



interactive games & entertainment association

**Submission to the NSW Government**

# **NSW Arts, Culture and Creative Industries Policy**

**August 2023**

**IGEA acknowledges and pays respect to the past and present Traditional Custodians and Elders of this land and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples. We would like to extend our acknowledgments to the indigenous people from countries overseas & recognise their strength, wisdom and creativity.**

## Introduction & Overview

### Our Submission

The Interactive Games & Entertainment Association (IGEA) welcomes the opportunity to provide a submission to the New South Wales (NSW) Government's discussion paper 'A New Look at Culture, Towards the State's first Arts, Culture & Creative Industries Policy'. Given the economic significance of the creative industries, and in particular the growing economic contributions of the NSW video games industry, we welcome the NSW Government's initiative to formulate an inclusive, sustainable, and ambitious approach to arts and culture.

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 is based in Sydney, NSW and we have many NSW-based members, from smaller studios to international publishers. 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.

### Artistic & Cultural Significance of Video Games

A new generation of Australian storytellers is choosing to express themselves via interactive media. The reason why we should be excited about this is because those stories are and will be among the most rich, compelling, and widely exported cultural products from and about our nation. Modern video games are as visually stunning as film and animation, with individual frames indistinguishable from visual art, incorporate rich music and audio, and can be as narrative-rich as any book. In addition, the interactive and immersive nature of games, as well as their highly social elements, gives our media a cultural impact like nothing else. As our Australia Plays 2023 research shows that 81 per cent of Australians are video game players and 94 per cent of Australian households having at least one device on which games are actively played,<sup>1</sup> pointing to the widespread popularity of video gaming in Australians' lives. The future of digital storytelling is ultimately one through games, presenting an influential and unavoidable artistic and cultural force. Embracing this future and putting the Australian video games industry on the map, should be a forefront consideration for policy makers.

Game development is also often highly accessible and achievable compared to some other cultural activities too, with many of Australia's most acclaimed games made by small groups of self-taught artists, creators and programmers. The Australian game development industry employees over 2000 full time equivalent employees,<sup>2</sup> of which 26 per cent are

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<sup>1</sup> [igea.net/wp-content/uploads/2023/08/IGEA\\_AP2023\\_FINAL\\_REPORT.pdf](https://www.igea.net/wp-content/uploads/2023/08/IGEA_AP2023_FINAL_REPORT.pdf)

<sup>2</sup> [AGDS-2022-Report-Final.pdf \(igea.net\)](https://www.abs.gov.au/statistics/industry/technology-and-innovation/film-television-and-digital-games-australia/latest-release#:~:text=(%2442.6m).-Employment,the%20end%20of%20June%202016) Page 4; See also [https://www.abs.gov.au/statistics/industry/technology-and-innovation/film-television-and-digital-games-australia/latest-release#:~:text=\(%2442.6m\).-Employment,the%20end%20of%20June%202016](https://www.abs.gov.au/statistics/industry/technology-and-innovation/film-television-and-digital-games-australia/latest-release#:~:text=(%2442.6m).-Employment,the%20end%20of%20June%202016).

artists and 33 per cent of programmers or engineers.<sup>3</sup> Critically, 25 per cent of Australian studios are located in NSW.<sup>4</sup> This includes a range of studios from ones with less than ten employees, like Road Burn Games, to international firms like Riot Games. While the variety and quality of studios in NSW is impressive and should be celebrated, the state's industry is surpassed by Victoria's, where 39 per cent of Australian studios are located.<sup>5</sup> Our Game Development 2021-22 survey indicated that one of the top three challenges facing the Australian game development industry was lack of appropriate State/Territory government funding.<sup>6</sup> We are concerned that despite the artistic and cultural potential of digital storytelling, through video games, this significance is not being reflected in funding policy and programs.

