractive place for investment and innovation into these technologies, especially as other countries have a similar focus.

While at this stage we have no substantive views on precise regulatory approaches, we do note one of our observations from the Inquiry's consultations following Issues Paper 2 that, outside of the work being undertaken on the National Blockchain Roadmap, there do not appear to be any agencies tasked with leading work on maturing and growing local industries and markets for cryptocurrency and digital assets. We would support a recommendation that an agency, such as the Treasury, be tasked with this role, with this agency to take a strong focus on how to (responsibly) realise the full economic benefits.

Should the Committee wish to discuss our submission further, the Committee Secretary can contact me at ben@igea.net.

Regards

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