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Employment Taskforce
Treasury
Langton Cres
Parkes ACT 2600

Email: employmentwhitepaper@treasury.gov.au

Dear Employment Taskforce

Impact of the Digital Games Tax Offset on Australian skills and jobs

Introduction

The Interactive Games & Entertainment Association (IGE A) is the industry association representing and advocating for the video games industry in Australia, including the developers, publishers and distributors of video games, as well as the makers of the most popular gaming platforms, consoles and devices. IGE A also organises the Games Connect Asia Pacific (GCAP) conference for Australian game developers and the Australian Game Developer Awards (AGDAs) that celebrate the best Australian-made games each year. IGE A has over a hundred members, from emerging independent studios to some of the largest technology companies in the world.

We thank the Treasury for the opportunity to contribute to the development of the Employment White Paper. We welcome the Government's commitment to providing a roadmap for Australia to build a better, better-trained and more productive workforce. We believe that the Australian game development industry is uniquely positioned to contribute towards this goal over both the short and long term. I thank the Government for recognising this and for inviting me to share our sector's experience at two Parliament House roundtables held in the leadup to last September's Jobs and Skills Summit, the first centred on trade and investment hosted by the Trade Minister, Senator the Hon Don Farrell, and the second focused on the creative economy hosted by the Communications Minister the Hon Michelle Rowland MP. These were highly valuable exercises.

Digital Games Tax Offset

The primary purpose of this brief submission is to congratulate the Australian Government on its commitment to implementing the Digital Games Tax Offset (DGTO) and to particularly thank both the Treasury as well as the Office for the Arts for their thoughtful work on its design. The DGTO is a visionary policy that will provide a 30% refundable tax offset for eligible businesses that spend a minimum of \$500,000 on qualifying Australian development expenditure. While the DGTO is broadly relevant to many of the consultation's terms of reference, it is particularly relevant to two:

- 2.3: the transformation associated with digitalisation and emerging technologies, and
- 2.5: the adaptability of our workforce to meet the needs of emerging industries and areas of traditional economic strength.



We thank the Minister for the Arts, the Hon Tony Burke MP, for championing the Albanese Government's support for the DGTO, as well as the Assistant Treasurer, the Hon Stephen Jones MP, for demonstrating this commitment by introducing into the House of Representatives last week the Treasury Laws Amendment (2022 Measures No 4) Bill 2022 that included the DGTO.

The DGTO, which is strongly supported by both sides of Parliament, will do many things for Australia's employment landscape:

- It will enable existing Australian game development studios, the majority of which are small to medium size enterprises, to take on ambitious projects, attract investment and publishing deals, and expand their footprint, all of which means hiring games workers.
- It will naturally foster the seeding of new Australian game development studios, many of which will have the profile of cutting-edge technology start-ups, driving a wave of entrepreneurship that will accelerate growth and job creation across the digital sector.
- It will trigger a rising tide of direct foreign investment into Australian game development, including through long-term partnerships, equity investments and acquisitions of local studios that historically has meant that those studios will grow significantly.
- It will attract new 'AAA' game development studios from global games companies into cities right across Australia that will provide the engine for video game job creation, providing crucial experience and pathways for graduates and early career games workers.
- Research shows a correlation between playing games and STEM, especially amongst women. A thriving games sector and the prospect of working in games will lead to more Australian kids choosing to study STEM in a way that only our sector can uniquely do.
- A strong Australian game development sector backed by the DGTO will also support the growth of a range of adjacent future-focussed emerging technology sectors, including AR/VR/MR, simulation, visual effects, artificial intelligence, web 3.0 and esports.
- The growth of Australian game development through the DGTO will drive broader job growth and security throughout Australia's traditional creative sectors by creating demand for actors, writer, composers, musicians, visual artists and animators amongst many others.

Video game workers are no ordinary workers either. They are highly skilled digital professionals that, unlike other traditional technology workers that do not work in creative fields, are innovative by necessity. While our sector creates and attracts crucial workers such as programmers and engineers who will be the backbone of an increasingly information-based Australian economy, it also produces and supports a diverse range of other important workers including digital designers, artists and product managers, as well as specialists in data, marketing, quality assurance, narrative, audio, customer acquisition, partnerships and monetisation. These are all workers with versatile and in-demand skill sets with value well beyond the video games sector.

It is for these reasons that we urge the Australian Government to continue to prioritise the DGTO through its management of Parliamentary business and we encourage Parliament to pass it swiftly.

Addressing the ongoing skills shortage

Arguably the biggest challenge facing the Australian game development industry, and a theme that is shared with so many other parts of the economy, is the ongoing skills shortage. We know



that the Treasury and the Australian Government has already heard this message from countless stakeholders and is already highly concerned and working on short and long term solutions.

We nevertheless reiterate the importance of addressing this issue as it is undoubtedly hampering our sector's ability to grow. For our part, IGEA is investing in work to join up our sector and the game development education sector, including through an annual summit, to ensure that we are producing new generations of high quality and job-ready graduates. Many of our members also already have or are designing graduate programs and other employment pathways, while we welcome the funding being provided at federal and particularly at state and territory level, primarily through screen funding agencies, to support early career game developers.

While Australian video games business will always focus on local workers first, we also know that attracting talent from overseas is an important part of local capacity building and indeed is critical to ensuring that there are experienced managers and trainers who are equipped to nurture local talent and to confidently build teams and projects. This is why we have sought a labour agreement with the Department of Home Affairs covering our sector - although its status is currently unknown. It is also why we continue to regularly engage with the Department of Home Affairs and the Australian Bureau of Statistics on broader structural reform of skilled visa settings.

Unfortunately, the existing skilled migration framework provides many challenges for our members, including highly limited visa categories for games workers (especially ones with a pathway to permanent residency), significant cost and red tape in applying for the limited visas that are available, and lengthy processing timeframes that cause high quality candidates to abandon opportunities in Australia for those elsewhere with faster timeframes, such as Canada. We therefore also urge the Employment White Paper to also address issues relating to migration.

I again thank the Treasury for the opportunity to contribute to the Employment White Paper and would welcome further engagement if that would assist the Government.

Regards,

Ben Au
Director, Policy & Government Affairs