Video games and interactive entertainment are cultural and artistic outputs that in the past have been underappreciated and underrecognised from a policy and support perspective. We are concerned that in NSW, video games have not been as culturally or artistically recognised, or given the same support as film and television production. Until 2021, when NSW announced the broadening of the PDV rebate to include games, there had been no state support for video game developers in NSW. While there is a federal rebate through the Digital Games Tax Offset, there are limited if not any further support available to video game developers, who are key contributors to the NSW creative industry. We acknowledge the efforts made by the Screen NSW and the NSW Minister of Arts to increase the appreciation of video games as an art, culture and pillar of the creative industry, however we advocate for the swift and significant increase in support to ensure NSW remains an attractive cultural hub for video game creators.

## NSW Arts and Culture Policy

IGEA welcomes the creation of a state-based NSW Arts and Culture policy, adjacent to the National Cultural Policy, *Revive*, particularly in light of the growing video games industry in NSW. Given video games rich artistic and cultural attributes, and their contribution to the local and national economy, we recommend that the new NSW Arts and Culture policy specifically addresses video games.

### 1. How can we create better, more inclusive pathways and support for practitioners in the arts, culture and creative industries?

We believe video game development is a critical part of creative industries, providing jobs and economic growth through creativity. However, video games have not always been treated as an artform or culture from a policy perspective and this is reflected in limited government opportunities for support, such as funding programs. Critically, Screen NSW currently has no video games funding programs meaning NSW remains the only state without direct video game development funding options. Further, video games are not

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<sup>3</sup> [AGDS-2022-Report-Final.pdf \(igea.net\)](#) Page 4

<sup>4</sup> [AGDS-2022-Report-Final.pdf \(igea.net\)](#) Page 5

<sup>5</sup> [AGDS-2022-Report-Final.pdf \(igea.net\)](#) Page 5

<sup>6</sup> [AGDS-2022-Report-Final.pdf \(igea.net\)](#) Page 6

necessarily included in general screen funding in NSW.<sup>7</sup> For example, the Made in NSW funding program was aimed exclusively at creating opportunities for NSW film and TV production companies. Despite the video game industry’s significant growth and potential,<sup>8</sup> video games were excluded from this funding program.<sup>9</sup> **We believe the expansion of funding programs to video game development can assist in creating more inclusive pathways for video game developers and emerging studios. We also believe specific funding for video games is critical to providing better support for video game practitioners, and our submission discusses funding opportunities under Question 7.**

## 2. How can we create and improve sustainable access to spaces, programs and other support for all aspects of artistic and cultural activity?

Government supported programs are one way that IGEA can provide pathways for emerging video game developers to enter the industry. For example, IGEA’s 2023 SMART Program was heavily supported by the Victorian local council City of Port Phillip under their innovative Games Action Plan.<sup>10</sup> The program is a tailored four-month mentorship and residency program designed to create career pathways and support the growth of emerging talent and underrepresented peoples within the Australian games industry. This program is dedicated to growing and supporting the local video games industry.<sup>11</sup> **We believe replicating a program like this in NSW will create and improve sustainable access mentorship and career pathways into the video games industry, opening the door for diverse and emerging talent.**

Further, government supported video games precincts in both metropolitan and regional parts of NSW are key to providing sustainable spaces for emerging video game developers and studios. While there are several cultural precincts in NSW, we note the limited facilities for digital art or digital game development. The video games industry is starting to naturally form a video games studio zone, with several studios in the same suburb of Ultimo near Sydney’s CBD. However, there are no known government-supported spaces for early-career or emerging video game developers and studios, nor incentives for larger studios to move to a particular precinct (such as access to a lower rent underutilised NSW government owned building). **We believe creating a space focused on digital game development will allow for access to key facilities for creating games, and increase collaboration and networking within the NSW industry, strengthening and supporting its growth.**

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<sup>7</sup> See <https://www.gameshub.com/news/news/nsw-announces-game-development-tax-offset-3081/>

<sup>8</sup> [Film, Television and Digital Games, Australia, 2021-22 financial year | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/australian-bureau-of-statistics/publications/most-recent): In 2021-22, film and video production business had an industry value added increase of 39.4%. By comparison, in 2021-22, digital games development had an industry value added increase of 209.5%, indicating the significant growth of the industry.

