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Budget Policy Division
Treasury
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Dear Treasury

Ongoing funding for Australian game development

The Interactive Games & Entertainment Association (IGEA) 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. IGEA also organises the annual 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.

IGEA has over a hundred members, from emerging independent studios to some of the largest technology companies in the world. A full list of our membership is available on [our website](#).

Our Pre-Budget Submission for the 2023-4 Budget asks the Albanese Labor Government to commit additional funding for Screen Australia to support Australian game developers and development studios through a new grants-based funding program or, if that is not possible, to at least extend the existing *Games: Expansion Pack* program at the same or a higher level. Such funding is a matter of urgency as, from 1 July 2023, Australian game developers will no longer have access to any direct federal game development funding.

The only games support funding currently available is through Screen Australia's *Games: Expansion Pack* program, a grants-based initiative that provides funding of up to \$150,000 for the production of digital games that have a budget of up to \$500,000. First announced in March 2022 as a \$6 million program (\$3 million in each of 2021-2 and 2022-3), *Games: Expansion Pack* is currently the only federal screen incentive available to the Australian game development industry and follows a period of 8 years where there was an absence of any federal funding for our sector.

Thus far, *Games: Expansion Pack* has only had one funding round announced, but this round received such a great volume of applicants and attracted projects of such high quality that the \$3 million funding allocated to that round was expanded to \$4 million. Although this program is miniscule compared to the funding programs that Screen Australia administers for film and TV production, its impact has still been incomparable, with 30 projects being funded through the initial round. Such is the breadth of Australian talent that every games project funded has the potential to win over the world. Unfortunately, despite this evidence of an unquestionable need and demand for early-stage development funding, which our annual industry survey has also identified as one of our sector's most pressing challenges, funding will cease on 30 June 2023.



We know that Labor governments have always stood up for our sector. When the Australian Labor Party was last in power, it launched the \$20 million Australian Interactive Games Fund (AIGF) in 2013. Unfortunately, it was axed by the incoming Coalition Government in 2014 with much of the funding unallocated, leading to a period of eight years of policy neglect where video game development was practically the only cultural or creative sector that was unsupported federally. In 2019, the Australian Labor Party pledged \$25 million to resurrect the AIGF, but was not successful in winning the election, leading to more years where our sector stood unsupported.

As we highlighted in our submission to the Government's consultation on a renewed National Cultural Policy last year, the lack of federal funding has already wrought significant damage on our sector. It has led to the loss of countless stories that have not been able to be told and voices not able to be heard as a whole generation of Australian talent has left our shores, as funding has not been secured for projects and as foreign investment and new studios have bypassed us for countries that do have funds. For example, New Zealand with the Interactive Development Fund and CODE, Canada with the Canada Media Fund and the UK with the UK Games Fund.

While in the last few years Australia has produced some amazing games that have achieved significant global acclaim and success such as *Untitled Goose Game*, *Moving Out*, *Unpacking* and *Cult of the Lamb*, it is telling that each of these titles were supported by state government funding, with much of the burden falling to Victoria, leading to significant disadvantages for developers in jurisdictions where funding is more limited. The Australian successes of recent years have occurred in spite of the absence of federal help. Rather than showing that it is not needed, these successes prove what further could have been achieved had federal support been available.

With the 2023-4 Budget - being the Albanese Labor Government's first full budget and the first budget following the release of its renewed National Cultural Policy - the Government now has an opportunity to correct these gaps of the past. Therefore, for the 2023-4 Budget, we call on the Australian Government to provide new funding to Screen Australia for:

1. The **creation of a new game development fund** similar to the \$20 million AIGF that the previous Labor Government launched in 2013 or the \$25 million fund pledged by the Australian Labor Party as a 2019 federal election commitment.
2. If the above is not possible, provide funding to Screen Australia to **continue the Games: Expansion Pack** in 2023-4 and subsequent years at a current or higher level of funding.

Future funding for Australian game developers under options 1 or 2 could include multiple funding streams, but it is vital that funding be prioritised for projects from smaller, emerging game development teams and studios in order to complement the Digital Games Tax Offset (DGTO) that, when implemented, will accelerate the growth of medium sized and larger studios.

For any further questions or information about our submission, please contact IGEA's Director of Policy & Government Affairs Ben Au at ben@igea.net.

Regards,

Ron Curry
CEO