<sup>9</sup> See also <https://www.gameshub.com/news/news/nsw-announces-game-development-tax-offset-3081/>

<sup>10</sup> <https://igea.net/2023/05/smart-program-23/>

<sup>11</sup> <https://igea.net/2023/06/smart-recipients-23/>

### 3. How can we grow local, national and international audiences for cultural experiences, for the benefit of our community and the broader economy?

An investment in the local video games industry is an investment into telling the Australian story to both audiences at home and abroad. As content preferences change, video games are becoming an increasingly vital medium for Australian story-telling, and therefore provide a critical opportunity to expand local, national and international audience for cultural experiences. With many locally made video games set in Australia, we believe they provide a unique opportunity to celebrate local culture whilst providing significant export and economic benefits. For example, NSW studio Blowfish Studios developed and published the quintessentially Australian video game *Storm Boy* based on the 1964 children’s classic.

Finally, we believe ongoing support from the government is key to ensuring local studios can be put in front of international audiences. For example, this year Screen NSW and Investment NSW supported several NSW studios’ attendance at the preeminent international video games conference, *gamescom*.<sup>12</sup> Government support in such circumstances ensures that international audiences and investors are exposed to NSW video game art and culture, and local studios have access to overseas markets to connect with publishers and investors. Also, just as we celebrate the Australian movies and shows that find global success, locally-made games promote Australia abroad and help to shape how the world sees us, with diverse impacts that can affect tourism, trade, and even international relations. Ultimately, an investment and ongoing support for the NSW video games industry is a powerful way to expand local, national and international audiences. **We believe financial support for NSW studios to participate in international conferences such as *gamescom* is core to growing international audiences for the benefit of the local and national economy, and we advocate for ongoing support from Screen NSW and Investment NSW to make this happen.**

### 4. Where should the NSW Government focus the greatest effort and resources?

To support and grow the video games industry, there are three key things that the NSW Government can focus on.

#### *Funding*

While this will be discussed below, we advocate for a dedicated digital games fund to be administered by Screen NSW. This type of funding is a critical state-based resource that can grow and support the local video games industry.

#### *Education & Professional Development*

To grow a sustainable and successful video games industry in NSW, a steady talent pipeline is required. One way to ensure the use of local talent is for the government to invest in more initiatives that encourage school students to consider the video games industry as a viable career pathway. Another way to ensure that emerging talent is directed into the NSW video games industry, is to focus on co-creating programs such as the SMART program.

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<sup>12</sup> [IGEA JOINS 25 AUSTRALIAN DEVELOPERS AT GAMESCOM 2023 - IGEA](#)

## Spaces

As noted above, a small zone of video game studios is already starting to form organically in Sydney. We believe the government can capitalise on this and create connected, accessible spaces for established and emerging local studios. Creating spaces for smaller studios to start and expand their operations will catalyse and support the growth of the local video games industry, and broader creative industry.

### 5. What barriers can the NSW Government remove to unlock the full potential of arts, culture and the creative industries?

Beyond a lack of funding opportunities, which will be addressed under Question 7, one point of friction for the video games industry is a slow talent pipeline. We are concerned that despite game development practitioners being amongst the most in-demand talent in the economy, primary and secondary students are not being encouraged to see game development as a viable career path. From a state perspective, we encourage the government to actively encourage students into STEM, and even integrating video game development as learning project in schools. Further, it is important to acknowledge the excellent NSW-based institutes teaching video game development courses such as the Academic of Interactive Entertainment and the University of Technology Sydney. We also note that there is one Free Fee NSW Tafe course focusing on game development.<sup>13</sup> **We encourage the continuation of these kinds of initiatives in the education space, to ensure that barriers to entering the video games industry is minimised. We believe investment into more supportive pathways for students to enter the video games industry will ensure that the industry continues to grow and harness local talent.**

### 6. What does NSW do well?

After significant pressure and being one of the last states to provide support for the video games industry, NSW expanded their PDV rebate, and now provides a welcomed 10 per cent rebate for qualifying digital games. This in addition to the 30% DGTO (with a \$500,000 threshold), this combines to make NSW a highly competitive environment in which to make games. The inclusion of video games in the PDV rebate has enabled for the further expansion of the highly creative, digitally capable game development industry and contributes to employment, investment, and export revenue growth for NSW. Combined with the DGTO, the expanded PDV rebate has increased NSW's competitive position as a state in attracting studios, talent and international investment.

Further, IGEA represents Australia at *gamescom*, the world's most prominent video games conference, taking several local studios with us to pitch and display their games to the world. As mentioned above, this year, Screen NSW and Investment NSW were both Industry Partners for *gamescom*, providing support for many developers, including NSW based ones, to join the Australian Pavilion. Gamescom is where local studios often make deals with international investors, that otherwise would not be possible. NSW Government

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<sup>13</sup> [Certificate IV in Information Technology \(Gaming Development\) ICT40120-04 | TAFE NSW](#)

support means that we can provide discounted rates for local studios, providing more opportunities and international exposure for the state's growing industry.

## 7. What can NSW do better?

We recently wrote to the Minister for the Arts expressing our concern that NSW is currently the only state in Australia that does not have a screen fund that game developers are eligible to apply for. This has created a significant loss to local studios, and even seen the moving of studios from NSW to other states. For example, the team behind *Cult of the Lamb*, one of the most globally celebrated games of 2022, were originally from NSW but moved to Victoria to access VicScreen funding support.<sup>14</sup>

Whilst the expansion of the 10 per cent PDV rebate to video games is appreciated throughout the industry, we note that NSW's funding ecosystem is missing a critical component. NSW, whether through Screen NSW or other agencies, does not provide any standalone digital games funding, being one of the only states without direct support for video game studios. Further, we are concerned that games made under a budget of \$500,000 are unable to seek support from the NSW rebate, and games made under a budget of \$250,000 are ineligible for the Digital Games Tax Offset, leaving these projects with no support at all. Currently, smaller developers, constituting the majority of Australian and NSW-based studios in terms of numbers, lack access to direct assistance for games production. Supporting emerging creators and smaller studios is required to ensure longevity in the future of not only the NSW video games industry, but the broader creative industry.

Further, for NSW to truly become an artistic and cultural hub, digital games must not only be recognised as an art and culture, but that recognition must be met with competitive financial support to ensure sustained growth, and to attract studios to stay in and come into NSW. In addition to grant style funding, for NSW to be competitive in attracting major studios to Australia, we recommend that the NSW government continue the 10 per cent rebate, noting that in addition to the DGTO, South Australia, Queensland, and Victoria also have rebates.<sup>15</sup> To solidify and sustain NSW's competitive edge in attracting and retaining studios, grant style funding is critical. Direct funding into independent video games studios will ensure there is government support for the broad range of video game makers in NSW – from start-ups to national studios.

**We recommend that the NSW Arts and Culture policy consider the introduction of a video games funding program in addition to the currently offered 10 per cent rebate, to ensure the competitiveness and sustainability of the NSW video games industry.**

## Conclusion

We again thank the NSW Government for the opportunity to contribute to the creation of a new Arts, Culture and Creative Industries Policy for NSW. We strongly believe in the current

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<sup>14</sup> <https://www.gameshub.com/news/features/vicscreen-victoria-melbourne-games-industry-state-government-funding-is-key-26638/>

<sup>15</sup> See <https://www.globalaustralia.gov.au/industries/creative-technologies/digital-games>

strength and future potential of the NSW video games industry, and we believe it deserves recognition in NSW's new Arts, Culture and Creative Industries Policy. Should any further opportunities for consultation on the new policy arise, we welcome the opportunity to partake. Please contact our Policy Team via [policy@igea.net](mailto:policy@igea.net) for any questions regarding the above submission.